

CAPITAL FACILITIES BONDS AMENDMENTS

2010 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne L. Niederhauser

House Sponsor: _____

LONG TITLE

General Description:

This bill modifies the terms for issuing general obligation bonds for a capital facility project.

Highlighted Provisions:

This bill:

- ▶ modifies existing language and dollar amounts on authorized costs and authorization caps to comply with current language and funding practices;
- ▶ removes the prerequisites for issuing and selling general obligation bonds for the Utah State University Agricultural Science Classroom Building capital facility project; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

63B-17-101, as enacted by Laws of Utah 2008, Chapter 224

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



28 Section 1. Section **63B-17-101** is amended to read:

29 **63B-17-101. Capital facilities bonds -- Maximum amount -- Projects authorized.**

30 (1) [~~a~~] The total amount of bonds issued under this section may not exceed
31 [\$43,750,000] \$43,111,000 for acquisition and construction proceeds, plus additional amounts
32 necessary to pay costs of issuance, to pay capitalized interest, and to fund any debt service
33 reserve requirements, with the total costs of the bonds not to exceed \$43,542,100.

34 [~~b~~] ~~When Utah State University provides written certification to the commission that~~
35 ~~the President of the United States has signed a federal appropriations bill appropriating monies~~
36 ~~for the United States Department of Agriculture - Agricultural Research Service's portion of the~~
37 ~~Agricultural Science Classroom Building and that those monies are available for expenditure,~~
38 ~~the commission may issue and sell general obligation bonds in a total amount not to exceed~~
39 ~~71.85% of the amount of unexpended and available federal monies in the federal~~
40 ~~appropriations bill or \$43,111,000, whichever is less.]~~

41 (2) (a) Proceeds from the issuance of bonds shall be provided to the division to provide
42 funds to pay all or part of the cost of acquiring and constructing the projects listed in this
43 Subsection (2).

44 (b) These costs may include the cost of acquiring land, interests in land, easements and
45 rights-of-way, improving sites, and acquiring, constructing, equipping, and furnishing facilities
46 and all structures, roads, parking facilities, utilities, and improvements necessary, incidental, or
47 convenient to the facilities, interest estimated to accrue on these bonds during the period to be
48 covered by construction of the projects plus a period of six months after the end of the
49 construction period, and all related engineering, architectural, and legal fees.

50 (c) For the division, proceeds shall be provided for the following:

51 -----

52 CAPITAL DEVELOPMENT PROJECTS

53		Estimated	
54		Operations	Project
55	Project	and	Amount
56	Description	Maintenance	Funded
57	-----	-----	-----
58	USU Agricultural Science		

59	Classroom Building	\$493,400	\$43,111,000
60	TOTAL CAPITAL		
61	DEVELOPMENT		
62	PROJECTS		\$43,111,000
63	-----		
64	<u>ADDITIONAL AUTHORIZED AMOUNTS</u>		<u>\$431,100</u>
65	TOTAL GENERAL OBLIGATION BOND AUTHORIZATION		
66	FOR CAPITAL DEVELOPMENT PROJECTS		[\$43,111,000] <u>\$43,542,100</u>
67	-----		

- 68 (d) For purposes of this section, operations and maintenance costs:
- 69 (i) are estimates only;
- 70 (ii) may include any operations and maintenance costs already funded in existing
- 71 agency budgets; and
- 72 (iii) are not commitments by this Legislature or future Legislatures to fund those
- 73 operations and maintenance costs.
- 74 (3) (a) The amounts funded as listed in Subsection (2) are estimates only and do not
- 75 constitute a limitation on the amount that may be expended for any project.
- 76 (b) The board may revise these estimates and redistribute the amount estimated for a
- 77 project among the projects authorized.
- 78 (c) The commission, by resolution and in consultation with the board, may delete one
- 79 or more projects from this list if the inclusion of that project or those projects in the list could
- 80 be construed to violate state law or federal law or regulation.
- 81 (4) (a) The division may enter into agreements related to these projects before the
- 82 receipt of proceeds of bonds issued under this chapter.
- 83 (b) The division shall make those expenditures from unexpended and unencumbered
- 84 building funds already appropriated to the Capital Projects Fund.
- 85 (c) The division shall reimburse the Capital Projects Fund upon receipt of the proceeds
- 86 of bonds issued under this chapter.
- 87 (d) The state intends to use proceeds of tax-exempt bonds to reimburse itself for
- 88 expenditures for costs of the projects listed in Subsection (2)(c).
- 89 (5) It is the intent of the Legislature that the funding authorized for projects in

90 Subsection (2) does not include funds for public art.

Legislative Review Note
as of 12-2-09 10:47 AM

Office of Legislative Research and General Counsel

S.B. 35 - Capital Facilities Bonds Amendments

Fiscal Note

2010 General Session
State of Utah

State Impact

This legislation authorizes issuance of General Obligation bonds, which are backed by the full faith and credit of the state, 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 require approximately \$7,645,000 per year with first year interest cost of \$750,000. 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 may cover some or all of the debt service requirements for these bonds depending on the structure of the bonds and additional future bond authorizations.

	<u>FY 2010</u> <u>Approp.</u>	<u>FY 2011</u> <u>Approp.</u>	<u>FY 2012</u> <u>Approp.</u>	<u>FY 2010</u> <u>Revenue</u>	<u>FY 2011</u> <u>Revenue</u>	<u>FY 2012</u> <u>Revenue</u>
Education Fund	\$0	\$750,000	\$7,645,000	\$0	\$0	\$0
Total	\$0	\$750,000	\$7,645,000	\$0	\$0	\$0

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.