F I S C A L   I M P A C T   R E P O R T

		ORIGINAL DATE 2/9/17	
SPONSOR	Trujillo, J/ Salazar, N	**LAST UPDATED**	**HB** 323
SHORT TITLE	Transportation Services Bonds		**SB**
			ANALYST Romero

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY17	**FY18**	**FY19**		
$0.0	$2,700.0	$2,700.0	Recurring	DFA – LGD
$0.0	$300.0	$300.0	Recurring	ALTSD

(Parenthesis ( ) Indicate Revenue Decreases)

SOURCES OF INFORMATION
LFC Files

Responses Not Received From
Department of Finance and Administration (DFA)
Aging and Long-Term Services Department (ALTSD)

SUMMARY

Synopsis of Bill

House Bill 323 grants the state board of finance authority to issue and sell severance tax bonds up to $15 million between FY18 – FY22. No more than $3 million may be issued in any single fiscal year. This bill requires the state board of finance to schedule the bond sale in the most expeditious and economical manner, ensuring each project has been developed sufficiently, and the board must take the appropriate steps to comply with the federal Internal Revenue Code of 1986, as amended.

HB 323 identifies the Local Government Division (LGD) of the Department of Finance and Administration for project and vehicle acquisition and the Aging and Long-Term Services Department (ALTSD) for vehicle acquisition as the "agencies named in this act."

This bill lays out the requirements each agency must meet before certifying the need of severance tax bond proceeds including:

1. Incurring within six months after the bond proceeds are available, a binding obligation to a third party to expend at least five percent of the bond proceeds for the project;

2. When funds are available, each agency must spend at least eighty-five percent of the bond proceeds within three years for construction projects and within two years for vehicle acquisition;

The bill also includes a section allowing any unexpended or unencumbered balances to revert to the severance tax bonding fund at the end of FY26.

The LGD of the Department of Finance and Administration is appropriated $2.7 million per year when it demonstrates a need exists for the issuance of the bonds to support the acquisition of facilities and vehicles by county and municipal governments and regional transit districts for public transportation programs. The bill also requires LGD to develop procedures for the distribution of these funds.

The ALTSD is appropriated $300 thousand per year when it demonstrates a need exists for the issuance of the bonds for distribution statewide to governmental providers of transportation services funded by ALTSD for acquisition of vehicles. The department shall establish procedures for distribution of these funds.

IR/jle/al