

TRANSPORTATION FUNDING REQUIREMENTS

2023 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Kirk A. Cullimore

House Sponsor: _____

LONG TITLE

General Description:

This bill amends provisions related to allowed uses for a certain local option sales and use tax for transportation.

Highlighted Provisions:

This bill:

- ▶ amends provisions related to the allowed uses for a certain local option sales and use tax within a county of the first class;
- ▶ allows a certain portion of a local option sales and use tax within a county of the first class to be used to provide support and services for certain individuals with behavioral or mental health conditions;
- ▶ allows a certain portion of a local option sales and use tax within a county of the first class to be used to fund or provide loans for public transit projects in a county of the first class; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:



28 [59-12-2220](#), as last amended by Laws of Utah 2022, Chapter 259
29 [72-2-121](#), as last amended by Laws of Utah 2022, Chapter 259



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

32 Section 1. Section [59-12-2220](#) is amended to read:

33 **[59-12-2220. County option sales and use tax to fund a system for public transit --](#)**
34 **Base -- Rate.**

35 (1) Subject to the other provisions of this part and subject to the requirements of this
36 section, beginning on July 1, 2019, the following counties may impose a sales and use tax
37 under this section:

38 (a) a county legislative body may impose the sales and use tax on the transactions
39 described in Subsection [59-12-103\(1\)](#) located within the county, including the cities and towns
40 within the county if:

41 (i) the entire boundary of a county is annexed into a large public transit district; and

42 (ii) the maximum amount of sales and use tax authorizations allowed pursuant to

43 Section [59-12-2203](#) and authorized under the following sections has been imposed:

44 (A) Section [59-12-2213](#);

45 (B) Section [59-12-2214](#);

46 (C) Section [59-12-2215](#);

47 (D) Section [59-12-2216](#);

48 (E) Section [59-12-2217](#);

49 (F) Section [59-12-2218](#); and

50 (G) Section [59-12-2219](#);

51 (b) if the county is not annexed into a large public transit district, the county legislative
52 body may impose the sales and use tax on the transactions described in Subsection
53 [59-12-103\(1\)](#) located within the county, including the cities and towns within the county if:

54 (i) the county is an eligible political subdivision as defined in Section [59-12-2219](#); or

55 (ii) a city or town within the boundary of the county is an eligible political subdivision
56 as defined in Section [59-12-2219](#); or

57 (c) a county legislative body of a county not described in Subsection (1)(a) may impose
58 the sales and use tax on the transactions described in Subsection [59-12-103\(1\)](#) located within

59 the county, including the cities and towns within the county, if there is a public transit district
60 within the boundary of the county.

61 (2) For purposes of Subsection (1) and subject to the other provisions of this section, a
62 county legislative body that imposes a sales and use tax under this section may impose the tax
63 at a rate of .2%.

64 (3) ~~[A]~~ Except as provided in Subsection (4), a county imposing a sales and use tax
65 under this section shall expend the revenues collected from the sales and use tax for capital
66 expenses and service delivery expenses of:

67 (a) a public transit district;

68 (b) an eligible political subdivision, as that term is defined in Section 59-12-2219; or

69 (c) another entity providing a service for public transit or a transit facility within the
70 county as those terms are defined in Section 17B-2a-802.

71 (4) (a) If a county of the first class imposes a sales and use tax under this section, the
72 commission shall distribute the sales and use tax revenue collected within the county as
73 follows:

74 (i) .05% shall be transferred to the county and used in accordance with Subsection

75 (4)(b); and

76 (ii) .15% shall be transferred to the County of the First Class Highway Projects Fund
77 created in Section 72-2-121.

78 (b) The county legislative body of a county of the first class may use revenue
79 transferred to the county as described in Subsection (4)(a)(i) to provide services to individuals
80 with a mental or behavioral health condition, including:

81 (i) evaluation and diversion from incarceration to mental and behavioral health
82 treatment;

83 (ii) assistance in transitioning from incarceration, including housing stability; and

84 (iii) other related services.

85 ~~[(4)]~~ (5) Notwithstanding Section 59-12-2208, a county legislative body may, but is not
86 required to, submit an opinion question to the county's registered voters in accordance with
87 Section 59-12-2208 to impose a sales and use tax under this section.

88 ~~[(5)]~~ (6) (a) Notwithstanding any other provision in this section, if a county wishes to
89 impose a sales and use tax under this section, the county legislative body shall pass the

90 ordinance to impose a sales and use tax under this section on or before June 30, 2023.

91 (b) The county legislative body may not pass an ordinance to impose a sales and use
92 tax under this section on or after July 1, 2023.

93 (c) Notwithstanding the deadline described in Subsection [~~(5)(a)~~], (6)(a), any sales and
94 use tax imposed under this section on or before June 30, 2023, may remain in effect.

95 [~~(6)~~] (7) (a) Revenue collected from a sales and use tax under this section may not be
96 used to supplant existing General Fund appropriations that a county has budgeted for
97 transportation or public transit as of the date the tax becomes effective for a county.

98 (b) The limitation under Subsection [~~(6)(a)~~] (7)(a) does not apply to a designated
99 transportation or public transit capital or reserve account a county may have established prior to
100 the date the tax becomes effective.

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

102 **72-2-121. County of the First Class Highway Projects Fund.**

103 (1) There is created a special revenue fund within the Transportation Fund known as
104 the "County of the First Class Highway Projects Fund."

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

106 (a) any voluntary contributions received for new construction, major renovations, and
107 improvements to highways within a county of the first class;

108 (b) the portion of the sales and use tax described in Subsection 59-12-2214(3)(b)
109 deposited into or transferred to the fund;

110 (c) the portion of the sales and use tax described in Section 59-12-2217 deposited into
111 or transferred to the fund; [~~and~~]

112 (d) a portion of the local option highway construction and transportation corridor
113 preservation fee imposed in a county of the first class under Section 41-1a-1222 deposited into
114 or transferred to the fund[-]; and

115 (e) the portion of the sales and use tax described in Subsection 59-12-2220(4)(a)(ii)
116 transferred into the fund.

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

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

119 (4) [~~The~~] Subject to Subsection (9), the executive director shall use the fund money
120 only:

121 (a) to pay debt service and bond issuance costs for bonds issued under Sections
122 [63B-16-102](#), [63B-18-402](#), and [63B-27-102](#);

123 (b) for right-of-way acquisition, new construction, major renovations, and
124 improvements to highways within a county of the first class and to pay any debt service and
125 bond issuance costs related to those projects, including improvements to a highway located
126 within a municipality in a county of the first class where the municipality is located within the
127 boundaries of more than a single county;

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

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

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

131 (iii) a facility that may include a:

132 (A) pedestrian or nonmotorized vehicle trail;

133 (B) nonmotorized vehicle storage facility;

134 (C) pedestrian or vehicle bridge; or

135 (D) vehicle parking lot or parking structure;

136 (d) to transfer to the 2010 Salt Lake County Revenue Bond Sinking Fund created by
137 Section [72-2-121.3](#) the amount required in Subsection [72-2-121.3\(4\)\(c\)](#) minus the amounts
138 transferred in accordance with Subsection [72-2-124\(4\)\(a\)\(iv\)](#);

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

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

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

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

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

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

151 (g) for a fiscal year beginning on or after July 1, 2015, after the department has verified

152 that the amount required under Subsection 72-2-121.3(4)(c) is available in the fund and the
153 transfer under Subsection (4)(e) has been made, to annually transfer an amount of the sales and
154 use tax revenue imposed in a county of the first class and deposited into the fund in accordance
155 with Subsection 59-12-2214(3)(b) equal to an amount needed to cover the debt to:

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

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

160 (h) after the department has verified that the amount required under Subsection
161 72-2-121.3(4)(c) is available in the fund and after the transfer under Subsection (4)(d), the
162 payment under Subsection (4)(e), and the transfer under Subsection (4)(g)(i) has been made, to
163 annually transfer \$2,000,000 to a public transit district in a county of the first class to fund a
164 system for public transit;

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

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

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

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

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

179 (ii) \$1,000,000 to Herriman for highway improvements to Herriman Boulevard from
180 6800 West to 7300 West;

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

182 (iv) \$1,800,000 to Riverton for highway improvements to Old Liberty Way from 13400

- 183 South to 13200 South;
- 184 (v) \$1,000,000 to Murray City for highway improvements to 5600 South from State
- 185 Street to Van Winkle;
- 186 (vi) \$1,000,000 to Draper for highway improvements to Lone Peak Parkway from
- 187 11400 South to 12300 South;
- 188 (vii) \$1,000,000 to Sandy City for right-of-way acquisition for Monroe Street;
- 189 (viii) \$900,000 to South Jordan City for right-of-way acquisition and improvements to
- 190 10200 South from 2700 West to 3200 West;
- 191 (ix) \$1,000,000 to West Jordan for highway improvements to 8600 South near
- 192 Mountain View Corridor;
- 193 (x) \$700,000 to South Jordan right-of-way improvements to 10550 South; and
- 194 (xi) \$500,000 to Salt Lake County for highway improvements to 2650 South from
- 195 7200 West to 8000 West; and
- 196 (k) subject to Subsection (5), for a fiscal year beginning on or after July 1, 2021, and
- 197 for 15 years thereafter, to annually transfer the following amounts to the following cities, metro
- 198 townships, and the county of the first class for priority projects to mitigate congestion and
- 199 improve transportation safety:
- 200 (i) \$2,000,000 to Sandy;
- 201 (ii) \$2,000,000 to Taylorsville;
- 202 (iii) \$1,100,000 to Salt Lake City;
- 203 (iv) \$1,100,000 to West Jordan;
- 204 (v) \$1,100,000 to West Valley City;
- 205 (vi) \$800,000 to Herriman;
- 206 (vii) \$700,000 to Draper;
- 207 (viii) \$700,000 to Riverton;
- 208 (ix) \$700,000 to South Jordan;
- 209 (x) \$500,000 to Bluffdale;
- 210 (xi) \$500,000 to Midvale;
- 211 (xii) \$500,000 to Millcreek;
- 212 (xiii) \$500,000 to Murray;
- 213 (xiv) \$400,000 to Cottonwood Heights; and

214 (xv) \$300,000 to Holladay.

215 (5) (a) If revenue in the fund is insufficient to satisfy all of the transfers described in
216 Subsection (4)(k), the executive director shall proportionately reduce the amounts transferred
217 as described in Subsection (4)(k).

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

221 (c) A local government may not use revenue described in Subsection (4)(k) to supplant
222 existing class B or class C road funds that a local government has budgeted for transportation
223 projects.

224 (d) (i) A municipality or county that received a transfer of funds described in
225 Subsection (4)(j) shall submit to the department a statement of cash flow and progress
226 pertaining to the municipality's or county's respective project described in Subsection (4)(j).

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

231 (6) The revenues described in Subsections (2)(b), (c), and (d) that are deposited into the
232 fund and bond proceeds from bonds issued under Sections 63B-16-102, 63B-18-402, and
233 63B-27-102 are considered a local matching contribution for the purposes described under
234 Section 72-2-123.

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

237 (8) ~~[Notwithstanding]~~ Subject to Subsection (9), notwithstanding any statutory or other
238 restrictions on the use or expenditure of the revenue sources deposited into this fund, the
239 Department of Transportation may use the money in this fund for any of the purposes detailed
240 in Subsection (4).

241 ~~[(9) As resources allow, the department shall study in 2020 transportation connectivity
242 in the southwest valley of Salt Lake County, including the feasibility of connecting major
243 east-west corridors to U-111.]~~

244 (9) Any revenue deposited into the fund as described in Subsection (2)(e) shall be used

245 to provide funding or loans for public transit projects and supporting infrastructure in the
246 county of the first class.