

Representative Gage Froerer proposes the following substitute bill:

BOND AUTHORIZATION AMENDMENTS

2018 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne A. Harper

House Sponsor: Gage Froerer

LONG TITLE

General Description:

This bill modifies provisions relating to certain bond authorizations.

Highlighted Provisions:

This bill:

~~H→ [→ repeals the cap on the costs of issuance, capitalized interest, and debt service reserve requirements for the prison project general obligation bonds;] ←H~~

▶ amends language regarding the costs of issuance, capitalized interest, and debt service reserve requirements for certain highway general obligation bonds;

▶ amends the bonding authority for certain bonds and specifies how certain bond proceeds shall be used to provide funding for certain projects; and

▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

63B-25-101, as last amended by Laws of Utah 2017, Chapter 89



1st Sub. S.B. 110

26 63B-27-101, as enacted by Laws of Utah 2017, Chapter 436

27 63B-27-102, as enacted by Laws of Utah 2017, Chapter 436



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

30 Section 1. Section 63B-25-101 is amended to read:

31 **63B-25-101. General obligation bonds for prison project -- Maximum amount --**

32 **Use of proceeds.**

33 (1) As used in this section:

34 (a) "Prison project" means the same as that term is defined in Section 63C-16-102.

35 (b) "Prison project fund" means the capital projects fund created in Subsection

36 63A-5-225(7).

37 (2) The commission may issue general obligation bonds as provided in this section.

38 (3) (a) The total amount of bonds to be issued under this section may not exceed

39 \$570,000,000 ~~H→~~ **for acquisition and construction proceeds** ~~←H~~ , plus additional amounts

39a necessary to pay costs of issuance, to pay capitalized

40 interest, and to fund any existing debt service reserve requirements ~~H→~~ [f] ~~←H~~ , with the total

40a **amount of**

41 **the bonds not to exceed \$575,700,000** ~~H→~~ [j] ~~←H~~ .

42 (b) The maturity of bonds issued under this section may not exceed 10 years.

43 (4) The commission shall ensure that proceeds from the issuance of bonds under this

44 section are deposited into the Prison Project Fund for use by the division to pay all or part of

45 the cost of the prison project, including:

46 (a) interest estimated to accrue on the bonds authorized in this section until the

47 completion of construction of the prison project, plus a period of 12 months after the end of

48 construction; and

49 (b) all related engineering, architectural, and legal fees.

50 (5) (a) The division may enter into agreements related to the prison project before the

51 receipt of proceeds of bonds issued under this section.

52 (b) The division shall make those expenditures from unexpended and unencumbered

53 building funds already appropriated to the Prison Project Fund.

54 (c) The division shall reimburse the Prison Project Fund upon receipt of the proceeds

55 of bonds issued under this chapter.

56 (d) The state intends to use proceeds of tax-exempt bonds to reimburse itself for

57 expenditures for costs of the prison project.

58 (6) Before issuing bonds authorized under this section, the commission shall request
59 and consider a recommendation from the Prison Development Commission, created in Section
60 63C-16-201, regarding the timing and amount of the issuance.

61 Section 2. Section **63B-27-101** is amended to read:

62 **63B-27-101. Highway bonds -- Maximum amount -- Use of proceeds for highway**
63 **projects.**

64 (1) (a) Subject to the restriction in Subsection (1)(c), the total amount of bonds issued
65 under this section may not exceed \$1,000,000,000 ~~Ĥ~~ **→ for acquisition and construction**
65a **proceeds ←Ĥ** , plus additional amounts necessary to pay

66 costs of issuance, to pay capitalized interest, and to fund any existing debt service reserve
67 requirements ~~Ĥ~~ **→ , with the total amount of the bonds not to exceed \$1,010,000,000 ←Ĥ** .

68 (b) When the Department of Transportation certifies to the commission that the
69 requirements of Subsection 72-2-124(5) have been met and certifies the amount of bond
70 proceeds that the commission needs to provide funding for the projects described in Subsection
71 (2) for the current or next fiscal year, the commission may issue and sell general obligation
72 bonds in an amount equal to the certified amount, plus additional amounts necessary to pay
73 costs of issuance, to pay capitalized interest, and to fund any existing debt service reserve
74 requirements ~~Ĥ~~ **→ , not to exceed one percent of the certified amount ←Ĥ** .

75 (c) The commission may not issue general obligation bonds authorized under this
76 section if the issuance of the general obligation bonds would result in the total current
77 outstanding general obligation debt of the state exceeding 50% of the limitation described in
78 the Utah Constitution, Article XIV, Section 1.

79 (2) Except as provided in [~~Subsection~~] Subsections (3) and (4), proceeds from the
80 issuance of bonds shall be provided to the Department of Transportation to pay all or part of
81 the costs of the following state highway construction or reconstruction projects:

82 (a) state and federal highways prioritized by the Transportation Commission through
83 the prioritization process for new transportation capacity projects adopted under Section
84 72-1-304, giving priority consideration for projects with a regional significance or that support
85 economic development within the state, including:

86 (i) projects that are prioritized but exceed available cash flow beyond the normal
87 programming horizon; or

88 (ii) projects prioritized in the state highway construction program; and

89 (b) \$100,000,000 to be used by the Department of Transportation for transportation
90 improvements as prioritized by the Transportation Commission for projects that:

91 (i) have a significant economic development impact associated with recreation and
92 tourism within the state; and

93 (ii) address significant needs for congestion mitigation.

94 (3) ~~H~~→ [Nineteen] Thirty-nine ←~~H~~ million dollars of the bond proceeds issued under this
94a section shall be

95 provided to the Transportation Infrastructure Loan Fund created by Section 72-2-202 to make
96 funds available for a transportation infrastructure loan or transportation infrastructure

97 assistance under Title 72, Chapter 2, Part 2, Transportation Infrastructure Loan Fund, ~~H~~→ including
97a the amounts ←~~H~~ as

98 follows:

99 (a) [~~\$10,000,000~~] \$14,000,000 to the military installation development authority
100 created in Section 63H-1-201; and

101 (b) \$5,000,000 for right-of-way acquisition and highway construction in [~~Davis~~
102 ~~County, and~~] Salt Lake County for roads in the northwest quadrant of Salt Lake City.

103 [~~(c)~~] (4) (a) [~~\$4,000,000 for pedestrian access and crossings by~~] Four million dollars of
104 the bond proceeds issued under this section shall be used for a public transit fixed guideway
105 rail station [and] associated with or adjacent to an institution of higher education.

106 (b) Ten million dollars of the bond proceeds issued under this section shall be used by
107 the Department of Transportation for the design, engineering, construction, or reconstruction of
108 underpasses under a state highway connecting a state park and a project area created by a
109 military installation development authority created in Section 63H-1-201.

110 [~~(4)~~] (5) The bond proceeds issued under this section shall be provided to the
111 Department of Transportation.

112 [~~(5)~~] (6) The costs under Subsection (2) may include the costs of studies necessary to
113 make transportation infrastructure improvements, the costs of acquiring land, interests in land,
114 and easements and rights-of-way, the costs of improving sites, and making all improvements
115 necessary, incidental, or convenient to the facilities, and the costs of interest estimated to
116 accrue on these bonds during the period to be covered by construction of the projects plus a
117 period of six months after the end of the construction period, interest estimated to accrue on
118 any bond anticipation notes issued under the authority of this title, and all related engineering,

119 architectural, and legal fees.

120 [~~(6)~~] (7) The commission or the state treasurer may make any statement of intent
121 relating to a reimbursement that is necessary or desirable to comply with federal tax law.

122 [~~(7)~~] (8) The Department of Transportation may enter into agreements related to the
123 projects described in Subsection (2) before the receipt of proceeds of bonds issued under this
124 section.

125 Section 3. Section **63B-27-102** is amended to read:

126 **63B-27-102. Highway bonds -- Maximum amount -- Use of proceeds for Salt**
127 **Lake County highway projects.**

128 (1) (a) Subject to the restriction in Subsection (1)(c), the total amount of bonds issued
129 under this section may not exceed \$47,000,000 ~~H→~~ **for acquisition and construction**
129a **proceeds ←H**, plus additional amounts necessary to pay costs
130 of issuance, to pay capitalized interest, and to fund any existing debt service reserve
131 requirements ~~H→~~ **, with the total amount of the bonds not to exceed \$47,470,000 ←H** .

132 (b) When the Department of Transportation certifies to the commission the amount of
133 bond proceeds that the commission needs to provide funding for the projects described in
134 Subsection (2), the commission may issue and sell general obligation bonds in an amount equal
135 to the certified amount, plus additional amounts necessary to pay costs of issuance, to pay
136 capitalized interest, and to fund any existing debt service reserve requirements ~~H→~~ **, not to exceed**
136a **one percent of the certified amount ←H** .

137 (c) The commission may not issue general obligation bonds authorized under this
138 section if the issuance of the general obligation bonds would result in the total current
139 outstanding general obligation debt of the state exceeding 50% of the limitation described in
140 the Utah Constitution, Article XIV, Section 1.

141 (2) (a) Proceeds from the bonds issued under this section shall be provided to the
142 Department of Transportation to pay for or to provide funds to a municipality or county to pay
143 for the costs of right-of-way acquisition, construction, reconstruction, renovations, or
144 improvements to highways, transportation facilities, or multimodal transportation projects
145 described in Subsection (2)(b).

146 (b) Bond proceeds described under Subsection (2)(a) shall be used to pay for state and
147 local highway projects or transportation facilities or multimodal transportation projects
148 described in Subsection 72-2-121(4)(c) in Salt Lake County prioritized by the county.

149 (c) The costs under this Subsection (2) may include the costs of acquiring land,