

**Representative Gage Froerer** proposes the following substitute bill:

**BOND AUTHORIZATION AMENDMENTS**

2018 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Wayne A. Harper**

House Sponsor: Gage Froerer

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**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;
- ▶ amends the bonding authority for certain bonds and specifies how certain bond proceeds shall be used to provide funding for certain projects; 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



26 [63B-27-101](#), as enacted by Laws of Utah 2017, Chapter 436

27 [63B-27-102](#), as enacted by Laws of Utah 2017, Chapter 436

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

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

31 **63B-25-101. General obligation bonds for prison project -- Maximum amount --**

32 **Use of proceeds.**

33 (1) As used in this section:

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

35 (b) "Prison project fund" means the capital projects fund created in Subsection

36 [63A-5-225\(7\)](#).

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

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

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

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

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

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

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

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

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

56 (d) The state intends to use proceeds of tax-exempt bonds to reimburse itself for

57 expenditures for costs of the prison project.

58 (6) Before issuing bonds authorized under this section, the commission shall request  
59 and consider a recommendation from the Prison Development Commission, created in Section  
60 63C-16-201, regarding the timing and amount of the issuance.

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

62 **63B-27-101. Highway bonds -- Maximum amount -- Use of proceeds for highway**  
63 **projects.**

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

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

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

79 (2) Except as provided in [~~Subsection~~] Subsections (3) and (4), proceeds from the  
80 issuance of bonds shall be provided to the Department of Transportation to pay all or part of  
81 the costs of the following state highway construction or reconstruction projects:

82 (a) state and federal highways prioritized by the Transportation Commission through  
83 the prioritization process for new transportation capacity projects adopted under Section  
84 72-1-304, giving priority consideration for projects with a regional significance or that support  
85 economic development within the state, including:

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

88 (ii) projects prioritized in the state highway construction program; and  
89 (b) \$100,000,000 to be used by the Department of Transportation for transportation  
90 improvements as prioritized by the Transportation Commission for projects that:

91 (i) have a significant economic development impact associated with recreation and  
92 tourism within the state; and  
93 (ii) address significant needs for congestion mitigation.

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

99 (a) [~~\$10,000,000~~] \$14,000,000 to the military installation development authority  
100 created in Section 63H-1-201; and

101 (b) \$5,000,000 for right-of-way acquisition and highway construction in [~~Davis~~  
102 ~~County, and~~] Salt Lake County for roads in the northwest quadrant of Salt Lake City.

103 [~~(c)~~] (4) (a) [~~\$4,000,000 for pedestrian access and crossings by~~] Four million dollars of  
104 the bond proceeds issued under this section shall be used for a public transit fixed guideway  
105 rail station [~~and~~] associated with or adjacent to an institution of higher education.

106 (b) Ten million dollars of the bond proceeds issued under this section shall be used by  
107 the Department of Transportation for the design, engineering, construction, or reconstruction of  
108 underpasses under a state highway connecting a state park and a project area created by a  
109 military installation development authority created in Section 63H-1-201.

110 [~~(4)~~] (5) The bond proceeds issued under this section shall be provided to the  
111 Department of Transportation.

112 [~~(5)~~] (6) The costs under Subsection (2) may include the costs of studies necessary to  
113 make transportation infrastructure improvements, the costs of acquiring land, interests in land,  
114 and easements and rights-of-way, the costs of improving sites, and making all improvements  
115 necessary, incidental, or convenient to the facilities, and the costs of interest estimated to  
116 accrue on these bonds during the period to be covered by construction of the projects plus a  
117 period of six months after the end of the construction period, interest estimated to accrue on  
118 any bond anticipation notes issued under the authority of this title, and all related engineering,

119 architectural, and legal fees.

120 ~~[(6)]~~ (7) The commission or the state treasurer may make any statement of intent  
121 relating to a reimbursement that is necessary or desirable to comply with federal tax law.

122 ~~[(7)]~~ (8) The Department of Transportation may enter into agreements related to the  
123 projects described in Subsection (2) before the receipt of proceeds of bonds issued under this  
124 section.

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

126 **63B-27-102. Highway bonds -- Maximum amount -- Use of proceeds for Salt**  
127 **Lake County highway projects.**

128 (1) (a) Subject to the restriction in Subsection (1)(c), the total amount of bonds issued  
129 under this section may not exceed \$47,000,000, plus additional amounts necessary to pay costs  
130 of issuance, to pay capitalized interest, and to fund any existing debt service reserve  
131 requirements.

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

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

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

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

149 (c) The costs under this Subsection (2) may include the costs of acquiring land,

150 interests in land, and easements and rights-of-way, the costs of improving sites, and making all  
151 improvements necessary, incidental, or convenient to the facilities, and the costs of interest  
152 estimated to accrue on these bonds during the period to be covered by construction of the  
153 projects plus a period of six months after the end of the construction period, interest estimated  
154 to accrue on any bond anticipation notes issued under the authority of this title, and all related  
155 engineering, architectural, and legal fees.

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

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