

THE BOND BUYER

Colorado transportation gets nearly \$3 billion in session finale

By

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DALLAS – The Colorado General Assembly closed its 2018 session Wednesday after approving \$2.3 billion of transportation debt and boosting contributions to the state pension fund.

On the eve of the session's close, lawmakers agreed to apply \$645 million from the general fund into roads, bridges and alternative transportation in the next two years. After that, the state would borrow \$2.33 billion without seeking voter authorization to raise taxes.

The transportation funding was included in Senate Bill 1, which was the first piece of legislation introduced in the upper chamber on the first day of the session in January. The bill passed unanimously in the Senate, where Republicans are in the majority.

House Democrats rewrote the bill in committee. Initially, Democrats eliminated bonding for transportation projects on the theory that it would hurt education funding. They reversed that position last week and modified the bonding plan to include more money for transit and municipalities. The funding would be also be split, with 85% allocated to highway projects and 15% for mass transit.

Most of that money would go toward reducing the Colorado Department of Transportation's \$9 billion backlog of major projects, which includes expanding the Interstate 70 mountain corridor and widening Interstate 25 between Castle Rock and Colorado Springs. Local governments and transit projects would each receive 15% of the total spending over the next two years.

Citing the threat of a rating downgrade and the risk of higher borrowing costs, lawmakers approved a measure to increase contributions to the Colorado Public Employees Retirement Association that covers 585,000 members. CoPERA faces a \$32 billion shortfall over the next 30 years under the previous formula.

Legislation approved by both houses calls for the state to contribute \$225 million per year. Working employees will pay 2% more from their pay, and cost-of-living raises for retirees will drop to 1.5% from the current 2% after two years with no increase.

Gov. John Hickenlooper, who is in the last year of his second term, made an appearance at the Capitol to urge his fellow Democrats to reach agreement. Hickenlooper discouraged the idea of a special session to resolve the issue.