

**Senator Scott K. Jenkins** proposes the following substitute bill:

**REVENUE BOND AND CAPITAL FACILITIES**

**AUTHORIZATIONS**

2007 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: D. Gregg Buxton**

Senate Sponsor: Scott K. Jenkins

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**LONG TITLE**

**General Description:**

This bill authorizes certain state agencies and higher education institutions to issue revenue bonds, build capital facilities using agency or institutional funds, or acquire or exchange property.

**Highlighted Provisions:**

This bill:

- ▶ authorizes the issuance of revenue bonds by the State Building Ownership Authority and the State Board of Regents;
- ▶ authorizes other capital facility construction from agency or institutional funds;
- ▶ authorizes the acquisition or exchange of certain higher education property;
- ▶ approves the sale of a state building and directs the use of the sale proceeds;
- ▶ approves the purchase of a building and directs its use; and
- ▶ directs that the Division of Facilities Construction and Management enter into a lease with the new owner of the sold building to allow the building's current tenants to continue to occupy it until alternatives become available.

**Monies Appropriated in this Bill:**

None



26 **Other Special Clauses:**

27 None

28 **Utah Code Sections Affected:**

29 ENACTS:

30 **63B-16-101**, Utah Code Annotated 1953

31 **63B-16-102**, Utah Code Annotated 1953

32 **63B-16-201**, Utah Code Annotated 1953

33 **63B-16-301**, Utah Code Annotated 1953



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

36 Section 1. Section **63B-16-101** is enacted to read:

37 **CHAPTER 16. 2007 FINANCING AUTHORIZATIONS**

38 **Part 1. Revenue Bond Authorizations**

39 **63B-16-101. Revenue Bond Authorizations -- State Building Ownership**

40 **Authority.**

41 (1) It is the intent of the Legislature that:

42 (a) the State Building Ownership Authority, under the authority of Title 63B, Chapter  
43 1, Part 3, State Building Ownership Authority Act, may issue or execute obligations, or enter  
44 into or arrange for a lease-purchase agreement in which participation interests may be created,  
45 to provide up to \$5,662,000 for the acquisition and construction of three stores for the  
46 Department of Alcoholic Beverage Control, together with additional amounts necessary to pay  
47 costs of issuance, pay capitalized interest, and fund any debt service reserve requirements;

48 (b) the stores to be addressed through this authorization are:

49 (i) expansion of the North Temple store in Salt Lake County;

50 (ii) expansion of the Taylorsville store in Salt Lake County; and

51 (iii) reconstruction of the Bountiful store in Davis County;

52 (c) increased sales revenues be used as the primary revenue source for repayment of  
53 any obligation created under authority of this section; and

54 (d) the Department of Alcoholic Beverage Control may request operation and  
55 maintenance funding from sales revenues.

56 (2) It is the intent of the Legislature that:

57 (a) the State Building Ownership Authority, under the authority of Title 63B, Chapter  
58 1, Part 3, State Building Ownership Authority Act, may issue or execute obligations, or enter  
59 into or arrange for a lease purchase agreement in which participation interests may be created,  
60 to provide up to \$1,476,000 for the acquisition and construction of a production warehouse for  
61 Utah Correctional Industries, together with additional amounts necessary to pay costs of  
62 issuance, pay capitalized interest, and fund any debt service reserve requirements;

63 (b) Utah Correctional Industries' revenues be used as the primary revenue source for  
64 repayment of any obligation created under authority of this section;

65 (c) Utah Correctional Industries may plan, design, and construct the production  
66 warehouse subject to requirements in Section 63A-5-206; and

67 (d) Utah Correctional Industries may not request state funds for operation and  
68 maintenance costs or capital improvements.

69 Section 2. Section **63B-16-102** is enacted to read:

70 **63B-16-102. Revenue Bond Authorizations -- Board of Regents.**

71 (1) It is the intent of the Legislature that:

72 (a) when the University of Utah certifies to the Board of Regents that the university has  
73 obtained reliable commitments, convertible to cash, of \$15,000,000 or more in nonstate funds  
74 to construct an on-campus student life center, the Board of Regents, on behalf of the University  
75 of Utah, may issue, sell, and deliver revenue bonds or other evidences of indebtedness of the  
76 University of Utah to borrow money on the credit, revenues, and reserves of the University of  
77 Utah, other than appropriations from the Legislature, to finance the cost of constructing an  
78 on-campus student life center;

79 (b) student recreation fees be used as the primary revenue source for repayment of any  
80 obligation created under authority of this section;

81 (c) the University of Utah may increase student recreation fees to not more than \$60  
82 per semester for not more than 20 years, and use those revenues, together with the \$15,000,000  
83 collected under Subsection (1)(a), to service the student life center revenue bond debt;

84 (d) the bonds or other evidences of indebtedness authorized by this section may  
85 provide up to \$42,500,000, together with other amounts necessary to pay costs of issuance, pay  
86 capitalized interest, and fund any debt service reserve requirements;

87 (e) the University of Utah may plan, design, and construct the on-campus student life

88 center subject to requirements in UCA 63A-5-206; and

89 (f) the university may not request state funds for operation and maintenance costs or  
90 capital improvements.

91 (2) It is the intent of the Legislature that:

92 (a) the Board of Regents, on behalf of Southern Utah University, may issue, sell, and  
93 deliver revenue bonds or other evidences of indebtedness of Southern Utah University to  
94 borrow money on the credit, revenues, and reserves of Southern Utah University, other than  
95 appropriations of the Legislature, to finance the cost of constructing on-campus student  
96 dormitories;

97 (b) student housing rental fees be used as the primary revenue source for repayment of  
98 any obligation created under authority of this section;

99 (c) the bonds or other evidences of indebtedness authorized by this section may provide  
100 up to \$17,500,000, together with other amounts necessary to pay costs of issuance, pay  
101 capitalized interest, and fund any debt service reserve requirements;

102 (d) Southern Utah University may plan, design, and construct the on-campus student  
103 dormitories subject to requirements in Section 63A-5-206; and

104 (e) the university may not request state funds for operation and maintenance costs or  
105 capital improvements.

106 Section 3. Section **63B-16-201** is enacted to read:

107 **Part 2. Capital Facility Construction Authorizations**

108 **63B-16-201. Authorizations to construct capital facilities using institutional or**  
109 **agency funds.**

110 (1) It is the intent of the Legislature that:

111 (a) Utah State University may, subject to requirements in Section 63A-5-206, plan,  
112 design, and construct a classroom building funded and owned by Tooele County on the  
113 university's Tooele campus;

114 (b) no state funds be used for any portion of this project, including for future purchase  
115 or otherwise acquiring the building from Tooele County;

116 (c) the university may not request state funds for operation and maintenance costs or  
117 capital improvements while the building is not owned by the university; and

118 (d) the university may request state funds for operations and maintenance costs and

119 capital improvements if the building is donated to the university and if the university is able to  
120 demonstrate to the Board of Regents that the facility meets approved academic and training  
121 purposes under Board of Regents policy R710.

122 (2) It is the intent of the Legislature that:

123 (a) Weber State University may, subject to requirements in Section 63A-5-206, use  
124 donations and other institutional funds to plan, design, and construct a Lifelong Learning  
125 Center;

126 (b) no state funds be used for any portion of this project; and

127 (c) the university may request state funds for operations and maintenance costs and  
128 capital improvements to the extent that the university is able to demonstrate to the Board of  
129 Regents that the facility meets approved academic and training purposes under Board of  
130 Regents policy R710.

131 (3) It is the intent of the Legislature that:

132 (a) Salt Lake Community College may, subject to requirements in Section 63A-5-206,  
133 use institutional funds to plan, design, and construct a Facilities/Security/Parking Services  
134 Building;

135 (b) no state funds be used for any portion of this project; and

136 (c) the college may request state funds for operations and maintenance costs and capital  
137 improvements to the extent that the college is able to demonstrate to the Board of Regents that  
138 the facility meets approved academic and training purposes under Board of Regents policy  
139 R710.

140 Section 4. Section **63B-16-301** is enacted to read:

141 **Part 3. Property Acquisition, Sale, Lease, and Exchange Authorizations**

142 **63B-16-301. Authorizations to acquire, sell, lease, or exchange property.**

143 (1) It is the intent of the Legislature that:

144 (a) the Southeast Applied Technology Campus of the Utah College of Applied  
145 Technology and the College of Eastern Utah may cooperatively enter into negotiations with a  
146 nonstate entity and complete a real property exchange to acquire an applied technology facility  
147 in Price;

148 (b) no state funds be used for any portion of this project; and

149 (c) the college may request state funds for operations and maintenance costs and capital

150 improvements to the extent that the college is able to demonstrate to the Board of Regents that  
151 the facility meets approved academic and training purposes under Board of Regents policy  
152 R710.

153 (2) It is the intent of the Legislature that:

154 (a) the Mountainland Applied Technology Campus of the Utah College of Applied  
155 Technology may exercise its option to purchase additional property in northern Utah County  
156 adjacent to property purchased with the appropriation in Chapter 367, Item 41, Laws of Utah  
157 2006;

158 (b) the purchase be financed through donations, institutional funds, a land exchange  
159 involving Lehi City and the Utah Transit Authority, or some combination of donations,  
160 institutional funds, and a land exchange involving Lehi City and the Utah Transit Authority for  
161 future development of a commuter rail station;

162 (c) the purchase be conducted under the direction of the director of the Division of  
163 Facilities Construction and Management; and

164 (d) no state funds be used for any portion of this purchase.

165 (3) It is the intent of the Legislature that:

166 (a) the Department of Human Services Complex located at 120 North 200 West, Salt  
167 Lake City, Utah be sold for \$11,000,000;

168 (b) that the proceeds from the sale be used to:

169 (i) pay-off the outstanding bond on the Human Services Complex;

170 (ii) purchase the Brigham Young University Salt Lake Center located at 3760 South  
171 Highland Drive, Salt Lake City, Utah for up to \$6,000,000 for occupancy by the Utah State  
172 Board of Education Schools for the Deaf and Blind; and

173 (iii) the remaining funds be used to remodel the Salt Lake Center; and

174 (c) the Division of Facilities, Construction and Management enter into a lease with the  
175 buyer of the Human Services Complex for and on behalf of the Department of Human Services  
176 that allows the Department of Human Services to continue to occupy the complex for the  
177 period of time needed for the state to purchase, construct, or lease a replacement facility for the  
178 Department of Human Services.

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**H.B. 473 1st Sub. (Buff) - Revenue Bond and Capital Facilities Authorizations**

**Fiscal Note**

2007 General Session

State of Utah

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**State Impact**

Debt service on revenue bonds authorized in this bill will be paid from increased departmental/institutional operating revenues which result from the projects outlined in the bill. Regarding non-state funded projects outlined in the bill, if institutions are successful in raising non-state funds sufficient to construct the buildings, the bill allows certain institutions to request state funds for operations and maintenance in the future. If institutions request such funding, it is anticipated to be as follows:

Weber State University Lifelong Learning Center: \$199,300  
Salt Lake Community College Facilities/Security/Parking Building: \$96,000  
Southeast ATC property exchange: \$141,000

Proceeds from the sale of the Human Services building will be used to pay off revenue bonds and acquire a building for the Schools for the Deaf and Blind. The transaction will have no net impact on the Capital Project Fund.

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**Individual, Business and/or Local Impact**

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for individuals, businesses, or local governments.

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