



# UNISSUED BOND AUTHORIZATIONS

INFRASTRUCTURE AND GENERAL GOVERNMENT APPROPRIATIONS COMMITTEE  
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ISSUE BRIEF

**SUMMARY**

The state currently has one bond authorization that could be removed from statute and one bond authorization that should be amended. The Analyst recommends the Legislature consider making these changes in the next bond bill.

**BACKGROUND**

The state uses two primary types of long-term debt to finance large capital expenditures for building and highway projects. The first, general obligation (GO) bonds, are backed by the full faith and credit of the state and rely on appropriations to service debt. The second, State Building Ownership Authority (SBOA) lease revenue bonds, use annual lease payments to service debt and cross-collateralize building assets to further secure the bonds.

The Legislature authorizes the use of bonding for specific capital projects through legislation, which become part of Utah Code Title 63B. Once authorized, the State Bonding Commission issues the bonds. No bonds may be issued for purposes other than those authorized by the legislation or for a greater amount than specified. Authorizations remain valid indefinitely unless a future legislature removes the authorization through legislation.

**DISCUSSION**

As of January 2012, there are five legislative bond authorizations that either have not been issued or have a portion of the authorization remaining (Table 1 below).

<b>Unissued Bond Authorizations (January 2012)</b>					
<b>Type</b>	<b>Utah Code</b>	<b>Bill (Session)</b>	<b>Description</b>	<b>Amount</b>	
<i>Partially-used authorizations that will be issued in the near future</i>					
1 GO Hwy	63B-18-401 (1)(a)	SB 239 (2009)	Transportation Investment construction	\$	439,881,600
2 GO Bldg	63B-20-101 (1)	HB 4 (2011)	Agency and Higher Ed. Buildings	\$	40,270,800
<i>Authorization that may be used in the future</i>					
3 GO Hwy	63B-16-101 (1)(a)	HB 314 (2007)	Critical Highway Needs construction	\$	52,833,100
4 SBOA	63B-9-102 (1)	SB 235 (2000)	State Fair Park multipurpose building	\$	10,500,000
<i>Authorizations unlikely to be used in the future and recommended for removal</i>					
5 GO Other	63B-17-102 (1)	SB 298 (2008)	Economic Develop. (St. George airport)	\$	42,500,000

**Table 1**

The first two bonds listed in Table 1 will be issued by the state within the next two years. Most of the \$2.2 billion Transportation Investment Fund authorization has been issued for reconstruction of I-15 in Utah County. The remainder will likely be issued in FY 2013 and FY 2014. A little more than half of the bonds authorized by HB 4 from the 2011 G.S. was issued in July to begin construction, remodeling, and purchase of buildings and land authorized. The remainder will be issued in FY 2013 as funds are needed to complete construction.

***Unused Bond Authorizations***

The Legislature periodically reviews bonding statutes and removes unused bond authorizations. The last bond listed in Table 1 could be removed from the Utah Code because it will not likely be used in the future.

## UNISSUED BOND AUTHORIZATIONS

The 2008 general obligation bond authorized by SB 298 allows the Governor's Office of Economic Development to facilitate the purchase of land for interstate travel. This authorization was originally designed to facilitate the sale of the land from the old St. George airport while the new St. George airport was being built. The city was able to construct the airport without the need to utilize this bonding authority and the airport recently opened for travel in January 2011.

### ***Bond Statute Clean-up***

During the 2005 General Session the Legislature passed SB 86 which removed the \$4. 8 million Oxbow prison purchase from the list of capital development projects for the 2004 general obligation bond authorization. While the legislation deleted the project and funding authorization, it did not readjust the totals for the 2004 bond. The total general obligation bond authorization should be adjusted to \$81,688,000 from \$86,488,000 and the amount that may not be exceeded in 63B-13-101 should be adjusted to \$82,500,000 from \$87,400,000.

<b><u>Project Description</u></b>	<b><u>Amt. Funded</u></b>	<b><u>w/o Oxbow</u></b>
State Capitol Remodel	\$50,000,000	\$50,000,000
WSU Swenson Bldg. Remodel	\$5,569,000	\$5,569,000
SLCC Health Science Bldg	\$21,000,000	\$21,000,000
UNG No. SL Readiness Center	\$2,719,000	\$2,719,000
CEU San Juan Library	\$2,400,000	\$2,400,000
Oxbow Prison Purchase	\$4,800,000	
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	\$86,488,000	\$81,688,000
1% for Cost of Issuance	\$87,400,000	\$82,500,000

**Table 2**

### **RECOMMENDATION**

The Analyst recommends the Legislature consider:

1. Removing the 2008 GO bond authorization contained in 63B-17-102(1)
2. Adjusting the numbers of the 2004 GO bond authorization contained in 63B-13-101(1) and (2)(c) to reflect the changes made previously.

The 2008 and 2004 GO bond authorizations can be modified in the next general obligation bond authorization bill; or the Legislature could introduce an independent bond clean-up bill to make any or all of these changes.