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0455 Analysis of the 1999 Ballot Proposal

NOTICE OF ELECTION TO INCREASE DEBT ON A REFERRED MEASURE

STATEWIDE ELECTION DAY IS
TUESDAY, NOVEMBER 2, 1999
Polling places open from 7 a.m. to 7 p.m.
(see notice on page 25)

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AN ANALYSIS OF THE 1999 BALLOT PROPOSAL

Legislative Council
of the
Colorado General Assembly

Research Publication No. 455
1999

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September 8, 1999

Dear Colorado Voter:

This publication provides information on the ballot question to be voted upon at this November's statewide election. The publication has been prepared by the Colorado Legislative Council pursuant to the Colorado Constitution and the Colorado statutes.

Referendum A is a question referred to the voters by the state legislature. During the 1999 legislative session, the General Assembly approved HB 1325, a bill that established the ground rules for the state to borrow money to build transportation projects. The state constitution, however, requires voter approval for the state to borrow money. For this reason, the legislature is submitting to the voters the question of whether to borrow money for transportation and exempt the money from state spending limits. The text of HB 1325, which became effective on June 2, 1999, is included as Appendix A.

The Colorado Constitution requires the Legislative Council staff, the nonpartisan research staff of the General Assembly, to prepare and distribute a ballot information booklet to active registered voters. This year's booklet includes the ballot question and a staff analysis of the issue. The staff analysis has been approved by the Legislative Council.

The analysis of the ballot proposal describes the provisions of the proposal and comments on the proposal's application and effect. Major arguments have been summarized for and against the measure. Careful consideration has been given to the arguments in an effort to fairly represent both sides of the issue. The Legislative Council takes no position with respect to the merits of the proposal.

Sincerely,

A handwritten signature in black ink that reads "Ray Powers".

Senator Ray Powers
Chairman
Colorado Legislative Council

TABLE OF CONTENTS

Ballot Question	ii
------------------------------	----

Analysis

Background	1
Arguments For	5
Arguments Against	6

Appendix A

Text of House Bill 99-1325	11
----------------------------------	----

Local Election Offices	24
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The wording of the ballot question to be voted upon at the November 2, 1999, General Election is as follows.

BALLOT QUESTION: SHALL STATE OF COLORADO DEBT BE INCREASED UP TO \$1,700,000,000, WITH A MAXIMUM REPAYMENT COST OF \$2,300,000,000, WITH NO INCREASE IN ANY TAXES, FOR THE PURPOSE OF ADDRESSING THE CRITICAL, PRIORITY TRANSPORTATION NEEDS IN THE STATE BY FINANCING TRANSPORTATION PROJECTS THAT QUALIFY FOR FEDERAL FUNDING THROUGH THE ISSUANCE OF REVENUE ANTICIPATION NOTES, AND SHALL EARNINGS ON THE PROCEEDS OF SUCH NOTES CONSTITUTE A VOTER-APPROVED REVENUE CHANGE?

REFERENDUM A
FINANCING STATE TRANSPORTATION PROJECTS

The ballot question, if approved, would:

- ✓ allow the state to borrow up to \$1.7 billion to be used for any of 24 transportation projects with a maximum repayment cost of \$2.3 billion in principal and interest;
- ✓ require that principal and interest on the borrowed money be paid using federal and state transportation moneys; and
- ✓ exclude the borrowed money and the interest from the state's spending limit.

Background

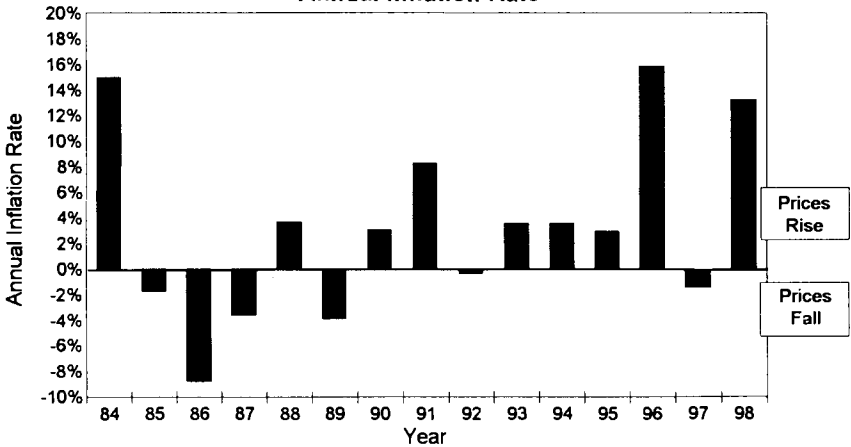
Why is the proposal on the ballot? This year the state legislature approved and the governor signed into law a bill that defines the ground rules for the state to borrow money to build transportation projects. The Colorado Constitution, however, requires voter approval for the state to actually borrow the money and to exclude the borrowed money and interest from state spending limits. For this reason, the state legislature is submitting to the voters the question of whether to borrow money for transportation and exempt the money from state spending limits.

Revenue Anticipation Notes. The proposal allows the Colorado Department of Transportation to borrow up to \$1.7 billion by selling revenue anticipation notes. The \$1.7 billion may be borrowed in increments over a period of years. Annual principal and interest payments cannot exceed 50 percent of the payment of federal transportation funds to Colorado in the year prior to the issuance of the notes. In addition, the total interest and principal payments cannot exceed \$2.3 billion. For example, if total interest payments over the entire period equal \$700 million, then the state can borrow \$1.6 billion (or \$2.3 billion minus \$700 million) to build transportation projects. The borrowed money will be repaid from a combination of federal and

state transportation moneys. Whether borrowing will save money or cost more depends on the future relationship of the interest rate to repay the loan versus inflation in the cost of building the projects. If the change in the prices of construction labor and materials is greater than the interest rate on the notes, selling revenue anticipation notes will save Colorado money. Borrowing will cost Colorado money if the interest rate is greater than the change in the prices of construction labor and materials.

What has the inflation rate been for highway construction? Table 1 shows the inflation rate for building highways in Colorado for each year from 1984 through 1998. The highway construction inflation rate measures how much more or less expensive it becomes each year to build highways in Colorado. A positive inflation rate means that it is more expensive to build highways, and a negative inflation rate means that it is less expensive. The average inflation rate was 3.1 percent for the last 15 years, 4.3 percent for the last ten years, and 6.6 percent for the last five years. The Department of Transportation predicts that the rate of construction inflation will decline in future years from the average rate for the last three years of 8.9 percent.

Table 1
Colorado Highway Construction
Annual Inflation Rate



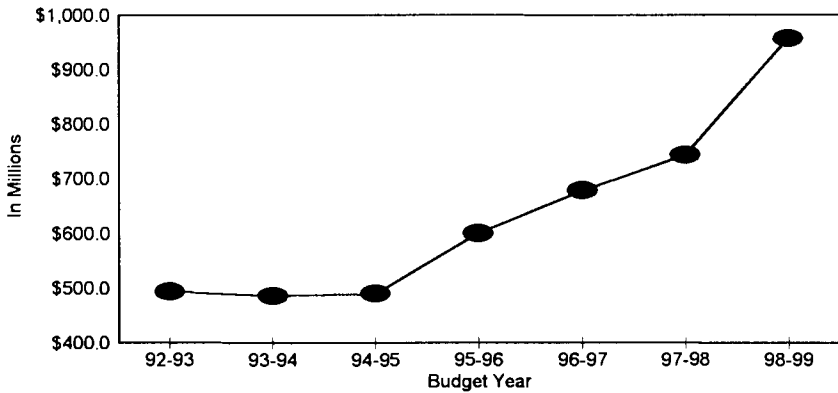
SOURCE: COLORADO DEPARTMENT OF TRANSPORTATION

What will the interest rates on the notes be? The interest rates on the notes depend upon many factors that are currently unknown. These include the term of the notes, the credit rating, whether insurance is purchased, and the health of the economy in the year they are sold. Because of these variables, it is impossible to present past or predict future interest rates for identical notes. However, in the last five years, average rates on similar borrowing in the state of Colorado have ranged from 4.1 percent to 6.3 percent. The Department of Transportation estimates that the interest rates will range from 4.0 to 5.5 percent in the future.

The 24 projects selected by the Transportation Commission. This proposal requires that the borrowed money be used for any of 24 state transportation projects selected by the Colorado Transportation Commission. The Commission is an 11-member body appointed by the governor to make decisions on state transportation policy and to allocate money to transportation projects. If Referendum A passes, the Commission will decide where the borrowed money will be spent among the 24 projects. Referendum A will not complete all 24 projects. These projects include road and interchange reconstruction, construction of new lanes, safety improvements, and mass transit facilities. The original list contained 28 projects; however, funding for four of the projects will be completed by the end of the current budget year. The current estimate of the total cost of the remaining 24 transportation projects is \$4.43 billion. The cost of the 24 projects may change in the future as the prices of labor and materials rise or fall. The list of the 24 projects is on pages 8 and 9.

Where does the money for Colorado's transportation projects come from? The four major revenue sources used to pay for all of Colorado's state-funded transportation projects are state transportation-related taxes and fees, a portion of state sales and use taxes, transfers from the state General Fund, and federal funds. As shown in Table 2, revenue from these sources ranged from \$500 million in budget year 1992-93 to \$958 million in budget year 1998-99. In budget year 1997-98, 37 percent of the revenue was spent on the 28 projects, and in budget year 1998-99, 47 percent was spent on the 28 projects. Each of the four revenue sources is described below the table.

Table 2
Department of Transportation Total Funding



- ◆ **State transportation taxes and fees:** The Colorado Constitution requires money from state motor fuel taxes, registration fees, drivers' license fees, and other transportation-related fees to be used only for Colorado's state, county, and city road systems. State transportation taxes and fees were 39 percent of total revenue from all four sources in budget year 1998-99, or about \$374 million.
- ◆ **Sales and use tax diversion:** State law currently diverts 10 percent of state sales and use taxes to transportation. The sales and use tax diversion was 18 percent of total revenue from all four sources in budget year 1998-99, or about \$171 million.
- ◆ **General Fund transfers:** The state legislature transferred nearly \$334 million from the General Fund for transportation purposes between budget year 1994-95 and budget year 1998-99. The General Fund transfer was 10 percent of total revenue from all four sources in budget year 1998-99, or \$100 million.
- ◆ **Federal funds:** The federal government distributes money for transportation projects to the states. The money Colorado receives from the federal government comes from federal gasoline taxes paid in Colorado. When federal funds are used for state transportation projects, matching funds are required from state resources. Under a new federal transportation law, state officials estimate that Colorado will receive \$1.7 billion from the federal government over the five-year period for which the law is in

effect. Federal funds were 33 percent of total revenue from all four sources in budget year 1998-99, or about \$313 million.

How are the 24 projects currently paid for? The 24 projects are paid for using the state sales and use tax diversion, and at least \$100 million from the remaining three revenue sources: state transportation taxes and fees, General Fund transfers, and federal funds.

How will funding for the 24 projects change if Referendum A passes? If Referendum A passes, a large amount of money will be available at first to build the 24 projects, but as time passes, a smaller amount of money will be available for the projects since more money will be needed to repay the borrowed money. In addition, the amount allocated to the projects each year by the Transportation Commission will be reduced from \$100 million to \$75 million.

Arguments For

- 1) Referendum A will accelerate the completion of the state's 24 highest priority transportation projects without increasing tax rates. It allows the state to borrow money, rather than raise tax rates, to build transportation projects sooner. Borrowing will also provide enough up-front money to begin construction on a project before it is fully designed. When design and construction occur at the same time, projects are completed more quickly and cost less money. The Department of Transportation estimates that passage of Referendum A will reduce the time to complete most of the projects by between one and nine years.
- 2) Borrowing money to pay for the 24 projects will help reduce congestion, upgrade surface conditions, and make highways safer throughout the state. These improvements are necessary for the state's highway system to keep up with Colorado's growth. Since 1990, Colorado's population has increased by 20.5 percent (676,577 people) and the total number of registered vehicles has increased 7.2 percent (266,833 vehicles). State transportation officials estimate that approximately 38 percent of the surface pavement in the state's road system is in poor condition.

- 3) The proposed transportation improvements will support and improve Colorado's economy. Colorado's economic growth and stability are strongly linked to an efficient and well-maintained transportation system. People and materials are more efficiently moved over highways that are in good condition. Employers consistently cite transportation infrastructure as a determining factor in planning business relocation or expansion. The proposal ensures that new moneys will be earmarked for the types of transportation improvements that will accommodate business growth and improve overall mobility for Colorado's citizens.
- 4) Borrowing now could save money in the long term. The state expects to pay between 4.0 and 5.5 percent interest on the loan, but Colorado's highway construction inflation rate has averaged 8.9 percent during the last three years. Over a ten-year period, interest payments of 5.0 percent plus one-time issuance costs would add \$66 to a debt of \$100, while inflation at 8.9 percent would add \$135 to a \$100 purchase. Therefore, a 5.0 percent interest payment plus issuance costs is cheaper than an 8.9 percent rate of highway construction inflation.
- 5) Referendum A will also benefit citizens throughout Colorado by helping fund other projects. If Referendum A passes, the Commission will increase by \$25 million annually the amount of money it is already planning to spend to improve other roads throughout the state. As it has in the past, the state will continue to invest in many other transportation projects not included in Referendum A. The Commission's decision will help to ensure that other statewide transportation needs besides the 24 projects are addressed.

Arguments Against

- 1) State government should find the money to fund transportation projects in the state's current budget by changing its spending priorities or finding new ways to save money in government programs. In addition, the state's revenue surpluses, estimated at \$4.4 billion over the next five years, could be used, with voter approval, for the 24 projects. It does not make financial sense for the state to pay hundreds of millions of dollars in interest costs to

borrow money while large annual revenue surpluses are being returned to Colorado taxpayers. The money that is paid in interest will not be used for actual construction.

- 2) Referendum A fails to provide important information about the financing and construction work that would be accomplished and relies upon a future flow of money that is uncertain. Before supporting a potential \$2.3 billion financing plan, voters should know exactly what work will be done and when it will be done. The proposal does not limit the interest rate that could be paid on the borrowed money or the length of time to repay the money, nor does the proposal set priorities for completion of projects.
- 3) Building new lanes to reduce traffic congestion is not the only solution. By the time transportation projects are finished, the roads could be as congested as they were before. The construction work itself will likely add to the congestion problem during construction. State government should do more to emphasize solutions other than highway expansion, including mass transit, reversible highway lanes, and high occupancy vehicle lanes. State and local government should encourage the location of homes, businesses, and shopping areas so that commuting times and air pollution are minimized. Staggered work schedules, telecommuting, and carpooling should also be encouraged.
- 4) Borrowing money to build the 24 projects now could cost Colorado more than it will to build the projects over time. While Colorado's highway construction inflation rate averaged only 3.1 percent over the last 15 years, it averaged an even lower 1.7 percent between 1985 and 1997. Over a ten-year period, interest payments of 5.0 percent plus issuance costs will add \$66 to a loan of \$100 while an inflation rate of 3.1 percent will add only \$36 to a \$100 purchase. Therefore, a 3.1 percent increase in prices is still cheaper than a 5.0 percent interest payment plus the costs of borrowing.
- 5) The benefit of this proposal for the 24 projects is reduced by the Transportation Commission's decision to take \$25 million per year away from these projects if Referendum A passes. Over 20 years, this decision will take \$500 million away that would have otherwise been spent on the 24 projects. This decision will increase the time it will take to build the projects, and the delay will significantly increase their total cost.

**Colorado Transportation Commission's
24 Selected Transportation Projects**

Project Location	County	Project Description	Estimated Project Cost	Estimated Completion Date Without Referendum A	Estimated Completion Date With Referendum A
I-25/State Highway 50/ State Highway 47	Pueblo	Interchange Reconstruction	\$69,669,000	2002	2002
I-25, S. Academy - Briargate	El Paso	Reconstruction, Safety, ITS & Widening	342,291,000	2009	2007
I-25/US Highway 36/ State Highway 270	Adams	Capacity Access - Widening	146,448,000	2006	2005
I-225/Parker Road	Arapahoe	Interchange Reconstruction	85,389,000	2010	2006
I-76/120 th Avenue	Adams	Interchange Reconstruction	45,509,000	2006	2006
I-25/I-70 (Mousetrap)	Denver	Interchange & Corridor Reconstruction	97,469,000	2003	2003
I-70, Tower Road to Kansas State Line	Arapahoe/Elbert/ Lincoln/Kit Carson	Concrete Reconstruction	121,652,000	2007	2004
I-25, State Highway 7 to State Highway 66	Weld	Reconstruction & Widening (from 4 to 6 lanes)	81,490,000	2007	2005
US Highway 50, Grand Junction to Delta	Mesa/Delta	Major Widening (from 2 to 4 lanes)	72,199,000	2012	2007
US Highway 285, Goddard Ranch Ct. to Foxton Rd	Jefferson	Major Widening (from 2 to 4 lanes)	63,137,000	2008	2004
US Highway 287, Kiowa County to Oklahoma State Line (Regions 1 and 2)	Lincoln/Kiowa/ Baca/Cheyenne/ Prowers	Concrete Reconstruction	67,733,000 116,684,000	2010 2013	2007 Region 1 2010 Region 2
US Highway 160, Wolf Creek Pass	Mineral	Reconstruction	68,359,000	2009	2007
US Highway 40, Berthoud Pass	Clear Creek	Reconstruction	74,838,000	2008	2007
State Highway 550, Durango to New Mexico State Line	La Plata	Major Widening (from 2 to 4 lanes)	48,819,000	2007	2007
State Highway 160, Jct. State Highway 3 East to Florida River	La Plata	Major Widening (from 2 to 4 lanes)	60,069,000	2007	2005
US Highway 287, Loveland to Broomfield	Boulder/Larimer	Reconstruction & Widening (from 2 to 4 lanes)	92,378,000	2006	2005

Project Location	County	Project Description	Estimated Project Cost	Estimated Completion Date Without Referendum A	Estimated Completion Date With Referendum A
Powers Boulevard, Colorado Springs	El Paso	New 4 to 6 lane facility	220,000,000	2014	2012
State Highway 82, Glenwood Springs to Aspen	Eagle/Garfield/Pitkin	Reconstruction & Widening (from 2 to 4 lanes)	185,998,000	2005	2004
Southeast Corridor (I-25, Broadway - Lincoln Ave.)	Denver/Arapahoe/Douglas	Congestion Improvement	593,644,000	2017	2008
East Corridor (Downtown Denver to DIA) and west corridor (US Highway 6, I-25 to I-70)	Denver/Adams and Denver/Jefferson	Congestion Improvement	148,000,000	Future	Future
I-70 West Corridor (I-70, DIA to Eagle County Airport)	Denver/Jefferson/Clear Creek/Summit/Eagle	Congestion Improvement	1,100,000,000	Future (See Footnote 1)	Future
Denver to Colorado Springs (I-25)	Denver/Arapahoe/Douglas	Congestion Improvement	153,000,000	2011	2007
	El Paso	Congestion Improvement	212,000,000	2019	2018
North I-25 Corridor (Denver to Fort Collins)	Denver/Adams/Boulder/Weld/Larimer	Congestion Improvement	302,685,000	2019	2022
TOTAL 24 PROJECTS			\$4,426,927,000		

Source: Colorado Department of Transportation, June 1999

1. Funding has been planned for this project over the 20-year period.

APPENDIX A - TEXT OF HOUSE BILL 99-1325

Capital letters indicate new material to be added to existing statute; dashes through the words indicate deletions from existing statute and such material not part of act.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Article 4 of title 43, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PART to read:

**PART 7
TRANSPORTATION REVENUE ANTICIPATION NOTES**

43-4-701. Legislative declaration. (1) THE GENERAL ASSEMBLY HEREBY FINDS AND DECLARES THAT:

(a) THE RAPID GROWTH OF THE ECONOMY OF THIS STATE HAS PROMPTED NEW AND EVER-INCREASING USES OF PUBLIC HIGHWAYS, ROADS, AND OTHER TRANSPORTATION INFRASTRUCTURE, AND THE EXISTING TRANSPORTATION INFRASTRUCTURE OF THIS STATE CANNOT ACCOMMODATE SUCH GREATLY INCREASED USES;

(b) ONE OF THE MAJOR CONCERNS OF THE CITIZENS OF THIS STATE IS THE ABILITY OF THE STATE AND LOCAL GOVERNMENTS TO ADDRESS THE LONG-TERM TRANSPORTATION INFRASTRUCTURE NEEDS OF THIS STATE THAT ARE CRITICAL TO THE CONTINUED GROWTH OF THE STATE'S ECONOMY AND THE MAINTENANCE OF CITIZENS' QUALITY OF LIFE;

(c) IN AN ATTEMPT TO ADDRESS THIS CONCERN, THE STATE HAS SIGNIFICANTLY INCREASED THE AMOUNT OF STATE REVENUES AVAILABLE IN RECENT YEARS TO FUND CRITICAL, PRIORITY TRANSPORTATION INFRASTRUCTURE NEEDS, BUT CURRENT TRANSPORTATION FUNDING MECHANISMS DO NOT PROVIDE ADEQUATE REVENUES TO KEEP PACE WITH THE INCREASING DEMANDS ON TRANSPORTATION INFRASTRUCTURE STATEWIDE;

(d) BY UTILIZING REVENUE ANTICIPATION NOTES FOR THE FINANCING OF TRANSPORTATION PROJECTS THAT MAY BE FINANCED, IN WHOLE OR IN PART, WITH FEDERAL TRANSPORTATION FUNDS, A SIGNIFICANT AMOUNT OF UP-FRONT REVENUES CAN BE GENERATED FOR SUCH FEDERAL AID TRANSPORTATION PROJECTS WHICH WILL ENABLE THE STATE TO DESIGN AND CONSTRUCT SUCH TRANSPORTATION PROJECTS WITHOUT USING REVENUES AVAILABLE FOR OTHER IMPORTANT TRANSPORTATION PROJECTS;

(c) UTILIZING REVENUE ANTICIPATION NOTES TO FINANCE FEDERAL AID TRANSPORTATION PROJECTS ALSO RESULTS IN SIGNIFICANT COST SAVINGS TO THE STATE, SINCE SUCH TRANSPORTATION PROJECTS CAN BE COMPLETED AT PRESENT-DAY COSTS AND AT AN ACCELERATED PACE, BUT THE STATE NEEDS TO BE ABLE TO ACT QUICKLY TO ISSUE REVENUE ANTICIPATION NOTES IN ORDER TO REALIZE THESE COST SAVINGS; AND

(f) IT IS REASONABLE AND NECESSARY TO UTILIZE REVENUE ANTICIPATION NOTES FOR THE FINANCING OF FEDERAL AID TRANSPORTATION PROJECTS.

(2) THE GENERAL ASSEMBLY FURTHER FINDS AND DECLARES THAT:

(a) THE CURRENT AND LONG-STANDING PROCESS OF FUNDING THE TRANSPORTATION INFRASTRUCTURE NEEDS OF THE STATE, WHICH INVOLVES THE CONTINUOUS APPROPRIATION OF CERTAIN STATE REVENUES TO THE DEPARTMENT OF TRANSPORTATION BY THE GENERAL ASSEMBLY AND THE ANNUAL ALLOCATION OF STATE AND FEDERAL FUNDS TO SPECIFIC PROJECTS AND PURPOSES BY THE TRANSPORTATION COMMISSION, IS INTENDED TO ENSURE THAT SUCH FUNDING DECISIONS ARE BASED ON ANNUAL DETERMINATIONS OF REVENUE AVAILABILITY AND TRANSPORTATION INFRASTRUCTURE NEEDS STATEWIDE;

(b) MAKING THE PAYMENT OF REVENUE ANTICIPATION NOTES ISSUED IN ACCORDANCE WITH THIS PART 7 SUBJECT TO ANNUAL ALLOCATION BY THE TRANSPORTATION COMMISSION IS EQUIVALENT TO MAKING SUCH PAYMENTS SUBJECT TO ANNUAL LEGISLATIVE APPROPRIATION, SINCE THE ANNUAL ALLOCATION PROCESS REQUIRES THE TRANSPORTATION COMMISSION TO MAKE THE SAME ANNUAL BUDGETING DECISIONS THAT THE GENERAL ASSEMBLY MAKES THROUGH THE APPROPRIATION PROCESS;

(c) REVENUE ANTICIPATION NOTES ISSUED IN ACCORDANCE WITH THE PROVISIONS OF THIS PART 7 THAT EVIDENCE THE RIGHT TO RECEIVE PAYMENTS IN SUBSEQUENT FISCAL YEARS CONTINGENT UPON FUNDS FOR SUCH PAYMENTS BEING ALLOCATED ON AN ANNUAL BASIS IN THE SOLE DISCRETION OF THE TRANSPORTATION COMMISSION DO NOT CONSTITUTE "A DEBT BY LOAN IN ANY FORM" UNDER SECTION 3 OF ARTICLE XI OF THE STATE CONSTITUTION BASED UPON THE COLORADO SUPREME COURT'S DECISION IN *SUBMISSION OF INTERROGATORIES ON HOUSE BILL 99-1325*, CASE NO. 99SA108 (APRIL 23, 1999), SINCE THE NOTES ARE NOT A LEGALLY ENFORCEABLE OBLIGATION AGAINST THE STATE IN FUTURE YEARS AND THE ANNUAL ALLOCATION OF SUCH FUNDS FOR THE PAYMENT OF SUCH NOTES IS IN THE SOLE DISCRETION OF THE TRANSPORTATION COMMISSION; AND

(d) IN ACCORDANCE WITH THE COLORADO SUPREME COURT DECISION IN *SUBMISSION OF INTERROGATORIES ON HOUSE BILL 99-1325*, CASE NO. 99SA108 (APRIL 23, 1999), THE PROCEEDS OF ANY TRANSPORTATION REVENUE ANTICIPATION NOTES ISSUED IN ACCORDANCE WITH THIS PART 7 ARE NOT INCLUDED IN STATE FISCAL YEAR

SPENDING FOR PURPOSES OF SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION AND ARTICLE 77 OF TITLE 24, C.R.S.

43-4-702. Definitions. AS USED IN THIS PART 7, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(1) "COMMISSION" MEANS THE TRANSPORTATION COMMISSION CREATED BY SECTION 43-1-106.

(2) "DEPARTMENT" MEANS THE DEPARTMENT OF TRANSPORTATION CREATED BY PART 1 OF THIS ARTICLE.

(3) "EXECUTIVE DIRECTOR" MEANS THE EXECUTIVE DIRECTOR OF THE DEPARTMENT.

(4) "FEDERAL TRANSPORTATION FUNDS" MEANS:

(a) FUNDS PAID TO THE DEPARTMENT BY THE UNITED STATES DEPARTMENT OF TRANSPORTATION; AND

(b) FUNDS PAID TO ANY POLITICAL SUBDIVISION BY THE UNITED STATES DEPARTMENT OF TRANSPORTATION THAT ARE SUBSEQUENTLY PAID TO THE DEPARTMENT BY SUCH POLITICAL SUBDIVISION.

(5) "POLITICAL SUBDIVISION" MEANS ANY MUNICIPALITY, COUNTY, CITY AND COUNTY, OR OTHER POLITICAL SUBDIVISION OF THE STATE.

(6) "QUALIFIED FEDERAL AID TRANSPORTATION PROJECT" MEANS ANY PROJECT THAT MAY BE FINANCED, IN WHOLE OR IN PART, WITH FEDERAL TRANSPORTATION FUNDS.

(7) "REVENUE ANTICIPATION NOTES" OR "NOTES" MEANS REVENUE ANTICIPATION NOTES AUTHORIZED BY AND ISSUED IN ACCORDANCE WITH THIS PART 7.

(8) "STATE MATCHING FUNDS" MEANS REVENUES OTHER THAN FEDERAL TRANSPORTATION FUNDS THAT ARE CREDITED TO THE STATE HIGHWAY FUND OR THE STATE HIGHWAY SUPPLEMENTARY FUND IN ACCORDANCE WITH SECTION 43-1-220 AND THAT MAY BE USED BY THE DEPARTMENT TO PAY THE COSTS OF ANY QUALIFIED FEDERAL AID TRANSPORTATION PROJECTS.

43-4-703. Submission of ballot question regarding issuance of transportation revenue anticipation notes. (1) THE SECRETARY OF STATE SHALL SUBMIT A BALLOT QUESTION TO A VOTE OF THE REGISTERED ELECTORS OF THE STATE OF COLORADO AT THE STATEWIDE ELECTION TO BE HELD IN NOVEMBER, 1999, FOR THEIR APPROVAL OR REJECTION. EACH ELECTOR VOTING AT SAID NOVEMBER ELECTION SHALL CAST A VOTE AS PROVIDED BY LAW EITHER "YES" OR "NO" ON THE PROPOSITION: "SHALL

STATE OF COLORADO DEBT BE INCREASED UP TO \$1,700,000,000, WITH A MAXIMUM REPAYMENT COST OF \$2,300,000,000, WITH NO INCREASE IN ANY TAXES, FOR THE PURPOSE OF ADDRESSING THE CRITICAL, PRIORITY TRANSPORTATION NEEDS IN THE STATE BY FINANCING TRANSPORTATION PROJECTS THAT QUALIFY FOR FEDERAL FUNDING THROUGH THE ISSUANCE OF REVENUE ANTICIPATION NOTES, AND SHALL EARNINGS ON THE PROCEEDS OF SUCH NOTES CONSTITUTE A VOTER-APPROVED REVENUE CHANGE?"

(2) THE VOTES CAST FOR THE ADOPTION OR REJECTION OF THE QUESTION SUBMITTED PURSUANT TO SUBSECTION (1) OF THIS SECTION SHALL BE CANVASSED AND THE RESULT DETERMINED IN THE MANNER PROVIDED BY LAW FOR THE CANVASSING OF VOTES FOR REPRESENTATIVES IN CONGRESS.

43-4-704. Powers of executive director. THE EXECUTIVE DIRECTOR IS AUTHORIZED TO ENTER INTO CONTRACTS WITH THE FEDERAL GOVERNMENT, THE STATE OF COLORADO, ANY STATE INSTITUTION OR AGENCY, ANY POLITICAL SUBDIVISION, ANY DEPARTMENT, AGENCY, OR INSTRUMENTALITY OF A POLITICAL SUBDIVISION, AND ANY POLITICAL OR PUBLIC CORPORATION OF THE STATE, AND WITH ANY PERSON NECESSARY OR INCIDENTAL TO THE PERFORMANCE OF THE DUTIES AND THE EXECUTION OF THE POWERS OF THE EXECUTIVE DIRECTOR UNDER THIS PART 7.

43-4-705. Revenue anticipation notes. (1) SUBJECT TO THE PROVISIONS OF THIS PART 7, THE EXECUTIVE DIRECTOR, ON BEHALF OF THE DEPARTMENT, FROM TIME TO TIME, MAY ISSUE REVENUE ANTICIPATION NOTES FOR THE PURPOSE OF FINANCING ANY QUALIFIED FEDERAL AID TRANSPORTATION PROJECTS.

(2) (a) SUBJECT TO THE PROVISIONS OF THIS SUBSECTION (2), THE PRINCIPAL OF AND INTEREST ON REVENUE ANTICIPATION NOTES AND ANY COSTS ASSOCIATED WITH THE ISSUANCE AND ADMINISTRATION OF SUCH NOTES SHALL BE PAYABLE SOLELY FROM:

(I) FEDERAL TRANSPORTATION FUNDS AND STATE MATCHING FUNDS THAT ARE ALLOCATED ON AN ANNUAL BASIS FOR SUCH PURPOSE BY THE COMMISSION, IN ITS SOLE DISCRETION, IN ACCORDANCE WITH SECTION 43-1-113;

(II) ANY PROCEEDS OF SUCH NOTES AND ANY EARNINGS FROM THE INVESTMENT OF SUCH NOTE PROCEEDS PLEDGED FOR SUCH PURPOSE; AND

(III) ANY OTHER REVENUES, FUNDS, OR OTHER SECURITY PLEDGED FOR SUCH PURPOSE THAT DO NOT CONSTITUTE REVENUES OR FUNDS OF THE STATE.

(b) THE OWNERS OR HOLDERS OF THE REVENUE ANTICIPATION NOTES MAY NOT LOOK TO ANY OTHER REVENUES OF THE STATE FOR THE PAYMENT OF THE NOTES.

(c) (I) (A) THE PORTION OF THE PRINCIPAL OF AND INTEREST ON REVENUE ANTICIPATION NOTES AND THE COSTS ASSOCIATED WITH THE ISSUANCE AND

ADMINISTRATION OF SUCH NOTES THAT MAY BE PAID FROM FEDERAL TRANSPORTATION FUNDS PURSUANT TO FEDERAL LAW AND ANY AGREEMENT BETWEEN THE UNITED STATES DEPARTMENT OF TRANSPORTATION AND THE DEPARTMENT OR THE POLITICAL SUBDIVISION THAT IS OR IS TO BE THE INITIAL RECIPIENT OF SUCH FEDERAL TRANSPORTATION FUNDS, HEREINAFTER REFERRED TO IN THIS SUBSECTION (2) AS "THE FEDERAL SHARE OF PRINCIPAL, INTEREST, AND COSTS", SHALL BE PAID FROM FEDERAL TRANSPORTATION FUNDS THAT THE COMMISSION, IN ITS SOLE DISCRETION, HAS ALLOCATED ON AN ANNUAL BASIS FOR THIS PURPOSE IN ACCORDANCE WITH SECTION 43-1-113.

(B) IF FEDERAL TRANSPORTATION FUNDS ARE NOT SUFFICIENT TO PAY THE FEDERAL SHARE OF PRINCIPAL, INTEREST, AND COSTS WHEN DUE, THE EXECUTIVE DIRECTOR SHALL REQUEST AND THE COMMISSION MAY GRANT SUCH REQUEST TO TEMPORARILY PAY THE FEDERAL SHARE OF PRINCIPAL, INTEREST, AND COSTS WITH STATE MATCHING FUNDS THAT THE COMMISSION, IN ITS SOLE DISCRETION, HAS ALLOCATED ON AN ANNUAL BASIS FOR THIS PURPOSE IN ACCORDANCE WITH SECTION 43-1-113.

(II) NOTWITHSTANDING THE PROVISIONS OF SECTION 43-1-220 (2) (c) AND (2) (h), THE STATE HIGHWAY FUND, THE STATE HIGHWAY SUPPLEMENTARY FUND, OR BOTH, SHALL BE REIMBURSED FOR THE AMOUNT OF MONEYS IN SAID FUND OR FUNDS USED IN ACCORDANCE WITH SUBPARAGRAPH (I) OF THIS PARAGRAPH (c) FROM FEDERAL TRANSPORTATION FUNDS THAT THE COMMISSION DETERMINES ARE NOT NEEDED IN THE FUTURE TO PAY THE FEDERAL SHARE OF PRINCIPAL, INTEREST, AND COSTS.

(d) NO MONEYS CREDITED TO THE STATE HIGHWAY FUND THAT ARE REQUIRED TO BE EXPENDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 18 OF ARTICLE X OF THE STATE CONSTITUTION SHALL BE ALLOCATED AND USED TO PAY REVENUE ANTICIPATION NOTES FINANCING ANY QUALIFIED FEDERAL AID TRANSPORTATION PROJECT THAT IS NOT A STATE HIGHWAY PROJECT OR TO PAY ANY COSTS ASSOCIATED WITH THE ISSUANCE AND ADMINISTRATION OF SUCH NOTES.

(3) (a) THE EXECUTIVE DIRECTOR SHALL ISSUE REVENUE ANTICIPATION NOTES PURSUANT TO A CERTIFICATE EXECUTED BY THE EXECUTIVE DIRECTOR, A TRUST INDENTURE BETWEEN THE EXECUTIVE DIRECTOR AND ANY COMMERCIAL BANK OR TRUST COMPANY HAVING FULL TRUST POWERS, OR ANY OTHER INSTRUMENT ISSUED BY THE EXECUTIVE DIRECTOR.

(b) AS THE EXECUTIVE DIRECTOR DEEMS APPROPRIATE, THE CERTIFICATE, TRUST INDENTURE, OR OTHER INSTRUMENT AUTHORIZING REVENUE ANTICIPATION NOTES MAY CONTAIN SUCH PROVISIONS SETTING FORTH THE RIGHTS AND REMEDIES OF THE OWNERS OR HOLDERS OF THE REVENUE ANTICIPATION NOTES, MAY CONTAIN SUCH PROVISIONS FOR PROTECTING AND ENFORCING THE RIGHTS AND REMEDIES OF THE OWNERS OR HOLDERS OF THE REVENUE ANTICIPATION NOTES AS THE EXECUTIVE DIRECTOR DEEMS APPROPRIATE, AND MAY CONTAIN SUCH OTHER PROVISIONS THAT

THE EXECUTIVE DIRECTOR DEEMS APPROPRIATE FOR THE SECURITY OF THE OWNERS OR HOLDERS OF THE REVENUE ANTICIPATION NOTES. SUCH PROVISIONS MAY INCLUDE, BUT SHALL NOT BE LIMITED TO, PROVISIONS REGARDING LETTERS OF CREDIT, INSURANCE, STAND-BY CREDIT AGREEMENTS, OR OTHER FORMS OF CREDIT ENSURING TIMELY PAYMENT OF THE REVENUE ANTICIPATION NOTES, INCLUDING THE REDEMPTION PRICE OR THE PURCHASE PRICE, AND PROVISIONS REGARDING THE REIMBURSEMENT OF PROVIDERS OF SUCH CREDIT OUT OF REVENUES AVAILABLE FOR THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE REVENUE ANTICIPATION NOTES FOR ANY AMOUNTS PAID BY SUCH PROVIDERS WITH RESPECT TO SUCH NOTES.

(4) (a) SUBJECT TO THE PROVISIONS OF PARAGRAPH (b) OF THIS SUBSECTION (4), REVENUE ANTICIPATION NOTES MAY BE ISSUED IN SUCH AGGREGATE PRINCIPAL AMOUNT, MAY BE ISSUED IN ONE OR MORE SERIES, MAY BEAR SUCH DATES, MAY BE IN SUCH DENOMINATION OR DENOMINATIONS, MAY MATURE ON ANY DATE OR DATES, MAY MATURE IN SUCH AMOUNT OR AMOUNTS, MAY BE IN SUCH FORM, MAY BE PAYABLE AT SUCH PLACE OR PLACES, MAY BE SUBJECT TO SUCH TERMS OF REDEMPTION WITH OR WITHOUT A PREMIUM, MAY CONTAIN SUCH PROVISIONS AS THE EXECUTIVE DIRECTOR DEEMS APPROPRIATE REGARDING INSURANCE TO ENSURE THE TIMELY PAYMENT OF THE NOTES, AND MAY CONTAIN SUCH OTHER PROVISIONS NOT INCONSISTENT WITH THE PROVISIONS OF THIS PART 7 AS THE EXECUTIVE DIRECTOR MAY DETERMINE.

(b) THE AGGREGATE AMOUNT OF ANNUAL INSTALLMENTS OF PRINCIPAL AND INTEREST ON ALL REVENUE ANTICIPATION NOTES ISSUED PURSUANT TO THIS PART 7 THAT ARE SCHEDULED TO BE PAID DURING ANY GIVEN FISCAL YEAR, DETERMINED AS OF THE DATE OF ISSUANCE OF EACH SERIES OF NOTES, SHALL NOT EXCEED AN AMOUNT EQUAL TO FIFTY PERCENT OF THE AGGREGATE AMOUNT OF FEDERAL TRANSPORTATION FUNDS PAID TO THE DEPARTMENT DURING THE FISCAL YEAR IMMEDIATELY PRECEDING THE FISCAL YEAR IN WHICH SUCH SERIES OF NOTES IS ISSUED.

(5) THE RATE OR RATES OF INTEREST BORNE BY THE REVENUE ANTICIPATION NOTES MAY BE FIXED, ADJUSTABLE, OR VARIABLE OR ANY COMBINATION THEREOF WITHOUT REGARD TO ANY INTEREST RATE LIMITATION APPEARING IN ANY OTHER LAW OF THIS STATE. IF ANY RATE OR RATES ARE ADJUSTABLE OR VARIABLE, THE STANDARD, INDEX, METHOD, OR FORMULA SHALL BE DETERMINED BY THE EXECUTIVE DIRECTOR.

(6) REVENUE ANTICIPATION NOTES MAY BE SOLD AT PUBLIC OR PRIVATE SALE AND MAY BE SOLD AT, ABOVE, OR BELOW THE PRINCIPAL AMOUNTS THEREOF. THE SALE OF SUCH NOTES SHALL NOT BE SUBJECT TO THE "PROCUREMENT CODE", ARTICLES 101 TO 112 OF TITLE 24, C.R.S.

(7) REVENUE ANTICIPATION NOTES SHALL BE SIGNED ON BEHALF OF THE DEPARTMENT BY THE EXECUTIVE DIRECTOR AND THE CHIEF ENGINEER OF THE DEPARTMENT. PURSUANT TO ARTICLE 55 OF TITLE 11, C.R.S., THE SIGNATURES OF THE

EXECUTIVE DIRECTOR AND THE CHIEF ENGINEER OF THE DEPARTMENT MAY BE FACSIMILE SIGNATURES IMPRINTED, ENGRAVED, STAMPED, OR OTHERWISE PLACED ON THE REVENUE ANTICIPATION NOTES. IF ALL OF THE SIGNATURES ON THE REVENUE ANTICIPATION NOTES ARE FACSIMILE SIGNATURES, PROVISION SHALL BE MADE FOR A MANUAL AUTHENTICATING SIGNATURE ON THE REVENUE ANTICIPATION NOTES BY OR ON BEHALF OF A DESIGNATED AUTHENTICATING AGENT.

(8) THE POWER TO FIX THE DATE OF SALE OF THE REVENUE ANTICIPATION NOTES, TO RECEIVE BIDS OR PROPOSALS, TO AWARD AND SELL REVENUE ANTICIPATION NOTES, TO FIX INTEREST RATES, AND TO TAKE ALL OTHER ACTION NECESSARY TO SELL AND DELIVER THE NOTES MAY BE DELEGATED TO AN AGENT OF THE EXECUTIVE DIRECTOR.

(9) ANY OUTSTANDING REVENUE ANTICIPATION NOTES MAY BE REFUNDED BY THE EXECUTIVE DIRECTOR PURSUANT TO ARTICLE 56 OF TITLE 11, C.R.S. ALL REVENUE ANTICIPATION NOTES ARE DECLARED TO BE NEGOTIABLE INSTRUMENTS.

(10) THE EXECUTIVE DIRECTOR IS AUTHORIZED TO ENGAGE THE SERVICES OF SUCH CONSULTANTS, FINANCIAL ADVISORS, UNDERWRITERS, BOND INSURERS, LETTER OF CREDIT BANKS, RATING AGENCIES, AGENTS, OR OTHER PERSONS WHOSE SERVICES MAY BE REQUIRED OR DEEMED ADVANTAGEOUS BY THE EXECUTIVE DIRECTOR IN CONNECTION WITH SUCH REVENUE ANTICIPATION NOTES. THE EXECUTIVE DIRECTOR SHALL CONTRACT FOR SUCH SERVICES IN ACCORDANCE WITH THE "PROCUREMENT CODE", ARTICLES 101 TO 112 OF TITLE 24, C.R.S.; EXCEPT THAT CONTRACTING FOR SERVICES OF BOND INSURERS, LETTER OF CREDIT BANKS, AND RATING AGENCIES SHALL NOT BE SUBJECT TO THE "PROCUREMENT CODE".

(11) THE EXECUTIVE DIRECTOR MAY, WITH RESPECT TO REVENUE ANTICIPATION NOTES THAT HAVE BEEN ISSUED OR PROPOSED REVENUE ANTICIPATION NOTES, ENTER INTO INTEREST RATE EXCHANGE AGREEMENTS IN ACCORDANCE WITH ARTICLE 59.3 OF TITLE 11, C.R.S.

(12) (a) THE PROCEEDS FROM THE ISSUANCE OF REVENUE ANTICIPATION NOTES THAT ARE NOT OTHERWISE PLEDGED FOR THE PAYMENT OF SUCH NOTES, STATE MATCHING FUNDS, OR FEDERAL TRANSPORTATION FUNDS, ANY OF WHICH HAVE BEEN ALLOCATED ON AN ANNUAL BASIS BY THE COMMISSION, IN ITS SOLE DISCRETION, IN ACCORDANCE WITH SECTION 43-1-113 FOR THE PAYMENT OF REVENUE ANTICIPATION NOTES OR ANY COSTS ASSOCIATED WITH THE ISSUANCE AND ADMINISTRATION OF SUCH NOTES, ARE PLEDGED AND SHALL BE USED ONLY FOR THE PURPOSE OR PURPOSES FOR WHICH SUCH REVENUES ARE ALLOCATED. THE PROCEEDS FROM THE ISSUANCE OF REVENUE ANTICIPATION NOTES THAT ARE PLEDGED PURSUANT TO SECTION 43-4-707 (1) SHALL BE USED ONLY FOR THE PURPOSE OR PURPOSES FOR WHICH SUCH REVENUES ARE PLEDGED. ANY SUCH PLEDGE SHALL BE VALID AND BINDING FROM THE TIME THE COMMISSION MAKES THE ALLOCATION; EXCEPT THAT ANY PLEDGE OF REVENUE ANTICIPATION NOTE PROCEEDS PURSUANT TO SECTION 43-4-707 (1) SHALL BE VALID AND BINDING FROM THE DATE OF ISSUANCE OF SUCH NOTES. THE PLEDGE SHALL

CREATE A VALID SECURITY INTEREST, AND SUCH REVENUES SHALL IMMEDIATELY BE SUBJECT TO THE LIEN OF THE PLEDGE AND SECURITY INTEREST WITHOUT ANY PHYSICAL DELIVERY OR FURTHER ACT, AND THE LIEN OF THE PLEDGE AND SECURITY INTEREST SHALL BE VALID AND BINDING AGAINST ALL PARTIES HAVING CLAIMS OF ANY KIND IN TORT, CONTRACT, OR OTHERWISE AGAINST THE PLEDGING PARTY IRRESPECTIVE OF WHETHER SUCH CLAIMING PARTY HAS NOTICE OF SUCH LIEN. THE INSTRUMENT BY WHICH THE PLEDGE AND SECURITY INTEREST IS CREATED NEED NOT BE RECORDED OR FILED IN ORDER TO PERFECT SUCH PLEDGE AND SECURITY INTEREST.

(b) NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY, INCLUDING BUT NOT LIMITED TO SECTION 24-91-103.6, C.R.S., THE LIEN OF THE PLEDGE AND SECURITY INTEREST ON ANY REVENUE ANTICIPATION NOTE PROCEEDS SHALL NOT AFFECT THE AUTHORITY OF THE DEPARTMENT TO ENTER INTO CONTRACTS FOR THE DESIGN AND CONSTRUCTION OF ANY QUALIFIED FEDERAL AID TRANSPORTATION PROJECT.

(13) NOTWITHSTANDING ANY OTHER PROVISION OF THIS PART 7 TO THE CONTRARY, THE EXECUTIVE DIRECTOR SHALL HAVE THE AUTHORITY TO ISSUE REVENUE ANTICIPATION NOTES PURSUANT TO THIS PART 7 ONLY IF VOTERS STATEWIDE APPROVE THE BALLOT QUESTION SUBMITTED AT THE NOVEMBER, 1999, STATEWIDE ELECTION PURSUANT TO SECTION 43-4-703 (1) AND ONLY THEN TO THE EXTENT ALLOWED UNDER THE MAXIMUM AMOUNTS OF DEBT AND REPAYMENT COST SO APPROVED.

43-4-706. Financial obligations subject to annual budget allocation. (1) ANY REVENUE ANTICIPATION NOTES ISSUED IN ACCORDANCE WITH THIS PART 7 SHALL CONSTITUTE A CONTRACT BETWEEN THE DEPARTMENT AND THE OWNER OR HOLDER THEREOF. IN NO EVENT SHALL ANY DECISION BY THE COMMISSION NOT TO ALLOCATE REVENUE ANTICIPATION NOTE PROCEEDS NOT OTHERWISE PLEDGED, STATE MATCHING FUNDS, OR FEDERAL TRANSPORTATION FUNDS IN ANY GIVEN FISCAL YEAR FOR THE PAYMENT OF SUCH NOTES OR ANY COSTS ASSOCIATED WITH THE ISSUANCE AND ADMINISTRATION OF SUCH NOTES BE CONSTRUED TO CONSTITUTE AN ACTION IMPAIRING SUCH CONTRACT.

(2) (a) EVERY CONTRACT ENTERED INTO BY THE EXECUTIVE DIRECTOR PURSUANT TO THE PROVISIONS OF THIS PART 7 SHALL PROVIDE THAT ALL FINANCIAL OBLIGATIONS OF THE STATE UNDER SUCH CONTRACTS ARE SUBJECT TO ALLOCATION ON AN ANNUAL BASIS BY THE COMMISSION, IN ITS SOLE DISCRETION, IN ACCORDANCE WITH SECTION 43-1-113 AND THAT SUCH CONTRACTS SHALL NOT BE DEEMED OR CONSTRUED AS CREATING AN INDEBTEDNESS OF THE STATE WITHIN THE MEANING OF THE STATE CONSTITUTION OR THE LAWS OF THE STATE OF COLORADO CONCERNING OR LIMITING THE CREATION OF INDEBTEDNESS BY THE STATE OF COLORADO.

(b) IN ADDITION, REVENUE ANTICIPATION NOTES ISSUED BY THE EXECUTIVE DIRECTOR PURSUANT TO THE PROVISIONS OF THIS PART 7 AND EVERY CONTRACT

RELATING TO THE ISSUANCE OF SUCH NOTES SHALL PROVIDE THAT ALL FINANCIAL OBLIGATIONS OF THE STATE IN REGARD TO THE PORTION OF THE PRINCIPAL OF AND INTEREST ON SUCH NOTES AND THE COSTS ASSOCIATED WITH THE ISSUANCE AND ADMINISTRATION OF SUCH NOTES THAT MAY BE PAID FROM FEDERAL TRANSPORTATION FUNDS PURSUANT TO FEDERAL LAW AND ANY AGREEMENT BETWEEN THE UNITED STATES DEPARTMENT OF TRANSPORTATION AND THE DEPARTMENT OR THE POLITICAL SUBDIVISION THAT IS OR IS TO BE THE INITIAL RECIPIENT OF SUCH FEDERAL TRANSPORTATION FUNDS ARE SUBJECT TO CONTINUING FEDERAL APPROPRIATIONS OF FEDERAL TRANSPORTATION FUNDS AT A LEVEL EQUAL TO OR GREATER THAN THE AMOUNT NEEDED TO PAY THE FEDERAL SHARE OF PRINCIPAL, INTEREST, AND COSTS ON THE REVENUE ANTICIPATION NOTES.

(3) THE EXECUTIVE DIRECTOR MAY PAY ALL FEES, EXPENSES, AND COMMISSIONS THAT THE EXECUTIVE DIRECTOR DEEMS NECESSARY OR ADVANTAGEOUS IN CONNECTION WITH THE SALE OF NOTES.

(4) NEITHER THE MEMBERS OF THE COMMISSION, THE EXECUTIVE DIRECTOR, NOR ANY PERSON EXECUTING REVENUE ANTICIPATION NOTES IN ACCORDANCE WITH THE PROVISIONS OF THIS PART 7 SHALL BE LIABLE PERSONALLY ON THE NOTES OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE THEREOF.

43-4-707. Note proceeds. (1) THE CERTIFICATE, TRUST INDENTURE, OR OTHER INSTRUMENT AUTHORIZING THE ISSUANCE OF REVENUE ANTICIPATION NOTES IN ACCORDANCE WITH THE PROVISIONS OF THIS PART 7 MAY PLEDGE ALL OR ANY PORTION OF THE PROCEEDS FROM THE ISSUANCE OF SUCH NOTES TO THE PAYMENT OF SUCH NOTES AND ANY COSTS ASSOCIATED WITH THE ISSUANCE AND ADMINISTRATION OF SUCH NOTES.

(2) ANY PROCEEDS FROM THE ISSUANCE OF REVENUE ANTICIPATION NOTES IN ACCORDANCE WITH THE PROVISIONS OF THIS PART 7 THAT ARE NOT PLEDGED FOR THE PAYMENT OF SUCH NOTES AND ANY COSTS ASSOCIATED WITH THE ISSUANCE AND ADMINISTRATION OF SUCH NOTES SHALL BE CREDITED TO THE STATE HIGHWAY SUPPLEMENTARY FUND AND SHALL BE USED TO FINANCE QUALIFIED FEDERAL AID TRANSPORTATION PROJECTS, TO PAY SUCH NOTES, TO PAY THE COSTS OF ISSUING AND ADMINISTERING SUCH REVENUE ANTICIPATION NOTES, AND TO PAY ANY OTHER EXPENSE OR CHARGE INCURRED IN CONNECTION WITH ACTIONS OF THE EXECUTIVE DIRECTOR AUTHORIZED BY THE PROVISIONS OF THIS PART 7.

(3) ANY PROCEEDS FROM THE ISSUANCE OF SUCH NOTES AND ANY EARNINGS ON SUCH PROCEEDS SHALL NOT BE INCLUDED IN STATE FISCAL YEAR SPENDING, AS DEFINED BY SECTION 24-77-102 (17) (a), C.R.S., FOR ANY GIVEN FISCAL YEAR FOR PURPOSES OF SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION AND ARTICLE 77 OF TITLE 24, C.R.S.

43-4-708. Investments. (1) ANY PROCEEDS FROM THE ISSUANCE OF REVENUE ANTICIPATION NOTES OR ANY OTHER MONEYS RELATING TO SUCH NOTES THAT ARE CREDITED TO THE STATE HIGHWAY SUPPLEMENTARY FUND SHALL BE INVESTED IN THE SAME MANNER AS ALL OTHER MONEYS CREDITED TO SAID FUND AS PROVIDED BY LAW.

(2) THE EXECUTIVE DIRECTOR, IN CONSULTATION WITH THE STATE TREASURER, MAY DIRECT A CORPORATE TRUSTEE THAT HOLDS ANY PROCEEDS FROM THE ISSUANCE OF REVENUE ANTICIPATION NOTES OR ANY OTHER MONEYS PAID TO SUCH TRUSTEE IN CONNECTION WITH SUCH NOTES TO INVEST OR DEPOSIT SUCH MONEYS IN INVESTMENTS OR DEPOSITS OTHER THAN THOSE IN WHICH MONEYS IN THE STATE HIGHWAY SUPPLEMENTARY FUND MAY BE INVESTED OR DEPOSITED IF THE EXECUTIVE DIRECTOR, IN CONSULTATION WITH THE STATE TREASURER, DETERMINES THAT SUCH INVESTMENT OR DEPOSIT MEETS THE STANDARD ESTABLISHED IN SECTION 15-1-304, C.R.S., THE INCOME IS AT LEAST COMPARABLE TO INCOME AVAILABLE ON INVESTMENTS OR DEPOSITS OF MONEYS IN THE STATE HIGHWAY SUPPLEMENTARY FUND, AND THE INVESTMENT WILL ASSIST THE DEPARTMENT IN THE FINANCING, CONSTRUCTION, OPERATION, OR MAINTENANCE OF QUALIFIED FEDERAL AID TRANSPORTATION PROJECTS.

43-4-709. Powers of political subdivisions. (1) A POLITICAL SUBDIVISION, FOR THE PURPOSE OF AIDING AND COOPERATING IN THE FINANCING, CONSTRUCTION, OPERATION, OR MAINTENANCE OF ANY QUALIFIED FEDERAL AID TRANSPORTATION PROJECT, HAS THE POWER:

(a) TO SELL, LEASE, LOAN, DONATE, GRANT, CONVEY, ASSIGN, OR OTHERWISE TRANSFER TO THE DEPARTMENT ANY REAL OR PERSONAL PROPERTY OR INTERESTS THEREIN;

(b) TO ENTER INTO AGREEMENTS WITH ANY PERSON FOR THE JOINT FINANCING, CONSTRUCTION, OPERATION, OR MAINTENANCE OF ANY QUALIFIED FEDERAL AID TRANSPORTATION PROJECT. UPON COMPLIANCE WITH APPLICABLE CONSTITUTIONAL OR CHARTER LIMITATIONS, THE POLITICAL SUBDIVISION MAY AGREE TO MAKE PAYMENTS, WITHOUT LIMITATION AS TO AMOUNT EXCEPT AS SET FORTH IN THE AGREEMENT, FROM REVENUES RECEIVED IN ONE OR MORE FISCAL YEARS TO THE DEPARTMENT OR ANY PERSON TO DEFRAY THE COSTS OF THE FINANCING, CONSTRUCTION, OPERATION, OR MAINTENANCE OF ANY QUALIFIED FEDERAL AID TRANSPORTATION PROJECT.

(c) TO TRANSFER OR ASSIGN TO THE DEPARTMENT ANY CONTRACTS THAT MAY HAVE BEEN AWARDED BY THE POLITICAL SUBDIVISION FOR CONSTRUCTION, OPERATION, OR MAINTENANCE OF ANY QUALIFIED FEDERAL AID TRANSPORTATION PROJECT.

(2) TO ASSIST IN THE FINANCING, CONSTRUCTION, OPERATION, OR MAINTENANCE OF A QUALIFIED FEDERAL AID TRANSPORTATION PROJECT, ANY POLITICAL SUBDIVISION

MAY, BY CONTRACT, PLEDGE TO THE DEPARTMENT ALL OR A PORTION OF FEDERAL TRANSPORTATION FUNDS PAID TO THE POLITICAL SUBDIVISION, THE REVENUES THE POLITICAL SUBDIVISION RECEIVES FROM THE HIGHWAY USERS TAX FUND, OR THE REVENUES FROM ANY OTHER LEGALLY AVAILABLE SOURCE.

43-4-710. Notes legal investments. ALL BANKS, TRUST COMPANIES, SAVINGS AND LOAN ASSOCIATIONS, INSURANCE COMPANIES, EXECUTORS, ADMINISTRATORS, GUARDIANS, TRUSTEES, AND OTHER FIDUCIARIES MAY LEGALLY INVEST ANY MONEYS WITHIN THEIR CONTROL IN ANY REVENUE ANTICIPATION NOTES ISSUED IN ACCORDANCE WITH THIS PART 7. PUBLIC ENTITIES, AS DEFINED IN SECTION 24-75-601 (1), C.R.S., MAY INVEST PUBLIC FUNDS IN SUCH REVENUE ANTICIPATION NOTES ONLY IF THE NOTES SATISFY THE INVESTMENT REQUIREMENTS ESTABLISHED IN PART 6 OF ARTICLE 75 OF TITLE 24, C.R.S.

43-4-711. Exemption from taxation. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE INCOME FROM REVENUE ANTICIPATION NOTES IS EXEMPT FROM ALL TAXATION AND ASSESSMENTS IN THE STATE. IN THE CERTIFICATE, INDENTURE OF TRUST, OR OTHER INSTRUMENT AUTHORIZING THE ISSUANCE OF SUCH NOTES, THE EXECUTIVE DIRECTOR MAY WAIVE THE EXEMPTION FROM FEDERAL OR STATE INCOME TAXATION FOR INTEREST ON THE NOTES.

43-4-712. No action maintainable. AN ACTION OR PROCEEDING AT LAW OR IN EQUITY TO REVIEW ANY ACTS OR PROCEEDINGS OR TO QUESTION THE VALIDITY OR ENJOIN THE PERFORMANCE OF ANY ACT OR PROCEEDINGS OR THE ISSUANCE OF ANY REVENUE ANTICIPATION NOTES OR FOR ANY OTHER RELIEF AGAINST OR FROM ANY ACTS OR PROCEEDINGS DONE UNDER THIS PART 7, WHETHER BASED UPON IRREGULARITIES OR JURISDICTIONAL DEFECTS, SHALL NOT BE MAINTAINED UNLESS COMMENCED WITH THIRTY DAYS AFTER THE PERFORMANCE OF THE ACT OR PROCEEDINGS OR THE EFFECTIVE DATE THEREOF, WHICHEVER OCCURS FIRST, AND IS THEREAFTER PERPETUALLY BARRED.

43-4-713. Annual reports. (1) NO LATER THAN JANUARY 15, 2001, AND NO LATER THAN JANUARY 15 OF EACH YEAR THEREAFTER, THE EXECUTIVE DIRECTOR SHALL SUBMIT A REPORT TO THE MEMBERS OF THE JOINT BUDGET COMMITTEE OF THE GENERAL ASSEMBLY, THE MEMBERS OF THE LEGISLATIVE AUDIT COMMITTEE OF THE GENERAL ASSEMBLY, THE CHAIR OF THE TRANSPORTATION AND ENERGY COMMITTEE OF THE HOUSE OF REPRESENTATIVES, AND THE CHAIR OF THE TRANSPORTATION COMMITTEE OF THE SENATE THAT INCLUDES, AT A MINIMUM, THE FOLLOWING INFORMATION:

(a) THE TOTAL AMOUNT OF REVENUE ANTICIPATION NOTES ISSUED BY THE EXECUTIVE DIRECTOR IN ACCORDANCE WITH THIS PART 7;

(b) THE QUALIFIED FEDERAL AID TRANSPORTATION PROJECTS FOR WHICH THE PROCEEDS FROM SUCH REVENUE ANTICIPATION NOTES HAVE BEEN EXPENDED, THE

AMOUNT OF NOTE PROCEEDS EXPENDED ON EACH PROJECT, THE STATUS OF EACH PROJECT, AND THE ESTIMATED DATE OF COMPLETION FOR SUCH PROJECTS NOT YET COMPLETED;

(c) THE TOTAL AMOUNT OF FEDERAL TRANSPORTATION FUNDS PAID TO THE DEPARTMENT SINCE SUCH REVENUE ANTICIPATION NOTES HAVE BEEN ISSUED; AND

(d) THE TOTAL AMOUNT OF PROCEEDS FROM THE ISSUANCE OF REVENUE ANTICIPATION NOTES, STATE MATCHING FUNDS, AND FEDERAL TRANSPORTATION FUNDS ALLOCATED BY THE COMMISSION IN EACH STATE FISCAL YEAR FOR THE PAYMENT OF SUCH REVENUE ANTICIPATION NOTES AND THE COSTS ASSOCIATED WITH THE ISSUANCE AND ADMINISTRATION OF SUCH NOTES.

43-4-714. Priority of strategic transportation project investment program. IF THE EXECUTIVE DIRECTOR ISSUES ANY REVENUE ANTICIPATION NOTES IN ACCORDANCE WITH THE PROVISIONS OF THIS PART 7, THE PROCEEDS FROM THE SALE OF SUCH NOTES THAT ARE NOT OTHERWISE PLEDGED FOR THE PAYMENT OF SUCH NOTES SHALL BE USED FOR THE QUALIFIED FEDERAL AID TRANSPORTATION PROJECTS INCLUDED IN THE STRATEGIC TRANSPORTATION PROJECT INVESTMENT PROGRAM OF THE DEPARTMENT OF TRANSPORTATION.

43-4-715. Construction of part. THE POWERS CONFERRED BY THIS PART 7 SHALL BE IN ADDITION AND SUPPLEMENTAL TO, AND NOT IN SUBSTITUTION FOR, AND THE LIMITATIONS IMPOSED BY THIS PART 7 SHALL NOT DIRECTLY OR INDIRECTLY MODIFY, LIMIT, OR AFFECT, THE POWERS CONFERRED TO THE EXECUTIVE DIRECTOR, THE COMMISSION, OR THE DEPARTMENT BY ANY OTHER LAW.

SECTION 2. 43-1-105, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

43-1-105. Powers and duties of the executive director. (5) THE EXECUTIVE DIRECTOR SHALL HAVE THE POWER TO ISSUE TRANSPORTATION REVENUE ANTICIPATION NOTES IN ACCORDANCE WITH THE PROVISIONS OF PART 7 OF ARTICLE 4 OF THIS TITLE.

SECTION 3. 43-1-113, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

43-1-113. Funds - budgets - fiscal year - reports and publications. (19)(a) ANY PAYMENTS FOR TRANSPORTATION REVENUE ANTICIPATION NOTES ISSUED TO FINANCE ANY QUALIFIED FEDERAL AID TRANSPORTATION PROJECT AND ANY COSTS ASSOCIATED WITH THE ISSUANCE AND ADMINISTRATION OF SUCH NOTES SHALL BE SUBJECT TO ANNUAL ALLOCATION BY THE COMMISSION, IN ITS SOLE DISCRETION, IN ACCORDANCE WITH PART 7 OF ARTICLE 4 OF THIS TITLE.

(b) FEDERAL TRANSPORTATION FUNDS, AS DEFINED IN SECTION 43-4-702 (4), THAT ARE PAID TO THE STATE SHALL BE ALLOCATED AND USED TO REIMBURSE THE STATE HIGHWAY FUND, THE STATE HIGHWAY SUPPLEMENTARY FUND, OR BOTH, FOR ANY MONEYS IN SAID FUND OR FUNDS USED TO PAY TRANSPORTATION REVENUE ANTICIPATION NOTES OR ANY COSTS ASSOCIATED WITH THE ISSUANCE AND ADMINISTRATION OF SUCH NOTES IN ACCORDANCE WITH SECTION 43-4-705 (2) (c) (II).

SECTION 4. 43-1-219, Colorado Revised Statutes, is amended to read:

43-1-219. Funds created. There are hereby created two separate funds, one to be known as the state highway fund and the other to be known as the state highway supplementary fund. All moneys paid into either of said funds shall be available immediately, without further appropriation, for the purposes of such fund as provided by law. Any sums paid into the state treasury, which by law belong to the state highway fund or to the state highway supplementary fund, shall be immediately placed by the state treasurer to the credit of the appropriate fund. Upon request of the commission or of the chief engineer, it is the duty of the state treasurer to report to the commission or to the chief engineer the amount of money on hand in each of said two funds and the amounts derived from each source from which each such fund is accumulated. All accounts and expenditures from each of said two funds shall be certified by the chief engineer and paid by the state treasurer upon warrants drawn by the controller. The controller is authorized as directed to draw warrants payable out of the specified fund upon such vouchers properly certified and audited. Nothing in this part 2 shall operate to alter the manner of the execution and issuance of highway anticipation warrants provided in part 3 of article 4 of this title OR TRANSPORTATION REVENUE ANTICIPATION NOTES PROVIDED IN PART 7 OF ARTICLE 4 OF THIS TITLE.

SECTION 5. 43-1-220 (2), Colorado Revised Statutes, is amended BY THE ADDITION OF THE FOLLOWING NEW PARAGRAPHS to read:

43-1-220. Sources of funds - assumption of obligations. (2) All receipts from the following sources shall be paid into and credited to the state highway supplementary fund as soon as received from:

(g) ANY PROCEEDS FROM THE ISSUANCE OF TRANSPORTATION REVENUE ANTICIPATION NOTES IN ACCORDANCE WITH PART 7 OF ARTICLE 4 OF THIS TITLE; AND

(h) ANY REVENUES RECEIVED FROM POLITICAL SUBDIVISIONS PURSUANT TO SECTION 43-4-709, INCLUDING BUT NOT LIMITED TO FEDERAL TRANSPORTATION FUNDS AS DEFINED IN SECTION 43-4-702 (4).

SECTION 6. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

LOCAL ELECTION OFFICES

Offices of the County Clerks and Recorders

Adams	450 S. Fourth Ave., Brighton, CO 80601-3195	(303) 654-6030
Alamosa	402 Edison Ave., Alamosa, CO 81101-0630	(719) 589-6681
Arapahoc	5334 S. Prince St., Littleton, CO 80166-0211	(303) 795-4511
Archuleta	449 San Juan, Pagosa Springs, CO 81147-2589	(970) 264-5633
Baca	741 Main St., Springfield, CO 81073	(719) 523-4372
Bent	725 Carson, Las Animas, CO 81054-0350	(719) 456-2009
Boulder	13th & Spruce, Courthouse, Boulder, CO 80306-8041	(303) 441-3516
Chaffee	104 Crestone Ave., Salida, CO 81201-0699	(719) 539-4004
Cheyenne	P. O. Box 567, Cheyenne Wells, CO 80810-0567	(719) 767-5685
Clear Creek	405 Argentine St., Georgetown, CO 80444-2000	(303) 679-2339
Conejos	6683 County Road 13, Conejos, CO 81129-0127	(719) 376-5422
Costilla	354 Main St., San Luis, CO 81152-0308	(719) 672-3301
Crowley	110 E. Sixth St., Ordway, CO 81063	(719) 267-4643
Custer	205 S. Sixth St., Westcliffe, CO 81252-0150	(719) 783-2441
Delta	501 Palmer #211, Delta, CO 81416	(970) 874-2150
Denver	Denver Election Commission, 303 W. Colfax Ave. #101, Denver, CO 80204	(303) 640-2351
Dolores	409 N. Main St., Dove Creek, CO 81324-0058	(970) 677-2381
Douglas	301 Wilcox St., Castle Rock, CO 80104	(303) 660-7444
Eagle	500 Broadway, Eagle, CO 81631-0537	(970) 328-8710
Elbert	P. O. Box 37, Kiowa, CO 80117-0037	(303) 621-3116
El Paso	200 S. Cascade, Colorado Springs, CO 80903	(719) 520-6225
Fremont	615 Macon Ave. #100, Canon City, CO 81212	(719) 275-1522
Garfield	109 Eighth St. #200, Glenwood Springs, CO 81601	(970) 945-2377
Gilpin	203 Eureka St., Central City, CO 80427-0429	(303) 582-5321
Grand	308 Byers Ave., Hot Sulphur Springs, CO 80451-0120	(970) 725-3347 ext. 210
Gunnison	200 E. Virginia Ave., Gunnison, CO 81230	(970) 641-1516
Hinsdale	317 N. Henson St., Lake City, CO 81235-0009	(970) 944-2228
Huerfano	401 Main St. Suite 204, Walsenburg, CO 81089	(719) 738-2380
Jackson	396 La Fever St., Walden, CO 80480-0337	(970) 723-4334
Jefferson	100 Jefferson County Parkway #2560, Golden, CO 80419-2560	(303) 271-8111
Kiowa	1305 Goff St., Eads, CO 81036-0037	(719) 438-5421
Kit Carson	251 16th St., Burlington, CO 80807-0249	(719) 346-8638
Lake	505 Harrison Ave., Leadville, CO 80461-0917	(719) 486-1410
La Plata	1060 Second Ave., Durango, CO 81301	(970) 382-6296
Larimer	200 W. Oak St., Ft. Collins, CO 80521	(970) 498-7820
Las Animas	200 S Maple St. Rm 205, Trinidad, CO 81082-0115	(719) 846-3314

Lincoln	103 Third Ave., Hugo, CO 80821-0067	(719) 743-2444
Logan	315 Main St., Sterling, CO 80751-4349	(970) 522-1544
Mesa	2424 Highway 6 & 50 Unit 414, Grand Junction, CO 81505	(970) 244-1662
Mineral	1201 N. Main St., Creede, CO 81130	(719) 658-2440
Moffat	221 W. Victory Way, Craig, CO 81625	(970) 824-5484
Montezuma	109 W. Main St. Room 108, Cortez, CO 81321	(970) 565-3728
Montrose	320 S. First St., Montrose, CO 81401	(970) 249-3362
Morgan	231 Ensign, Ft. Morgan, CO 80701-1399	(970) 867-5616
Otero	13 W. Third St., La Junta, CO 81050-0511	(719) 383-3020
Ouray	541 Fourth St., Ouray, CO 81427	(970) 325-4961
Park	501 Main St., Fairplay, CO 80440-0220	(719) 836-4222
Phillips	221 S. Interocean Ave., Holyoke, CO 80734	(970) 854-3131
Pitkin	530 E. Main St. #101, Aspen, CO 81611	(970) 920-5180
Prowers	301 W. Main St., Lamar, CO 81052-0889	(719) 336-4337
Pueblo	215 W. 10th St., Pueblo, CO 81002-0878	(719) 583-6520
Rio Blanco	555 Main St., Meeker, CO 81641-1067	(970) 878-5068
Rio Grande	965 Sixth St., Del Norte, CO 81132-0160	(719) 657-3334
Routt	522 Lincoln Ave., Steamboat Springs, CO 80477-3598	(970) 870-5556
Saguache	501 Fourth St., Saguache, CO 81149-0176	(719) 655-2512
San Juan	1557 Green St., Silverton, CO 81433-0466	(970) 387-5671
San Miguel	305 W. Colorado Ave., Telluride, CO 81435-0548	(970) 728-3954
Sedgwick	315 Cedar, Julesburg, CO 80737	(970) 474-3346
Summit	208 E. Lincoln, Breckenridge, CO 80424-1538	(970) 453-2561 ext. 3470
Teller	101 W. Bennett Ave., Cripple Creek, CO 80813	(719) 689-2951
Washington	150 Ash, Akron, CO 80720	(970) 345-6565
Weld	1402 N. 17th Ave., Greeley 80632	(970) 353-3840
Yuma	310 Ash St., Wray, CO 80758-0426	(970) 332-5897

Some counties may be using mail ballots in this election.

Check with your county clerk and recorder for further information.