IN THE SENATE

SENATE BILL NO. 1162

BY JUDICIARY AND RULES COMMITTEE

AN ACT

RELATING TO PROVIDING MONEYS FOR HIGHWAY CONSTRUCTION AND MAINTENANCE; AP-
PROVING BONDING AUTHORITY TO FINANCE CERTAIN HIGHWAY TRANSPORTATION
PROJECTS; PROVIDING A DESCRIPTION OF PROJECTS TO BE FINANCED WITH BOND
PROCEEDS; LIMITING THE SCOPE OF THE PROJECTS; PROVIDING A REQUIREMENT
REGARDING A GARVEE PROGRAM MANAGEMENT SERVICES AGREEMENT; PROVIDING
FOR ISSUANCE OF GARVEE BONDS; PROVIDING THAT BONDS BE ISSUED WHEN NEC-
ESSARY; AND AMENDING SECTION 40-315, IDAHO CODE, TO REMOVE AN ELIGIBLE
PROJECT.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. The Legislature hereby approves bonding authority for the
issuance of highway transportation (GARVEE) bonds by the Idaho Housing and
Finance Association in a principal amount sufficient to finance the highway
transportation projects listed in Section 40-315, Idaho Code, in an amount
up to $300,000,000. Such bonds are expected to be paid from continuing ap-
propriations of federal funds from the State Highway Account as provided in
Section 40-707, Idaho Code.

SECTION 2. The Idaho Transportation Board and the Idaho Transportation
Department are hereby directed to neither increase the scope nor in any man-
er extend or enlarge the transportation projects listed in Section 40-315,
Idaho Code.

SECTION 3. To the extent the Idaho Transportation Board and the Idaho
Transportation Department determine that GARVEE program management ser-
dices are necessary, any agreement governing such services shall, to the
extent possible, be fully transparent to the public and to the Legislature.

SECTION 4. The bonds issued under the authority provided in Section 1
of this act shall be issued upon an approved resolution by the Idaho Trans-
portation Board requesting the Idaho Housing and Finance Association to
issue bonds in amounts necessary to ensure that: the funds are necessary to
meet program obligation requirements; the funds will be used and disbursed
in accordance with United States Treasury regulations to ensure tax-exempt
status is retained; and the bonds are issued at prevailing market rates of
interest. It is the request of the Legislature that the issuance is depen-
dent upon advantageous market rates and costs of bonding transactions. The
board and the department may use design build contracting as provided by
law, however, the twenty percent requirement in Section 40-904, Idaho Code,
may be raised to fifty percent for purposes of projects financed with these
bonds.

SECTION 5. The bonds described herein in Section 1 shall be issued when
necessary as determined by the Idaho Transportation Board.
SECTION 6. That Section 40-315, Idaho Code, be, and the same is hereby amended to read as follows:

40-315. POWERS AND DUTIES -- FEDERALLY-FUNDED HIGHWAY PROJECT FINANCING. (1) In order to address the increasing need for timely improvements to Idaho's highway transportation infrastructure, the board may:
   (a) Enter into agreements with the Idaho housing and finance association in connection with the funding of highway transportation projects qualifying for reimbursement from federal funds.
   (b) Approve and recommend federal highway transportation projects to the Idaho housing and finance association for financing by the association. Such federal highway transportation projects shall be eligible for federal-aid debt financing under chapter 1, title 23, United States Code, and approval by the federal highway administration as an advanced construction (AC) project thereunder. The board shall select and designate such transportation projects to be funded with bond proceeds from the following list of eligible projects:

   ROUTE    PROJECT DESCRIPTION
   US-95    SH-1 to Canadian border
   US-95    Garwood to Sagle
   US-95    Worley to Setters
   US-95    Thorn Creek to Moscow
   US 95    Smokey Boulder to Hazard Creek
   SH-16 Ext South Emmett to Mesa with connection to SH-55
   SH-16 Ext I-84 to South Emmett
   I-84     Caldwell to Meridian
   I-84     Orchard to Isaacs Canyon
   US-93    Twin Falls alternate route and new Snake River crossing
   SH-75    Timmerman to Ketchum
   US-20    St. Anthony to Ashton
   US-30    McCammon to Soda Springs

   (c) On and after July 1, 2008, all allocations of GARVEE bond proceeds shall be the sole responsibility and duty of the Idaho transportation board. The legislature shall have authority to approve a total GARVEE bond amount on an annual basis. However, the Idaho transportation board is directed to allocate bond revenue only among the projects listed in subsection (1)(b) of this section. In making its funding allocation for projects, the board shall take into consideration: the cost of the project and whether or not that project could be financed without bonding; whether the project is necessary to facilitate the traffic flow on vital transportation corridors; and whether the project is necessary to improve safety for the traveling public. On and after July 1, 2008, the board shall use due care in selecting projects for bonding and shall
balance and coordinate the use of bonding with the use of highway construction moneys.

Notwithstanding the provisions of subsection (1)(b) of this section wherein eligible projects are listed for selection and designation by the board, if any of the designated projects are deemed to be ineligible by the board, the board shall have the authority to replace those projects with other projects listed in subsection (1)(b) of this section.

(2) Prior to issuance by the Idaho housing and finance association of any bonds or notes to finance highway transportation projects, the board shall certify to the association that sufficient federal transportation funds are available to make any payments required for such bonds or notes.

(3) The board shall limit annual, total cumulative debt service and other bond-related expenses as follows:

(a) In the 2006 legislative session for the fiscal year 2007 budget, total cumulative debt service and other bond-related expenses on federally-funded highway project financing shall be no more than twenty percent (20%) of annual federal-aid highway apportionments.

(b) In the 2007 legislative session for the fiscal year 2008 budget, total cumulative debt service and other bond-related expenses on federally-funded highway project financing shall be no more than twenty percent (20%) of annual federal-aid highway apportionments.

(c) In the 2008 legislative session for the fiscal year 2009 budget, total cumulative debt service and other bond-related expenses on federally-funded highway project financing shall be no more than twenty percent (20%) of annual federal-aid highway apportionments.

(d) In the 2009 legislative session for the fiscal year 2010 budget, total cumulative debt service and other bond-related expenses on federally-funded highway project financing shall be no more than twenty percent (20%) of annual federal-aid highway apportionments.

(e) In the 2010 legislative session for the fiscal year 2011 budget, total cumulative debt service and other bond-related expenses on federally-funded highway project financing shall be no more than thirty percent (30%) of annual federal-aid highway apportionments.

(f) Beginning with the 2011 legislative session for the fiscal year 2012 budget, or for any year thereafter, the thirty percent (30%) limit may be exceeded, but only by affirmative action of both the house of representatives and the senate, and with the approval of the governor.

(4) In the event the board selects and designates to be funded with bond proceeds any of the transportation projects listed in subsection (1) of this section, and prior to entering into agreements with the Idaho housing and finance association as provided herein, the Idaho transportation department, as part of its annual budget request prepared pursuant to section 67-3502, Idaho Code, shall include a request for bonding authority as a separate item of its budget request. This request for bonding authority shall include a list of planned highway transportation projects to be financed with such bond financing during the next succeeding fiscal year.

(5) By June 30 of each year, the board shall submit a report to the legislature concerning projects currently under construction using the bond financing as authorized by the provisions of this section, and shall include
a list of planned highway transportation projects to be financed with such bond financing during the next succeeding fiscal year.