

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:

- ▶ 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

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:

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

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 for acquisition and construction proceeds, plus additional amounts necessary to
38 pay costs of issuance, to pay capitalized interest, and to fund any existing debt service reserve
39 requirements, with the total amount of 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 for acquisition and construction proceeds,
64 plus additional amounts necessary to pay costs of issuance, to pay capitalized interest, and to
65 fund any existing debt service reserve requirements, with the total amount of the bonds not to
66 exceed \$1,010,000,000.

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

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

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

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

85 (i) projects that are prioritized but exceed available cash flow beyond the normal

86 programming horizon; or

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

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

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

92 (ii) address significant needs for congestion mitigation.

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

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

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

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

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

109 [~~(4)~~] (5) The bond proceeds issued under this section shall be provided to the
110 Department of Transportation.

111 [~~(5)~~] (6) The costs under Subsection (2) may include the costs of studies necessary to
112 make transportation infrastructure improvements, the costs of acquiring land, interests in land,
113 and easements and rights-of-way, the costs of improving sites, and making all improvements

114 necessary, incidental, or convenient to the facilities, and the costs of interest estimated to
115 accrue on these bonds during the period to be covered by construction of the projects plus a
116 period of six months after the end of the construction period, interest estimated to accrue on
117 any bond anticipation notes issued under the authority of this title, and all related engineering,
118 architectural, and legal fees.

119 ~~[(6)]~~ (7) The commission or the state treasurer may make any statement of intent
120 relating to a reimbursement that is necessary or desirable to comply with federal tax law.

121 ~~[(7)]~~ (8) The Department of Transportation may enter into agreements related to the
122 projects described in Subsection (2) before the receipt of proceeds of bonds issued under this
123 section.

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

125 **63B-27-102. Highway bonds -- Maximum amount -- Use of proceeds for Salt**
126 **Lake County highway projects.**

127 (1) (a) Subject to the restriction in Subsection (1)(c), the total amount of bonds issued
128 under this section may not exceed \$47,000,000 for acquisition and construction proceeds, plus
129 additional amounts necessary to pay costs of issuance, to pay capitalized interest, and to fund
130 any existing debt service reserve requirements, with the total amount of the bonds not to
131 exceed \$47,470,000.

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, not to exceed
137 one percent of the certified amount.

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

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

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

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

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

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