

**Senator Sheldon L. Killpack** proposes the following substitute bill:

**TRANSPORTATION AMENDMENTS**

2009 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Wayne A. Harper**

Senate Sponsor: Sheldon L. Killpack

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**LONG TITLE**

**General Description:**

This bill modifies general obligation bond provisions and the Transportation Code by amending provisions relating to transportation funding.

**Highlighted Provisions:**

This bill:

- ▶ changes the amounts and transportation projects for which a portion of certain general obligation bond proceeds previously authorized that were allocated for certain transportation projects shall be used;
- ▶ authorizes issuance of \$36,865,000 in general obligation bonds to pay all or part of the costs of constructing, reconstructing, renovating, or improving certain highways within a county of the first class;
- ▶ exempts the general obligation bonds from certain debt limitation provisions;
- ▶ provides that for a fiscal year beginning on or after July 1, 2010, the executive director shall use at least a certain portion of the fund monies in the County of the First Class State Highway Projects Fund to pay for:
  - east-west transportation route improvements in a county of the first class; and
  - state highway capacity improvement and congestion mitigation projects in a county of the first class; and



26           ▶ makes technical changes.

27 **Monies Appropriated in this Bill:**

28           None

29 **Other Special Clauses:**

30           This bill takes effect on July 1, 2009.

31 **Utah Code Sections Affected:**

32 AMENDS:

33           **63B-1-306**, as last amended by Laws of Utah 2004, Chapter 308

34           **63B-16-102**, as last amended by Laws of Utah 2008, Second Special Session, Chapter 4

35           **63J-3-402**, as renumbered and amended by Laws of Utah 2008, Chapter 382

36           **72-2-121**, as last amended by Laws of Utah 2008, Chapters 286 and 337

37 ENACTS:

38           **63B-18-101**, Utah Code Annotated 1953



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

41           Section 1. Section **63B-1-306** is amended to read:

42           **63B-1-306. Obligations issued by authority -- Limitation of liability on**  
43 **obligations -- Limitation on amount of obligations issued.**

44           (1) (a) All obligations issued by the authority under this part shall be limited  
45 obligations of the authority and may not constitute, nor give rise to, a general obligation or  
46 liability of, nor a charge against the general credit or taxing power of, this state or any of its  
47 political subdivisions.

48           (b) This limitation shall be plainly stated upon all obligations.

49           (2) (a) No authority obligations incurred under this section may be issued in an amount  
50 exceeding the difference between the total indebtedness of the state and an amount equal to  
51 1-1/2% of the value of the taxable property of the state.

52           (b) Debt issued under authority of the following parts or sections may not be included  
53 as part of the total indebtedness of the state of Utah in determining the debt limit established by  
54 this Subsection (2):

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

- 57 (ii) Title 63B, Chapter 6, Part 3, 1997 Highway Bond Anticipation Note Authorization;  
58 (iii) Title 63B, Chapter 7, Part 2, 1998 Highway General Obligation Bond  
59 Authorization;
- 60 (iv) Title 63B, Chapter 7, Part 3, 1998 Highway Bond Anticipation Note  
61 Authorization;
- 62 (v) Title 63B, Chapter 8, Part 2, 1999 Highway General Obligation Bond  
63 Authorization;
- 64 (vi) Title 63B, Chapter 8, Part 3, 1999 Highway Bond Anticipation Note  
65 Authorization;
- 66 (vii) Title 63B, Chapter 9, Part 2, 2000 Highway General Obligation Bond;  
67 (viii) Title 63B, Chapter 10, Part 1, 2001 Highway General Obligation Bonds;  
68 (ix) Title 63B, Chapter 10, Part 2, 2001 Highway General Obligation Bond  
69 Anticipation Notes;
- 70 (x) Title 63B, Chapter 11, Part 5, 2002 Highway General Obligation Bonds for Salt  
71 Lake County;
- 72 (xi) Title 63B, Chapter 11, Part 6, 2002 Highway General Obligation Bond  
73 Anticipation Notes for Salt Lake County; ~~and~~
- 74 (xii) Section 63B-13-102; and  
75 (xiii) Section 63B-18-101.
- 76 (c) Debt issued under authority of Section 63B-7-503 may not be included as part of  
77 the total indebtedness of the state in determining the debt limit established by this Subsection  
78 (2).
- 79 (3) The obligations shall be authorized by resolution of the authority, following  
80 approval of the Legislature, and may:
- 81 (a) be executed and delivered at any time, and from time to time, as the authority may  
82 determine;
- 83 (b) be sold at public or private sale in the manner and at the prices, either at, in excess  
84 of, or below their face value and at the times that the authority determines;
- 85 (c) be in the form and denominations that the authority determines;
- 86 (d) be of the tenor that the authority determines;
- 87 (e) be in registered or bearer form either as to principal or interest or both;

88 (f) be payable in those installments and at the times that the authority determines;

89 (g) be payable at the places, either within or without this state, that the authority  
90 determines;

91 (h) bear interest at the rate or rates, payable at the place or places, and evidenced in the  
92 manner, that the authority determines;

93 (i) be redeemable before maturity, with or without premium;

94 (j) contain any other provisions not inconsistent with this part that are considered to be  
95 for the best interests of the authority and provided for in the proceedings of the authority under  
96 which the bonds are authorized to be issued; and

97 (k) bear facsimile signatures and seals.

98 (4) The authority may pay any expenses, premiums, or commissions, that it considers  
99 necessary or advantageous in connection with the authorization, sale, and issuance of these  
100 obligations, from the proceeds of the sale of the obligations or from the revenues of the projects  
101 involved.

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

103 **63B-16-102. Highway bonds -- Maximum amount -- Projects authorized.**

104 (1) (a) The total amount of bonds issued under this section may not exceed  
105 \$100,000,000.

106 (b) When the Department of Transportation certifies to the commission the amount of  
107 bond proceeds that it needs to provide funding for the highway construction project described  
108 in Subsection (2) for the next fiscal year, the commission may issue and sell general obligation  
109 bonds in an amount equal to the certified amount plus costs of issuance.

110 (2) (a) As used in this Subsection (2), "Mountain View Corridor" means the land area  
111 of Salt Lake County running from Interstate 80 south between SR-154 and SR-111 to 12600  
112 South and then south and southeasterly to the northern portion of Utah County west of SR-15.

113 (b) Except as provided in Subsection (3), proceeds from the issuance of bonds shall be  
114 provided to the Department of Transportation to pay for the costs of acquiring rights-of-way  
115 and constructing a highway construction project within the Mountain View Corridor.

116 (c) The Department of Transportation shall use bond proceeds to pay for the portion of  
117 the highway construction project described in this Subsection (2) that is located in Salt Lake  
118 County.

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

125 (3) (a) Thirty million dollars of the bond proceeds issued under this section shall be  
126 provided to the Department of Transportation and funds under Subsection 72-2-121(4)(c) shall  
127 be used by the Department of Transportation to pay for or to provide funds to a municipality or  
128 county to pay for the costs of right-of-way acquisition, construction, reconstruction,  
129 renovations, or improvements to highways described in Subsection (3)(b).

130 (b) Bond proceeds described under Subsection (3)(a) and funds under Subsection  
131 72-2-121(4)(c) shall be used to pay the amounts described in this Subsection (3)(b) for the  
132 following highways in Salt Lake County:

133 (i) \$6,500,000 to Taylorsville City for:

134 (A) 6200 South and Redwood Road intersection, interchange, and highway  
135 improvements; and

136 (B) an environmental study and preliminary engineering at 5400 South and Interstate  
137 215;

138 (ii) \$2,000,000 to West Valley City for 7200 West;

139 (iii) \$4,000,000 to West Jordan City for 7800 South and Airport Road intersection and  
140 highway improvements;

141 (iv) [~~\$6,250,000~~] \$7,750,000 to Sandy City for 1300 East, 9000 South to 11400 South,  
142 and State Street to Interstate 15;

143 (v) \$1,500,000 to Riverton City for right-of-way acquisition between Mountain View  
144 Corridor and Bangerter Highway north of 13400 South;

145 (vi) [~~\$3,500,000~~] \$2,000,000 for highway [~~and bridge construction and reconstruction~~  
146 ~~on 14600 South~~], access, and other improvements for the new commuter rail station in the  
147 south end of Salt Lake County;

148 (vii) \$11,000,000 to Draper City for the costs of highway improvements in the Salt  
149 Lake County portion of Draper City;

150 (viii) \$1,000,000 to Murray City for highway improvements [for] between Cottonwood  
151 Street and 4500 South;

152 (ix) \$1,000,000 to Cottonwood Heights for Fort Union Boulevard between 1300 East  
153 and Highland Drive;

154 (x) \$1,000,000 to Midvale City for State Street between 7200 South and 9000 South;  
155 and

156 (xi) \$250,000 to Salt Lake County for 2300 East.

157 (c) Prior to a municipality or county receiving funds described in this Subsection (3),  
158 the municipality or county shall sign and file a written certification with the department  
159 certifying that it will use the funds provided under this Subsection (3) solely for the projects  
160 described in Subsection (3)(b).

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

163 (5) The Department of Transportation may enter into agreements related to the project  
164 before the receipt of proceeds of bonds issued under this chapter.

165 Section 3. Section **63B-18-101** is enacted to read:

166 **63B-18-101. Highway bonds -- Maximum amount -- Projects authorized.**

167 (1) (a) The total amount of bonds issued under this section may not exceed  
168 \$36,865,000.

169 (b) When the Department of Transportation certifies to the commission the amount of  
170 bond proceeds that it needs to provide funding for the highway construction projects described  
171 in Subsection (2), the commission may issue and sell general obligation bonds in an amount  
172 equal to the certified amount plus costs of issuance.

173 (2) (a) Proceeds from the bonds issued under this section shall be provided to the  
174 Department of Transportation and funds under Subsection 72-2-121(4)(d) shall be used by the  
175 Department of Transportation to pay for or to provide funds to a municipality or county to pay  
176 for the costs of right-of-way acquisition, construction, reconstruction, renovations, or  
177 improvements to highways described in Subsection (2)(b).

178 (b) Bond proceeds described under Subsection (2)(a) and funds under Subsection  
179 72-2-121(4)(d) shall be used to pay the amounts described in this Subsection (2)(b) for the  
180 following highways projects in Salt Lake County:

- 181 (i) \$15,000,000 to pay for projects in the following priority order:  
182 (A) interchange improvements at 5400 South and Bangerter Highway;  
183 (B) interchange improvements at 4700 South and Bangerter Highway;  
184 (C) reversible lanes on 5400 South from Bangerter Highway going east, terminating at  
185 either Redwood Road or Interstate 15; and  
186 (D) any remaining proceeds from the amount described in Subsection (2)(b)(i) not  
187 required for the projects described in Subsections (2)(b)(i)(A), (B), and (C), to pay for  
188 intersection and congestion mitigation projects identified by the Department of Transportation  
189 in the east-west transportation route improvement study;  
190 (ii) \$20,000,000 to Salt Lake City for the viaduct on North Temple and 400 West; and  
191 (iii) \$1,500,000 to Sandy City for the widening and improvement of 1300 East between  
192 9800 South to 11000 South.  
193 (c) Prior to a municipality or county receiving funds described in this Subsection (2),  
194 the municipality or county shall sign and file a written certification with the Department of  
195 Transportation certifying that it will use the funds provided under this Subsection (2) solely for  
196 the projects described in Subsection (2)(b).  
197 (d) The costs under this Subsection (2) may include the cost of acquiring land, interests  
198 in land, easements and rights-of-way, improving sites, and making all improvements necessary,  
199 incidental, or convenient to the facilities, interest estimated to accrue on these bonds during the  
200 period to be covered by construction of the projects plus a period of six months after the end of  
201 the construction period, interest estimated to accrue on any bond anticipation notes issued  
202 under the authority of this title, and all related engineering, architectural, and legal fees.  
203 (3) The commission or the state treasurer may make any statement of intent relating to  
204 a reimbursement that is necessary or desirable to comply with federal tax law.  
205 (4) The Department of Transportation may enter into agreements related to the project  
206 before the receipt of proceeds of bonds issued under this chapter.

207 Section 4. Section **63J-3-402** is amended to read:

208 **63J-3-402. Debt limitation -- Vote requirement needed to exceed limitation --**

209 **Exceptions.**

210 (1) (a) Except as provided in Subsection (1)(b), the outstanding general obligation debt  
211 of the state may not exceed 45% of the maximum allowable appropriations limit unless

212 approved by more than a two-thirds vote of both houses of the Legislature.

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

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

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

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

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

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

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

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

228 (viii) Title 63B, Chapter 10, Part 1, 2001 Highway General Obligation Bond;

229 (ix) Title 63B, Chapter 10, Part 2, 2001 Highway General Obligation Bond  
230 Anticipation Notes;

231 (x) Title 63B, Chapter 11, Part 5, 2002 Highway General Obligation Bond for Salt  
232 Lake County;

233 (xi) Title 63B, Chapter 11, Part 6, 2002 Highway General Obligation Bond  
234 Anticipation Notes for Salt Lake County Authorization;

235 (xii) Section 63B-13-102;

236 (xiii) Section 63B-16-101; ~~and~~

237 (xiv) Section 63B-16-102; and

238 (xv) Section 63B-18-101.

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

240 Section 5. Section **72-2-121** is amended to read:

241 **72-2-121. County of the First Class State Highway Projects Fund.**

242 (1) There is created a special revenue fund entitled the County of the First Class State



243 Highway Projects Fund.

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

245 (a) any voluntary contributions received for new construction, major renovations, and  
246 improvements to state highways within a county of the first class;

247 (b) the portion of the sales and use tax described in Subsection 59-12-502(5)(a)  
248 deposited in or transferred to the fund;

249 (c) the portion of the sales and use tax described in Subsection 59-12-1703(4)(a)(ii)  
250 and required by Subsection 59-12-1703(7)(b)(ii) to be deposited in or transferred to the fund;  
251 and

252 (d) a portion of the local option highway construction and transportation corridor  
253 preservation fee imposed in a county of the first class under Section 41-1a-1222 deposited in or  
254 transferred to the fund.

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

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

257 (4) The executive director shall use fund monies only:

258 (a) to pay debt service and bond issuance costs for bonds issued under ~~[Section]~~  
259 Sections 63B-16-102 and 63B-18-101;

260 (b) for right-of-way acquisition, new construction, major renovations, and  
261 improvements to state highways within a county of the first class and to pay any debt service  
262 and bond issuance costs related to those projects; ~~[and]~~

263 (c) for fiscal year 2008-09 only, to pay for or to provide funds to a municipality or  
264 county to pay for right-of-way acquisition, construction, reconstruction, renovations, and  
265 improvements to highways described in Subsection 63B-16-102(3)~~[-]; and~~

266 (d) for fiscal year 2009-10 only, to pay for or to provide funds to a municipality or  
267 county to pay for right-of-way acquisition, construction, reconstruction, renovations, and  
268 improvements to highways described in Subsection 63B-18-101(2).

269 (5) (a) For fiscal years beginning with fiscal year 2010-11 and ending with fiscal year  
270 2012-13, the executive director shall use at least 20% of fund monies available that are not  
271 required to pay principal, interest, and issuance costs of bonds issued under Sections  
272 63B-16-102 and Section 63B-18-101 to pay for:

273 (i) east-west transportation route improvements in a county of the first class; and

274 (ii) state highway capacity improvement and congestion mitigation projects in a county  
275 of the first class.

276 (b) For a fiscal year beginning on or after July 1, 2013, the executive director shall use  
277 at least 25% of fund monies available that are not required to pay principal, interest, and  
278 issuance costs of bonds issued under Sections 63B-16-102 and Section 63B-18-101 to pay for:

279 (i) east-west transportation route improvements in a county of the first class; and

280 (ii) state highway capacity improvement and congestion mitigation projects in a county  
281 of the first class.

282 [~~5~~] (6) The revenues described in Subsections (2)(b), (c), and (d) that are deposited in  
283 the fund and bond proceeds from bonds issued under [~~Section~~] Sections 63B-16-102 and  
284 63B-18-101 are considered a local matching contribution for the purposes described under  
285 Section 72-2-123.

286 [~~6~~] (7) The additional administrative costs of the department to administer this fund  
287 shall be paid from the monies in the fund.

288 Section 6. **Effective date.**

289 This bill takes effect on July 1, 2009.

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**H.B. 185 2nd Sub. (Gray) - Transportation Amendments**

**Fiscal Note**

2009 General Session

State of Utah

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**State Impact**

This legislation authorizes issuance of General Obligation bonds, which are backed by the full faith and credit of the state, for construction of highways. Assuming all of the bonds are issued in the first year, with a standard fifteen year repayment period and flattened payments at today's interest rates, debt service will require approximately \$3,108,000 per year with first year interest cost of \$1,084,000. Actual debt service will vary according to interest rates at the time of issuance and the structure of the bonds. Current debt service appropriations from the County of the First Class Highway Program Fund will cover all but \$1,030,000 in FY 2010 and FY 2011.

	<u>2009</u> <u>Approp.</u>	<u>2010</u> <u>Approp.</u>	<u>2011</u> <u>Approp.</u>	<u>2009</u> <u>Revenue</u>	<u>2010</u> <u>Revenue</u>	<u>2011</u> <u>Revenue</u>
Other	\$0	\$1,030,000	\$1,030,000	\$0	\$0	\$0
<b>Total</b>	<b>\$0</b>	<b>\$1,030,000</b>	<b>\$1,030,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

Enactment of this bill will redirect certain transportation funds which may benefit certain individuals, businesses, or local governments in a county of the first class.