

2007 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2278 **STATUS:** B-Engrossed
SUBJECT: Authorizes issuance of lottery bonds for transportation projects funded from Multimodal Transportation Fund.
GOVERNMENT UNIT AFFECTED: Oregon Department of Transportation
PREPARED BY: Tim Walker
REVIEWED BY: Susan Jordan
DATE: May 23, 2007

EXPENDITURES:	<u>2007-2009</u>	<u>2009-2011</u>
Oregon Department of Transportation (Other Funds)		
Personal Services	\$ 566,200	\$ 446,000
Services and Supplies	\$ 3,110,800	\$ 2,054,000
Special Payments	\$ 25,000,000	\$ 50,000,000
Debt Service	\$ 5,461,000	\$ 20,800,000
Total	<u>\$ 34,138,000</u>	<u>\$ 73,300,000</u>

REVENUES:	<u>2007-2009</u>	<u>2009-2011</u>
Oregon Department of Transportation (Other Funds)		
Payments from recipients	\$ 1,150,000	\$ 2,300,000
Bond Proceeds	\$ 101,978,000	\$ -
Lottery Funds	\$ 5,461,000	\$ 20,800,000
Total	<u>\$ 108,589,000</u>	<u>\$ 23,100,000</u>

POSITIONS / FTE:		
Planner 4 (LD) SR 32	1/0.50	1/1.00
Administrative Specialist 2 (LD) SR 19	1/0.50	1/1.00

EFFECTIVE DATE: July 1, 200

GOVERNOR’S BUDGET: This bill is not anticipated by the Governor’s recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: This bill authorizes the issuance of lottery backed bonds for transportation projects funded from the Multimodal Transportation Fund. To the extent that proposed transportation projects meet the qualifications established by the Oregon Transportation Commission, the Commission will allocate at least 10 percent of the net proceeds of the lottery bonds to each of five geographic regions of the state. The Commission will allocate the remaining proceeds in consultation with the Freight Advisory Committee, State Aviation Board, the Oregon Economic and Community Development Department, and other public transit and rail advisory committees. The bill also outlines criteria the Commission will consider when selecting projects and specifies that 2 percent of the recipient’s total

project costs be returned to Oregon Department of Transportation (ODOT) to fund a study of the multimodal transportation system.

ODOT anticipates the need for 4 to 6 senior management and technical staff to commit time to the application development and review process and hiring consultants to assist in this process. ODOT estimates the cost of these activities to be \$444,000 in 2007-09. ODOT spent approximately \$200,000 per biennium in oversight costs for the 2001 Oregon Transportation Investment Act and the 2005 ConnectOregon program. \$105,000 of oversight costs have been allocated to 2007-09 and the full \$200,000 has been allocated to 2009-11.

The 2005 ConnectOregon program leveraged a total investment of \$229 million. If the ConnectOregon 2 program generates similar infrastructure investment levels, approximately \$4.6 million will be generated to fund the multimodal transportation system study, ODOT estimates spending approximately \$3.1 million on consultants to generate the finished study. Funds generated in excess of the cost of the study will be reinvested for additional projects. ODOT also anticipates the need of a Planner 4 and an Administrative Specialist 2 to manage the multimodal transportation study effort. These positions would be limited duration and account for 2 positions and 1 FTE in 2007-09 and 2 positions and 2 FTE in 2009-11.

ODOT anticipates awarding \$25 million per year for approved projects starting in 2008 and continuing through 2012. The debt service for 2007-09 is estimated to be \$5.5 million and in 2009-11 \$20.8 million. The State Treasury anticipates bond issuance costs of \$1,978,000. The State Treasury would increase aggregate principal amount of the bonds to meet the issuance cost and the reserve requirements for lottery backed bonds.