

**SENATE BILL REPORT**

**SB 6251**

**AS OF JANUARY 26, 1994**

**Brief Description:** Funding highway improvements.

**SPONSORS:** Senators Vognild and Oke; by request of Department of Transportation

**SENATE COMMITTEE ON TRANSPORTATION**

**Staff:** Gene Schlatter (786-7316)

**Hearing Dates:** January 27, 1994

**BACKGROUND:**

In 1985 \$10 million of bonds were authorized for state highway improvements necessitated by planned economic development, with the debt service to be paid from the motor vehicle fund. Application for improvements to state highways are submitted to the Community Economic Revitalization Board (CERB) and are subject to final approval by the Transportation Commission.

Expenditures for approved projects are so small that issuing a bond for each project becomes unfeasible. In addition, federal tax laws have imposed restrictions on tax exempt bond financing to prevent arbitrage.

**SUMMARY:**

The \$10 million Community Economic Revitalization Board (CERB) bond authorization is amended to allow the shift of the remaining bond sales authority from the economic development account to the motor vehicle fund. In turn, the motor vehicle fund will, upon appropriation authority, deposit a like amount of cash into the economic development account. CERB projects will be funded from the cash balance, and the CERB bonds will become part of the Department of Transportation highway bond authorization.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** available