

# Final Staff Document

## Referendum D - State Borrowing

### Referendum D:

- \* permits the state to borrow up to \$2.072 billion with a maximum repayment of \$3.225 billion, including principal and interest;
- \* requires the money to be used for transportation projects, K-12 and higher education buildings, and local fire and police pension obligations;
- \* takes effect only if voters also approve Referendum C at this election; and
- \* increases the revenue that Referendum C allows the state to keep by up to \$100 million each year into the future, beginning in 2011.

### Background

The Colorado Constitution requires ~~voter approval for the state to borrow~~ THAT THE STATE OBTAIN VOTER APPROVAL BEFORE BORROWING money if more than one year is needed for repayment. Referendum D allows the state to borrow up to \$2.072 billion, as shown below, and to repay it over a number of years.

Maximum Amount	Use
<b>\$1.7 billion</b>	<b>Transportation</b> - To accelerate the construction, repair, and replacement of roads and bridges designated by the Colorado Transportation Commission from projects recommended by local governments. See THE APPENDIX <del>Appendix A</del> for a listing of the proposed projects.
<b>\$175 million</b>	<b>Fire and Police Pensions</b> - To satisfy the state's remaining obligation to assist local pension plans for police officers and firefighters hired prior to April 8, 1978.
<b>\$147 million</b>	<b>K-12 Public School Buildings</b> - To repair, maintain, and replace public school buildings. Projects will be selected by the State Board of Education based on criteria set in law.
<b>\$50 million</b>	<b>Public College and University Buildings</b> - To repair, maintain, and replace public university, state college, and community college facilities. Projects will be approved by the state legislature based on recommendations prioritized by each school.
<b>\$2.072 billion</b>	<b>Total</b> - Maximum amount of borrowing REFERENDUM D ALLOWS permitted.

***Repaying the money.*** The debt will be repaid from state tax revenue, which includes the additional money the state receives from Referendum C. Further, if voters

## Final Staff Document

1 approve both Referendums C and D, the state will be allowed to keep up to an additional  
2 \$100 million each year beginning in 2011. Otherwise, this money will be returned to  
3 taxpayers. ~~in the form of a TABOR refund.~~

4 ***Limits on borrowing.*** Referendum D limits both the total and annual amount the  
5 state can pay in principal and interest. These limits, along with the interest rate the state  
6 pays and other borrowing expenses, will determine the actual amount the state can borrow.  
7 There is no DATE BY WHICH ~~limit on when~~ the state must complete the borrowing, but EACH  
8 PART OF THE ~~any~~ debt must be repaid within 25 years of the date it is borrowed.

9 ***Borrowing for transportation purposes.*** Referendum D permits the state to borrow  
10 up to \$1.7 billion for transportation projects. No more than \$600 million may be borrowed  
11 before January 1, 2007. If the voters approve both Referendums C and D, the state ~~intends~~  
12 PLANS to borrow money beginning early in 2006 to begin construction during the spring and  
13 summer of 2006.

14 In 1999, voters approved state borrowing for up to \$1.7 billion to HELP pay for ~~up~~  
15 ~~to 24~~ transportation projects ~~with an estimated cost of \$4.4 billion.~~ The maximum  
16 repayment amount for that borrowing is \$2.3 billion, including principal and interest.  
17 Federal and state transportation dollars were earmarked as the source of money to repay  
18 this debt. The state was able to borrow \$1.47 billion under the \$2.3 billion repayment limit.  
19 This money is scheduled to be repaid over time through 2017.

20 ***Borrowing for nontransportation purposes.*** Up to \$372 million may be borrowed  
21 for nontransportation items, including fire and police pension plans, repair of public school  
22 buildings, and repair of public college and university buildings. Money borrowed for fire  
23 and police pension plans and the repair of public school buildings will go toward paying off  
24 current state obligations.

25 \* In 1978, the state legislature passed a law to help fund local fire and police  
26 pension plans after determining that the plans did not have enough money to  
27 cover future retirement benefits. The money provided by Referendum D will  
28 satisfy the state's obligation for these plans.

29 \* As a result of a lawsuit settlement in 2000, the state is required to pay \$190  
30 million to help repair and replace public school buildings. The money provided  
31 by Referendum D will go towards this settlement.

### 32 Arguments For

33 1) Now is the time to invest in the important public works projects that were delayed  
34 because of the recent recession. State transportation officials report that 39 percent of the

## Final Staff Document

1 state's roads are in poor condition and 474 bridges need to be repaired or replaced. Many  
2 of Colorado's public school buildings have health and safety hazards so significant that the  
3 state agreed to a \$190 million lawsuit settlement to address these issues. During the last  
4 three years, ~~the state SPENDING ON~~ ~~spent an average of \$4 million a year on~~ public college  
5 and university buildings; ~~FELL TO AN AVERAGE OF \$4 MILLION A YEAR~~ compared with an  
6 average of \$136 million a year during the three years prior. As a result, many projects that  
7 would keep the state's college and university buildings safe and functioning properly have  
8 been delayed. Referendum D ~~TARGETS~~ ~~provides money for all of~~ these needs.

9 2) Borrowing money to repair and replace schools and roads makes sense. It may cost less  
10 than waiting because interest rates on debt are low and construction costs continue to rise.  
11 In addition, fixing things now is often less expensive than replacing them in the future. The  
12 costs will be spread over time, just as the benefits will be spread over time. Also,  
13 Referendum D will complete the state's long-standing obligation to assist local fire and  
14 police pension plans.

15 3) Everyone benefits from safe and reliable roads and schools. Colorado's long-term  
16 economic growth and stability are linked to efficient and well-maintained roads and schools.  
17 Employers consistently say that good road and school systems are important factors when  
18 they decide where to open or relocate a business. People and products are moved more  
19 efficiently over roads that are in good condition. Citizens rely on the government to invest  
20 public money in these systems.

21 4) Referendum D allows voters to direct a portion of their tax dollars towards critical needs  
22 of the state such as roads and bridges. The Transportation Commission has already  
23 approved a list of 55 high-priority projects that benefit citizens in all parts of the state.  
24 Also, spending up to \$1.7 billion on transportation construction projects will provide a  
25 boost to local economies statewide.

### 26 Arguments Against

27 1) The state should live within its means and not go into greater debt. Instead of  
28 borrowing more money, it has to do a better job of prioritizing the current \$13.8 billion  
29 budget to meet the needs of Colorado citizens. On top of the money the state will keep  
30 from Referendum C, ~~this measure~~ ~~REFERENDUM D~~ essentially increases taxes in the future  
31 by up to \$100 million a year, even after the debt has been repaid. The state is asking for this  
32 money now without even knowing if it is needed in the future.

33 2) Referendum D is vague about how the money will be used and how long the state will  
34 be in debt. Before asking voters to support a ~~potential~~ \$3.225 billion financing plan, the  
35 state should say exactly how and when the money will be spent. The ~~list of~~ transportation  
36 projects ~~ARE NOT PRIORITIZED~~, could be changed AT ANY TIME after the election. ~~Projects~~  
37 ~~on the list are not prioritized and there are~~, AND HAVE no completion deadlines. Also, a list

## Final Staff Document

of school repairs is not available for voters to review. The one specific allocation of money is to shore up a few fire and police pension plans that benefit a small number of people. No one knows how long the state will be paying off the debt or how much it will pay in interest. There is no deadline for borrowing the money, ~~and there is no limit on the total amount of interest to be paid.~~ NO LIMIT ON THE INTEREST RATE, AND NO LIMIT ON WHAT THE STATE WILL PAY IN INTEREST AS A SHARE OF THE TOTAL COST.

3) Using general tax dollars for debt payments on roads means that debt payments will be prioritized over everything else in the state budget. ALTHOUGH STATE LAW DOES NOT REQUIRE THE DEBT TO BE REPAYED, ~~Because~~ the state's credit rating will suffer permanent damage if even one payment is missed.; AS A RESULT, other state programs could be cut during an economic downturn to make the debt payments. Using general tax dollars to help pay for roads means that drivers do not pay the entire cost of using the roads. If they were required to do so, they may choose to drive a little less, use more fuel-efficient cars, or use public transportation more often. Further, Referendum D will likely reduce the amount of money the state spends on public transportation projects, compared with how money is allocated under current law.

4) Borrowing money shifts the burden of payment to future generations. In some cases, borrowing will cost the state more than building the projects with existing resources because of interest payments on the debt. In addition, the payback costs may last longer than the benefit. Using long-term debt for fire and police pensions will stretch the state's obligation from 7 years to 25 years. Also, the state already owes nearly \$2 billion on money it borrowed during the past five years for transportation projects.

### Estimate of Fiscal Impact

Referendum D impacts state revenue, spending, and taxpayer refunds as described below.

**State revenue.** State revenue will increase by the amount that the state borrows. The maximum amounts the state can borrow are:

- up to \$972 million by January 1, 2007; and
- up to an additional \$1.1 billion after January 1, 2007.

Of this money, up to \$1.7 billion is for transportation purposes and \$372 million is for other purposes. State transportation officials currently estimate that the limitations on principal, interest, and annual debt payments will restrict transportation borrowing to approximately \$1.2 billion over the next four years. The state could borrow the remaining \$500 million for transportation projects in the future, so long as it stays within the total principal, interest, and annual repayment limits of the measure.

## Final Staff Document

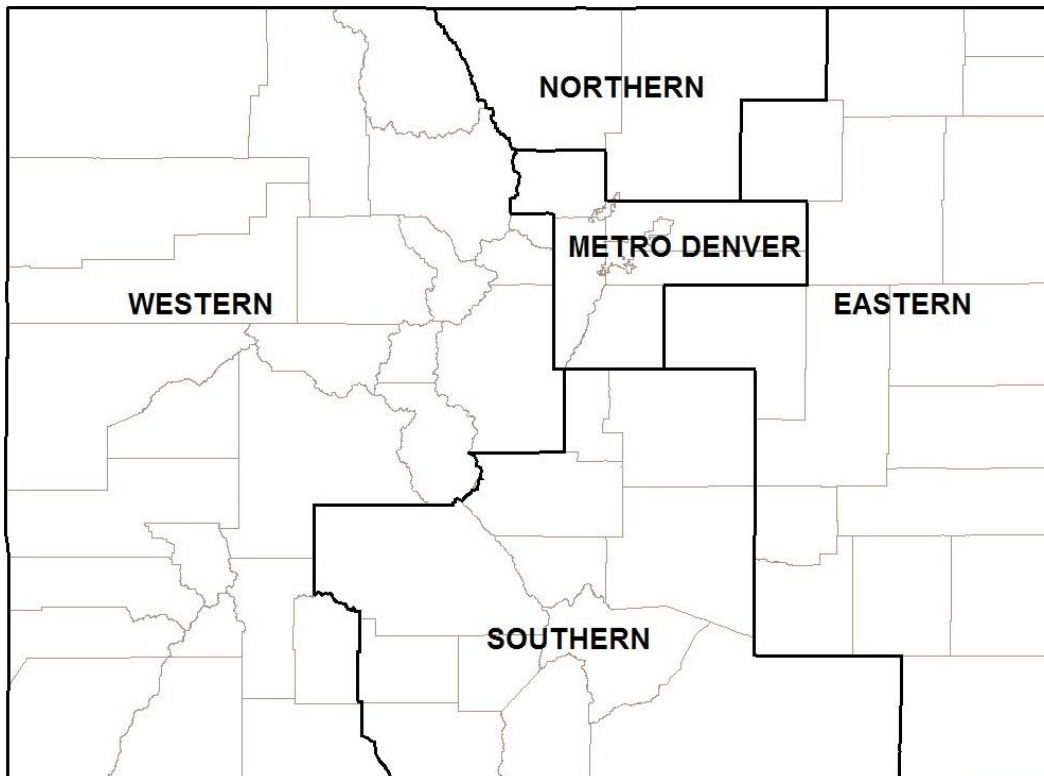
1       **State spending.** Referendum D will increase state spending for debt payments by  
2 up to \$55 million in 2006, \$95 million in 2007, and \$125 million in 2008 and each year  
3 thereafter until the debt is repaid. The maximum amount the state can spend to repay the  
4 debt is \$3.225 billion.

5       A portion of the increase in spending for debt payments is offset by a \$25.3 million  
6 annual reduction in state spending for local fire and police pension plans through 2012, plus  
7 an additional amount of between \$31 million and \$50 million, depending on when the  
8 payment is made. The state's obligation for the repair and maintenance of public schools  
9 is also reduced.

10       **Taxpayer refunds.** Referendum D reduces the amount of money that the state must  
11 RETURN ~~refund~~ to taxpayers by up to \$100 million each year into the future, beginning in  
12 2011.

## REFERENDUM D Appendix-A Projects Approved By The Colorado Transportation Commission

The following table lists the projects approved by the Colorado Transportation Commission by the regions shown ~~in the map~~ below. THE TABLE CONTAINS THE AMOUNT OF THE BORROWED MONEY THAT WILL BE USED FOR EACH PROJECT. ADDITIONAL STATE AND LOCAL FUNDING MAY BE AVAILABLE FOR SELECTED PROJECTS. Projects are listed alphabetically by the county where they are located within each region.



County	Project Location	Description	ESTIMATED FUNDING FROM REFERENDUM D Total Estimated Project Cost
<b>Metro Denver</b>			
Adams	I-25/US 36/I-270/I-76 Interchange Complex	<del>complete</del> COMPLETES the multiple-phase project by adding a ramp to connect south/eastbound I-270 to north/eastbound I-76	\$15.0 million
Adams	State Highway 44 (104th Avenue), Colorado Boulevard to US 85	capacity improvements	\$25.0 million

## Final Staff Document

	County	Project Location	Description	ESTIMATED FUNDING FROM REFERENDUM D Total Estimated Project Cost
1	<b>Metro Denver (continued)</b>			
2	Arapahoe	Arapahoe Road (State Highway 88) at Parker Road (State Highway 83)	intersection improvements to accommodate future interchange	\$36.0 million
3	Arapahoe,	I-225 at Colfax Avenue	interchange improvements	\$36.5 million
4	Adams	(US 40) in Aurora		
5	Boulder	State Highway 119/State Highway 52	new interchange AND GRADE SEPARATED RAILROAD CROSSING construction	\$18.0 million
6	Boulder,	US 36/Boulder Turnpike	transit and highway	\$37.5 million
7	Broomfield,		improvements to be determined	
8	Jefferson,		by environmental study	
9	Adams		CURRENTLY UNDERWAY	
10	Broomfield	US 36/120th Avenue extension	new four-lane extension of 120th Avenue over US 36	\$77.0 million
11	Denver	I-70 at Quebec Street	interchange reconstruction	\$43.0 million
12	Denver	I-25, Broadway to Alameda	widening, bridge replacement, and interchange improvements	\$55.0 million
13	Douglas	I-25 South, Meadows Parkway to 5th Street	widening	\$22.5 million
14	Douglas	I-25 South, 5th Street to south of Plum Creek	widening and interchange improvements at Plum Creek	\$17.1 million
15	Douglas	I-25 South, Ridgeway Interchange	new interchange construction and frontage roads	\$7.0 million
16	Douglas,	C-470 at Santa Fe Drive	interchange reconstruction	\$35.0 million
17	Arapahoe			
18	Jefferson	US 285 between Conifer and Bailey, Richmond Hill to <del>Shaefer's</del> SHAFFERS Crossing	widening and interchange construction	\$29.1 million
19	Jefferson	US 6 (6th Avenue) at Wadsworth Boulevard	interchange reconstruction and roadway widening	\$63.5 million
20	Jefferson	I-70 at State Highway 58	interchange improvements	\$41.3 million

## Final Staff Document

	County	Project Location	Description	ESTIMATED FUNDING FROM REFERENDUM D Total Estimated Project Cost
1	<b>Northern</b>			
2	Weld	I-25 North from State Highway 52 to State Highway 119	widening	\$50.0 million
3	Weld	US 34 Business Route, State Highway 257 to 71st Street in Greeley	widening	\$24.0 million
4	<b>Southern</b>			
5	Alamosa	US 160 through Alamosa	reconstruction and widening to provide for one-way pairs of traffic	\$13.3 million
6	Alamosa	US 160 from the Alamosa/Rio Grande county line east	construction of passing lanes (4-mile segment)	\$8.9 million
7	El Paso	I-25 through Colorado Springs	reconstruction of interchanges	\$91.0 million
8	Fremont	US 50/State Highway 115 in Canon City	safety improvements	\$2.0 million
9	Las Animas	I-25 in Trinidad	viaduct AND INTERCHANGE reconstruction	\$75.0 million
10	Pueblo	I-25 in Pueblo, Eden Interchange	<del>new interchange construction</del> RECONSTRUCTION	\$30.0 million
11	<b>Eastern</b>			
12	Baca, Powers	US 287, State Highway 116 north	roadway reconstruction AND INTERSECTION IMPROVEMENTS (11.4-mile segment)	\$15.0 million
14	Cheyenne	US 40/US 287 between Limon and Campo, just <del>south</del> EAST of Kit Carson	bridge reconstruction	\$7.5 million
15	Lincoln	US 40/US 287 between Limon and Campo, Hugo east	minor widening to add shoulders and reconstruction (22 miles)	\$30.5 million
16	Morgan	I-76 between Fort Morgan and Brush	reconstruction and interchange improvements (6-mile segment)	\$40.2 million
17	Powers	US 287, Lamar south	roadway reconstruction AND INTERSECTION IMPROVEMENT <del>(46</del> 13-mile segment)	\$15.0 million



## Final Staff Document

	County	Project Location	Description	ESTIMATED FUNDING FROM REFERENDUM D Total Estimated Project Cost
1	<b>Western</b>			
2	Clear Creek	I-70 West at Empire Junction <del>and another location</del> TO AN END POINT yet to be determined	acceleration lane	\$11.0 million
3	Delta	State Highway 92 between Austin and Hotchkiss	minor widening for shoulders and reconstruction (1.5-mile segment)	\$2.4 million
4	Eagle	I-70 at Dowd Junction/US 24	ramp improvements, curve smoothing, retaining wall replacement	\$13.4 million
5	Eagle and Summit	I-70 over Vail Pass	environmental clearance and eastbound climbing lanes (2.2-mile segment)	\$7.0 million
7	Garfield	I-70 in Glenwood Springs	resurfacing OF APPROXIMATELY 22 MILES	\$11.5 million
8	Moffat	US 40 at Maybell		
9	Jackson	US 40 over Rabbit Ears Pass		
10	Grand	State Highway 9 and US 40 just outside of Kremmling	widening for shoulders and reconstruction	\$20.1 million
11	Gunnison	US 50 between Montrose and Sargents	minor widening for shoulders and reconstruction (1.5-mile segment)	\$2.6 million
12	Gunnison	US 50 between Montrose and Sargents	climbing lanes and widening for shoulders, reconstruction (9-mile segment)	\$22.7 million
13	Lake	US 24 at the bottom of Tennessee Pass	minor widening for shoulders and reconstruction (0.2-mile segment)	\$6.4 million
14	La Plata	US 160/County Road 222/223, east of Durango	intersection relocation and reconstruction	\$3.3 million
15	La Plata	US 160 at Farmington Hill (US 550), east of Durango	construction of an additional westbound lane though the Farmington Hill intersection	\$12.2 million
16	La Plata	US 550, New Mexico state line north	widening and intersection improvements (4-mile segment)	\$15.0 million

## Final Staff Document

	County	Project Location	Description	ESTIMATED FUNDING FROM REFERENDUM D Total Estimated Project Cost
1	<b>Western (continued)</b>			
2	Mesa	I-70 Business Route in Grand Junction (PHASE I)	PRECONSTRUCTION ACTIVITIES TO ACCOMMODATE widening and intersection improvements (4.5 2.8-mile segment)	\$2.9 million
3	Mesa	I-70 Business Route in Grand Junction	widening and multiple intersection improvements (2.8 miles)	\$15.8 million
4	Mesa	I-70, west end of DeBeque Canyon to Palisade	widening for shoulders, reconstruction and curve smoothing (6-mile segment)	\$13.4 million
5	Mesa	Grand Valley Transit	bus maintenance facility	\$0.6 million
6	Mesa	I-70 at State Highway 340 in Fruita	ramp improvements and intersection signalization	\$0.8 million
7	Mineral	US 160 Wolf Creek Pass, Park Creek east	reconstruction and widening for shoulders and safety improvements (2-mile segment)	\$16.0 million
8	Moffat	State Highway 13 from the Wyoming state line south	widening for shoulders and reconstruction (5-mile segment)	\$5.7 million
9	Montezuma	US 160/US 491, New Mexico state line to Cortez	widening to add shoulders and passing lanes, reconstruction and intersection improvements (locations to be determined within a 17-mile segment OF US 160 & A 6-MILE SEGMENT OF US 491)	\$13.2 million
10	Ouray	State Highway 62 through Ridgway	construction of auxiliary lanes and other improvements	\$10.0 million
11	Park	US 285 between Conifer and Bailey, Deer Creek Interchange	new interchange construction	\$5.4 million
12	Pitkin,	Roaring Fork Transit	bus maintenance facility	\$0.8 million
13	Garfield	Authority	reconstruction	

## Final Staff Document

	County	Project Location	Description	ESTIMATED FUNDING FROM REFERENDUM D Total Estimated Project Cost
1	Western (continued)			
2	Pitkin	State Highway 82 Maroon Creek Bridge in Aspen	bridge replacements and bridge enhancement at Basalt	\$9.4 million
3	Routt	State Highway 131 Bridge in Oak Creek		
4	Gunnison	State Highway 114 Tomichi Creek Bridge, east of Gunnison		
5	Eagle	State Highway 82 at Basalt		
6	Rio Blanco	State Highway 13 south of State Highway 64	minor widening for shoulders and reconstruction (1.6-mile segment)	\$3.7 million
7	Summit	State Highway 9 BETWEEN FRISCO AND BRECKENRIDGE from Valley Brook north	widening (4 5-mile segment)	\$21.2 million
8			<b>TOTAL 55 PROJECTS</b>	<b>\$1.207 billion</b>