OVERVIEW

In general, a capital development project is the construction or replacement of a building and a capital improvement is a remodeling, alteration, or repair of an existing facility. However, many projects include some combination of new and remodeled space and some remodeling projects cost more than the construction of a new building. The State Legislature recognized the grey area between a capital improvement and a capital development and therefore enacted Utah Code section 63A-5-104. This section details the State’s capital development and capital improvement process and gives specific definitions.

The flow chart on the back of this document outlines how U.C.A. 63A-5-104 classifies a project as a capital development or a capital improvement and whether or not that project requires legislative approval. The following two sections outline the legislative process for capital improvements and capital developments.

CAPITAL IMPROVEMENT PROCESS

1. The State Building Board compiles a list of anticipated capital improvements for a coming budget year and submits the list to the Legislature (Infrastructure and General Government (IGG) Appropriation Subcommittee).
2. The IGG Appropriation Subcommittee adopts (or makes changes to) the list of anticipated capital improvement projects.
3. The Legislature appropriates an amount for all capital improvements for a coming budget year (statute requires 1.1% of the replacement cost of existing buildings unless there is an "operating deficit" in which case the required percentage is reduced to 0.9%).
4. The Legislature may appropriate funds for specific projects, but generally defers to the Building Board for the allocation of funds.
5. The Building Board allocates Capital Improvement funds to specific projects based on a needs assessment and an agency's proportionate share of funds (based on square footage).

CAPITAL DEVELOPMENT PROCESS

State Fund Requests

1. The State Building Board compiles and prioritizes a list of projects for a coming budget year and submits the prioritized list to the Infrastructure and General Government Appropriations Subcommittee.
2. The Subcommittee reviews the projects and sends a prioritized list for funding specific projects to the Executive Appropriations Committee.
3. The Legislature appropriates funds or authorizes bonding for specific projects through the annual appropriations act or a general obligation bond bill voted on by the entire Legislature.
4. The Legislature funds operation and maintenance (O&M) costs upfront by appropriating ongoing funds to the agency line item in the same year as the authorization of the project.

Non State Fund Requests

1. The State Building Board compiles a list of projects for a coming budget year and submits a recommendation to approve or not approve specific projects on the list to the Infrastructure and General Government Appropriations Subcommittee.
2. The Subcommittee reviews the projects and votes to either approve or not approve specific projects.
3. The Subcommittee may also vote to allow or not allow state funded O&M costs on specific projects.
4. Projects approved by the Subcommittee are placed in an annual Revenue Bond and Capital Facilities Authorization bill sponsored by the Subcommittee co-chairs and voted on by the entire Legislature.
5. Operation and maintenance costs are not funded at the time a non-state funded project is approved.
6. Agencies and institutions receiving authorization to construct a non-state funded project must request an additional appropriation from their operational budget subcommittee (usually Higher Education or Business, Economic Development, and Labor appropriations subcommittees) if they desire state-funded operation and maintenance.
**Capital Development and Improvement Process**

**New Facility**
- What is the type of project?
  - Existing Facility (Remodel Alteration/Repair Site/Utility)
  - What is the cost of the project?
    - less than $2.5 million
    - $2.5 million or more
      - What is the source of funding?
        - State Funds*
        - Non-state Funds
      - Will the project ever require state funded O&M or capital improvements?
        - Yes
        - No
      - Will the project financing require bonding?
        - Yes
        - No
      - Has the Legislature affirmatively authorized the project?
        - Yes
        - No
  - What is the cost of the project?
    - less than $500,000
    - $500,000 or more
      - What is the source of funding?
        - State Funds*
        - Non-state Funds
      - Will the project ever require state funded O&M or capital improvements?
        - Yes
        - No
      - Will the project financing require bonding?
        - Yes
        - No
      - Has the Legislature affirmatively authorized the project?
        - Yes
        - No

**Existing Facility**
- What is the type of project?
  - New Facility
  - What is the cost of the project?
    - less than $2.5 million
    - $2.5 million or more
      - What is the source of funding?
        - State Funds*
        - Non-state Funds
      - Will the project ever require state funded O&M or capital improvements?
        - Yes
        - No
      - Will the project financing require bonding?
        - Yes
        - No
      - Has the Legislature affirmatively authorized the project?
        - Yes
        - No
  - What is the cost of the project?
    - less than $500,000
    - $500,000 or more
      - What is the source of funding?
        - State Funds*
        - Non-state Funds
      - Will the project ever require state funded O&M or capital improvements?
        - Yes
        - No
      - Will the project financing require bonding?
        - Yes
        - No
      - Has the Legislature affirmatively authorized the project?
        - Yes
        - No

* State Funds are defined as "public monies appropriated by the Legislature"