

Senator Jerry W Stevenson proposes the following substitute bill:

STATE GRANT PROCESS AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Val L. Peterson

Senate Sponsor: Jerry W Stevenson

LONG TITLE

General Description:

This bill enacts provisions governing the administration of state grants.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ requires that a grant recipient provide a proposed budget and agree to deliverables, reporting, audit, and clawback requirements before receiving any grant funds;
- ▶ addresses the disbursement schedule for grant funds;
- ▶ provides for review after a specified time of a grant funded by an ongoing appropriation;
- ▶ provides requirements specific to direct award grants and competitive grants; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:



26 [11-41-102](#), as last amended by Laws of Utah 2023, Chapters 16, 34
 27 [63J-1-201](#), as last amended by Laws of Utah 2021, Chapters 382, 421
 28 [63N-1a-307](#), as enacted by Laws of Utah 2022, Chapter 362
 29 [65A-16-201](#), as enacted by Laws of Utah 2022, Chapter 78 and further amended by
 30 Revisor Instructions, Laws of Utah 2022, Chapter 78
 31 [65A-16-203](#), as enacted by Laws of Utah 2022, Chapter 78
 32 [65A-16-301](#), as last amended by Laws of Utah 2023, Chapter 205
 33 [72-2-121](#), as last amended by Laws of Utah 2023, Chapter 529

34 ENACTS:

35 [63G-6b-101](#), Utah Code Annotated 1953
 36 [63G-6b-102](#), Utah Code Annotated 1953
 37 [63G-6b-201](#), Utah Code Annotated 1953
 38 [63G-6b-301](#), Utah Code Annotated 1953
 39 [63G-6b-401](#), Utah Code Annotated 1953

40 REPEALS:

41 [63J-1-220](#), as last amended by Laws of Utah 2023, Chapter 16

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

44 Section 1. Section **11-41-102** is amended to read:

45 **11-41-102. Definitions.**

46 As used in this chapter:

47 (1) "Agreement" means an oral or written agreement between a public entity and a
 48 person.

49 (2) "Business entity" means a sole proprietorship, partnership, limited partnership,
 50 limited liability company, corporation, or other entity or association used to carry on a business
 51 for profit.

52 (3) "Determination of violation" means a determination by the Governor's Office of
 53 Economic Opportunity of substantial likelihood that a retail facility incentive payment has been
 54 made in violation of Section [11-41-103](#), in accordance with Section [11-41-104](#).

55 (4) "Environmental mitigation" means an action or activity intended to remedy known
 56 negative impacts to the environment.

57 (5) "Executive director" means the executive director of the Governor's Office of
58 Economic Opportunity.

59 (6) "General plan" means the same as that term is defined in Section 23A-6-101.

60 (7) "Mixed-use development" means development with mixed land uses, including
61 housing.

62 (8) "Moderate income housing plan" means the moderate income housing plan element
63 of a general plan.

64 (9) "Office" means the Governor's Office of Economic Opportunity.

65 (10) "Political subdivision" means any county, city, town, metro township, school
66 district, special district, special service district, community reinvestment agency, or entity
67 created by an interlocal agreement adopted under Title 11, Chapter 13, Interlocal Cooperation
68 Act.

69 (11) "Public entity" means:

70 (a) a political subdivision;

71 [~~(b) a state agency as defined in Section 63J-1-220;~~]

72 (b) a department, commission, board, council, agency, institution, officer, corporation,
73 fund, division, office, committee, authority, laboratory, library, unit, bureau, panel, or other
74 administrative unit of the executive branch of the state;

75 (c) a higher education institution as defined in Section 53B-1-201;

76 (d) the Military Installation Development Authority created in Section 63H-1-201;

77 (e) the Utah Inland Port Authority created in Section 11-58-201; or

78 (f) the Point of the Mountain State Land Authority created in Section 11-59-201.

79 (12) "Public funds" means any money received by a public entity that is derived from:

80 (a) a sales and use tax authorized under Title 59, Chapter 12, Sales and Use Tax Act;

81 or

82 (b) a property tax levy.

83 (13) "Public infrastructure" means:

84 (a) a public facility as defined in Section 11-36a-102; or

85 (b) public infrastructure included as part of an infrastructure master plan related to a
86 general plan.

87 (14) "Retail facility" means any facility operated by a business entity for the primary

88 purpose of making retail transactions.

89 (15) (a) "Retail facility incentive payment" means a payment of public funds:

90 (i) to a person by a public entity;

91 (ii) for the development, construction, renovation, or operation of a retail facility

92 within an area of the state; and

93 (iii) in the form of:

94 (A) a payment;

95 (B) a rebate;

96 (C) a refund;

97 (D) a subsidy; or

98 (E) any other similar incentive, award, or offset.

99 (b) "Retail facility incentive payment" does not include a payment of public funds for:

100 (i) the development, construction, renovation, or operation of:

101 (A) public infrastructure; or

102 (B) a structured parking facility;

103 (ii) the demolition of an existing facility;

104 (iii) assistance under a state or local:

105 (A) main street program; or

106 (B) historic preservation program;

107 (iv) environmental mitigation or sanitation, if determined by a state or federal agency

108 under applicable state or federal law;

109 (v) assistance under a water conservation program or energy efficiency program, if any

110 business entity located within the public entity's boundaries or subject to the public entity's

111 jurisdiction is eligible to participate in the program;

112 (vi) emergency aid or assistance, if any business entity located within the public entity's

113 boundaries or subject to the public entity's jurisdiction is eligible to receive the emergency aid

114 or assistance; or

115 (vii) assistance under a public safety or security program, if any business entity located

116 within the public entity's boundaries or subject to the public entity's jurisdiction is eligible to

117 participate in the program.

118 (16) "Retail transaction" means any transaction subject to a sales and use tax under

119 Title 59, Chapter 12, Sales and Use Tax Act.

120 (17) (a) "Small business" means a business entity that:

121 (i) has fewer than 30 full-time equivalent employees; and

122 (ii) maintains the business entity's principal office in the state.

123 (b) "Small business" does not include:

124 (i) a franchisee, as defined in 16 C.F.R. Sec. 436.1;

125 (ii) a dealer, as defined in Section [41-1a-102](#); or

126 (iii) a subsidiary or affiliate of another business entity that is not a small business.

127 Section 2. Section [63G-6b-101](#) is enacted to read:

128 **CHAPTER 6b. STATE GRANTS**

129 **Part 1. General Provisions**

130 **63G-6b-101. Definitions.**

131 As use in this chapter:

132 (1) "Administering agency" means a state agency that administers a grant.

133 (2) "Competitive grant" means a grant that is not a direct award grant.

134 (3) "Direct award grant" means a grant that is funded by money that the Legislature
135 intends the state agency to pass through to one or more recipients without a competitive
136 process.

137 (4) (a) "Grant" means a state agency's expenditure of state money, or agreement to
138 expend state money, that is:

139 (i) authorized by law;

140 (ii) made for a particular purpose; and

141 (iii) made without acquiring, or the promise of acquiring, a procurement item in
142 exchange for the expenditure.

143 (b) "Grant" does not include:

144 (i) a tax credit;

145 (ii) an expenditure of federal money;

146 (iii) public assistance, as defined in Section [26B-9-101](#);

147 (iv) a loan;

148 (v) a rebate;

149 (vi) an incentive; or

- 150 (vii) a claim payment.
- 151 (5) "Grant appropriation" means an appropriation the Legislature makes to an
- 152 administering agency to be used for one or more grants.
- 153 (6) "Grant period" means the time frame during which a grant recipient receives funds
- 154 from a single grant.
- 155 (7) "Multi-year grant" means a grant for which the grant period exceeds one year.
- 156 (8) "Nonprofit entity" means an entity that:
- 157 (a) operates in the state;
- 158 (b) is not a government entity; and
- 159 (c) is exempt from federal income taxation under Section 501(c)(3), Internal Revenue
- 160 Code.
- 161 (9) "Procurement item" means the same as that term is defined in Section [63G-6a-103](#).
- 162 (10) (a) "State agency" means a department, division, or other agency or
- 163 instrumentality of the state.
- 164 (b) "State agency" does not include the legislative department.
- 165 (11) "State money" means money that is derived from state fees or state tax revenue.
- 166 Section 3. Section **63G-6b-102** is enacted to read:
- 167 **63G-6b-102. Applicability.**
- 168 This chapter does not apply to a grant that is authorized in statute, unless the statute
- 169 provides that the grant is subject to this chapter.
- 170 Section 4. Section **63G-6b-201** is enacted to read:
- 171 **Part 2. Provisions Applicable to All Grants**
- 172 **63G-6b-201. Requirements for all grants.**
- 173 (1) (a) An administering agency shall disburse grant funds in accordance with this
- 174 Subsection (1).
- 175 (b) Before an administering agency disburses a grant's grant funds, the administering
- 176 agency shall ensure that the grant recipient provides a detailed budget demonstrating how the
- 177 grant recipient will use the grant funds.
- 178 (c) An administering agency shall establish a distribution schedule that ensures
- 179 accountability and responsible oversight of the use of the grant funds.
- 180 (d) An administering agency may not:

181 (i) disburse all grant funds in a single payment, unless the administering agency makes
182 the single payment after the grant recipient satisfies the grant recipient's performance
183 obligations under the agreement described in Subsection (4); or

184 (ii) make a grant recipient's final disbursement before the grant recipient delivers the
185 report described in Subsection (3).

186 (2) For a multi-year grant:

187 (a) the grant period may not exceed five years; and

188 (b) in the final quarter of each year of the grant period, excluding the final year, the
189 grant recipient shall deliver to the administering agency a report that details the grant recipient's
190 progress towards fulfilling the grant's purpose, including the annual deliverables and
191 performance metrics described in the agreement made in accordance with Subsection (4).

192 (3) An administering agency may not make the final grant funds disbursement until:

193 (a) the grant recipient delivers to the administering agency a final report that details the
194 extent to which the grant recipient fulfilled the grant's purpose, including the deliverables and
195 performance metrics described in the agreement made in accordance with Subsection (4); and

196 (b) the administering agency determines that the grant recipient satisfactorily produced
197 each deliverable provided in the agreement described in Subsection (4).

198 (4) Except as otherwise provided in the grant appropriation and consistent with the
199 other provisions of this section, an administering agency may not disburse grant funds to a
200 grant recipient before the administering agency and the grant recipient execute an agreement
201 that contains:

202 (a) the disbursement schedule for the grant funds;

203 (b) the deliverables, reporting, and performance metrics the grant recipient will
204 produce and use to demonstrate that the grant recipient used the grant funds to fulfill the grant's
205 purpose;

206 (c) if the grant is a multi-year grant, annual deliverables and performance metrics the
207 grant recipient will produce and use to demonstrate sufficient progress towards fulfilling the
208 grant's purpose;

209 (d) a provision informing the grant recipient that disbursement of grant funds is subject
210 to legislative appropriation; and

211 (e) the grant recipient's consent to follow-up audit and clawback of the grant funds if

212 an audit shows that the grant funds were inappropriately used.

213 (5) In accordance with Utah Constitution, Article VI, Section 33, the legislative auditor
214 general may audit the use of any grant funds.

215 Section 5. Section **63G-6b-301** is enacted to read:

216 **Part 3. Direct Award Grants**

217 **63G-6b-301. Direct award grant requirements.**

218 (1) (a) A direct award grant is valid only if the direct award grant's grant appropriation
219 identifies the recipient or class of recipients in the grant appropriation's intent language.

220 (b) For a grant appropriation that is an ongoing appropriation to fund a multi-year
221 grant, the requirement to identify the recipient or class of recipients applies each fiscal year.

222 (2) If the intent language for a direct award grant's grant appropriation provides a
223 disbursement schedule that is inconsistent with the schedule described in Section [63G-6b-202](#),
224 for the fiscal year in which the grant appropriation is made, the schedule in the intent language
225 controls.

226 Section 6. Section **63G-6b-401** is enacted to read:

227 **Part 4. Competitive Grants**

228 **63G-6b-401. Competitive grant requirements.**

229 (1) (a) For a competitive grant, the administering agency shall:

230 (i) establish a competitive application and selection process; and

231 (ii) award each competitive grant in accordance with the established process.

232 (b) As part of the competitive application process, the administering agency shall
233 require that each applicant disclose all other state funding the applicant receives.

234 (2) Except as otherwise provided in the grant appropriation's intent language, an
235 administering agency may not award a competitive grant to a recipient who has received a
236 direct award grant if:

237 (a) the direct award grant is for substantially the same purpose as the competitive grant;
238 and

239 (b) the direct award grant's grant period and the competitive grant's grant period
240 overlap.

241 (3) After an administering agency completes a competitive application process for a
242 competitive grant but before the administering agency awards the grant, the administering

243 agency shall report each grant recipient to the legislative fiscal analyst and the Governor's
244 Office of Planning and Budget.

245 Section 7. Section **63J-1-201** is amended to read:

246 **63J-1-201. Governor's proposed budget to Legislature -- Contents -- Preparation**
247 **-- Appropriations based on current tax laws and not to exceed estimated revenues.**

248 (1) The governor shall deliver, not later than 30 days before the date the Legislature
249 convenes in the annual general session, a confidential draft copy of the governor's proposed
250 budget recommendations to the Office of the Legislative Fiscal Analyst according to the
251 requirements of this section.

252 (2) (a) When submitting a proposed budget, the governor shall, within the first three
253 days of the annual general session of the Legislature, submit to the presiding officer of each
254 house of the Legislature:

255 (i) a proposed budget for the ensuing fiscal year;

256 (ii) a schedule for all of the proposed changes to appropriations in the proposed budget,
257 with each change clearly itemized and classified; and

258 (iii) as applicable, a document showing proposed changes in estimated revenues that
259 are based on changes in state tax laws or rates.

260 (b) The proposed budget shall include:

261 (i) a projection of:

262 (A) estimated revenues by major tax type;

263 (B) 15-year trends for each major tax type;

264 (C) estimated receipts of federal funds;

265 (D) 15-year trends for federal fund receipts; and

266 (E) appropriations for the next fiscal year;

267 (ii) the source of changes to all direct, indirect, and in-kind matching funds for all
268 federal grants or assistance programs included in the budget;

269 (iii) changes to debt service;

270 (iv) a plan of proposed changes to appropriations and estimated revenues for the next
271 fiscal year that is based upon the current fiscal year state tax laws and rates and considers
272 projected changes in federal grants or assistance programs included in the budget;

273 (v) an itemized estimate of the proposed changes to appropriations for:

274 (A) the legislative department as certified to the governor by the president of the
275 Senate and the speaker of the House;

276 (B) the executive department;

277 (C) the judicial department as certified to the governor by the state court administrator;

278 (D) changes to salaries payable by the state under the Utah Constitution or under law
279 for lease agreements planned for the next fiscal year; and

280 (E) all other changes to ongoing or one-time appropriations, including dedicated
281 credits, restricted funds, nonlapsing balances, grants, and federal funds;

282 (vi) for each line item, the average annual dollar amount of staff funding associated
283 with all positions that were vacant during the last fiscal year;

284 (vii) deficits or anticipated deficits;

285 (viii) the recommendations for each state agency for new full-time employees for the
286 next fiscal year, which shall also be provided to the director of the Division of Facilities
287 Construction and Management as required by Subsection [63A-5b-501\(3\)](#);

288 ~~[(ix) a written description and itemized report submitted by a state agency to the
289 Governor's Office of Planning and Budget under Section [63J-1-220](#), including:]~~

290 ~~[(A) a written description and an itemized report provided at least annually detailing
291 the expenditure of the state money, or the intended expenditure of any state money that has not
292 been spent; and]~~

293 ~~[(B) a final written itemized report when all the state money is spent;]~~

294 ~~[(x)]~~ (ix) any explanation that the governor may desire to make as to the important
295 features of the budget and any suggestion as to methods for the reduction of expenditures or
296 increase of the state's revenue; and

297 ~~[(xi)]~~ (x) information detailing certain fee increases as required by Section [63J-1-504](#).

298 (3) (a) Except as provided in Subsection (3)(b), for the purpose of preparing and
299 reporting the proposed budget, the governor:

300 (i) shall require the proper state officials, including all public and higher education
301 officials, all heads of executive and administrative departments and state institutions, bureaus,
302 boards, commissions, and agencies expending or supervising the expenditure of the state
303 money, and all institutions applying for state money and appropriations, to provide itemized
304 estimates of changes in revenues and appropriations;

305 (ii) may require the persons and entities subject to Subsection (3)(a)(i) to provide other
306 information under these guidelines and at times as the governor may direct, which may include
307 a requirement for program productivity and performance measures, where appropriate, with
308 emphasis on outcome indicators; and

309 (iii) may require representatives of public and higher education, state departments and
310 institutions, and other institutions or individuals applying for state appropriations to attend
311 budget meetings.

312 (b) Subsections (3)(a)(ii) and (iii) do not apply to the judicial department or the
313 legislative department.

314 (4) (a) The Governor's Office of Planning and Budget shall provide to the Office of the
315 Legislative Fiscal Analyst, as soon as practicable, but no later than 30 days before the day on
316 which the Legislature convenes in the annual general session, data, analysis, or requests used in
317 preparing the governor's budget recommendations, notwithstanding the restrictions imposed on
318 such recommendations by available revenue.

319 (b) The information under Subsection (4)(a) shall include:

320 (i) actual revenues and expenditures for the fiscal year ending the previous June 30;

321 (ii) estimated or authorized revenues and expenditures for the current fiscal year;

322 (iii) requested revenues and expenditures for the next fiscal year;

323 (iv) detailed explanations of any differences between the amounts appropriated by the
324 Legislature in the current fiscal year and the amounts reported under Subsections (4)(b)(ii) and
325 (iii); and

326 (v) other budgetary information required by the Legislature in statute.

327 (c) The budget information under Subsection (4)(a) shall cover:

328 (i) all items of appropriation, funds, and accounts included in appropriations acts for
329 the current and previous fiscal years; and

330 (ii) any new appropriation, fund, or account items requested for the next fiscal year.

331 (d) The information provided under Subsection (4)(a) may be provided as a shared
332 record under Section [63G-2-206](#) as considered necessary by the Governor's Office of Planning
333 and Budget.

334 (5) (a) In submitting the budget for the Department of Public Safety, the governor shall
335 include a separate recommendation in the governor's budget for maintaining a sufficient

336 number of alcohol-related law enforcement officers to maintain the enforcement ratio equal to
337 or below the number specified in Subsection [32B-1-201](#)(2).

338 (b) If the governor does not include in the governor's budget an amount sufficient to
339 maintain the number of alcohol-related law enforcement officers described in Subsection
340 (5)(a), the governor shall include a message to the Legislature regarding the governor's reason
341 for not including that amount.

342 (6) (a) The governor may revise all estimates, except those relating to the legislative
343 department, the judicial department, and those providing for the payment of principal and
344 interest to the state debt and for the salaries and expenditures specified by the Utah
345 Constitution or under the laws of the state.

346 (b) The estimate for the judicial department, as certified by the state court
347 administrator, shall also be included in the budget without revision, but the governor may make
348 separate recommendations on the estimate.

349 (7) The total appropriations requested for expenditures authorized by the budget may
350 not exceed the estimated revenues from taxes, fees, and all other sources for the next ensuing
351 fiscal year.

352 (8) If any item of the budget as enacted is held invalid upon any ground, the invalidity
353 does not affect the budget itself or any other item in the budget.

354 Section 8. Section **63N-1a-307** is amended to read:

355 **63N-1a-307. Restrictions on direct award grants.**

356 [~~(1) As used in this section:~~]

357 [~~(a) "Pass through funding" means the same as that term is defined in Section~~
358 [63J-1-220](#).]

359 [~~(b) "Recipient entity" means the same as that term is defined in Section [63J-1-220](#).~~]

360 (1) As used in this section, "direct award grant" means the same as that term is defined
361 in Section [63G-6b-101](#).

362 (2) In addition to the requirements of [~~Section [63J-1-220](#)~~] Title 63G, Chapter 6b, State
363 Grants, the office may not distribute [~~pass through funding~~] grant funds from a direct award
364 grant to a recipient entity unless the office follows the standards or criteria established by the
365 Legislature to distribute the pass through funding, as described in the applicable item of
366 appropriation.

367 (3) If an item of appropriation to the office for ~~[pass through funding]~~ a direct award
368 grant does not include any standards or criteria for distributing the ~~[pass through funding]~~ grant
369 funds, the funds shall lapse to the source fund at the end of the fiscal year, regardless of
370 whether those funds are designated by law as nonlapsing.

371 Section 9. Section **65A-16-201** is amended to read:

372 **65A-16-201. Great Salt Lake Watershed Enhancement Program established.**

373 (1) There is created the "Great Salt Lake Watershed Enhancement Program" to issue
374 grant money to establish a water trust to implement projects, programs, or voluntary
375 arrangements that:

376 (a) retain or enhance water flows to:

377 (i) sustain the Great Salt Lake and the Great Salt Lake's wetlands; and

378 (ii) improve water quality and quantity for the Great Salt Lake within the Great Salt
379 Lake watershed;

380 (b) conserve and restore upstream habitats that are key to protecting the hydrology and
381 health of the Great Salt Lake and the Great Salt Lake's surrounding ecosystem;

382 (c) attract or leverage other public or private funding to enhance and preserve the Great
383 Salt Lake watershed;

384 (d) engage agricultural producers, local landowners, local planning authorities, and
385 others to support the Great Salt Lake;

386 (e) support or benefit the Great Salt Lake's natural infrastructure;

387 (f) protect and restore uplands, wetlands, and habitats in the Great Salt Lake watershed
388 that benefit hydrologic or ecosystem functions of the Great Salt Lake;

389 (g) support efforts to integrate water planning and management efforts that benefit the
390 Great Salt Lake watershed;

391 (h) undertake assessments or studies as necessary, consistent with the goals of this
392 Subsection (1);

393 (i) support projects or programs to respond to low water levels and rising salinity in the
394 Great Salt Lake;

395 (j) require the creation and operation of one or more endowments to sustain the water
396 trust and fulfill the purposes of this chapter; or

397 (k) otherwise fulfill the purposes of this Subsection (1) to enhance, preserve, or protect

398 the Great Salt Lake.

399 (2) (a) Subject to legislative appropriations, the division shall award a one-time grant
400 to one eligible applicant to establish a water trust authorized under this section.

401 (b) The amount of the one-time grant under this Subsection (2) shall be equal to the
402 entire appropriation made to the division to implement this chapter.

403 (c) Notwithstanding the requirements for the division issuing a one-time grant under
404 this section, after the grant is issued, the division may receive additional appropriations to be
405 used for the purposes of this chapter, including providing money to the water trust created
406 under this chapter.

407 (3) To be considered for the one-time grant under Subsection (2), an eligible applicant
408 shall submit a written application to the division within 60 days of March 21, 2022, that:

409 (a) demonstrates that the eligible applicant meets the following criteria that are
410 necessary to submit a written application, that the eligible applicant:

411 (i) has offices and staff located in Utah; and

412 (ii) individually or collectively possesses:

413 (A) a history and ability to attract private funding to implement water and land
414 conservation projects;

415 (B) knowledge and experience with the Great Salt Lake and the Great Salt Lake
416 watershed;

417 (C) knowledge and experience managing wetlands in the vicinity of the Great Salt
418 Lake;

419 (D) knowledge and experience in the creation of three or more water trusts or water
420 funds;

421 (E) knowledge and experience in securing approval from the Division of Water Rights
422 for water right applications that support the beneficial use of water in the Great Salt Lake;

423 (F) knowledge and experience with Utah water laws; and

424 (G) participation in the development of studies and reports on the Great Salt Lake and
425 Utah water policy;

426 (b) how the applicant will accomplish the objectives of Subsection (1);

427 (c) how the applicant will satisfy Part 3, Water Trust; and

428 (d) a description of the types of money, in-kind contributions, and other resources the

429 applicant could contribute or attract to support the creation, operation, and administration of a
430 water trust.

431 (4) The division, in consultation with the council and the director of the Division of
432 Water Quality, shall evaluate and rank the applications received under Subsection (3)
433 according to each eligible applicant's experience and demonstrated ability to:

434 (a) attract and secure public and private funding to implement water and land
435 conservation projects;

436 (b) address water quality and hydrology issues of the Great Salt Lake and within the
437 Great Salt Lake watershed;

438 (c) create and operate water trusts;

439 (d) secure approval from the Division of Water Rights for water right applications that
440 support beneficial use of water in the Great Salt Lake;

441 (e) understand, use, and work to improve Utah water laws in a manner that benefits the
442 Great Salt Lake watershed while protecting other beneficial uses of water; and

443 (f) participate in collaborative efforts to develop strategies and recommendations to
444 ensure adequate water for the Great Salt Lake and the Great Salt Lake watershed.

445 (5) (a) Within 90 days of March 21, 2022, the division shall select the highest ranking
446 eligible applicant as the grantee.

447 (b) The division shall distribute the appropriated money to the grantee as soon as
448 reasonably practicable following the execution of an agreement or agreements that satisfy the
449 requirements of [~~Subsections~~] Subsection 51-2a-201.5(4) and [~~63J-1-220(2)~~] Title 63G,
450 Chapter 6b, State Grants.

451 (c) The division shall issue the grant within the time period required under this
452 Subsection (5) notwithstanding whether the division has adopted rules to administer the
453 program under Section 65A-16-102.

454 (6) If the division does not receive an application from an eligible applicant that
455 satisfies each of the evaluation criteria of Subsection (4), the division shall issue a request for
456 proposals under a competitive award process and shall select the most qualified applicant to
457 receive the grant.

458 Section 10. Section **65A-16-203** is amended to read:

459 **65A-16-203. Grantee requirements.**

460 A grantee that receives grant money under this chapter shall:

461 (1) comply with Section [51-2a-201.5](#), [~~Subsection 63J-1-220(2)~~] [Title 63G, Chapter](#)
462 [6b, State Grants](#), and other applicable laws, regulations, ordinances, or rules; and

463 (2) use grant money to carry out the objectives of Subsection [65A-16-201\(1\)](#) and to
464 operate the water trust in a manner required by Section [65A-16-301](#), provided that this chapter
465 may not be construed as limiting the grantee's ability to obtain funding from other public and
466 private sources to assist in the establishment, operation, and administration of the water trust.

467 Section 11. Section [65A-16-301](#) is amended to read:

468 **[65A-16-301. Water trust -- Powers and duties -- Advisory councils.](#)**

469 (1) The grantee under this chapter shall establish a water trust that:

470 (a) is organized:

471 (i) as a private nonprofit organization; or

472 (ii) as an agreement between two or more conservation organizations; and

473 (b) complies with this section.

474 (2) A water trust created under this section shall:

475 (a) use a fiduciary to hold and administer grant money appropriated under this chapter;

476 (b) subject to Subsection (6):

477 (i) register with the lieutenant governor as a limited purpose entity pursuant to Section
478 [51-2a-201.5](#);

479 (ii) file with the state auditor on or before June 30 of each year the accounting report
480 that:

481 (A) satisfies Subsection [51-2a-201.5\(2\)](#);

482 (B) includes an itemized accounting of the in-kind contributions and other monetary
483 contributions described in Subsection (4); and

484 (C) includes an itemized accounting of the costs incurred under Subsection (3)(a);

485 (iii) provide a copy of the accounting report described in Subsection (2)(b)(ii) to:

486 (A) the division;

487 (B) the commissioner;

488 (C) the Division of Water Quality;

489 (D) the council; and

490 (E) the Natural Resources, Agriculture, and Environment Quality Appropriations

491 Subcommittee;

492 (iv) file with the division on or before January 31 of each year a report that satisfies the
493 requirements of [~~Subsections~~] Subsection 51-2a-201.5(4) [~~and 63J-1-220(2)~~]; and

494 (v) provide a copy of the report described in Subsection (2)(b)(iv) to:

495 (A) the Division of Water Quality;

496 (B) the council; and

497 (C) the Natural Resources, Agriculture, and Environment Quality Appropriations

498 Subcommittee; and

499 (c) comply with applicable laws, regulations, ordinances, and rules.

500 (3) A water trust established by a grantee under this section:

501 (a) may use grant money for costs to establish, operate, or administer the water trust,
502 including the hiring of staff or contractors;

503 (b) shall use no less than 25% of the grant money to protect and restore wetlands and
504 habitats in the Great Salt Lake's surrounding ecosystem to benefit the hydrology of the Great
505 Salt Lake; and

506 (c) may invest grant money the water trust receives under this chapter or any private
507 money the water trust may receive, except that the water trust shall:

508 (i) invest and account for grant money and private money separately; and

509 (ii) use the earnings received from the investment of grant money to carry out the
510 purposes described in Subsection 65A-16-201(1).

511 (4) The water trust shall provide a significant match of in-kind contributions or other
512 monetary contributions to support the water trust's operations and for the purposes described in
513 Subsection 65A-16-201(1).

514 (5) (a) A water trust established under this section shall create and consult with one or
515 more advisory councils on matters related to the mission and objectives of the water trust.

516 (b) At least one of the advisory councils shall consist of nine members with a
517 representative from the following:

518 (i) agriculture;

519 (ii) a private land owner adjacent to the Great Salt Lake;

520 (iii) a conservation organization dedicated to the preservation of migratory waterfowl;

521 (iv) a conservation organization dedicated to the protection of non-game avian species;

- 522 (v) another conservation organization working on Great Salt Lake issues;
 - 523 (vi) aquaculture;
 - 524 (vii) mineral extraction;
 - 525 (viii) a water conservancy district; and
 - 526 (ix) wastewater treatment facilities.
- 527 (6) The duties of the water trust under Subsection (2)(b) apply to the water trust
- 528 notwithstanding whether the holdings, revenues, or expenditures of the water trust include
- 529 grant money or other money from the state.

530 Section 12. Section **72-2-121** is amended to read:

531 **72-2-121. County of the First Class Highway Projects Fund.**

532 (1) There is created a special revenue fund within the Transportation Fund known as

533 the "County of the First Class Highway Projects Fund."

534 (2) The fund consists of money generated from the following revenue sources:

535 (a) any voluntary contributions received for new construction, major renovations, and

536 improvements to highways within a county of the first class;

537 (b) the portion of the sales and use tax described in Subsection [59-12-2214\(3\)\(b\)](#)

538 deposited into or transferred to the fund;

539 (c) the portion of the sales and use tax described in Section [59-12-2217](#) deposited into

540 or transferred to the fund;

541 (d) a portion of the local option highway construction and transportation corridor

542 preservation fee imposed in a county of the first class under Section [41-1a-1222](#) deposited into

543 or transferred to the fund; and

544 (e) the portion of the sales and use tax transferred into the fund as described in

545 Subsections [59-12-2220\(4\)\(a\)](#) and [59-12-2220\(11\)\(b\)](#).

546 (3) (a) The fund shall earn interest.

547 (b) All interest earned on fund money shall be deposited into the fund.

548 (4) Subject to Subsection (9), the executive director shall use the fund money only:

549 (a) to pay debt service and bond issuance costs for bonds issued under Sections

550 [63B-16-102](#), [63B-18-402](#), and [63B-27-102](#);

551 (b) for right-of-way acquisition, new construction, major renovations, and

552 improvements to highways within a county of the first class and to pay any debt service and

553 bond issuance costs related to those projects, including improvements to a highway located
554 within a municipality in a county of the first class where the municipality is located within the
555 boundaries of more than a single county;

556 (c) for the construction, acquisition, use, maintenance, or operation of:

557 (i) an active transportation facility for nonmotorized vehicles;

558 (ii) multimodal transportation that connects an origin with a destination; or

559 (iii) a facility that may include a:

560 (A) pedestrian or nonmotorized vehicle trail;

561 (B) nonmotorized vehicle storage facility;

562 (C) pedestrian or vehicle bridge; or

563 (D) vehicle parking lot or parking structure;

564 (d) to transfer to the 2010 Salt Lake County Revenue Bond Sinking Fund created by
565 Section 72-2-121.3 the amount required in Subsection 72-2-121.3(4)(c) minus the amounts
566 transferred in accordance with Subsection 72-2-124(4)(a)(iv);

567 (e) for a fiscal year beginning on or after July 1, 2013, to pay debt service and bond
568 issuance costs for \$30,000,000 of the bonds issued under Section 63B-18-401 for the projects
569 described in Subsection 63B-18-401(4)(a);

570 (f) for a fiscal year beginning on or after July 1, 2013, and after the department has
571 verified that the amount required under Subsection 72-2-121.3(4)(c) is available in the fund, to
572 transfer an amount equal to 50% of the revenue generated by the local option highway
573 construction and transportation corridor preservation fee imposed under Section 41-1a-1222 in
574 a county of the first class:

575 (i) to the legislative body of a county of the first class; and

576 (ii) to be used by a county of the first class for:

577 (A) highway construction, reconstruction, or maintenance projects; or

578 (B) the enforcement of state motor vehicle and traffic laws;

579 (g) for a fiscal year beginning on or after July 1, 2015, after the department has verified
580 that the amount required under Subsection 72-2-121.3(4)(c) is available in the fund and the
581 transfer under Subsection (4)(e) has been made, to annually transfer an amount of the sales and
582 use tax revenue imposed in a county of the first class and deposited into the fund in accordance
583 with Subsection 59-12-2214(3)(b) equal to an amount needed to cover the debt to:

584 (i) the appropriate debt service or sinking fund for the repayment of bonds issued under
585 Section 63B-27-102; and

586 (ii) the appropriate debt service or sinking fund for the repayment of bonds issued
587 under Sections 63B-31-102 and 63B-31-103;

588 (h) after the department has verified that the amount required under Subsection
589 72-2-121.3(4)(c) is available in the fund and after the transfer under Subsection (4)(d), the
590 payment under Subsection (4)(e), and the transfer under Subsection (4)(g)(i) has been made, to
591 annually transfer \$2,000,000 to a public transit district in a county of the first class to fund a
592 system for public transit;

593 (i) for a fiscal year beginning on or after July 1, 2018, after the department has verified
594 that the amount required under Subsection 72-2-121.3(4)(c) is available in the fund and after
595 the transfer under Subsection (4)(d), the payment under Subsection (4)(e), and the transfer
596 under Subsection (4)(g)(i) has been made, to annually transfer 20% of the amount deposited
597 into the fund under Subsection (2)(b):

598 (i) to the legislative body of a county of the first class; and

599 (ii) to fund parking facilities in a county of the first class that facilitate significant
600 economic development and recreation and tourism within the state;

601 (j) for the 2018-19 fiscal year only, after the department has verified that the amount
602 required under Subsection 72-2-121.3(4)(c) is available in the fund and after the transfer under
603 Subsection (4)(d), the payment under Subsection (4)(e), and the transfers under Subsections
604 (4)(g), (h), and (i) have been made, to transfer \$12,000,000 to the department to distribute for
605 the following projects:

606 (i) \$2,000,000 to West Valley City for highway improvement to 4100 South;

607 (ii) \$1,000,000 to Herriman for highway improvements to Herriman Boulevard from
608 6800 West to 7300 West;

609 (iii) \$1,100,000 to South Jordan for highway improvements to Grandville Avenue;

610 (iv) \$1,800,000 to Riverton for highway improvements to Old Liberty Way from 13400
611 South to 13200 South;

612 (v) \$1,000,000 to Murray City for highway improvements to 5600 South from State
613 Street to Van Winkle;

614 (vi) \$1,000,000 to Draper for highway improvements to Lone Peak Parkway from

615 11400 South to 12300 South;
616 (vii) \$1,000,000 to Sandy City for right-of-way acquisition for Monroe Street;
617 (viii) \$900,000 to South Jordan City for right-of-way acquisition and improvements to
618 10200 South from 2700 West to 3200 West;
619 (ix) \$1,000,000 to West Jordan for highway improvements to 8600 South near
620 Mountain View Corridor;
621 (x) \$700,000 to South Jordan right-of-way improvements to 10550 South; and
622 (xi) \$500,000 to Salt Lake County for highway improvements to 2650 South from
623 7200 West to 8000 West; and
624 (k) subject to Subsection (5), for a fiscal year beginning on or after July 1, 2021, and
625 for 15 years thereafter, to annually transfer the following amounts to the following cities, metro
626 townships, and the county of the first class for priority projects to mitigate congestion and
627 improve transportation safety:
628 (i) \$2,000,000 to Sandy;
629 (ii) \$2,000,000 to Taylorsville;
630 (iii) \$1,100,000 to Salt Lake City;
631 (iv) \$1,100,000 to West Jordan;
632 (v) \$1,100,000 to West Valley City;
633 (vi) \$800,000 to Herriman;
634 (vii) \$700,000 to Draper;
635 (viii) \$700,000 to Riverton;
636 (ix) \$700,000 to South Jordan;
637 (x) \$500,000 to Bluffdale;
638 (xi) \$500,000 to Midvale;
639 (xii) \$500,000 to Millcreek;
640 (xiii) \$500,000 to Murray;
641 (xiv) \$400,000 to Cottonwood Heights; and
642 (xv) \$300,000 to Holladay.
643 (5) (a) If revenue in the fund is insufficient to satisfy all of the transfers described in
644 Subsection (4)(k), the executive director shall proportionately reduce the amounts transferred
645 as described in Subsection (4)(k).

646 ~~[(b) A local government entity, as that term is defined in Section 63J-1-220, is exempt~~
647 ~~from entering into an agreement as described in Section 63J-1-220 pertaining to the receipt or~~
648 ~~expenditure of any funding described in Subsection (4)(k).]~~

649 [(c)] (b) A local government may not use revenue described in Subsection (4)(k) to
650 supplant existing class B or class C road funds that a local government has budgeted for
651 transportation projects.

652 [(d)] (c) (i) A municipality or county that received a transfer of funds described in
653 Subsection (4)(j) shall submit to the department a statement of cash flow and progress
654 pertaining to the municipality's or county's respective project described in Subsection (4)(j).

655 (ii) After the department is satisfied that the municipality or county described in
656 Subsection (4)(j) has made substantial progress and the expenditure of funds is programmed
657 and imminent, the department may transfer to the same municipality or county the respective
658 amounts described in Subsection (4)(k).

659 (6) The revenues described in Subsections (2)(b), (c), and (d) that are deposited into the
660 fund and bond proceeds from bonds issued under Sections 63B-16-102, 63B-18-402, and
661 63B-27-102 are considered a local matching contribution for the purposes described under
662 Section 72-2-123.

663 (7) The additional administrative costs of the department to administer this fund shall
664 be paid from money in the fund.

665 (8) Subject to Subsection (9), and notwithstanding any statutory or other restrictions on
666 the use or expenditure of the revenue sources deposited into this fund, the Department of
667 Transportation may use the money in this fund for any of the purposes detailed in Subsection
668 (4).

669 (9) Any revenue deposited into the fund as described in Subsection (2)(e) shall be used
670 to provide funding or loans for public transit projects, operations, and supporting infrastructure
671 in the county of the first class.

672 Section 13. **Repealer.**

673 This bill repeals:

674 Section 63J-1-220, **Reporting related to pass through money distributed by state**
675 **agencies.**

676 Section 14. **Effective date.**

677

This bill takes effect on July 1, 2024.