

**GENERAL OBLIGATION BOND  
AUTHORIZATION AMENDMENTS  
2009 GENERAL SESSION  
STATE OF UTAH**

**Chief Sponsor: Wayne L. Niederhauser**

House Sponsor: Stephen D. Clark

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**LONG TITLE**

**General Description:**

This bill authorizes the issuance of general obligation bonds for certain capital facilities.

**Highlighted Provisions:**

This bill:

- ▶ makes technical changes;
- ▶ modifies the bonding code by authorizing the issuance and sale of general obligation bonds by the State Bonding Commission for capital facilities;
- ▶ specifies the use of the general obligation bond proceeds and the manner of issuance; and
- ▶ provides expressions of legislative intent.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides an immediate effective date.

**Utah Code Sections Affected:**

AMENDS:

**63B-17-201**, as enacted by Laws of Utah 2008, Chapter 128

ENACTS:



28           **63B-18-102**, Utah Code Annotated 1953

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30 *Be it enacted by the Legislature of the state of Utah:*

31           Section 1. Section **63B-17-201** is amended to read:

32           **63B-17-201. Revenue bond authorizations -- State Building Ownership**

33 **Authority.**

34           (1) The Legislature intends that:

35           (a) the State Building Ownership Authority, under the authority of Title 63B, Chapter  
36 1, Part 3, State Building Ownership Authority Act, may issue or execute obligations, or enter  
37 into or arrange for a lease purchase agreement in which participation interests may be created,  
38 to provide up to \$90,000,000 for the acquisition and construction of phase II-B of a cancer  
39 clinical research hospital facility adjacent to the University of Utah Medical Center, together  
40 with additional amounts necessary to pay costs of issuance, pay capitalized interest, and fund  
41 any debt service reserve requirements;

42           (b) the University of Utah use institutional funds as the primary revenue source for  
43 repayment of any obligation created under authority of this section;

44           (c) the university may plan, design, and construct phase II-B of a cancer clinical  
45 research hospital facility subject to the requirements of Section 63A-5-206; and

46           (d) the university may not request state funds for operation and maintenance costs or  
47 capital improvements.

48           (2) The Legislature intends that:

49           (a) the State Building Ownership Authority, under the authority of Title 63B, Chapter  
50 1, Part 3, State Building Ownership Authority Act, may issue or execute obligations, or enter  
51 into or arrange for a lease-purchase agreement in which participation interests may be created,  
52 to provide up to \$23,700,000 for the acquisition and construction of five stores for the  
53 Department of Alcoholic Beverage Control, together with additional amounts necessary to pay  
54 costs of issuance, pay capitalized interest, and fund any debt service reserve requirements;

55           (b) the stores to be addressed through this authorization are:

56           (i) the replacement of a liquor store in Cedar City;

57           (ii) a new Utah County North liquor store;

58           (iii) a new Utah County South liquor store;

- 59 (iv) a new Washington County South liquor store; and
- 60 (v) a new [Summit] Wasatch County Heber/Midway liquor store;
- 61 (c) the Department of Alcoholic Beverage Control use increased sales revenues as the
- 62 primary revenue source for repayment of any obligation created under authority of this section;
- 63 and
- 64 (d) the Department of Alcoholic Beverage Control may request operation and
- 65 maintenance funding from sales revenues.

66 Section 2. Section 63B-18-102 is enacted to read:

67 **63B-18-102. Additional capital facilities bonds -- Maximum amount -- Projects**  
68 **authorized.**

69 (1) The total amount of bonds issued under this section may not exceed \$116,117,680.

70 (2) (a) Proceeds from the issuance of bonds shall be provided to the division to provide  
71 funds to pay all or part of the cost of acquiring and constructing the projects listed in this  
72 Subsection (2).

73 (b) These costs may include the cost of acquiring land, interests in land, easements and  
74 rights-of-way, improving sites, and acquiring, constructing, equipping, and furnishing facilities  
75 and all structures, roads, parking facilities, utilities, and improvements necessary, incidental, or  
76 convenient to the facilities, interest estimated to accrue on these bonds during the period to be  
77 covered by construction of the projects plus a period of six months after the end of the  
78 construction period, and all related engineering, architectural, and legal fees.

79 (c) For the division, proceeds shall be provided for the following:

80 -----  
81 CAPITAL DEVELOPMENT PROJECTS

<u>Project</u>	<u>Estimated</u>	<u>Project</u>
<u>Description</u>	<u>Operations</u>	<u>Amount</u>
<u>-----</u>	<u>and</u>	<u>Funded</u>
<u>-----</u>	<u>Maintenance</u>	<u>-----</u>
<u>-----</u>	<u>-----</u>	<u>-----</u>
<u>Purchase and renovation of School</u>		
<u>for Deaf and Blind</u>	<u>\$0</u>	<u>\$6,500,000</u>
<u>SLCC Digital Design/Communication</u>		

90	<u>Technology Center</u>	<u>\$141,400</u>	<u>\$21,305,000</u>
91	<u>MATC North Utah County Campus</u>		
92	<u>Building</u>	<u>\$513,800</u>	<u>\$18,800,000</u>
93	<u>Replacement and expansion of</u>		
94	<u>U of U School of Business</u>	<u>\$1,055,100</u>	<u>\$22,900,000</u>
95	<u>OWATC Health Technology Building</u>	<u>\$445,300</u>	<u>\$21,812,000</u>
96	<u>Upgrades and repairs to Armories</u>	<u>\$0</u>	<u>\$4,000,000</u>
97	<u>SUU Gibson Science Center</u>	<u>\$324,400</u>	<u>\$13,851,000</u>
98	<u>Dixie State College Centennial</u>		
99	<u>Commons Building -- Design</u>	<u>--</u>	<u>\$3,000,000</u>
100	<u>UVU Science/Health Science</u>		
101	<u>Building Addition -- Design</u>	<u>--</u>	<u>\$2,800,000</u>
102	<u>TOTAL CAPITAL</u>		
103	<u>DEVELOPMENT</u>		
104	<u>PROJECTS</u>		<u>\$114,968,000</u>
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106	<u>TOTAL GENERAL OBLIGATION BOND AUTHORIZATION</u>		
107	<u>FOR CAPITAL DEVELOPMENT PROJECTS</u>		<u>\$114,968,000</u>
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109       (d) For purposes of this section, operations and maintenance costs:

110       (i) are estimates only;

111       (ii) may include any operations and maintenance costs already funded in existing

112 agency budgets; and

113       (iii) are not commitments by this Legislature or future Legislatures to fund those

114 operations and maintenance costs.

115       (3) (a) The amounts funded as listed in Subsection (2) are estimates only and do not

116 constitute a limitation on the amount that may be expended for any project.

117       (b) The board may revise these estimates and redistribute the amount estimated for a

118 project among the projects authorized.

119       (c) The commission, by resolution and in consultation with the board, may delete one

120 or more projects from this list if the inclusion of that project or those projects in the list could

121 be construed to violate state law or federal law or regulation.

122 (4) (a) The division may enter into agreements related to these projects before the  
123 receipt of proceeds of bonds issued under this chapter.

124 (b) The division shall make those expenditures from unexpended and unencumbered  
125 building funds already appropriated to the Capital Projects Fund.

126 (c) The division shall reimburse the Capital Projects Fund upon receipt of the proceeds  
127 of bonds issued under this chapter.

128 (d) The state intends to use proceeds of tax-exempt bonds to reimburse itself for  
129 expenditures for costs of the projects listed in Subsection (2)(c).

130 (5) It is the intent of the Legislature that the funding authorized for projects in  
131 Subsection (2) does not include funds for public art.

132 **Section 3. Effective date.**

133 If approved by two-thirds of all the members elected to each house, this bill takes effect  
134 upon approval by the governor, or the day following the constitutional time limit of Utah  
135 Constitution Article VII, Section 8, without the governor's signature, or in the case of a veto,  
136 the date of veto override.

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**Legislative Review Note**  
**as of 3-9-09 11:36 AM**

**Office of Legislative Research and General Counsel**

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**S.B. 201 - General Obligation Bond Authorization Amendments**

**Fiscal Note**

2009 General Session  
State of Utah

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**State Impact**

This legislation authorizes issuance of General Obligation bonds, which are backed by the full faith and credit of the state, for construction and design of state buildings. Assuming all of the bonds are issued in the first year, with a standard six year repayment period and flattened payments at today's interest rates, debt service will require approximately \$20,434,000 per year with first year interest cost of \$2,342,000. Actual debt service will vary according to interest rates at the time of issuance and the structure of the bonds. Current debt service appropriations will cover all but \$1,020,000 in FY 2010 and each year thereafter until the bond is retired in FY 2016.

	<u>2009</u> <u>Approp.</u>	<u>2010</u> <u>Approp.</u>	<u>2011</u> <u>Approp.</u>	<u>2009</u> <u>Revenue</u>	<u>2010</u> <u>Revenue</u>	<u>2011</u> <u>Revenue</u>
General Fund	\$0	\$1,020,000	\$1,020,000	\$0	\$0	\$0
<b>Total</b>	<b>\$0</b>	<b>\$1,020,000</b>	<b>\$1,020,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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**Individual, Business and/or Local Impact**

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for individuals, businesses, or local governments.