

Chapter 1a
Master General Obligation Bond Act

Part 1
Issuance and Refunding of General Obligation Bonds

63B-1a-101 Definitions -- Bonds authorized -- Prohibitions -- Purposes -- Maturity -- Use of bonds proceeds.

- (1) As used in this section:
 - (a) "Cost" includes:
 - (i) all costs related to the authorized capital project, including the cost of equipment and furnishings for, interests in, or improvements necessary, incidental, or convenient to, those capital projects;
 - (ii) all costs incident to the authorization and issuance of bonds;
 - (iii) interest estimated to accrue on bonds during the period to be covered by the acquisition and construction of the capital project and for up to 12 months after that period; and
 - (iv) other amounts that the commission finds necessary to establish reserve funds and to provide working capital related to the capital project.
 - (b) "Taxable property of the state" includes all real and personal property subject to ad valorem taxation within the state, including all property subject to a fee-in lieu of tax.
- (2) When authorized by the Legislature, the commission may, in the manner specified in this chapter, issue bonds to provide funds to the state for the purpose of paying all or part of the cost of designing, acquiring, constructing, improving, or extending:
 - (a) any one or more capital projects; or
 - (b) any interest in one or more or any combination of capital projects.
- (3) Before issuing any bonds, the commission shall determine that the Legislature has:
 - (a) affirmatively authorized the issuance of the bonds; and
 - (b) has specified:
 - (i) for capital projects, the capital projects to be funded; and
 - (ii) the maximum amount of the bonds.
- (4) The commission shall either:
 - (a) comply with any maturity requirements established by the Legislature; or
 - (b) in the absence of any maturity requirements, establish, by resolution, a bond maturity date or dates that are not later than 15 years after the date of delivery of the bonds.
- (5)
 - (a) The commission may not issue bonds under this chapter in an amount that violates the limitation described in the Utah Constitution, Article XIV, Section 1 or payable beyond the period described in the Utah Constitution, Article XIII, Section 5(3).
 - (b) For purposes of applying the debt limitation contained in the Utah Constitution Article XIV, Section 1, the value of the taxable property in Utah is considered to be 100% of the fair market value of the taxable property of the state as computed from the last assessment for state purposes made before the issuance of the bonds.

Amended by Chapter 173, 2014 General Session

63B-1a-102 Commission responsibilities -- Manner of issuance -- Plan of financing -- Registration -- Signatures -- Replacement -- Reporting.

- (1) The commission may determine by resolution:
 - (a) the manner in which bonds issued under this chapter may be authorized, sold, and issued;
 - (b) to issue bonds in one or more series;
 - (c) the amounts, dates, interest rates, including a variable rate or rates, and maturity dates of the bonds;
 - (d) the manner of sale, including public or private sale;
 - (e) the terms and conditions of sale, including price, whether at, below, or above face value;
 - (f) the denominations, registration, exchange, form, including book-entry only, manner of execution, manner of authentication, place and medium of purchase, redemption terms, and tender rights of the bonds; and
 - (g) other provisions and details that it considers appropriate.
- (2) The commission may, by resolution, adopt a plan of financing, which may include terms and conditions of arrangements entered into by the commission on behalf of the state with financial and other institutions for bond insurance, letters of credit, standby bond purchase agreements, reimbursement agreements, and remarketing, indexing, and tender agent agreements relating to the bonds, including payment from any legally available source of fees, charges, or other amounts coming due under the agreements entered into by the commission.
- (3) The commission may provide for the services and payment for the services of one or more financial institutions or other entities, persons, or nominees, within or outside the state, for the authentication, registration, transfer, including record, bookkeeping, or book-entry functions, exchange, and payment of the bonds.
- (4) The commission may provide for the calculation and payment to the United States of whatever amounts are necessary to comply with the Internal Revenue Code.
- (5)
 - (a) The commission shall, by resolution, authorize a public official to sign the bonds.
 - (b) That signature may be a facsimile signature of that official that is imprinted, engraved, stamped, or otherwise placed on the bonds.
 - (c) If all signatures of public officials on the bonds are facsimile signatures, the commission shall provide for a manual authenticating signature on the bonds by or on behalf of a designated authentication agent.
 - (d) If a public official ceases to hold office before delivery of the bonds signed by that official, the signature or facsimile signature of the public official is nevertheless valid for all purposes.
- (6) The commission may cause a facsimile of the state seal to be imprinted, engraved, stamped, or otherwise placed on the bonds.
- (7) The commission shall provide an annual report of its proceedings to the governor to include in his budget for as long as any bonds issued under this chapter remain outstanding.

Enacted by Chapter 2, 2003 General Session

63B-1a-103 Refunding general obligation bonds.

- (1) The commission may provide for the refunding of any bonds in accordance with Title 11, Chapter 27, Utah Refunding Bond Act.
- (2) For purposes of Title 11, Chapter 27, Utah Refunding Bond Act, the state is considered the public body and the commission is its governing body.

Enacted by Chapter 2, 2003 General Session

Part 2
Disposition of Proceeds from General Obligation Bonds

63B-1a-201 Bonds proceeds -- Deposits -- Investment -- Disposition of investment income and unexpended proceeds.

- (1)
 - (a) The commission shall provide that proceeds from the sale of bonds issued under this chapter are deposited within one or more accounts as determined by the commission or by the state treasurer.
 - (b) The state treasurer shall administer and maintain these accounts.
- (2)
 - (a) The state treasurer shall:
 - (i) establish the kinds of investments in which the proceeds of bonds issued under this chapter may be invested; and
 - (ii) designate where the income from the investment of bond proceeds shall be applied.
 - (b) The state treasurer shall apply the income from the investment of proceeds of bonds issued under this chapter as directed by the commission by resolution.
- (3) Upon completion of the purposes for which the bonds were issued, any unexpended proceeds of the bonds issued under this chapter shall be deposited in the related sinking fund unless the commission provides otherwise by resolution.

Enacted by Chapter 2, 2003 General Session

Part 3
General Obligation Bond Repayment Arrangements

63B-1a-301 Sinking fund -- Creation -- Investment of money.

- (1) For bonds authorized and issued as provided in this chapter, the commission shall create a sinking fund, to be administered by the state treasurer.
- (2) All money deposited in the sinking fund, from whatever source, shall be used to pay debt service on the bonds.
- (3) The commission or the state treasurer may create separate accounts within the sinking fund.
- (4)
 - (a) The state treasurer may, by following the procedures and requirements of Title 51, Chapter 7, State Money Management Act, invest any money contained in the sinking fund until it is needed for the purposes for which the fund was created.
 - (b) Unless otherwise provided in the resolution of the commission authorizing the issuance of bonds under this chapter, the treasurer:
 - (i) shall deposit all income from the investment of any sinking fund money into the sinking fund; and
 - (ii) may use it for the payment of debt service on the bonds.

Enacted by Chapter 2, 2003 General Session

63B-1a-302 Payment of interest, principal, and redemption premiums.

- (1) The Division of Finance shall draw warrants on the state treasury before any interest, principal, or redemption premiums become due on the bonds.
- (2) After receipt of the warrants, the state treasurer shall:
 - (a) promptly pay the warrants from funds within the sinking fund; and
 - (b) immediately transmit the amount paid to the paying agent for the bonds.

Enacted by Chapter 2, 2003 General Session

63B-1a-303 Tax levy -- Abatement of tax.

- (1) Each year after issuance of bonds and until each outstanding bond is retired, there is levied a direct annual tax on all taxable property of the state sufficient to pay principal, interest, and any applicable redemption premiums on each bond as it becomes due.
- (2) The State Tax Commission shall fix the rate of the direct annual tax levy each year.
- (3) The tax shall be collected and the proceeds applied as provided in this chapter.
- (4) The proceeds of all taxes levied under this section are appropriated to the sinking fund established as required by Section 63B-1a-301.
- (5) The direct annual tax imposed under this section is abated to the extent that money is available from sources other than ad valorem taxes in the sinking fund for the payment of bond interest, principal, and redemption premiums.

Enacted by Chapter 2, 2003 General Session

Part 4

Miscellaneous Provisions Governing General Obligation Bonds

63B-1a-401 Status of bond records -- Compliance with Registered Public Obligations Act.

- (1) The records of ownership, registration, transfer, and exchange of the bonds, and of persons to whom payment with respect to the obligations are made, are private records as provided in Section 63G-2-302 or protected records as provided in Section 63G-2-305.
- (2) The bonds and any evidences of participation interest in the bonds may be issued, executed, authenticated, registered, transferred, exchanged, and otherwise made to comply with Title 15, Chapter 7, Registered Public Obligations Act.

Amended by Chapter 382, 2008 General Session

63B-1a-402 Legal investment status.

Bonds issued under this chapter are legal investments for all state trust funds, insurance companies, banks, trust companies, and the State School Fund and may be used as collateral to secure legal obligations.

Enacted by Chapter 2, 2003 General Session

63B-1a-403 Tax status -- Exemption.

The bonds issued under this chapter, any interest paid on the bonds, and any income from the bonds is not taxable in Utah for any purpose, except for the corporate franchise tax.

Enacted by Chapter 2, 2003 General Session

Part 5

Challenges to Legality of Bonds -- Limitations

63B-1a-501 Publication of resolution or notice -- Limitation on actions to contest legality.

- (1) The commission may either:
 - (a)
 - (i) publish once in a newspaper having general circulation in Utah any resolution adopted by the commission; and
 - (ii) publish, in accordance with Section 45-1-101, any resolution adopted by the commission; or
 - (b) in lieu of publishing the entire resolution, publish a notice of bonds to be issued, titled as such, containing:
 - (i) the purpose of the bond issue;
 - (ii) the type of bonds and the maximum principal amount that may be issued;
 - (iii) the maximum number of years over which the bonds may mature;
 - (iv) the maximum interest rate that the bonds may bear, if any;
 - (v) the maximum discount from par, expressed as a percentage of principal amount, at which the bonds may be sold; and
 - (vi) that a copy of the resolution or other proceedings may be examined at the office of the state treasurer during regular business hours for at least 30 days after the publication of the notice.
- (2) For 30 days after the date of publication, any interested person may contest:
 - (a) the legality of the resolution;
 - (b) any of the bonds authorized under it; or
 - (c) any of the provisions made for the repayment of the bonds.
- (3) After 30 days, a person may not, for any cause, contest:
 - (a) the legality of the resolution;
 - (b) any of the bonds authorized under the resolution; or
 - (c) any of the provisions made for the security and repayment of the bonds.

Amended by Chapter 388, 2009 General Session

Part 6

Bond Anticipation Notes

63B-1a-601 Bond anticipation notes -- Authorization, terms, and procedures.

- (1)
 - (a) The commission may issue bond anticipation notes in the form and with the terms that the commission determines.
 - (b) Each bond anticipation note and the interest on it are a general obligation of the state.
- (2) The commission shall, by resolution:
 - (a) establish the interest rate or rates, including variable rates, for the bond anticipation notes; and
 - (b) provide that each bond anticipation note and any interest due on it is payable from:

- (i) the proceeds of the sale of bonds;
 - (ii) money of the state on hand and legally available for that purpose in accordance with the authorized security; or
 - (iii) any combination of Subsections (2)(b)(i) and (ii).
- (3) If the general obligation bonds have not been issued before the maturity of the bond anticipation notes issued in anticipation of the sale of those bonds, the commission shall, in order to meet the bond anticipation notes that are maturing:
- (a) issue renewal bond anticipation notes for that purpose;
 - (b) pay the bond anticipation notes from state money legally available for paying those notes; or
 - (c) any combination of Subsections (3)(a) and (b).
- (4) The commission may, by resolution:
- (a) provide that the bond anticipation notes are subject to redemption before maturity;
 - (b) enter into agreements and make other arrangements, including any or all of those authorized by Subsection 63B-1a-102(2), that the commission considers necessary or appropriate in connection with the issuance, sale, and resale of the bond anticipation notes;
 - (c) resell or retire any bond anticipation notes purchased by the state before the stated maturity of those bond anticipation notes; and
 - (d) establish whatever funds and accounts are necessary or desirable to carry out the authorization and issuance of bond anticipation notes.

Enacted by Chapter 2, 2003 General Session

Part 7

Effect on Outstanding Bonds

63B-1a-701 Prior bonds validated -- Exceptions.

All general obligation bonds and bond anticipation notes issued by the commission before February 14, 2003 and all proceedings had in the authorization and issuance of them are:

- (1) validated, ratified, and confirmed; and
- (2) declared to constitute legally binding obligations in accordance with their terms.

Enacted by Chapter 2, 2003 General Session