

1 **GENERAL OBLIGATION BOND**

2 **AUTHORIZATION**

3 2008 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Scott K. Jenkins**

6 House Sponsor: Kevin S. Garn

7

8 **LONG TITLE**

9 **General Description:**

10 This bill authorizes the issuance of general obligation bonds for certain capital
11 facilities and repeals obsolete authorizations.

12 **Highlighted Provisions:**

13 This bill:

- 14 ▶ modifies the bonding code by authorizing the issuance and sale of general
- 15 obligation bonds by the State Bonding Commission for capital facilities;
- 16 ▶ specifies the use of the general obligation bond proceeds and the manner of
- 17 issuance;
- 18 ▶ repeals obsolete general obligation bond issuance authorizations; and
- 19 ▶ provides expressions of legislative intent.

20 **Monies Appropriated in this Bill:**

21 None

22 **Other Special Clauses:**

23 None

24 **Utah Code Sections Affected:**

25 AMENDS:

26 **63B-11-502**, as last amended by Laws of Utah 2003, Chapter 335

27 ENACTS:



28 **63B-17-101**, Utah Code Annotated 1953

29 REPEALS:

30 **63B-9-201**, as enacted by Laws of Utah 2000, Chapter 354

31 **63B-9-202**, as enacted by Laws of Utah 2000, Chapter 354

32 **63B-9-203**, as enacted by Laws of Utah 2000, Chapter 354

33 **63B-9-204**, as enacted by Laws of Utah 2000, Chapter 354

34 **63B-9-205**, as enacted by Laws of Utah 2000, Chapter 354

35 **63B-9-206**, as enacted by Laws of Utah 2000, Chapter 354

36 **63B-9-207**, as enacted by Laws of Utah 2000, Chapter 354

37 **63B-9-208**, as enacted by Laws of Utah 2000, Chapter 354

38 **63B-9-209**, as enacted by Laws of Utah 2000, Chapter 354

39 **63B-9-210**, as enacted by Laws of Utah 2000, Chapter 354

40 **63B-9-211**, as enacted by Laws of Utah 2000, Chapter 354

41 **63B-9-212**, as enacted by Laws of Utah 2000, Chapter 354

42 **63B-9-213**, as enacted by Laws of Utah 2000, Chapter 354

43 **63B-9-214**, as enacted by Laws of Utah 2000, Chapter 354

44 **63B-9-215**, as enacted by Laws of Utah 2000, Chapter 354

45 **63B-9-216**, as last amended by Laws of Utah 2005, Chapter 105

46 **63B-9-217**, as enacted by Laws of Utah 2000, Chapter 354

47 **63B-14-101**, as enacted by Laws of Utah 2005, First Special Session, Chapter 7



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

50 Section 1. Section **63B-11-502** is amended to read:

51 **63B-11-502. Maximum amount -- Projects authorized.**

52 (1) The total amount of bonds issued under this part may not exceed [~~\$78,500,000~~
53 \$52,101,800.

54 (2) (a) (i) Proceeds from the issuance of bonds shall be provided to the Department of
55 Transportation to provide funds to pay all or part of the costs of accelerating any of the
56 following state highway construction or reconstruction projects in Salt Lake County:

57 (A) I-15: 10600 South to the Utah County line;

58 (B) Final Environmental Impact Statement for Western Transportation Corridor: I-80

59 to Utah County;

60 (C) I-215: Redwood Road to 4700 South;

61 (D) State Street Reconstruction: 9000 South to 10600 South; and

62 (E) except as provided in Subsection (2)(d), State Street Reconstruction: 7800 South to
63 8000 South.

64 (ii) If the Department of Transportation is unable to begin or complete a project
65 authorized by this Subsection (2)(a) because of a court order, the Department of
66 Transportation, with the approval of Salt Lake County, may expend bond proceeds to construct
67 one or more projects identified in Subsection (2)(e).

68 (b) When the Utah Transit Authority certifies to the Transportation Commission that
69 the Utah Transit Authority will pay half the costs of reconstruction of the Utah Transit
70 Authority railroad overpass on 8000 South State Street, the Department of Transportation may
71 provide funds from bond proceeds to pay the other half of the costs of reconstruction of the
72 Utah Transit Authority railroad overpass on 8000 South.

73 (c) As used in Subsections (2)(a) and (b), "costs" may include the cost of acquiring
74 land, interests in land, easements and rights-of-way, improving sites, and making all
75 improvements necessary, incidental, or convenient to the facilities, interest estimated to accrue
76 on these bonds during the period to be covered by construction of the projects plus a period of
77 six months after the end of the construction period, interest estimated to accrue on any bond
78 anticipation notes issued under the authority of Chapter 11, Part 6, 2002 Highway General
79 Obligation Bond Anticipation Notes for Salt Lake County, and all related engineering,
80 architectural, and legal fees.

81 (d) Bond proceeds may not be expended on the State Street Reconstruction: 7800 to
82 8000 South project until the Transportation Commission has received the certification required
83 by Subsection (2)(b) from the Utah Transit Authority.

84 (e) As the following projects or future projects identified by Salt Lake County and the
85 Legislature are prepared and ready for construction by the Department of Transportation, it is
86 the intent of the Legislature that they will be accelerated and funded from future general
87 obligation bonds issued in anticipation of receiving debt service funds from Salt Lake County's
88 1/4 of 1/4% sales tax proceeds earmarked by Section 59-12-502 and from other funding
89 sources available to the Department of Transportation, including monies available from the

90 Centennial Highway Fund and the Statewide Transportation Improvement Plan: 5600 West
91 Reconstruction: 4500 South to 7000 South; Redwood Road: 12600 South to Bangerter
92 Highway; I-15: Beck Street Overpass; I-215: 4700 South to SR-201; acquisition of
93 rights-of-way for the Western Transportation Corridor; 11400 South: I-15 to Redwood Road;
94 and State Street Reconstruction 6400 South to 7800 South and 8000 South to 9000 South.

95 (3) If any portion of the proceeds of the tax paid to the state are not required to pay
96 principal, interest, and issuance costs of the bonds and the principal, interest, and issuance costs
97 of the bond have been paid off, or if, after completion of the projects authorized under
98 Subsection (2)(a) and payment of the costs of issuing and selling the bonds under Section
99 63B-11-503, any bond proceeds remain unexpended, the Department of Transportation may
100 use those unexpended proceeds to pay all or part of the costs of construction projects in Salt
101 Lake County that have been approved and prioritized by the Transportation Commission.

102 (4) The commission, by resolution, or the state treasurer may make any statement of
103 intent relating to a reimbursement that is necessary or desirable to comply with federal tax law.

104 (5) The Department of Transportation may enter into agreements related to the projects
105 before the receipt of proceeds of bonds issued under this chapter.

106 Section 2. Section **63B-17-101** is enacted to read:

107 **CHAPTER 17. 2008 BONDING AND FINANCING AUTHORIZATIONS**

108 **Part 1. 2008 General Obligation Bond Authorizations**

109 **63B-17-101. Capital facilities bonds -- Maximum amount -- Projects authorized.**

110 (1) (a) The total amount of bonds issued under this section may not exceed
111 \$43,750,000.

112 (b) When Utah State University provides written certification to the commission that
113 the President of the United States has signed a federal appropriations bill appropriating monies
114 for the United States Department of Agriculture - Agricultural Research Service's portion of the
115 Agricultural Science Classroom Building and that those monies are available for expenditure,
116 the commission may issue and sell general obligation bonds in a total amount not to exceed
117 71.85% of the amount of unexpended and available federal monies in the federal
118 appropriations bill or \$43,111,000, whichever is less.

119 (2) (a) Proceeds from the issuance of bonds shall be provided to the division to provide
120 funds to pay all or part of the cost of acquiring and constructing the projects listed in this

121 Subsection (2).

122 (b) These costs may include the cost of acquiring land, interests in land, easements and
123 rights-of-way, improving sites, and acquiring, constructing, equipping, and furnishing facilities
124 and all structures, roads, parking facilities, utilities, and improvements necessary, incidental, or
125 convenient to the facilities, interest estimated to accrue on these bonds during the period to be
126 covered by construction of the projects plus a period of six months after the end of the
127 construction period, and all related engineering, architectural, and legal fees.

128 (c) For the division, proceeds shall be provided for the following:

129 -----

130 CAPITAL DEVELOPMENT PROJECTS

<u>Project</u>	<u>Estimated</u>	<u>Project</u>
<u>Description</u>	<u>Operations</u>	<u>Amount</u>
<u>-----</u>	<u>and</u>	<u>-----</u>
<u>-----</u>	<u>Maintenance</u>	<u>Funded</u>
<u>-----</u>	<u>-----</u>	<u>-----</u>
<u>USU Agricultural Science</u>		
<u>Classroom Building</u>	<u>\$493,400</u>	<u>\$43,111,000</u>
<u>TOTAL CAPITAL</u>		
<u>DEVELOPMENT</u>		
<u>PROJECTS</u>		<u>\$43,111,000</u>

141 -----

142 TOTAL GENERAL OBLIGATION BOND AUTHORIZATION

143 FOR CAPITAL DEVELOPMENT PROJECTS \$43,111,000

144 -----

145 (d) For purposes of this section, operations and maintenance costs:

146 (i) are estimates only;

147 (ii) may include any operations and maintenance costs already funded in existing
148 agency budgets; and

149 (iii) are not commitments by this Legislature or future Legislatures to fund those
150 operations and maintenance costs.

151 (3) (a) The amounts funded as listed in Subsection (2) are estimates only and do not

152 constitute a limitation on the amount that may be expended for any project.

153 (b) The board may revise these estimates and redistribute the amount estimated for a
154 project among the projects authorized.

155 (c) The commission, by resolution and in consultation with the board, may delete one
156 or more projects from this list if the inclusion of that project or those projects in the list could
157 be construed to violate state law or federal law or regulation.

158 (4) (a) The division may enter into agreements related to these projects before the
159 receipt of proceeds of bonds issued under this chapter.

160 (b) The division shall make those expenditures from unexpended and unencumbered
161 building funds already appropriated to the Capital Projects Fund.

162 (c) The division shall reimburse the Capital Projects Fund upon receipt of the proceeds
163 of bonds issued under this chapter.

164 (d) The state intends to use proceeds of tax-exempt bonds to reimburse itself for
165 expenditures for costs of the projects listed in Subsection (2)(c).

166 (5) It is the intent of the Legislature that the funding authorized for projects in
167 Subsection (2) does not include funds for public art.

168 **Section 3. Repealer.**

169 This bill repeals:

170 **Section 63B-9-201, State Bonding Commission authorized to issue general**
171 **obligation bonds.**

172 **Section 63B-9-202, Maximum amount -- Projects authorized.**

173 **Section 63B-9-203, Bond proceeds may be used to pay costs of issuance and sale.**

174 **Section 63B-9-204, Manner of issuance -- Amounts, interest, and maturity.**

175 **Section 63B-9-205, Terms and conditions of sale -- Plan of financing -- Signatures**
176 **-- Replacement -- Registration -- Federal rebate.**

177 **Section 63B-9-206, Constitutional debt limitation.**

178 **Section 63B-9-207, Tax levy -- Abatement of tax.**

179 **Section 63B-9-208, Creation of sinking fund.**

180 **Section 63B-9-209, Payment of interest, principal, and redemption premiums.**

181 **Section 63B-9-210, Investment of sinking fund money.**

182 **Section 63B-9-211, Bond proceeds -- Deposits -- Investment -- Disposition of**

183 **investment income and unexpended proceeds.**
184 Section **63B-9-212, Refunding of bonds.**
185 Section **63B-9-213, Certification of satisfaction of conditions precedent --**
186 **Conclusiveness.**
187 Section **63B-9-214, Tax exemption.**
188 Section **63B-9-215, Legal investment status.**
189 Section **63B-9-216, Publication of resolution or notice -- Limitation on actions to**
190 **contest legality.**
191 Section **63B-9-217, Report to Legislature.**
192 Section **63B-14-101, Capital facilities bonds -- Maximum amount -- Projects**
193 **authorized.**

Legislative Review Note
as of **2-28-08 5:46 PM**

Office of Legislative Research and General Counsel