



Missouri Highways and Transportation Commission Policies

Category: FINANCIAL
Subcategory: Debt Management
Sub-Subcategory: Bond Financing Summary

Related Statutes: Section 226.133 RSMo 2000, as amended. Bonds may be issued, requirements, procedure.
Missouri Constitution, Article IV, Section 30(b)

ORIGINAL BOND ISSUES – 1921-1936 - *Missouri voters approved a Constitutional Amendment in 1920 which authorized a \$60 million bond issue for the construction of a statewide system of hard surface roads. All revenues from motor vehicle license fees were dedicated to payment of principal and interest on the bonded debt. A second bonding program in the amount of \$75 million was approved by the voters in 1928. All bonds issued under these two programs were retired by the end of 1957.*

STATE BOND ISSUE – 1982 - *On June 8, 1982, Missouri voters approved a five-year \$600 million state bond financing program for the purpose of improving state buildings, stimulating economic development, which included an appropriation to the Department of Highways and Transportation for highway purposes, and for transportation purposes other than highways as designated by the Office of the Governor. These bonds were issued by the state and repaid from General Revenue.*

ELECTION NOT TO BOND WITHOUT ADDITIONAL FUNDS – 1993 - *During its 1993 Special Session, the General Assembly gave bonding authority to the Commission to issue up to \$25 million for repair of damages caused by the 1993 flood. Thereafter approval of the General Assembly would be required prior to issuing bonds for highway and bridge construction or repair. The Commission elected **not** to issue bonds at that time citing (1) concern with the involvement of the General Assembly in the bonding process, (2) the cost of damages to the highway system resulting from the flood would be reimbursed from federal funds, and (3) no additional funds were provided in the legislation to offset the financing cost of accelerating projects through bonding.*

SENIOR LIEN BOND FINANCING PROGRAM - 2000-2006 - *Legislation effective May 30, 2000 allowed the Commission to use bond financing for construction of projects in an amount limited to \$2.25 billion during the period extending from 2000 to 2006. The legislation did NOT include any new money to cover the bond financing costs and a list of projects was required to be submitted to the General Assembly on an annual basis for acceptance or rejection. A total of \$907 million of bonds were issued from 2000 through 2003 for this program. It was the understood intent of the supporters of this legislation and the General Assembly that “jump-starting” improvements through this program would encourage Missouri voters to approve an increase in revenue for transportation. When voters rejected a proposal in 2002 to increase the motor fuel tax by four cents and the general sales tax by ½ percent, the Commission determined that current revenues would not support further bonded indebtedness.*

AMENDMENT 3 2004 –The November 2004 voter approval of a citizens’ initiative amending Article IV, Section 30(b) of the Missouri Constitution redirected the half of the state sales tax on motor vehicles that had previously gone to the state General Revenue Fund to a newly created State Road Bond Fund, for the exclusive purpose of repayment of state road bonds issued by the Highways and Transportation Commission for construction or reconstruction of specific projects on the state highway system as determined by the Highways and Transportation Commission. From 2005 through 2009, the Commission authorized \$2,050,000,000 of “Amendment 3” (First, Second, and Third Lien) bonds to be sold. The actual bond sales totaled \$1.977 billion

The 2004 Constitutional Amendment further provided that after January 1, 2009, that portion of the moneys in the State Road Bond Fund which the Commissioner of Administration and the Highways and Transportation Commission each certify is not needed to make payments upon said bonds or to maintain an adequate reserve for making future payments upon said bonds may be appropriated by the General Assembly to the State Road Fund. (Missouri Constitution, Article IV, Section 30(b)2(3)).

(The 2004 amendment to Article IV, Section 30(b) also limited the state agencies that could receive appropriations from highway user fees to the Missouri State Highway Patrol and the Department of Revenue and capped the amount appropriated to the Department of Revenue.)

GARVEE Bonds - 2008-2010 – GARVEE bonds pledge federal funds for repayment. In 2008, 2009, and 2010, the Commission authorized a total of \$960 million of GARVEE bonds to be sold to finance special projects. A total of \$928 million was issued.

The Commission’s Debt Management Policy outlines the Commission’s criteria for sale of bonds. The Debt Management Policy was originally adopted by the Commission on May 5, 2000. The policy was amended on June 10, 2005, and May 10, 2006. The policy currently in effect was approved by the Commission on July 8, 2009. The staff of the Financial Services Division reviews the policy annually to determine if changes are needed and reports to the Commission at its July meeting as to whether the Department is in compliance with the policy.