

## Capital Needs Huge

*Duane D. Pearsall*

Stimulating the economy requires not only a front-line sales and marketing effort, but more important, Colorado needs to develop the infrastructure necessary to maintain an attractive economic environment. The major components of infrastructure are highway transportation, including mass transit; prison facilities; an upgrading of K-12 education; increasing investments in higher education; additional water storage and diversion without help from the federal government; a convention center; and a new international airport. To meet these long-term objectives, Colorado must invest in its future.

State revenues approximate \$4 billion per year. About one-half comes from general fund revenues consisting of individual, corporate, and sales taxes. An additional \$1.2 billion are received from user fees of all sorts. The remaining \$856 million are federal funds for social welfare, highways, education, and other programs. In addition to those general fund revenues, property taxes yield another \$2 billion, over half of which goes directly to schools and the balance to cities and towns, counties, and special districts. Even in aggregate, these funds are not enough to support our infrastructural needs.

Colorado's highways suffer from the most serious capital deficiency. Highway Department studies estimate that, by 1993, the road system will require \$5 billion to bring it up to recommended minimum standards. This does not include the continuing year-to-year deficiency for local roads and proposed toll roads for which there is an additional need for at least \$700 million by 1993 just to meet minimum standards. A source of revenues in an estimated amount of \$120 million per year has not been identified, but is expected to come from auto registration fees, license fee increases, and a broadened tax base.

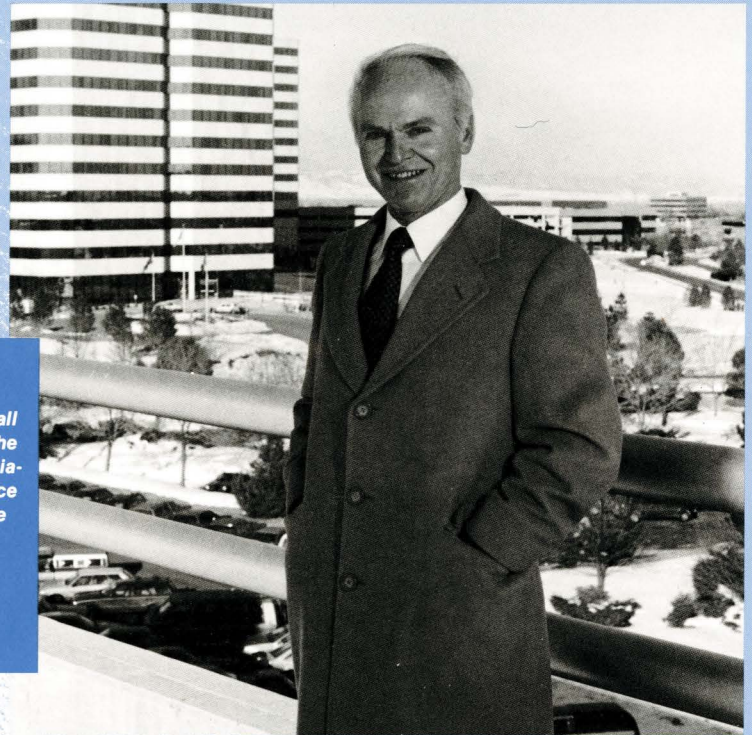
For the Regional Transportation District (RTD) and the Transit Corridor Authority (TCA), current requirements are only \$1 million per year for studies. The capital deficiency includes an estimated \$1.5 billion for RTD and \$750 million for TCA. Revenue sources are targeted to special corridor taxing districts.

The state will need an estimated \$400 million for construction of the Two Forks reservoir. A prison deficiency of \$147 million is represented by a need for three 500-bed facilities plus a diag-

nostic facility. The source of revenues for water or prisons has not been identified.

Two very important projects are the Denver convention center and the international airport, both funded by the city of Denver with the exception that the state has provided up to \$36 million for the purchase of land on which the convention center is to be located. State sales tax revenues to be generated by the convention center from increases in tourism and related activities are estimated to be \$8 million per year beginning approximately 1990.

The new international airport has a projected construction cost of \$1.4 billion. It is currently estimated that one-third of this cost would be repaid from the sale of the existing Stapleton



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International properties, one-third with bonds retired by operating revenues from the facility, and one-third with funds from the federal government.

Although the financial obstacles in the state's future seem insurmountable, there is a renewed level of cooperation and optimism within the administration, the state legislature, and the business community. With Colorado's natural amenities, together with the major forces of the state working toward a common economic objective, there is little doubt that Colorado will again regain its status as one of the country's bellweather states.