

OFFICE OF THE
LEGISLATIVE
FISCAL
ANALYST

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MEMORANDUM FOR EXECUTIVE APPROPRIATIONS COMMITTEE

FROM: Angela Oh, Analyst
DATE: July 5, 2016
SUBJECT: Utah Department of Transportation Project Financing Report

The 2016 Legislature passed the following intent language (H.B. 3, Item 63):

The Legislature intends that the Utah Department of Transportation prepare an analysis and financial report on the possibility of advancing construction of road projects currently programmed in the Transportation Investment Fund. The analysis should include consideration of the savings or additional costs associated with advancing the projects through the use of either short term debt or long term financing. The report should be reported to the Executive Appropriations Committee on or before the July 2016 legislative interim committee meetings.

The Utah Department of Transportation, in consultation with Zions Public Finance, Inc. and the State Treasurer, has prepared an analysis and financial report that includes four bonding scenarios and associated bond proceeds and new debt if issued. Additionally, their analysis includes estimated outstanding debt and constitutional debt limits under each scenario. The Legislative Fiscal Analyst added to this study by looking at potential net present values (NPVs) of each of the scenarios.

At the July meeting of the Executive Appropriations Committee, the Utah Department of Transportation will present their report and the Legislative Fiscal Analyst will provide supplementary information on the potential NPVs of each scenario using three growth assumptions: 1) present conditions, 2) an accelerated growth model, and 3) a recessionary decline model.

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