

FUNDING FOR PURCHASE OF STATE

HIGHWAY RIGHTS OF WAY

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Howard A. Stephenson

House Sponsor: _____

LONG TITLE

General Description:

This bill authorizes the issuance of general obligation bonds for the purchase of state highway rights of way and exempts those bonds from the statutory debt limit.

Highlighted Provisions:

This bill:

- ▶ modifies the Bonding Code by authorizing the issuance and sale of general obligation bonds by the State Bonding Commission for the purchase of land for construction of capital projects;
- ▶ specifies the use of the general obligation bond proceeds and the manner of issuance; and
- ▶ exempts the bonds from the statutory debt limit.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

63-38c-402, as last amended by Chapters 308 and 318, Laws of Utah 2004

ENACTS:



28 **63B-16-104**, Utah Code Annotated 1953



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

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

32 **63-38c-402. Debt limitation -- Vote requirement needed to exceed limitation --**

33 **Exceptions.**

34 (1) (a) Except as provided in Subsection (1)(b), the outstanding general obligation debt
35 of the state may not exceed 45% of the maximum allowable appropriations limit unless
36 approved by more than a two-thirds vote of both houses of the Legislature.

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

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

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

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

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

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

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

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

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

53 (ix) Title 63B, Chapter 10, Part 2, 2001 Highway General Obligation Bond
54 Anticipation Notes Authorization;

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

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

59 (xii) Section 63B-13-102[-]; and

60 (xiii) Section 63B-16-104.

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

62 Section 2. Section **63B-16-104** is enacted to read:

63 **63B-16-104. Highway bonds -- Maximum amount -- Projects authorized.**

64 (1) The total amount of bonds issued under this part may not exceed \$500,000,000.

65 (2) (a) Subject to the requirements of Subsections (2)(b) and (c), proceeds from the
66 issuance of bonds shall be provided to the Department of Transportation to provide funds to
67 pay all or part of the costs of acquiring land, interests in land, easements and rights-of-way, for
68 the construction of capital projects, interest estimated to accrue on these bonds during the
69 period to be covered by construction of the projects plus a period of six months after the end of
70 the construction period, interest estimated to accrue on any bond anticipation notes issued
71 under the authority of this title, and all related engineering, architectural, and legal fees.

72 (b) By April 1 of each year, the executive director of the Department of Transportation
73 shall certify to the commission the amount of monies that the department can reasonably
74 expend for acquisition of land, interests in land, easements, and rights-of-way for transportation
75 capital projects for that year.

76 (c) The commission may not issue bonds in that calendar year in excess of the amount
77 certified to it by the executive director of the Department of Transportation plus related bond
78 issuance costs.

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

81 (4) The Department of Transportation may enter into agreements related to any project
82 before the receipt of proceeds of bonds issued under this chapter.

Legislative Review Note
as of 11-15-06 5:25 PM

Office of Legislative Research and General Counsel

Interim Committee Note
as of 12-20-06 11:20 AM

The Transportation Interim Committee recommended this bill.

S.B. 12 - Funding for Purchase of State Highway Rights of Way

Fiscal Note

2007 General Session

State of Utah

State Impact

Enactment of this bill would authorize issuance of general obligation bonds up to \$500 million. While debt service payments will vary depending on issuance costs and interest rates at the time of issuance, if we assume all bonds are issued on July 1, 2007, flat payments at today's interest rates, and a standard fifteen-year repayment period, there would be fifteen annual payments of approximately \$44 million each. The actual principal and interest payments will depend on the structure of each issuance. If all allowed bonds are issued there would be approximately \$728 million remaining under the constitutional debt limit.

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.

1/15/2007, 4:03:06 PM, Lead Analyst: Wilko, A.

Office of the Legislative Fiscal Analyst