

1 **TRANSPORTATION INFRASTRUCTURE BOND AMENDMENTS**

2 2019 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Kirk A. Cullimore**

5 House Sponsor: Francis D. Gibson

7 **LONG TITLE**

8 **General Description:**

9 This bill modifies provisions related to transportation bond authorizations.

10 **Highlighted Provisions:**

11 This bill:

- 12 ▶ amends provisions related to bond authority for certain bonds and specifies how
13 certain bond proceeds may be used to provide funding for certain projects;
- 14 ▶ authorizes the issuance of general obligation bonds to pay for certain transportation
15 infrastructure construction or reconstruction projects;
- 16 ▶ specifies the use of general obligation bond proceeds and the manner of issuance;
- 17 and
- 18 ▶ makes technical changes.

19 **Money Appropriated in this Bill:**

20 None

21 **Other Special Clauses:**

22 None

23 **Utah Code Sections Affected:**

24 AMENDS:

25 **63B-1-306**, as last amended by Laws of Utah 2017, Chapter 436

26 **63B-27-101**, as last amended by Laws of Utah 2018, Chapter 280

27 ENACTS:



28 **63B-29-101**, Utah Code Annotated 1953



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

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

32 **63B-1-306. Obligations issued by authority -- Limitation of liability on**
33 **obligations -- Limitation on amount of obligations issued.**

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

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

39 (2) (a) No authority obligations incurred under this section may be issued in an amount
40 exceeding the difference between the total indebtedness of the state and an amount equal to
41 1-1/2% of the value of the taxable property of the state.

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

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

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

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

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

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

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

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

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

58 (ix) Title 63B, Chapter 10, Part 2, 2001 Highway General Obligation Bond

59 Anticipation Notes Authorization;

60 (x) Title 63B, Chapter 11, Part 5, 2002 Highway General Obligation Bonds for Salt
61 Lake County;

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

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

65 (xiii) Section 63B-16-101;

66 (xiv) Section 63B-16-102;

67 (xv) Section 63B-18-401;

68 (xvi) Section 63B-18-402; [and]

69 (xvii) Title 63B, Chapter 27, Part 1, 2017 Highway General Obligation Bonds[-]; and

70 (xviii) Title 63B, Chapter 29, Part 1, 2019 Highway General Obligation Bonds.

71 (c) Debt issued under authority of Section 63B-7-503 may not be included as part of
72 the total indebtedness of the state in determining the debt limit established by this Subsection
73 (2).

74 (3) The obligations shall be authorized by resolution of the authority, following
75 approval of the Legislature, and may:

76 (a) be executed and delivered at any time, and from time to time, as the authority may
77 determine;

78 (b) be sold at public or private sale in the manner and at the prices, either at, in excess
79 of, or below their face value and at the times that the authority determines;

80 (c) be in the form and denominations that the authority determines;

81 (d) be of the tenor that the authority determines;

82 (e) be in registered or bearer form either as to principal or interest or both;

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

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

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

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

89 (j) contain any other provisions not inconsistent with this part that are considered to be

90 for the best interests of the authority and provided for in the proceedings of the authority under
91 which the bonds are authorized to be issued; and

92 (k) bear facsimile signatures and seals.

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

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

98 **63B-27-101. Highway bonds -- Maximum amount -- Use of proceeds for highway**
99 **projects.**

100 (1) (a) Subject to the restriction in Subsection (1)(c), the total amount of bonds issued
101 under this section may not exceed \$1,000,000,000 for acquisition and construction proceeds,
102 plus additional amounts necessary to pay costs of issuance, to pay capitalized interest, and to
103 fund any existing debt service reserve requirements, with the total amount of the bonds not to
104 exceed \$1,010,000,000.

105 (b) When the Department of Transportation certifies to the commission that the
106 requirements of Subsection [72-2-124\(5\)](#) have been met and certifies the amount of bond
107 proceeds that the commission needs to provide funding for the projects described in Subsection
108 (2) for the current or next fiscal year, the commission may issue and sell general obligation
109 bonds in an amount equal to the certified amount, plus additional amounts necessary to pay
110 costs of issuance, to pay capitalized interest, and to fund any existing debt service reserve
111 requirements, not to exceed one percent of the certified amount.

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

116 (2) Except as provided in Subsections (3) and (4), proceeds from the issuance of bonds
117 shall be provided to the Department of Transportation to pay all or part of the costs of the
118 following state highway construction or reconstruction projects:

119 (a) state and federal highways prioritized by the Transportation Commission through
120 the prioritization process for new transportation capacity projects adopted under Section

121 72-1-304, giving priority consideration for projects with a regional significance or that support
122 economic development within the state, including:

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

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

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

128 (i) have a significant economic development impact associated with recreation and
129 tourism within the state; and

130 (ii) address significant needs for congestion mitigation.

131 (3) ~~[Thirty-nine]~~ Fifty-six million dollars of the bond proceeds issued under this
132 section shall be provided to the Transportation Infrastructure Loan Fund created by Section
133 72-2-202 to make funds available for a transportation infrastructure loan or transportation
134 infrastructure assistance under Title 72, Chapter 2, Part 2, Transportation Infrastructure Loan
135 Fund, including the amounts as follows:

136 (a) ~~[\$14,000,000]~~ \$24,000,000 to the military installation development authority
137 created in Section 63H-1-201; ~~[and]~~

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

140 (b) \$5,000,000 to the Inland Port Authority created in Section 11-58-201, for highway,
141 infrastructure, and rail right-of-way acquisition, design, engineering, and construction, to be
142 repaid through tax increment; and

143 (c) \$7,000,000 to Midvale City for a parking structure in proximity to an intermodal
144 transportation facility that enhances economic development within the city.

145 (4) (a) Four million dollars of the bond proceeds issued under this section shall be used
146 for a public transit fixed guideway rail station associated with or adjacent to an institution of
147 higher education.

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

152 (5) The bond proceeds issued under this section shall be provided to the Department of
153 Transportation.

154 (6) The costs under Subsection (2) may include the costs of studies necessary to make
155 transportation infrastructure improvements, the costs of acquiring land, interests in land, and
156 easements and rights-of-way, the costs of improving sites, and making all improvements
157 necessary, incidental, or convenient to the facilities, and the costs of interest estimated to
158 accrue on these bonds during the period to be covered by construction of the projects plus a
159 period of six months after the end of the construction period, interest estimated to accrue on
160 any bond anticipation notes issued under the authority of this title, and all related engineering,
161 architectural, and legal fees.

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

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

166 Section 3. Section **63B-29-101** is enacted to read:

167 **CHAPTER 29. 2019 BONDING AND FINANCING AUTHORIZATIONS**

168 **Part 1. 2019 Highway General Obligation Bonds**

169 **63B-29-101. Highway bonds -- Maximum amount -- Use of proceeds for highway**
170 **projects.**

171 (1) (a) Subject to the restriction in Subsection (1)(c), the total amount of bonds issued
172 under this section may not exceed \$1,600,000,000 for acquisition and construction proceeds,
173 plus additional amounts necessary to pay costs of issuance, to pay capitalized interest, and to
174 fund any existing debt service reserve requirements, with the total amount of the bonds not to
175 exceed \$1,616,000,000.

176 (b) When the Department of Transportation certifies to the commission that the
177 requirements of Subsection [72-2-124\(5\)](#) have been met and certifies the amount of bond
178 proceeds that the commission needs to provide funding for the projects described in Subsection
179 (2) for the current or next fiscal year, the commission may issue and sell general obligation
180 bonds in an amount equal to the certified amount, plus additional amounts necessary to pay
181 costs of issuance, to pay capitalized interest, and to fund any existing debt service reserve
182 requirements, not to exceed one percent of the certified amount.

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

187 (2) The proceeds from the issuance of bonds shall be provided to the Department of
188 Transportation to pay all or part of the costs of the following state highway construction or
189 reconstruction projects:

190 (a) state and federal highways prioritized by the Transportation Commission through
191 the prioritization process for new transportation capacity projects adopted under Section
192 72-1-304, giving priority consideration for projects with a regional significance or that support
193 economic development within the state, including:

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

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

197 (b) \$164,000,000 to be used by the Department of Transportation for the following
198 transportation improvements projects:

199 (i) \$12,000,000 for the design, engineering, construction, or reconstruction of
200 underpasses under a state highway connecting a state park and a project area created by a
201 military installation development authority created in Section 63H-1-201;

202 (ii) \$10,000,000 for right-of-way acquisition, design, engineering, and construction
203 costs related to 1600 North in Orem City;

204 (iii) \$10,000,000 for construction and realignment of U-111 south of Old Bingham
205 Highway in Salt Lake County;

206 (iv) \$15,000,000 for corridor preservation and land acquisition for a transit hub at the
207 mouth of Big Cottonwood Canyon;

208 (v) \$20,000,000 for right-of-way acquisition, design, engineering, and construction for
209 an underpass on Interstate 80 related to the inland port;

210 (vi) \$8,000,000 for right-of-way acquisition, design, engineering, and construction
211 related to a connector facility in Vineyard City;

212 (vii) \$15,000,000 for infrastructure improvements related to a project area of the
213 military installation development authority in Weber County;

214 (viii) \$23,000,000 to be provided to the Governor's Office of Economic Development
215 for transportation infrastructure and right-of-way acquisitions and gate realignment at Hill Air
216 Force Base;

217 (ix) \$4,000,000 for environmental and traffic study on 1100 North in North Salt Lake;

218 (x) \$20,000,000 for right-of-way acquisition, design, engineering, and construction
219 related to Shepard Lane in Davis County;

220 (xi) \$9,000,000 for infrastructure improvements related to the Provo Airport;

221 (xii) \$11,000,000 for right-of-way acquisition, design, engineering, and construction
222 related to Pony Express Parkway near Saratoga Springs and Eagle Mountain in Utah County;
223 and

224 (xiii) \$7,000,000 for right-of-way acquisition, design, engineering, and construction for
225 a bridge on Coal Creek Road near Cedar City.

226 (3) The costs under Subsection (2) may include the costs of studies necessary to make
227 transportation infrastructure improvements, the costs of acquiring land, interests in land, and
228 easements and rights-of-way, the costs of improving sites, and making all improvements
229 necessary, incidental, or convenient to the facilities, and the costs of interest estimated to
230 accrue on these bonds during the period to be covered by construction of the projects plus a
231 period of six months after the end of the construction period, interest estimated to accrue on
232 any bond anticipation notes issued under the authority of this title, and all related engineering,
233 architectural, and legal fees.

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

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