

Transportation Funding Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Rex P. Shipp

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 infrastructure, vehicles, and equipment; and
- prohibit the use of funds for salaries or operations and maintenance; and

▸ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

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

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

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

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

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.

(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.

(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

- 32 percentage of revenues the county will receive from the sales and use tax under this
33 section that will be allocated to fund uses described in Section 59-12-2212.2.
- 34 (b) A county legislative body of a county of the third through sixth class that imposes a
35 sales and use tax as described in Subsection (1) on or after January 1, 2024, shall
36 specify the percentage of revenues the county will receive from the sales and use tax
37 under this section that will be allocated to fund uses described in Section
38 59-12-2212.2 or for public safety purposes as provided in Subsection (3)(b).
- 39 (3)(a) Except as provided in Subsection (2)(b), a county legislative body shall in the
40 resolution described in Subsection (2) allocate 100% of the revenues the county will
41 receive from the sales and use tax under this section for one or more of the purposes
42 described in Section 59-12-2212.2.
- 43 (b) ~~[H]~~ Subject to Subsection (3)(c), in addition to the purposes described in Section
44 59-12-2212.2, a county legislative body of a county of the third through sixth class
45 that imposes a sales and use tax as authorized in this section on or after January 1,
46 2024, may allocate revenues to public safety purposes.
- 47 (c) For any funds distributed for public safety purposes as allowed in Subsection (3)(b),
48 a county legislative body of a county of the third through sixth class:
- 49 (i) may use the funds for:
- 50 (A) public safety infrastructure, including jails or other buildings; or
51 (B) public safety or law enforcement vehicles or equipment; and
- 52 (ii) may not use the funds for:
- 53 (A) operations or maintenance of public safety entities; or
54 (B) salaries of public safety or law enforcement personnel.
- 55 (4) Notwithstanding Section 59-12-2208, the opinion question required by Section
56 59-12-2208 shall state the allocations the county legislative body makes in accordance
57 with this section.
- 58 (5) The revenues collected from a sales and use tax under this section shall be:
- 59 (a) allocated in accordance with the allocations specified in the resolution under
60 Subsection (2); and
- 61 (b) expended as provided in this section.
- 62 (6) If a county legislative body allocates revenues collected from a sales and use tax under
63 this section for a state highway project, before beginning the state highway project
64 within the county, the county legislative body shall:
- 65 (a) obtain approval from the Transportation Commission to complete the project; and

- 66 (b) enter into an interlocal agreement established in accordance with Title 11, Chapter
67 13, Interlocal Cooperation Act, with the Department of Transportation to complete
68 the project.
- 69 (7)(a) If after a county legislative body imposes a sales and use tax under this section
70 the county legislative body seeks to change an allocation specified in the resolution
71 under Subsection (2), the county legislative body may change the allocation by:
- 72 (i) adopting a resolution specifying the percentage of revenues the county will
73 receive from the sales and use tax under this section that will be allocated to fund
74 one or more of the items described in Section 59-12-2212.2 or Subsection (2)(b); [
75 and]
- 76 (ii) obtaining approval to change the allocation of the sales and use tax by a majority
77 of all of the members of the county legislative body; and
- 78 (iii) subject to Subsection (8)(a):
- 79 (A) in accordance with Section 59-12-2208, submitting an opinion question to the
80 county's registered voters voting on changing the allocation so that each
81 registered voter has the opportunity to express the registered voter's opinion on
82 whether the allocation should be changed; and
- 83 (B) in accordance with Section 59-12-2208, obtaining approval to change the
84 allocation from a majority of the county's registered voters voting on changing
85 the allocation.
- 86 (b) A county of the third through sixth class that imposes a sales and use tax as
87 authorized in this section on or after January 1, 2024, that seeks to change the
88 allocation of the revenues is not required to submit the opinion question to the
89 county's registered voters.
- 90 (8)(a) Notwithstanding Section 59-12-2208, the opinion question required by
91 Subsection [~~(7)(e)(i)~~] (7)(a)(iii) shall state the allocations specified in the resolution
92 adopted in accordance with Subsection (7)(a)(i) and approved by the county
93 legislative body in accordance with Subsection [~~(7)(b)~~] (7)(a)(ii).
- 94 (b) Notwithstanding Section 59-12-2208, a county legislative body of a county of the
95 third through sixth class that imposes a sales and use tax under this section on or after
96 January 1, 2024, may, but is not required to, submit an opinion question to the
97 county's registered voters in accordance with Section 59-12-2208 to impose a sales
98 and use tax under this section.
- 99 (9) Revenues collected from a sales and use tax under this section that a county allocates

100 for a state highway within the county shall be:

101 (a) deposited into the Highway Projects Within Counties Fund created by Section
102 72-2-121.1; and

103 (b) expended as provided in Section 72-2-121.1.

104 (10)(a) Notwithstanding Section 59-12-2206 and subject to Subsection (10)(b),
105 revenues collected from a sales and use tax under this section that a county allocates
106 for a project, debt service, or bond issuance cost relating to a highway that is a
107 principal arterial highway or minor arterial highway that is included in a metropolitan
108 planning organization's regional transportation plan, but is not a state highway, shall
109 be transferred to the Department of Transportation if the transfer of the revenues is
110 required under an interlocal agreement:

111 (i) entered into on or before January 1, 2010; and

112 (ii) established in accordance with Title 11, Chapter 13, Interlocal Cooperation Act.

113 (b) The Department of Transportation shall expend the revenues described in Subsection
114 (10)(a) as provided in the interlocal agreement described in Subsection (10)(a).

115 Section 2. Section **59-12-2220** is amended to read:

116 **59-12-2220 . County option sales and use tax to fund highways or a system for**
117 **public transit -- Base -- Rate.**

118 (1) Subject to the other provisions of this part and subject to the requirements of this
119 section, the following counties may impose a sales and use tax under this section:

120 (a) a county legislative body may impose the sales and use tax on the transactions
121 described in Subsection 59-12-103(1) located within the county, including the cities
122 and towns within the county if:

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

124 (ii) the maximum amount of sales and use tax authorizations allowed pursuant to
125 Section 59-12-2203 and authorized under the following sections has been imposed:

126 (A) Section 59-12-2213;

127 (B) Section 59-12-2214;

128 (C) Section 59-12-2215;

129 (D) Section 59-12-2216;

130 (E) Section 59-12-2217;

131 (F) Section 59-12-2218; and

132 (G) Section 59-12-2219;

133 (b) if the county is not annexed into a large public transit district, the county legislative

- 134 body may impose the sales and use tax on the transactions described in Subsection
135 59-12-103(1) located within the county, including the cities and towns within the
136 county if:
- 137 (i) the county is an eligible political subdivision; or
 - 138 (ii) a city or town within the boundary of the county is an eligible political
139 subdivision; or
 - 140 (c) a county legislative body of a county not described in Subsection (1)(a) or (1)(b) may
141 impose the sales and use tax on the transactions described in Subsection 59-12-103(1)
142 located within the county, including the cities and towns within the county.
- 143 (2) For purposes of Subsection (1) and subject to the other provisions of this section, a
144 county legislative body that imposes a sales and use tax under this section may impose
145 the tax at a rate of .2%.
- 146 (3)(a) The commission shall distribute sales and use tax revenue collected under this
147 section as determined by a county legislative body as described in Subsection (3)(b).
- 148 (b) If a county legislative body imposes a sales and use tax as described in this section,
149 the county legislative body may elect to impose a sales and use tax revenue
150 distribution as described in Subsection (4), (5), (6), or (7), depending on the class of
151 county, and presence and type of a public transit provider in the county.
- 152 (4) If a county legislative body imposes a sales and use tax as described in this section, and
153 the entire boundary of the county is annexed into a large public transit district, and the
154 county is a county of the first class, the commission shall distribute the sales and use tax
155 revenue as follows:
- 156 (a) .10% to a public transit district as described in Subsection (11);
 - 157 (b) .05% to the cities and towns as provided in Subsection (8); and
 - 158 (c) .05% to the county legislative body.
- 159 (5) If a county legislative body imposes a sales and use tax as described in this section and
160 the entire boundary of the county is annexed into a large public transit district, and the
161 county is a county not described in Subsection (4), the commission shall distribute the
162 sales and use tax revenue as follows:
- 163 (a) .10% to a public transit district as described in Subsection (11);
 - 164 (b) .05% to the cities and towns as provided in Subsection (8); and
 - 165 (c) .05% to the county legislative body.
- 166 (6)(a) Except as provided in Subsection (12)(c), if the entire boundary of a county that
167 imposes a sales and use tax as described in this section is not annexed into a single

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

202 within those counties on the basis of the location of the transaction as determined
203 under Sections 59-12-211 through 59-12-215.

204 (b)(i) Population for purposes of this Subsection (8) shall be determined on the basis
205 of the most recent official census or census estimate of the United States Census
206 Bureau.

207 (ii) If a needed population estimate is not available from the United States Census
208 Bureau, population figures shall be derived from an estimate from the Utah
209 Population Estimates Committee created by executive order of the governor.

210 (c)(i) Beginning on January 1, 2024, if the Housing and Community Development
211 Division within the Department of Workforce Services determines that a city or
212 town is ineligible for funds in accordance with Subsection 10-9a-408(7),
213 beginning the first day of the calendar quarter after receiving 90 days' notice, the
214 commission shall distribute the distribution that city or town would have received
215 under Subsection (8)(a) to cities or towns to which Subsection 10-9a-408(7) does
216 not apply.

217 (ii) Beginning on January 1, 2024, if the Housing and Community Development
218 Division within the Department of Workforce Services determines that a county is
219 ineligible for funds in accordance with Subsection 17-27a-408(7), beginning the
220 first day of the calendar quarter after receiving 90 days' notice, the commission
221 shall distribute the distribution that county would have received under Subsection
222 (8)(a) to counties to which Subsection 17-27a-408(7) does not apply.

223 (9) If a public transit service is organized after the date a county legislative body first
224 imposes a tax under this section, a change in a distribution required by this section may
225 not take effect until the first distribution the commission makes under this section after a
226 90-day period that begins on the date the commission receives written notice from the
227 public transit provider that the public transit service has been organized.

228 (10)(a) Except as provided in Subsection (10)(b), a county, city, or town that received
229 distributions described in Subsections (4)(b), (4)(c), (5)(b), (5)(c), (6)(b)(ii),
230 (6)(b)(iii), (6)(c), and (7) may only expend those funds for a purpose described in
231 Section 59-12-2212.2.

232 (b) [Hf] Subject to Subsection (10)(c), if a county described in Subsection (1)(a) that is a
233 county of the first class imposes the sales and use tax authorized in this section, the
234 county may also use funds distributed in accordance with Subsection (4)(c) for public
235 safety purposes.

236 (c) For any funds distributed in accordance with Subsection (4)(c) used for public safety
 237 purposes as allowed in Subsection (10)(b), a county of the first class:

238 (i) may use the funds for:

239 (A) public safety infrastructure, including jails or other buildings; or

240 (B) public safety or law enforcement vehicles or equipment; and

241 (ii) may not use the funds for:

242 (A) operations or maintenance of public safety entities; or

243 (B) salaries of public safety or law enforcement personnel.

244 (11)(a) Subject to Subsections (11)(b), (c), and (d), revenue designated for public transit
 245 as described in this section may be used for capital expenses and service delivery
 246 expenses of:

247 (i) a public transit district;

248 (ii) an eligible political subdivision; or

249 (iii) another entity providing a service for public transit or a transit facility within the
 250 relevant county, as those terms are defined in Section 17B-2a-802.

251 (b)(i)(A) If a county of the first class imposes a sales and use tax described in
 252 this section, for a three-year period following the date on which the county
 253 imposes the sales and use tax under this section, revenue designated for public
 254 transit within a county of the first class as described in Subsection (4)(a) shall
 255 be transferred to the County of the First Class Highway Projects Fund created
 256 in Section 72-2-121.

257 (B) Revenue deposited into the County of the First Class Highway Projects Fund
 258 created in Section 72-2-121 as described in Subsection (11)(b)(i)(A) may be
 259 used for public transit innovation grants as provided in Title 72, Chapter 2, Part [
 260 3] 4, Public Transit Innovation Grants.

261 (ii) If a county of the first class imposes a sales and use tax described in this section,
 262 beginning on the day three years after the date on which the county imposed the
 263 tax as described in Subsection (11)(b)(i), for revenue designated for public transit
 264 as described in Subsection (4)(a):

265 (A) 50% of the revenue from a sales and use tax imposed under this section in a
 266 county of the first class shall be transferred to the County of the First Class
 267 Highway Projects Fund created in Section 72-2-121; and

268 (B) 50% of the revenue from a sales and use tax imposed under this section in a
 269 county of the first class shall be transferred to the Transit Transportation

- 270 Investment Fund created in Subsection 72-2-124(9).
- 271 (c)(i) If a county that is not a county of the first class for which the entire boundary
272 of the county is annexed into a large public transit district imposes a sales and use
273 tax described in this section, for a three-year period following the date on which
274 the county imposes the sales and use tax under this section, revenue designated for
275 public transit as described in Subsection (5)(a) shall be transferred to the relevant
276 county legislative body to be used for a purpose described in Subsection (11)(a).
- 277 (ii) If a county that is not a county of the first class for which the entire boundary of
278 the county is annexed into a large public transit district imposes a sales and use
279 tax described in this section, beginning on the day three years after the date on
280 which the county imposed the tax as described in Subsection (11)(c)(i), for the
281 revenue that is designated for public transit in Subsection (5)(a):
- 282 (A) 50% shall be transferred to the Transit Transportation Investment Fund
283 created in Subsection 72-2-124(9); and
- 284 (B) 50% shall be transferred to the relevant county legislative body to be used for
285 a purpose described in Subsection (11)(a).
- 286 (d) Except as provided in Subsection (12)(c), for a county that imposes a sales and use
287 tax under this section, for revenue designated for public transit as described in
288 Subsection (6)(b)(i), the revenue shall be transferred to the relevant county legislative
289 body to be used for a purpose described in Subsection (11)(a).
- 290 (12)(a) Notwithstanding Section 59-12-2208, a county legislative body may, but is not
291 required to, submit an opinion question to the county's registered voters in
292 accordance with Section 59-12-2208 to impose a sales and use tax under this section.
- 293 (b) If a county passes an ordinance to impose a sales and use tax as described in this
294 section, the sales and use tax shall take effect on the first day of the calendar quarter
295 after a 90-day period that begins on the date the commission receives written notice
296 from the county of the passage of the ordinance.
- 297 (c) A county that imposed the local option sales and use tax described in this section
298 before January 1, 2023, may maintain that county's distribution allocation in place as
299 of January 1, 2023.
- 300 (13)(a) Revenue collected from a sales and use tax under this section may not be used to
301 supplant existing General Fund appropriations that a county, city, or town budgeted
302 for transportation or public transit as of the date the tax becomes effective for a
303 county, city, or town.

304 (b) The limitation under Subsection (13)(a) does not apply to a designated transportation
305 or public transit capital or reserve account a county, city, or town established before
306 the date the tax becomes effective.

307 Section 3. **Effective Date.**

308 This bill takes effect on May 7, 2025.