

Representative Fred R Hunsaker proposes the following substitute bill:

2010 GENERAL OBLIGATION BOND AUTHORIZATION

2010 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lyle W. Hillyard

House Sponsor: Fred R Hunsaker

LONG TITLE

General Description:

This bill authorizes the issuance of general obligation bonds for certain capital facilities and modifies the terms for issuing bonds on existing capital improvement projects.

Highlighted Provisions:

This bill:

- ▶ modifies existing language and dollar amounts on authorized costs and authorization caps to comply with current language and funding practices;
- ▶ removes the prerequisites for issuing and selling general obligation bonds for the Utah State University Agricultural Science Classroom Building capital facility project;
- ▶ modifies the bonding code by authorizing the issuance and sale of general obligation bonds by the State Building Commission for capital facilities;
- ▶ specifies the use of the general obligation bond proceeds and the manner of issuance; and
- ▶ provides expressions of legislative intent.

Monies Appropriated in this Bill:

None

Other Special Clauses:



26 This bill provides an immediate effective date.

27 **Utah Code Sections Affected:**

28 AMENDS:

29 **63B-17-101**, as enacted by Laws of Utah 2008, Chapter 224

30 ENACTS:

31 **63B-19-101**, Utah Code Annotated 1953



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

34 Section 1. Section **63B-17-101** is amended to read:

35 **63B-17-101. Capital facilities bonds -- Maximum amount -- Projects authorized.**

36 (1) ~~[(a)]~~ The total amount of bonds issued under this section may not exceed
37 ~~[\$43,750,000]~~ \$43,111,000 for acquisition and construction proceeds, plus additional amounts
38 necessary to pay costs of issuance, to pay capitalized interest, and to fund any debt service
39 reserve requirements, with the total amount of the bonds not to exceed \$43,542,100.

40 ~~[(b) When Utah State University provides written certification to the commission that~~
41 ~~the President of the United States has signed a federal appropriations bill appropriating monies~~
42 ~~for the United States Department of Agriculture -- Agricultural Research Service's portion of the~~
43 ~~Agricultural Science Classroom Building and that those monies are available for expenditure,~~
44 ~~the commission may issue and sell general obligation bonds in a total amount not to exceed~~
45 ~~71.85% of the amount of unexpended and available federal monies in the federal~~
46 ~~appropriations bill or \$43,111,000, whichever is less.]~~

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

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

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

57 -----

58 CAPITAL DEVELOPMENT PROJECTS

59		Estimated	
60		Operations	Project
61	Project	and	Amount
62	Description	Maintenance	Funded
63	-----	-----	-----
64	USU Agricultural Science		
65	Classroom Building	\$493,400	\$43,111,000
66	TOTAL CAPITAL		
67	DEVELOPMENT		
68	PROJECTS		\$43,111,000
69	-----		
70	<u>ADDITIONAL AUTHORIZED AMOUNTS</u>		<u>\$431,100</u>
71	TOTAL GENERAL OBLIGATION BOND AUTHORIZATION		
72	FOR CAPITAL DEVELOPMENT PROJECTS		[\$43,111,000] <u>\$43,542,100</u>
73	-----		

- 74 (d) For purposes of this section, operations and maintenance costs:
- 75 (i) are estimates only;
- 76 (ii) may include any operations and maintenance costs already funded in existing
- 77 agency budgets; and
- 78 (iii) are not commitments by this Legislature or future Legislatures to fund those
- 79 operations and maintenance costs.
- 80 (3) (a) The amounts funded as listed in Subsection (2) are estimates only and do not
- 81 constitute a limitation on the amount that may be expended for any project.
- 82 (b) The board may revise these estimates and redistribute the amount estimated for a
- 83 project among the projects authorized.
- 84 (c) The commission, by resolution and in consultation with the board, may delete one
- 85 or more projects from this list if the inclusion of that project or those projects in the list could
- 86 be construed to violate state law or federal law or regulation.
- 87 (4) (a) The division may enter into agreements related to these projects before the

88 receipt of proceeds of bonds issued under this chapter.

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

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

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

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

97 Section 2. Section **63B-19-101** is enacted to read:

98 **CHAPTER 19. 2010 FINANCING AUTHORIZATIONS**

99 **Part 1. 2010 General Obligation Bonds**

100 **63B-19-101. Capital facilities bonds -- Utah Science Technology and Research**
101 **Governing Authority -- Maximum amount -- Projects authorized.**

102 (1) The bonds issued under this section may not exceed \$46,000,000 for acquisition
103 and construction proceeds, plus additional amounts necessary to pay costs of issuance, to pay
104 capitalized interest, and to fund any debt service reserve requirements, with the total amount of
105 the bonds not to exceed \$46,460,000.

106 (2) (a) Proceeds from the issuance of bonds shall be provided to the Utah Science
107 Technology and Research Governing Authority to provide funds to pay all or part of the cost of
108 constructing the projects listed in this Subsection (2).

109 (b) These costs may include the cost of acquiring easements and rights-of-way,
110 improving sites, and acquiring, constructing, equipping, and furnishing facilities and all
111 structures, roads, parking facilities, utilities, and improvements necessary, incidental, or
112 convenient to the facilities, interest estimated to accrue on these bonds during the period to be
113 covered by construction of the projects plus a period of six months after the end of the
114 construction period, and all related engineering, architectural, and legal fees.

115 (c) For the Utah Science Technology and Research Governing Authority, proceeds
116 shall be provided for the following:

117 -----
118 CAPITAL DEVELOPMENT PROJECTS

119		<u>Estimated Operations</u>	<u>Amount</u>
120	<u>Project Description</u>	<u>and Maintenance</u>	<u>Funded</u>
121	-----		
122	<u>Bio Innovations Research Institute --</u>		
123	<u>Utah State University</u>	<u>\$0</u>	<u>\$18,400,000</u>
124	<u>Neuroscience and Biomedical Technology</u>		
125	<u>Research Building -- University of Utah</u>	<u>\$0</u>	<u>\$27,600,000</u>
126	<u>TOTAL CAPITAL DEVELOPMENT PROJECTS</u>		<u>\$46,000,000</u>
127	-----		
128	<u>ADDITIONAL AUTHORIZED AMOUNTS</u>		<u>\$460,000</u>
129	<u>TOTAL GENERAL OBLIGATION BOND AUTHORIZATION</u>		
130	<u>FOR CAPITAL DEVELOPMENT PROJECTS</u>		<u>\$46,460,000</u>

131 -----

132 (d) The Legislature intends that the Utah Science Technology and Research Governing
133 Authority pay the operations and maintenance costs on the research buildings authorized by
134 this section.

135 (3) (a) The amounts funded as listed in Subsection (2) are estimates only and do not
136 constitute a limitation on the amount that may be expended for the projects.

137 (b) The commission, by resolution and in consultation with the Utah Science
138 Technology and Research Governing Authority, may delete the project if the inclusion of that
139 project could be construed to violate state law or federal law or regulation.

140 (4) The Utah Science Technology and Research Governing Authority may enter into
141 agreements related to the project before the receipt of proceeds of bonds issued under this
142 chapter.

143 (5) The commission or the state treasurer may make any statement of intent relating to
144 that reimbursement that is necessary or desirable to comply with federal tax law.

145 (6) The Utah Science Technology and Research Governing Authority shall contract
146 with the Division of Facilities Construction and Management to oversee construction of the
147 buildings.

148 (7) The Utah Science Technology and Research Governing Authority may not delegate
149 authority over construction of the capital development projects identified in this section to any

150 entity other than the Division of Facilities Construction and Management.

151 Section 3. **Effective date.**

152 If approved by two-thirds of all the members elected to each house, this bill takes effect

153 upon approval by the governor, or the day following the constitutional time limit of Utah

154 Constitution Article VII, Section 8, without the governor's signature, or in the case of a veto,

155 the date of veto override.

S.B. 280 1st Sub. (Green) - 2010 General Obligation Bond Authorization

Fiscal Note

2010 General Session

State of Utah

State Impact

General Obligation bonds authorized by this bill are backed by the full faith and credit of the state, and are for construction and design of state buildings. Assuming all of the bonds are issued in the first year, with a standard six year repayment period and flattened payments at today's interest rates, debt service will be about \$15,645,000 per year with first year interest cost of \$1,300,000. Actual debt service will vary according to the date of issuance, interest rates at the time of issuance, and the structure of the bonds. Current debt service appropriations should adequately cover the debt service requirements for these bonds.

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.
