

1 **TRANSPORTATION GENERAL OBLIGATION**

2 **BOND**

3 2004 GENERAL SESSION

4 STATE OF UTAH

5 **Sponsor: Dan R. Eastman**

7 **LONG TITLE**

8 **General Description:**

9 This bill authorizes the issuance of general obligation bonds to fund transportation
10 projects.

11 **Highlighted Provisions:**

12 This bill:

- 13 ▶ modifies the Bonding Title by authorizing the issuance and sale of general
- 14 obligation bonds by the State Bonding Commission for transportation projects;
- 15 ▶ excludes those bonds from the statutory debt limit; and
- 16 ▶ makes technical corrections.

17 **Monies Appropriated in this Bill:**

18 None

19 **Other Special Clauses:**

20 None

21 **Utah Code Sections Affected:**

22 **AMENDS:**

23 **63-38c-402**, as last amended by Chapter 266, Laws of Utah 2002

24 **63B-1-306**, as renumbered and amended by Chapter 86, Laws of Utah 2003

25 **ENACTS:**

26 **63B-13-102**, Utah Code Annotated 1953



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

29 Section 1. Section **63-38c-402** is amended to read:

30 **63-38c-402. Debt limitation -- Vote requirement needed to exceed limitation --**

31 **Exceptions.**

32 (1) (a) Except as provided in Subsection (1)(b), the outstanding general obligation debt
33 of the state may not exceed 20% of the maximum allowable appropriations limit unless
34 approved by more than a two-thirds vote of both houses of the Legislature.

35 (b) Notwithstanding the limitation contained in Subsection (1)(a), debt issued under the
36 authority of the following parts or sections is not subject to the debt limitation established by
37 this section:

38 (i) Title 63B, Chapter 6, Part 2, 1997 Highway General Obligation Bond
39 Authorization;

40 (ii) Title 63B, Chapter 6, Part 3, 1997 Highway Bond Anticipation Note Authorization;

41 (iii) Title 63B, Chapter 7, Part 2, 1998 Highway General Obligation Bond
42 Authorization;

43 (iv) Title 63B, Chapter 7, Part 3, 1998 Highway Bond Anticipation Note
44 Authorization;

45 (v) Title 63B, Chapter 8, Part 2, 1999 Highway General Obligation Bond
46 Authorization;

47 (vi) Title 63B, Chapter 8, Part 3, 1999 Highway Bond Anticipation Note
48 Authorization;

49 (vii) Title 63B, Chapter 9, Part 2, 2000 Highway General Obligation Bond;

50 (viii) Title 63B, Chapter 10, Part 1, 2001 Highway General Obligation Bond;

51 (ix) Title 63B, Chapter 10, Part 2, 2001 Highway General Obligation Bond
52 Anticipation Notes;

53 (x) Title 63B, Chapter 11, Part 5, 2002 Highway General Obligation Bond for Salt
54 Lake County; ~~and~~

55 (xi) Title 63B, Chapter 11, Part 6, 2002 Highway General Obligation Bond
56 Anticipation Notes for Salt Lake County Authorization[-]; and

57 (xii) Section 63B-13-102.

58 (2) This section does not apply if contractual rights will be impaired.

59 Section 2. Section **63B-1-306** is amended to read:

60 **63B-1-306. Obligations issued by authority -- Limitation of liability on**
61 **obligations -- Limitation on amount of obligations issued.**

62 (1) (a) All obligations issued by the authority under this part shall be limited
63 obligations of the authority and may not constitute, nor give rise to, a general obligation or
64 liability of, nor a charge against the general credit or taxing power of, this state or any of its
65 political subdivisions.

66 (b) This limitation shall be plainly stated upon all obligations.

67 (2) (a) No authority obligations incurred under this section may be issued in an amount
68 exceeding the difference between the total indebtedness of the state and an amount equal to
69 1-1/2% of the value of the taxable property of the state.

70 (b) Debt issued under authority of the following parts or sections may not be included
71 as part of the total indebtedness of the state of Utah in determining the debt limit established by
72 this Subsection (2):

73 (i) Title 63B, Chapter 6, Part 2, 1997 Highway General Obligation Bond
74 Authorization;

75 (ii) Title 63B, Chapter 6, Part 3, 1997 Highway Bond Anticipation Note Authorization;

76 (iii) Title 63B, Chapter 7, Part 2, 1998 Highway General Obligation Bond
77 Authorization;

78 (iv) Title 63B, Chapter 7, Part 3, 1998 Highway Bond Anticipation Note
79 Authorization;

80 (v) Title 63B, Chapter 8, Part 2, 1999 Highway General Obligation Bond
81 Authorization;

82 (vi) Title 63B, Chapter 8, Part 3, 1999 Highway Bond Anticipation Note
83 Authorization;

84 (vii) Title 63B, Chapter 9, Part 2, 2000 Highway General Obligation Bond;

85 (viii) Title 63B, Chapter 10, Part 1, 2001 Highway General Obligation Bonds; [~~and~~]

86 (ix) Title 63B, Chapter 10, Part 2, 2001 Highway General Obligation Bond
87 Anticipation Notes;

88 (x) Title 63B, Chapter 11, Part 5, 2002 Highway General Obligation Bonds for Salt
89 Lake County; [~~and~~]

90 (xi) Title 63B, Chapter 11, Part 6, 2002 Highway General Obligation Bond
91 Anticipation Notes for Salt Lake County[-]; and

92 (xii) Section 63B-13-102.

93 (c) Debt issued under authority of Section 63B-7-503 may not be included as part of
94 the total indebtedness of the state in determining the debt limit established by this Subsection
95 (2).

96 (3) The obligations shall be authorized by resolution of the authority, following
97 approval of the Legislature, and may:

98 (a) be executed and delivered at any time, and from time to time, as the authority may
99 determine;

100 (b) be sold at public or private sale in the manner and at the prices, either at, in excess
101 of, or below their face value and at the times that the authority determines;

102 (c) be in the form and denominations that the authority determines;

103 (d) be of the tenor that the authority determines;

104 (e) be in registered or bearer form either as to principal or interest or both;

105 (f) be payable in those installments and at the times that the authority determines;

106 (g) be payable at the places, either within or without this state, that the authority
107 determines;

108 (h) bear interest at the rate or rates, payable at the place or places, and evidenced in the
109 manner, that the authority determines;

110 (i) be redeemable before maturity, with or without premium;

111 (j) contain any other provisions not inconsistent with this part that are considered to be
112 for the best interests of the authority and provided for in the proceedings of the authority under
113 which the bonds are authorized to be issued; and

114 (k) bear facsimile signatures and seals.

115 (4) The authority may pay any expenses, premiums, or commissions, that it considers
116 necessary or advantageous in connection with the authorization, sale, and issuance of these
117 obligations, from the proceeds of the sale of the obligations or from the revenues of the projects
118 involved.

119 Section 3. Section **63B-13-102** is enacted to read:

120 **63B-13-102. Highway bonds -- Maximum amount -- Projects authorized.**

121 (1) The total amount of bonds issued under this part may not exceed

121a § 111-111-111 ~~§ 111-111-111~~ ~~\$48,500,000~~

121a [~~§~~] ~~§ 111-111-111~~ ~~§ 111-111-111~~ ~~§ 111-111-111~~

122 (2) (a) Proceeds from the issuance of bonds shall be provided to the Department of
 123 Transportation to provide funds to pay all or part of the costs of state highway construction or
 124 reconstruction projects.

125 (b) These costs may include the cost of acquiring land, interests in land, easements and
 126 rights-of-way, improving sites, and making all improvements necessary, incidental, or
 127 convenient to the facilities, interest estimated to accrue on these bonds during the period to be
 128 covered by construction of the projects plus a period of six months after the end of the
 129 construction period, interest estimated to accrue on any bond anticipation notes issued under
 130 the authority of this title, and all related engineering, architectural, and legal fees.

131 (3) The commission or the state treasurer may make any statement of intent relating to
 132 a reimbursement that is necessary or desirable to comply with federal tax law.

133 (4) The Department of Transportation may enter into agreements related to projects
 134 before the receipt of proceeds of bonds issued under this chapter.

Legislative Review Note
 as of 2-26-04 1:18 PM

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

Office of Legislative Research and General Counsel

State Impact

This bill provides authorization for a \$48.5 million bond for highway construction. Amortized over 15 years, estimated debt service payments will be \$4,789,000. First year debt service will likely be half of the remaining annual funding requirement.

	<u>FY 2005</u> <u>Approp.</u>	<u>FY 2006</u> <u>Approp.</u>	<u>FY 2005</u> <u>Revenue</u>	<u>FY 2006</u> <u>Revenue</u>
Dedicated Credits Revenue	\$0	\$0	\$48,500,000	\$0
Centennial Highway Fund	\$2,400,000	\$4,789,000	\$0	\$0
TOTAL	\$2,400,000	\$4,789,000	\$48,500,000	\$0

Individual and Business Impact

No fiscal impact.

Office of the Legislative Fiscal Analyst