

1                   **2010 GENERAL OBLIGATION BOND AUTHORIZATION**

2                                   2010 GENERAL SESSION

3                                   STATE OF UTAH

4                                   **Chief Sponsor: Lyle W. Hillyard**

5                                   House Sponsor: Fred R Hunsaker

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7 **LONG TITLE**

8 **General Description:**

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

11 **Highlighted Provisions:**

12           This bill:

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

23 **Monies Appropriated in this Bill:**

24           None

25 **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:

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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		<del>[\$43,111,000]</del> <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:

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118 CAPITAL DEVELOPMENT PROJECTS

	<u>Estimated Operations</u>	<u>Amount</u>
<u>Project Description</u>	<u>and Maintenance</u>	<u>Funded</u>

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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>

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128 TOTAL GENERAL OBLIGATION BOND AUTHORIZATION

129 FOR CAPITAL DEVELOPMENT PROJECTS \$46,000,000

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

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

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

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

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

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

147 (7) The Utah Science Technology and Research Governing Authority may not delegate  
 148 authority over construction of the capital development projects identified in this section to any  
 149 entity other than the Division of Facilities Construction and Management.

150 Section 3. **Effective date.**  
 151 If approved by two-thirds of all the members elected to each house, this bill takes effect

152 upon approval by the governor, or the day following the constitutional time limit of Utah  
153 Constitution Article VII, Section 8, without the governor's signature, or in the case of a veto,  
154 the date of veto override.

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**Legislative Review Note**  
**as of 3-5-10 4:48 PM**

**Office of Legislative Research and General Counsel**

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**S.B. 280 - 2010 General Obligation Bond Authorization**

**Fiscal Note**

2010 General Session

State of Utah

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**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.

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**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.