

BOND AUTHORIZATION AMENDMENTS

2018 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne A. Harper

House Sponsor: Gage Froerer

LONG TITLE

General Description:

This bill modifies provisions relating to certain bond authorizations.

Highlighted Provisions:

This bill:

▶ repeals the cap on the costs of issuance, capitalized interest, and debt service reserve requirements for the prison project general obligation bonds;

▶ amends language regarding the costs of issuance, capitalized interest, and debt service reserve requirements for certain highway general obligation bonds; and

▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

63B-25-101, as last amended by Laws of Utah 2017, Chapter 89

63B-27-101, as enacted by Laws of Utah 2017, Chapter 436

63B-27-102, as enacted by Laws of Utah 2017, Chapter 436

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



28 Section 1. Section **63B-25-101** is amended to read:

29 **63B-25-101. General obligation bonds for prison project -- Maximum amount --**

30 **Use of proceeds.**

31 (1) As used in this section:

32 (a) "Prison project" means the same as that term is defined in Section [63C-16-102](#).

33 (b) "Prison project fund" means the capital projects fund created in Subsection
34 [63A-5-225\(7\)](#).

35 (2) The commission may issue general obligation bonds as provided in this section.

36 (3) (a) The total amount of bonds to be issued under this section may not exceed
37 \$570,000,000, plus additional amounts necessary to pay costs of issuance, to pay capitalized
38 interest, and to fund any existing debt service reserve requirements~~[, with the total amount of~~
39 ~~the bonds not to exceed \$575,700,000]~~.

40 (b) The maturity of bonds issued under this section may not exceed 10 years.

41 (4) The commission shall ensure that proceeds from the issuance of bonds under this
42 section are deposited into the Prison Project Fund for use by the division to pay all or part of
43 the cost of the prison project, including:

44 (a) interest estimated to accrue on the bonds authorized in this section until the
45 completion of construction of the prison project, plus a period of 12 months after the end of
46 construction; and

47 (b) all related engineering, architectural, and legal fees.

48 (5) (a) The division may enter into agreements related to the prison project before the
49 receipt of proceeds of bonds issued under this section.

50 (b) The division shall make those expenditures from unexpended and unencumbered
51 building funds already appropriated to the Prison Project Fund.

52 (c) The division shall reimburse the Prison Project Fund upon receipt of the proceeds
53 of bonds issued under this chapter.

54 (d) The state intends to use proceeds of tax-exempt bonds to reimburse itself for
55 expenditures for costs of the prison project.

56 (6) Before issuing bonds authorized under this section, the commission shall request
57 and consider a recommendation from the Prison Development Commission, created in Section
58 [63C-16-201](#), regarding the timing and amount of the issuance.

59 Section 2. Section **63B-27-101** is amended to read:

60 **63B-27-101. Highway bonds -- Maximum amount -- Use of proceeds for highway**
61 **projects.**

62 (1) (a) Subject to the restriction in Subsection (1)(c), the total amount of bonds issued
63 under this section may not exceed \$1,000,000,000, plus additional amounts necessary to pay
64 costs of issuance, to pay capitalized interest, and to fund any existing debt service reserve
65 requirements.

66 (b) When the Department of Transportation certifies to the commission that the
67 requirements of Subsection [72-2-124\(5\)](#) have been met and certifies the amount of bond
68 proceeds that the commission needs to provide funding for the projects described in Subsection
69 (2) for the current or next fiscal year, the commission may issue and sell general obligation
70 bonds in an amount equal to the certified amount, plus additional amounts necessary to pay
71 costs of issuance, to pay capitalized interest, and to fund any existing debt service reserve
72 requirements.

73 (c) The commission may not issue general obligation bonds authorized under this
74 section if the issuance of the general obligation bonds would result in the total current
75 outstanding general obligation debt of the state exceeding 50% of the limitation described in
76 the Utah Constitution, Article XIV, Section 1.

77 (2) Except as provided in Subsection (3), proceeds from the issuance of bonds shall be
78 provided to the Department of Transportation to pay all or part of the costs of the following
79 state highway construction or reconstruction projects:

80 (a) state and federal highways prioritized by the Transportation Commission through
81 the prioritization process for new transportation capacity projects adopted under Section
82 [72-1-304](#), giving priority consideration for projects with a regional significance or that support
83 economic development within the state, including:

84 (i) projects that are prioritized but exceed available cash flow beyond the normal
85 programming horizon; or

86 (ii) projects prioritized in the state highway construction program; and

87 (b) \$100,000,000 to be used by the Department of Transportation for transportation
88 improvements as prioritized by the Transportation Commission for projects that:

89 (i) have a significant economic development impact associated with recreation and

90 tourism within the state; and

91 (ii) address significant needs for congestion mitigation.

92 (3) Nineteen million dollars of the bond proceeds issued under this section shall be
93 provided to the Transportation Infrastructure Loan Fund created by Section 72-2-202 to make
94 funds available for a transportation infrastructure loan or transportation infrastructure
95 assistance under Title 72, Chapter 2, Part 2, Transportation Infrastructure Loan Fund, as
96 follows:

97 (a) \$10,000,000 to the military installation development authority created in Section
98 63H-1-201;

99 (b) \$5,000,000 for right-of-way acquisition and highway construction in Davis County;
100 and

101 (c) \$4,000,000 for pedestrian access and crossings by a public transit fixed guideway
102 rail station and an institution of higher education.

103 (4) The bond proceeds issued under this section shall be provided to the Department of
104 Transportation.

105 (5) The costs under Subsection (2) may include the costs of studies necessary to make
106 transportation infrastructure improvements, the costs of acquiring land, interests in land, and
107 easements and rights-of-way, the costs of improving sites, and making all improvements
108 necessary, incidental, or convenient to the facilities, and the costs of interest estimated to
109 accrue on these bonds during the period to be covered by construction of the projects plus a
110 period of six months after the end of the construction period, interest estimated to accrue on
111 any bond anticipation notes issued under the authority of this title, and all related engineering,
112 architectural, and legal fees.

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

115 (7) The Department of Transportation may enter into agreements related to the projects
116 described in Subsection (2) before the receipt of proceeds of bonds issued under this section.

117 Section 3. Section 63B-27-102 is amended to read:

118 **63B-27-102. Highway bonds -- Maximum amount -- Use of proceeds for Salt**
119 **Lake County highway projects.**

120 (1) (a) Subject to the restriction in Subsection (1)(c), the total amount of bonds issued

121 under this section may not exceed \$47,000,000, plus additional amounts necessary to pay costs
122 of issuance, to pay capitalized interest, and to fund any existing debt service reserve
123 requirements.

124 (b) When the Department of Transportation certifies to the commission the amount of
125 bond proceeds that the commission needs to provide funding for the projects described in
126 Subsection (2), the commission may issue and sell general obligation bonds in an amount equal
127 to the certified amount, plus additional amounts necessary to pay costs of issuance, to pay
128 capitalized interest, and to fund any existing debt service reserve requirements.

129 (c) The commission may not issue general obligation bonds authorized under this
130 section if the issuance of the general obligation bonds would result in the total current
131 outstanding general obligation debt of the state exceeding 50% of the limitation described in
132 the Utah Constitution, Article XIV, Section 1.

133 (2) (a) Proceeds from the bonds issued under this section shall be provided to the
134 Department of Transportation to pay for or to provide funds to a municipality or county to pay
135 for the costs of right-of-way acquisition, construction, reconstruction, renovations, or
136 improvements to highways, transportation facilities, or multimodal transportation projects
137 described in Subsection (2)(b).

138 (b) Bond proceeds described under Subsection (2)(a) shall be used to pay for state and
139 local highway projects or transportation facilities or multimodal transportation projects
140 described in Subsection 72-2-121(4)(c) in Salt Lake County prioritized by the county.

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

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

150 (4) The Department of Transportation may enter into agreements related to the project
151 before the receipt of proceeds of bonds issued under this chapter.

Legislative Review Note
Office of Legislative Research and General Counsel