

**CAPITAL IMPROVEMENT AMENDMENTS**

2002 FIFTH SPECIAL SESSION

STATE OF UTAH

**Sponsor: Leonard M. Blackham**

**This act affects the process for capital developments and capital improvements by allowing the Legislature to reduce the percentage of replacement costs of existing state facilities that must be appropriated to capital improvements when an operating deficit exists. This act takes effect immediately.**

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

**63A-5-104**, as last amended by Chapter 147, Laws of Utah 2001

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

Section 1. Section **63A-5-104** is amended to read:

**63A-5-104. Capital development and capital improvement process -- Approval requirements -- Limitations on new projects -- Emergencies.**

(1) As used in this section:

(a) "Capital developments" means any:

(i) remodeling, site, or utility projects with a total cost of \$1,500,000 or more;

(ii) new facility with a construction cost of \$250,000 or more; or

(iii) purchase of real property where an appropriation is requested to fund the purchase.

(b) "Capital improvements" means any:

(i) remodeling, alteration, replacement, or repair project with a total cost of less than \$1,500,000;

(ii) site and utility improvement with a total cost of less than \$1,500,000; or

(iii) new facility with a total construction cost of less than \$250,000.

(c) (i) "New facility" means the construction of any new building on state property regardless of funding source.



(ii) "New facility" includes:

(A) an addition to an existing building; and

(B) the enclosure of space that was not previously fully enclosed.

(iii) "New facility" does not mean:

(A) the replacement of state-owned space that is demolished, if the total construction cost of the replacement space is less than \$1,500,000; or

(B) the construction of facilities that do not fully enclose a space.

(d) "Replacement cost of existing state facilities" means the replacement cost, as determined by the Division of Risk Management, of state facilities, excluding auxiliary facilities as defined by the State Building Board.

(2) The State Building Board, on behalf of all state agencies, commissions, departments, and institutions shall submit its capital development recommendations and priorities to the Legislature for approval and prioritization.

(3) (a) Except as provided in Subsections (3)(b), (d), and (e), a capital development project may not be constructed on state property without legislative approval.

(b) Legislative approval is not required for a capital development project if the State Building Board determines that:

(i) the requesting agency or institution has provided adequate assurance that state funds will not be used for the construction of, operations and maintenance to, and immediate or future capital improvements to the resulting facility; and

(ii) the use of the state property is:

(A) appropriate and consistent with the master plan for the property; and

(B) will not create an adverse impact on the state.

(c) The Division of Facilities Construction and Management shall maintain a record of facilities constructed under the exemption provided in Subsection ~~[63A-5-104]~~(3)(b).

(d) Legislative approval is not required for:

(i) the renovation, remodeling, or retrofitting of an existing facility with nonstate funds;

(ii) facilities to be built with nonstate funds and owned by nonstate entities within research park areas at the University of Utah and Utah State University; or

(iii) facilities to be built at This is the Place State Park by This is the Place Foundation with funds of the foundation, including grant monies from the state, or with donated services or

materials.

(e) (i) Legislative approval is not required for capital development projects to be built for the Department of Transportation as a result of an exchange of real property under Section 72-5-111.

(ii) When the Department of Transportation approves those exchanges, it shall notify the president of the Senate, the speaker of the House, and the cochairs of the Capital Facilities and Administrative Services Subcommittee of the Legislature's Joint Appropriation Committee about any new facilities to be built under this exemption.

(4) (a) The State Building Board, on behalf of all state agencies, commissions, departments, and institutions shall by January 15 of each year, submit a list of anticipated capital improvement requirements to the Legislature for review and approval.

(b) Unless otherwise directed by the Legislature, the building board shall prioritize capital improvements from the list submitted to the Legislature up to the level of appropriation made by the Legislature.

(c) In prioritizing capital improvements, the building board shall consider the results of facility evaluations completed by an architect/engineer as stipulated by the building board's facilities maintenance standards.

(5) The Legislature may authorize:

(a) the total square feet to be occupied by each state agency; and

(b) the total square feet and total cost of lease space for each agency.

(6) (a) [The] Except as provided in Subsection (6)(b), the Legislature may not fund the design or construction of any new capital development projects, except to complete the funding of projects for which partial funding has been previously provided, until the Legislature has appropriated 1.1% of the replacement cost of existing state facilities to capital improvements.

(b) (i) As used in this Subsection (6)(b), "operating deficit" means that estimated General Fund or Uniform School Fund revenues are less than budgeted for the current or next fiscal year.

(ii) If the Legislature determines that an operating deficit exists, the Legislature may, in eliminating the deficit, reduce the amount appropriated to capital improvements to 0.9% of the replacement cost of state buildings.

(7) (a) If, after approval of capital development and capital improvement priorities by the Legislature under this section, emergencies arise that create unforeseen critical capital

improvement projects, the State Building Board may, notwithstanding the requirements of Title 63, Chapter 38, Budgetary Procedures Act, reallocate capital improvement funds to address those projects.

(b) The building board shall report any changes it makes in capital improvement allocations approved by the Legislature to:

(i) the Office of Legislative Fiscal Analyst within 30 days of the reallocation; and

(ii) the Legislature at its next annual general session.

(8) (a) The State Building Board may adopt a rule allocating to institutions and agencies their proportionate share of capital improvement funding.

(b) The building board shall ensure that the rule:

(i) reserves funds for the Division of Facilities Construction and Management for emergency projects; and

(ii) allows the delegation of projects to some institutions and agencies with the requirement that a report of expenditures will be filed annually with the Division of Facilities Construction and Management and appropriate governing bodies.

(9) It is the intent of the Legislature that in funding capital improvement requirements under this section the General Fund be considered as a funding source for at least half of those costs.

#### Section 2. **Effective date.**

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

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### **Legislative Review Note** **as of 7-9-02 10:22 AM**

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

**Office of Legislative Research and General Counsel**