

# HB0162S03 compared with HB0162S01

{Omitted text} shows text that was in HB0162S01 but was omitted in HB0162S03  
inserted text shows text that was not in HB0162S01 but was inserted into HB0162S03

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## Transportation Funding Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Rex P. Shipp

Senate Sponsor:

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### LONG TITLE

#### General Description:

This bill limits certain uses of local option sales and use taxes for transportation.

#### Highlighted Provisions:

This bill:

▸ amends provisions related to the allowed uses of certain local option sales and uses taxes for public safety purposes to:

• allow funds to be used for public safety infrastructure ~~{, vehicles,}~~ and {equipment} buildings; and

• prohibit the use of funds for vehicles, salaries, or operations and maintenance; {and}

▸ provides that a county may only expend sales and use tax revenue on transportation projects recommended by the relevant council of governments; and

▸ makes technical changes.

#### Money Appropriated in this Bill:

None

This bill provides a special effective date.

HB0162S01

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20 AMENDS:

21 **59-12-2216** , as last amended by Laws of Utah 2024, Chapter 501 , as last amended by Laws of  
Utah 2024, Chapter 501

19 ~~{59-12-2220, as last amended by Laws of Utah 2024, Chapters 498, 501, as last amended by  
Laws of Utah 2024, Chapters 498, 501}~~

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

24 Section 1. Section **59-12-2216** is amended to read:

25 **59-12-2216. County option sales and use tax for a fixed guideway, to fund a system for  
public transit, or for highways -- Base -- Rate -- Allocation and expenditure of revenues.**

26 (1) Subject to the other provisions of this part, a county legislative body may impose a sales and use tax  
of up to .30% on the transactions described in Subsection 59-12-103(1) within the county, including  
the cities and towns within the county.

29 (2)

. (a) Subject to Subsection (3), before obtaining voter approval in accordance with Section 59-12-2208,  
a county legislative body shall adopt a resolution specifying the percentage of revenues the  
county will receive from the sales and use tax under this section that will be allocated to fund uses  
described in Section 59-12-2212.2.

33 (b) A county legislative body of a county of the third through sixth class that imposes a sales and  
use tax as described in Subsection (1) on or after January 1, 2024, shall specify the percentage  
of revenues the county will receive from the sales and use tax under this section that will be  
allocated to fund uses described in Section 59-12-2212.2 or for public safety purposes as provided in  
Subsection (3)(b).

38 (3)

. (a) Except as provided in Subsection (2)(b), a county legislative body shall in the resolution described  
in Subsection (2) allocate 100% of the revenues the county will receive from the sales and use tax  
under this section for one or more of the purposes described in Section 59-12-2212.2.

42 (b) ~~[H]~~ Subject to Subsection (3)(c), in addition to the purposes described in Section 59-12-2212.2,  
a county legislative body of a county of the third through sixth class that imposes a sales and use  
tax as authorized in this section on or after January 1, 2024, may allocate revenues to public safety  
purposes.

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- 46 (c) For any funds distributed for public safety purposes as allowed in Subsection (3)(b), a county  
47 legislative body of a county of the third through sixth class:
- 48 ~~{(i) {may use the funds for:}~~
- 49 ~~{(A) (i) may use the funds for public safety infrastructure, including jails or other buildings; {or} and~~  
50 ~~{(B) {public safety or law enforcement vehicles or equipment; and}~~
- 51 (ii) may not use the funds for:
- 52 (A) operations or maintenance of public safety entities; {or}  
53 (B) public safety or law enforcement vehicles; or  
54 ~~{(B)} (C) salaries of public safety or law enforcement personnel.~~
- 56 (d) Revenue used for public safety purposes as provided in Subsection (3)(c) may not be used to  
57 supplant existing appropriations that a county budgeted for public safety infrastructure, operations,  
58 maintenance, vehicles, personnel, or salaries related to public safety as of:
- 60 (i) January 1, 2026, if the county has enacted a sales and use tax under this section on or before January  
61 1, 2026; or
- 62 (ii) the date a sales and use tax imposed under this section becomes effective if the county has not  
63 enacted a sales and use tax under this section on or before January 1, 2026.
- 65 (4) A county legislative body may not expend revenue collected within a county from a tax under this  
66 section for a purpose described in Section 59-12-2212.2 unless the purpose is recommended by:
- 68 (a) for a county that is part of a metropolitan planning organization, the metropolitan planning  
69 organization of which the county is a part; or
- 70 (b) for a county that is not part of a metropolitan planning organization, the council of governments of  
71 which the county is a part.
- 54 ~~[(4)] (5) Notwithstanding Section 59-12-2208, the opinion question required by Section 59-12-2208~~  
55 ~~shall state the allocations the county legislative body makes in accordance with this section.~~
- 57 ~~[(5)] (6) The revenues collected from a sales and use tax under this section shall be:~~
- 58 (a) allocated in accordance with the allocations specified in the resolution under Subsection (2); and  
59 (b) expended as provided in this section.
- 61 ~~[(6)] (7) If a county legislative body allocates revenues collected from a sales and use tax under this~~  
62 ~~section for a state highway project, before beginning the state highway project within the county, the~~  
63 ~~county legislative body shall:~~
- 64 (a) obtain approval from the Transportation Commission to complete the project; and

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- 65 (b) enter into an interlocal agreement established in accordance with Title 11, Chapter 13, Interlocal  
Cooperation Act, with the Department of Transportation to complete the project.
- 68 ~~[(7)]~~ (8)
- . (a) If after a county legislative body imposes a sales and use tax under this section the county legislative  
body seeks to change an allocation specified in the resolution under Subsection (2), the county  
legislative body may change the allocation by:
- 71 (i) adopting a resolution specifying the percentage of revenues the county will receive from the  
sales and use tax under this section that will be allocated to fund one or more of the items  
described in Section 59-12-2212.2\_or Subsection (2)(b); ~~[and]~~
- 75 (ii) obtaining approval to change the allocation of the sales and use tax by a majority of all of the  
members of the county legislative body; and
- 77 (iii) subject to Subsection ~~[(8)(a)]~~ (9)(a):
- 78 (A) in accordance with Section 59-12-2208, submitting an opinion question to the county's registered  
voters voting on changing the allocation so that each registered voter has the opportunity to express  
the registered voter's opinion on whether the allocation should be changed; and
- 82 (B) in accordance with Section 59-12-2208, obtaining approval to change the allocation from a majority  
of the county's registered voters voting on changing the allocation.
- 85 (b) A county of the third through sixth class that imposes a sales and use tax as authorized in this  
section on or after January 1, 2024, that seeks to change the allocation of the revenues is not  
required to submit the opinion question to the county's registered voters.
- 89 ~~[(8)]~~ (9)
- . (a) Notwithstanding Section 59-12-2208, the opinion question required by Subsection ~~[(7)(e)(i)]~~ ~~{(7)~~  
~~(a)(iii)}~~ (8)(a)(iii) shall state the allocations specified in the resolution adopted in accordance with  
Subsection ~~[(7)(a)]~~ ~~{(i)}~~ (8)(a)(i) and approved by the county legislative body in accordance with  
Subsection ~~[(7)(b)]~~ ~~{(7)(a)(ii)}~~ (8)(a)(ii).
- 93 (b) Notwithstanding Section 59-12-2208, a county legislative body of a county of the third through  
sixth class that imposes a sales and use tax under this section on or after January 1, 2024, may, but  
is not required to, submit an opinion question to the county's registered voters in accordance with  
Section 59-12-2208 to impose a sales and use tax under this section.
- 98 ~~[(9)]~~ (10) Revenues collected from a sales and use tax under this section that a county allocates for a  
state highway within the county shall be:

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- 100 (a) deposited into the Highway Projects Within Counties Fund created by Section 72-2-121.1; and  
102 (b) expended as provided in Section 72-2-121.1.
- 103 ~~[(10)]~~ (11)
- . (a) Notwithstanding Section 59-12-2206 and subject to Subsection ~~[(10)(b)]~~ (11)(b), revenues collected from a sales and use tax under this section that a county allocates for a project, debt service, or bond issuance cost relating to a highway that is a principal arterial highway or minor arterial highway that is included in a metropolitan planning organization's regional transportation plan, but is not a state highway, shall be transferred to the Department of Transportation if the transfer of the revenues is required under an interlocal agreement:
- 110 (i) entered into on or before January 1, 2010; and  
111 (ii) established in accordance with Title 11, Chapter 13, Interlocal Cooperation Act.
- 112 (b) The Department of Transportation shall expend the revenues described in Subsection ~~[(10)(a)]~~ (11)  
(a) as provided in the interlocal agreement described in Subsection ~~[(10)(a)]~~ (11)(a).
- 114 ~~{Section 2. Section 59-12-2220 is amended to read: }~~
- 115 **59-12-2220. County option sales and use tax to fund highways or a system for public transit**  
**-- Base -- Rate.**
- 117 (1) Subject to the other provisions of this part and subject to the requirements of this section, the following counties may impose a sales and use tax under this section:
- 119 (a) a county legislative body may impose the sales and use tax on the transactions described in Subsection 59-12-103(1) located within the county, including the cities and towns within the county if:
- 122 (i) the entire boundary of a county is annexed into a large public transit district; and  
123 (ii) the maximum amount of sales and use tax authorizations allowed pursuant to Section 59-12-2203 and authorized under the following sections has been imposed:
- 125 (A) Section 59-12-2213;  
126 (B) Section 59-12-2214;  
127 (C) Section 59-12-2215;  
128 (D) Section 59-12-2216;  
129 (E) Section 59-12-2217;  
130 (F) Section 59-12-2218; and  
131 (G) Section 59-12-2219;

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- 132 (b) if the county is not annexed into a large public transit district, the county legislative body may  
impose the sales and use tax on the transactions described in Subsection 59-12-103(1) located within  
the county, including the cities and towns within the county if:
- 136 (i) the county is an eligible political subdivision; or
- 137 (ii) a city or town within the boundary of the county is an eligible political subdivision; or
- 139 (c) a county legislative body of a county not described in Subsection (1)(a) or (1)(b) may impose  
the sales and use tax on the transactions described in Subsection 59-12-103(1) located within the  
county, including the cities and towns within the county.
- 142 (2) For purposes of Subsection (1) and subject to the other provisions of this section, a county  
legislative body that imposes a sales and use tax under this section may impose the tax at a rate  
of .2%.
- 145 (3)
- . (a) The commission shall distribute sales and use tax revenue collected under this section as determined  
by a county legislative body as described in Subsection (3)(b).
- 147 (b) If a county legislative body imposes a sales and use tax as described in this section, the county  
legislative body may elect to impose a sales and use tax revenue distribution as described in  
Subsection (4), (5), (6), or (7), depending on the class of county, and presence and type of a public  
transit provider in the county.
- 151 (4) If a county legislative body imposes a sales and use tax as described in this section, and the entire  
boundary of the county is annexed into a large public transit district, and the county is a county of  
the first class, the commission shall distribute the sales and use tax revenue as follows:
- 155 (a) .10% to a public transit district as described in Subsection (11);
- 156 (b) .05% to the cities and towns as provided in Subsection (8); and
- 157 (c) .05% to the county legislative body.
- 158 (5) If a county legislative body imposes a sales and use tax as described in this section and the entire  
boundary of the county is annexed into a large public transit district, and the county is a county not  
described in Subsection (4), the commission shall distribute the sales and use tax revenue as follows:
- 162 (a) .10% to a public transit district as described in Subsection (11);
- 163 (b) .05% to the cities and towns as provided in Subsection (8); and
- 164 (c) .05% to the county legislative body.
- 165 (6)

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- . (a) Except as provided in Subsection (12)(c), if the entire boundary of a county that imposes a sales and use tax as described in this section is not annexed into a single public transit district, but a city or town within the county is annexed into a single public transit district, or if the city or town is an eligible political subdivision, the commission shall distribute the sales and use tax revenue collected within the county as provided in Subsection (6)(b) or (c).
- 171 (b) For a city, town, or portion of the county described in Subsection (6)(a) that is annexed into the single public transit district, or an eligible political subdivision, the commission shall distribute the sales and use tax revenue collected within the portion of the county that is within a public transit district or eligible political subdivision as follows:
- 176 (i) .05% to a public transit provider as described in Subsection (11);
- 177 (ii) .075% to the cities and towns as provided in Subsection (8); and
- 178 (iii) .075% to the county legislative body.
- 179 (c) Except as provided in Subsection (12)(c), for a city, town, or portion of the county described in Subsection (6)(a) that is not annexed into a single public transit district or eligible political subdivision in the county, the commission shall distribute the sales and use tax revenue collected within that portion of the county as follows:
- 183 (i) .08% to the cities and towns as provided in Subsection (8); and
- 184 (ii) .12% to the county legislative body.
- 185 (7) For a county without a public transit service that imposes a sales and use tax as described in this section, the commission shall distribute the sales and use tax revenue collected within the county as follows:
- 188 (a) .08% to the cities and towns as provided in Subsection (8); and
- 189 (b) .12% to the county legislative body.
- 190 (8)
- . (a) Subject to Subsections (8)(b) and (c), the commission shall make the distributions required by Subsections (4)(b), (5)(b), (6)(b)(ii), (6)(c)(i), and (7)(a) as follows:
- 192 (i) 50% of the total revenue collected under Subsections (4)(b), (5)(b), (6)(b)(ii), (6)(c)(i), and (7) (a) within the counties that impose a tax under Subsections (4) through (7) shall be distributed to the unincorporated areas, cities, and towns within those counties on the basis of the percentage that the population of each unincorporated area, city, or town bears to the total population of all of the counties that impose a tax under this section; and

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- 198 (ii) 50% of the total revenue collected under Subsections (4)(b), (5)(b), (6)(b)(ii), (6)(c)(i), and (7)  
(a) within the counties that impose a tax under Subsections (4) through (7) shall be distributed to  
the unincorporated areas, cities, and towns within those counties on the basis of the location of  
the transaction as determined under Sections 59-12-211 through 59-12-215.
- 203 (b)
- (i) Population for purposes of this Subsection (8) shall be determined on the basis of the most recent  
official census or census estimate of the United States Census Bureau.
- 206 (ii) If a needed population estimate is not available from the United States Census Bureau, population  
figures shall be derived from an estimate from the Utah Population Estimates Committee created by  
executive order of the governor.
- 209 (c)
- (i) Beginning on January 1, 2024, if the Housing and Community Development Division within  
the Department of Workforce Services determines that a city or town is ineligible for funds in  
accordance with Subsection 10-9a-408(7), beginning the first day of the calendar quarter after  
receiving 90 days' notice, the commission shall distribute the distribution that city or town would  
have received under Subsection (8)(a) to cities or towns to which Subsection 10-9a-408(7) does not  
apply.
- 216 (ii) Beginning on January 1, 2024, if the Housing and Community Development Division within the  
Department of Workforce Services determines that a county is ineligible for funds in accordance  
with Subsection 17-27a-408(7), beginning the first day of the calendar quarter after receiving 90  
days' notice, the commission shall distribute the distribution that county would have received under  
Subsection (8)(a) to counties to which Subsection 17-27a-408(7) does not apply.
- 222 (9) If a public transit service is organized after the date a county legislative body first imposes a tax  
under this section, a change in a distribution required by this section may not take effect until the  
first distribution the commission makes under this section after a 90-day period that begins on the  
date the commission receives written notice from the public transit provider that the public transit  
service has been organized.
- 227 (10)
- (a) Except as provided in Subsection (10)(b), a county, city, or town that received distributions  
described in Subsections (4)(b), (4)(c), (5)(b), (5)(c), (6)(b)(ii), (6)(b)(iii), (6)(c), and (7) may only  
expend those funds for a purpose described in Section 59-12-2212.2.



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- 231 (b) ~~[H]~~ Subject to Subsection (10)(c), if a county described in Subsection (1)(a) that is a county of the  
first class imposes the sales and use tax authorized in this section, the county may also use funds  
distributed in accordance with Subsection (4)(c) for public safety purposes.
- 235 (c) For any funds distributed in accordance with Subsection (4)(c) used for public safety purposes as  
allowed in Subsection (10)(b), a county of the first class:
- 237 (i) may use the funds for:
- 238 (A) public safety infrastructure, including jails or other buildings; or
- 239 (B) public safety or law enforcement vehicles or equipment; and
- 240 (ii) may not use the funds for:
- 241 (A) operations or maintenance of public safety entities; or
- 242 (B) salaries of public safety or law enforcement personnel.
- 243 (11)
- . (a) Subject to Subsections (11)(b), (c), and (d), revenue designated for public transit as described in this  
section may be used for capital expenses and service delivery expenses of:
- 246 (i) a public transit district;
- 247 (ii) an eligible political subdivision; or
- 248 (iii) another entity providing a service for public transit or a transit facility within the relevant  
county, as those terms are defined in Section 17B-2a-802.
- 250 (b)
- . (i)
- . (A) If a county of the first class imposes a sales and use tax described in this section, for a three-  
year period following the date on which the county imposes the sales and use tax under this  
section, revenue designated for public transit within a county of the first class as described in  
Subsection (4)(a) shall be transferred to the County of the First Class Highway Projects Fund  
created in Section 72-2-121.
- 256 (B) Revenue deposited into the County of the First Class Highway Projects Fund created in Section  
72-2-121 as described in Subsection (11)(b)(i)(A) may be used for public transit innovation  
grants as provided in Title 72, Chapter 2, Part ~~[3]~~ 4, Public Transit Innovation Grants.
- 260 (ii) If a county of the first class imposes a sales and use tax described in this section, beginning on the  
day three years after the date on which the county imposed the tax as described in Subsection (11)  
(b)(i), for revenue designated for public transit as described in Subsection (4)(a):

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- 264 (A) 50% of the revenue from a sales and use tax imposed under this section in a county of the first  
class shall be transferred to the County of the First Class Highway Projects Fund created in Section  
72-2-121; and
- 267 (B) 50% of the revenue from a sales and use tax imposed under this section in a county of the first  
class shall be transferred to the Transit Transportation Investment Fund created in Subsection  
72-2-124(9).
- 270 (c)
- . (i) If a county that is not a county of the first class for which the entire boundary of the county is  
annexed into a large public transit district imposes a sales and use tax described in this section, for  
a three-year period following the date on which the county imposes the sales and use tax under this  
section, revenue designated for public transit as described in Subsection (5)(a) shall be transferred to  
the relevant county legislative body to be used for a purpose described in Subsection (11)(a).
- 276 (ii) If a county that is not a county of the first class for which the entire boundary of the county is  
annexed into a large public transit district imposes a sales and use tax described in this section,  
beginning on the day three years after the date on which the county imposed the tax as described in  
Subsection (11)(c)(i), for the revenue that is designated for public transit in Subsection (5)(a):
- 281 (A) 50% shall be transferred to the Transit Transportation Investment Fund created in Subsection  
72-2-124(9); and
- 283 (B) 50% shall be transferred to the relevant county legislative body to be used for a purpose described  
in Subsection (11)(a).
- 285 (d) Except as provided in Subsection (12)(c), for a county that imposes a sales and use tax under this  
section, for revenue designated for public transit as described in Subsection (6)(b)(i), the revenue  
shall be transferred to the relevant county legislative body to be used for a purpose described in  
Subsection (11)(a).
- 289 (12)
- . (a) Notwithstanding Section 59-12-2208, a county legislative body may, but is not required to, submit  
an opinion question to the county's registered voters in accordance with Section 59-12-2208 to  
impose a sales and use tax under this section.
- 292 (b) If a county passes an ordinance to impose a sales and use tax as described in this section, the sales  
and use tax shall take effect on the first day of the calendar quarter after a 90-day period that begins  
on the date the commission receives written notice from the county of the passage of the ordinance.

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- 296 (c) A county that imposed the local option sales and use tax described in this section before January 1,  
2023, may maintain that county's distribution allocation in place as of January 1, 2023.
- 299 (13)
- . (a) Revenue collected from a sales and use tax under this section may not be used to supplant existing  
General Fund appropriations that a county, city, or town budgeted for transportation or public transit  
as of the date the tax becomes effective for a county, city, or town.
- 303 (b) The limitation under Subsection (13)(a) does not apply to a designated transportation or public  
transit capital or reserve account a county, city, or town established before the date the tax becomes  
effective.

134 Section 2. **Effective date.**

This bill takes effect on January 1, 2026.

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