

1 **REVENUE BOND, CAPITAL FACILITY, AND**
2 **PROPERTY ACQUISITION AUTHORIZATIONS**

3 2008 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Kevin S. Garn**

6 Senate Sponsor: Scott K. Jenkins

8 **LONG TITLE**

9 **General Description:**

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

13 **Highlighted Provisions:**

14 This bill:

15 ▶ authorizes the issuance of revenue bonds by the State Building Ownership Authority
16 and the State Board of Regents;

17 ▶ authorizes other capital facility construction to be funded from agency or
18 institutional funds;

19 ▶ authorizes the transfer of certain higher education capital facilities monies from one
20 fund to another; and

21 ▶ authorizes the acquisition or exchange of certain state property.

22 **Monies Appropriated in this Bill:**

23 None

24 **Other Special Clauses:**

25 None

26 **Utah Code Sections Affected:**

27 ENACTS:



- 28 **63B-17-101**, Utah Code Annotated 1953
- 29 **63B-17-102**, Utah Code Annotated 1953
- 30 **63B-17-201**, Utah Code Annotated 1953
- 31 **63B-17-202**, Utah Code Annotated 1953
- 32 **63B-17-301**, Utah Code Annotated 1953

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

35 Section 1. Section **63B-17-101** is enacted to read:

36 **Part 1. 2008 Revenue Bond Authorizations**

37 **63B-17-101. Revenue bond authorizations -- State Building Ownership Authority.**

38 (1) The Legislature intends that:

39 (a) the State Building Ownership Authority, under the authority of Title 63B, Chapter
 40 1, Part 3, State Building Ownership Authority Act, may issue or execute obligations, or enter
 41 into or arrange for a lease purchase agreement in which participation interests may be created,
 42 to provide up to \$90,000,000 for the acquisition and construction of phase II-B of a cancer
 43 clinical research hospital facility adjacent to the University of Utah Medical Center, together
 44 with additional amounts necessary to pay costs of issuance, pay capitalized interest, and fund
 45 any debt service reserve requirements;

46 (b) the University of Utah use institutional funds as the primary revenue source for
 47 repayment of any obligation created under authority of this section;

48 (c) the university may plan, design, and construct phase II-B of a cancer clinical
 49 research hospital facility subject to the requirements of Section 63A-5-206; and

50 (d) the university may not request state funds for operation and maintenance costs or
 51 capital improvements.

52 (2) The Legislature intends that:

53 (a) the State Building Ownership Authority, under the authority of Title 63B, Chapter
 54 1, Part 3, State Building Ownership Authority Act, may issue or execute obligations, or enter
 55 into or arrange for a lease-purchase agreement in which participation interests may be created,
 56 to provide up to \$23,700,000 for the acquisition and construction of five stores for the
 57 Department of Alcoholic Beverage Control, together with additional amounts necessary to pay
 58 costs of issuance, pay capitalized interest, and fund any debt service reserve requirements;

- 59 (b) the stores to be addressed through this authorization are:
- 60 (i) the replacement of a liquor store in Cedar City;
- 61 (ii) a new Utah County North liquor store;
- 62 (iii) a new Utah County South liquor store;
- 63 (iv) a new Washington County South liquor store; and
- 64 (v) a new Summit County Heber/Midway liquor store;
- 65 (c) the Department of Alcoholic Beverage Control use increased sales revenues as the
- 66 primary revenue source for repayment of any obligation created under authority of this section;
- 67 and
- 68 (d) the Department of Alcoholic Beverage Control may request operation and
- 69 maintenance funding from sales revenues.

70 Section 2. Section **63B-17-102** is enacted to read:

71 **63B-17-102. Revenue bond authorizations -- Board of Regents.**

72 (1) The Legislature intends that:

73 (a) the Board of Regents, on behalf of the University of Utah, may issue, sell, and

74 deliver revenue bonds or other evidences of indebtedness of the University of Utah to borrow

75 money on the credit, revenues, and reserves of the university, other than appropriations of the

76 Legislature, to finance the cost of constructing a northwest campus parking structure;

77 (b) the University of Utah use parking fees and donations as the primary revenue

78 source for repayment of any obligation created under authority of this section;

79 (c) the maximum amount of revenue bonds or other evidences of indebtedness

80 authorized by this section is \$21,280,000, together with other amounts necessary to pay costs

81 of issuance, pay capitalized interest, and fund any debt service reserve requirements;

82 (d) the university may plan, design, and construct the northwest campus parking

83 structure subject to the requirements of Section 63A-5-206; and

84 (e) the university may not request state funds for operation and maintenance costs or

85 capital improvements.

86 (2) The Legislature intends that:

87 (a) the Board of Regents, on behalf of Utah State University, may issue, sell, and

88 deliver revenue bonds or other evidences of indebtedness of Utah State University to borrow

89 money on the credit, revenues, and reserves of the university, other than appropriations of the

90 Legislature, to finance the cost of constructing an early childhood education research center;

91 (b) Utah State University use institutional funds as the primary revenue source for
92 repayment of any obligation created under authority of this section;

93 (c) the maximum amount of revenue bonds or other evidences of indebtedness
94 authorized by this section is \$15,828,000, together with other amounts necessary to pay costs
95 of issuance, pay capitalized interest, and fund any debt service reserve requirements;

96 (d) the university may plan, design, and construct the early childhood education
97 research center subject to the requirements of Section 63A-5-206; and

98 (e) the university may request state funds for operation and maintenance costs and
99 capital improvements to the extent that the university is able to demonstrate to the Board of
100 Regents that the facility meets approved academic and training purposes under Board of
101 Regents policy R710.

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

103 (a) the Board of Regents, on behalf of Southern Utah University, may issue, sell, and
104 deliver revenue bonds or other evidences of indebtedness of Southern Utah University to
105 borrow money on the credit, revenues, and reserves of the university, other than appropriations
106 of the Legislature, to finance the cost of constructing a Shakespearean theater;

107 (b) Southern Utah University institutional funds be used as the primary revenue source
108 for repayment of any obligation created under authority of this section;

109 (c) the bonds or other evidences of indebtedness authorized by this section may provide
110 up to \$5,000,000, together with other amounts necessary to pay costs of issuance, pay
111 capitalized interest, and fund any debt service reserve requirements;

112 (d) the university may plan, design, and construct the theater subject to the
113 requirements of Section 63A-5-206; and

114 (e) the university may request state funds for operation and maintenance costs and
115 capital improvements to the extent that the university is able to demonstrate to the Board of
116 Regents that the facility meets approved academic and training purposes under Board of
117 Regents policy R710.

118 Section 3. Section **63B-17-201** is enacted to read:

119 **Part 2. Capital Facility Construction and Capital Facility Accounting Authorizations**
120 **63B-17-201. Authorizations to construct capital facilities using institutional or**

121 **agency funds.**

122 (1) The Legislature intends that:

123 (a) the University of Utah may, subject to requirements in Section 63A-5-206, use
124 clinical fees and donations to plan, design, and construct a neuropsychiatric institute expansion;

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

126 (c) the university may not request state funds for operation and maintenance costs or
127 capital improvements.

128 (2) The Legislature intends that:

129 (a) the University of Utah may, subject to the requirements of Section 63A-5-206, use
130 donations to plan, design, and construct an arboretum visitor center addition;

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

132 (c) the university may request state funds for operation and maintenance costs and
133 capital improvements to the extent that the university is able to demonstrate to the Board of
134 Regents that the facility meets approved academic and training purposes under Board of
135 Regents policy R710.

136 (3) The Legislature intends that:

137 (a) Utah State University may, subject to the requirements of Section 63A-5-206, use
138 donations to plan, design, and construct a business building addition;

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

140 (c) the university may request state funds for operation and maintenance costs and
141 capital improvements to the extent that the university is able to demonstrate to the Board of
142 Regents that the facility meets approved academic and training purposes under Board of
143 Regents policy R710.

144 (4) The Legislature intends that:

145 (a) Utah State University may, subject to the requirements of Section 63A-5-206, use
146 donations to plan, design, and construct a Vernal entrepreneurship and energy research center;

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

148 (c) the university may request state funds for operation and maintenance costs and
149 capital improvements to the extent that the university is able to demonstrate to the Board of
150 Regents that the facility meets approved academic and training purposes under Board of
151 Regents policy R710.

152 (5) The Legislature intends that:

153 (a) Utah State University may, subject to the requirements of Section 63A-5-206, use
154 research grants and other institutional funds to plan, design, and construct a hydraulics
155 laboratory addition to the water laboratory;

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

157 (c) the university may not request state funds for operation and maintenance costs or
158 capital improvements.

159 (6) The Legislature intends that:

160 (a) Utah State University may, subject to the requirements of Section 63A-5-206, use
161 insurance claim funds and other institutional funds to plan, design, and construct a structures
162 laboratory enclosure;

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

164 (c) the university may not request state funds for operation and maintenance costs or
165 capital improvements.

166 (7) The Legislature intends that:

167 (a) Utah Valley University may, subject to the requirements of Section 63A-5-206, use
168 donations to plan, design, and construct a children's theater;

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

170 (c) the university may request state funds for operation and maintenance costs and
171 capital improvements to the extent that the university is able to demonstrate to the Board of
172 Regents that the facility meets approved academic and training purposes under Board of
173 Regents policy R710.

174 (8) The Legislature intends that:

175 (a) Southern Utah University may, subject to the requirements of Section 63A-5-206,
176 use donations to plan and design a science center addition;

177 (b) this authorization and the existence of plans and designs do not guarantee nor
178 improve the chances for legislative approval of the remainder of the building in any subsequent
179 year; and

180 (c) no state funds be used for any portion of this planning and design.

181 Section 4. Section **63B-17-202** is enacted to read:

182 **63B-17-202. Capital facility accounting authorizations.**

183 The Legislature intends that Utah State University transfer \$225,000 from its Capital
184 Contingency Reserve Fund for State Funded Projects into its Capital Project Reserve Fund.

185 Section 5. Section **63B-17-301** is enacted to read:

186 **Part 3. 2008 Property Acquisition Authorizations**

187 **63B-17-301. Authorizations to acquire or exchange property.**

188 The Legislature intends that:

189 (1) the Division of Facilities Construction and Management, acting on behalf of the
190 Department of Natural Resources, may enter into a lease purchase agreement with Uintah
191 County to provide needed space for agency programs in the area;

192 (2) the agreement shall involve a trade at fair market value between the Division of
193 Facilities Construction and Management and Uintah County of the following two properties:

194 (a) that portion of the current Uintah County complex that is owned by the state,
195 located at 147 East Main Street, Vernal, Utah, which currently houses the Department of
196 Natural Resources and other state agencies; and

197 (b) a parcel of land owned by Uintah County, located at approximately 318 North
198 Vernal Avenue, Vernal, Utah, which would become the location of the needed space under the
199 lease purchase agreement;

200 (3) before entering into an agreement with Uintah County, the Division of Facilities
201 Construction and Management shall ensure that all other state agencies in the Uintah County
202 complex stay in their current location or receive adequate replacement space, with the terms of
203 any replacement space acceptable to each state agency;

204 (4) before entering into an agreement with Uintah County, the Department of Natural
205 Resources shall obtain the approval of the State Building Board;

206 (5) the State Building Board may approve the agreement only if the Department of
207 Natural Resources demonstrates that the lease purchase will be a benefit to the state; and

208 (6) before entering into an agreement with Uintah County, and after obtaining the
209 approval of the State Building Board, the Department of Natural Resources shall report the
210 terms of the agreement to the legislative Executive Appropriations Committee.

Legislative Review Note
as of 2-26-08 11:08 AM

Office of Legislative Research and General Counsel

Fiscal Note**H.B. 5 - Revenue Bond, Capital Facility, and Property Acquisition
Authorizations**

2008 General Session

State of Utah

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.

If institutions are successful in raising funds sufficient to construct authorized facilities, the bill allows certain institutions to request state funds for operations and maintenance (O&M) in the future. If institutions request such funding, annual O&M is anticipated to be as follows:

Five DABC stores: \$159,600

USU Early Childhood Education Research Center: \$375,000

SUU Shakespearean Theater: Estimate Not Available

U of U Arboretum Visitor Center: \$6,800

USU Business Building Addition: \$350,000

USU Vernal Entrepreneurship Center: \$360,000

UVU Children's Theater: \$45,600

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.