

TRANSPORTATION FUNDING AMENDMENTS

2008 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Sheldon L. Killpack

House Sponsor: John Dougall

LONG TITLE

General Description:

This bill amends provisions relating to the Critical Highway Needs Fund.

Highlighted Provisions:

This bill:

- increases the amount of bonds authorized to \$1,200,000,000 for highway construction and reconstruction projects prioritized through the Critical Highway Needs Fund;

- requires the Transportation Commission to give priority consideration to projects that meet certain criteria when prioritizing projects for funds available in the Critical Highway Needs Fund;

- increases the expenditure cap for projects prioritized through the Critical Highway Needs Fund;

- clarifies that the expenditure cap for projects prioritized through the Critical Highway Needs Fund applies only to bond proceeds; and

- makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on July 1, 2008.

Utah Code Sections Affected:

AMENDS:

63B-16-101, as enacted by Laws of Utah 2007, Chapter 206

30 72-2-125, as enacted by Laws of Utah 2007, Chapter 206



31
32 *Be it enacted by the Legislature of the state of Utah:*

33 Section 1. Section **63B-16-101** is amended to read:

34 **63B-16-101. Highway bonds -- Maximum amount -- Use of proceeds for highway**
35 **projects.**

36 (1) (a) The total amount of bonds issued under this section may not exceed
37 [~~\$1,000,000,000~~] \$1,200,000,000.

38 (b) When the Department of Transportation certifies to the commission that the
39 requirements of Subsection 72-2-125(4)(e) have been met and certifies the amount of bond
40 proceeds that it needs to provide funding for projects on the project list for the next fiscal year,
41 the commission may issue and sell general obligation bonds in an amount equal to the certified
42 amount plus costs of issuance.

43 (2) (a) Proceeds from the issuance of bonds shall be provided to the Department of
44 Transportation to pay all or part of the costs of state highway construction or reconstruction
45 projects that are included in the project list established and prioritized in accordance with
46 Subsection 72-2-125(4).

47 (b) The costs under Subsection (2)(a) may include the cost of acquiring land, interests
48 in land, easements and rights-of-way, improving sites, and making all improvements necessary,
49 incidental, or convenient to the facilities, interest estimated to accrue on these bonds during the
50 period to be covered by construction of the projects plus a period of six months after the end of
51 the construction period, interest estimated to accrue on any bond anticipation notes issued
52 under the authority of this title, and all related engineering, architectural, and legal fees.

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

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

57 Section 2. Section **72-2-125** is amended to read:

58 **72-2-125. Critical Highway Needs Fund.**

59 (1) There is created a restricted special revenue fund entitled the Critical Highway
60 Needs Fund.

61 (2) The fund consists of monies generated from the following sources:

62 (a) any voluntary contributions received for the maintenance, construction,
63 reconstruction, or renovation of state and federal highways;

64 (b) appropriations made to the fund by the Legislature; and

65 (c) the sales and use tax revenues deposited into the fund in accordance with Subsection
66 59-12-103(10).

67 (3) (a) The fund shall earn interest.

68 (b) All interest earned on fund monies shall be deposited into the fund.

69 (4) (a) The executive director shall use monies deposited into the fund to pay:

70 (i) the costs of right-of-way acquisition, maintenance, construction, reconstruction, or
71 renovation to state and federal highways identified by the department and prioritized by the
72 commission in accordance with this Subsection (4); and

73 (ii) principal, interest, and issuance costs of bonds authorized by Section 63B-16-101.

74 (b) (i) The department shall:

75 (A) establish a complete list of projects to be maintained, constructed, reconstructed, or
76 renovated using the funding described in Subsection (4)(a) based on the following criteria:

77 (I) the highway construction project is a high priority project due to high growth in the
78 surrounding area;

79 (II) the highway construction project addresses critical access needs that have a high
80 impact due to commercial and energy development;

81 (III) the highway construction project mitigates congestion;

82 (IV) whether local matching funds are available for the highway construction project;

83 and

84 (V) the highway construction project is a critical alternative route for priority Interstate
85 15 reconstruction projects; and

86 (B) submit the list of projects to the commission for prioritization in accordance with
87 Subsection (4)(c).

88 (ii) A project that is included in the list under this Subsection (4):

89 (A) is not required to be currently listed in the statewide long-range plan; and

90 (B) is not required to be prioritized through the prioritization process for new
91 transportation capacity projects adopted under Section 72-1-304.

92 (c) (i) The commission shall prioritize the project list submitted by the department in
93 accordance with Subsection (4)(b).

94 (ii) For projects prioritized under this Subsection (4)(c), the commission shall give
95 priority consideration to fully funding a project that meets the criteria under Subsection
96 (4)(b)(i)(A)(V).

97 (d) (i) Expenditures of bond proceeds issued in accordance with Section 63B-16-101 by
98 the department for the construction of highway projects prioritized under this Subsection (4)
99 may not exceed [~~\$1,000,000,000~~] \$1,200,000,000.

100 (ii) Monies expended from the fund for principal, interest, and issuance costs of bonds
101 issued under Section 63B-16-101 are not considered expenditures for purposes of the
102 [~~\$1,000,000,000~~] \$1,200,000,000 cap under Subsection (4)(d)(i).

103 (e) (i) Before bonds authorized by Section 63B-16-101 may be issued in any fiscal year,
104 the department and the commission shall appear before the Executive Appropriations
105 Committee of the Legislature and present:

106 (A) the commission's current list of projects established and prioritized in accordance
107 with this Subsection (4); and

108 (B) the amount of bond proceeds that the department needs to provide funding for
109 projects on the project list prioritized in accordance with this Subsection (4) for the next fiscal
110 year.

111 (ii) The Executive Appropriations Committee of the Legislature shall review and
112 comment on the prioritized project list and the amount of bond proceeds needed to fund the
113 projects on the prioritized list.

114 (f) The Division of Finance shall, from monies deposited into the fund, transfer the
115 amount of funds necessary to pay principal, interest, and issuance costs of bonds authorized by
116 Section 63B-16-101 in the current fiscal year to the appropriate debt service or sinking fund.

117 (5) When the general obligation bonds authorized by Section 63B-16-101 have been
118 paid off and the highway projects completed that are included in the prioritized project list
119 under Subsection (4), the Division of Finance shall transfer any existing balance in the fund into
120 the Transportation Investment Fund of 2005 created by Section 72-2-124.

121 (6) (a) The Division of Finance shall monitor the general obligation bonds authorized by
122 Section 63B-16-101.

123 (b) The department shall monitor the highway construction or reconstruction projects
124 that are included in the prioritized project list under Subsection (4).

125 (c) Upon request by the Executive Appropriations Committee of the Legislature:

126 (i) the Division of Finance shall report to the committee the status of all general
127 obligation bonds issued under Section 63B-16-101; and

128 (ii) the department shall report to the committee the status of all highway construction
129 or reconstruction projects that are included in the prioritized project list under Subsection (4).

130 (d) When the Division of Finance has reported that the general obligation bonds issued
131 by Section 63B-16-101 have been paid off and the department has reported that projects
132 included in the prioritized project list are complete to the Executive Appropriations Committee
133 of the Legislature, the Division of Finance shall transfer any existing fund balance in accordance
134 with Subsection (5).

135 Section 3. **Effective date.**

136 This bill takes effect on July 1, 2008.