

Rex P. Shipp proposes the following substitute bill:

**Transportation Funding Amendments**

2025 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Rex P. Shipp**

0

1 **LONG TITLE**

2 **General Description:**

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

4 **Highlighted Provisions:**

5 This bill:

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

- 8 • allow funds to be used for infrastructure, vehicles, and equipment; and
- 9 • prohibit the use of funds for salaries or operations and maintenance; and
- 10 ▶ makes technical changes.

11 **Money Appropriated in this Bill:**

12 None

13 **Other Special Clauses:**

14 This bill provides a special effective date.

15 **Utah Code Sections Affected:**

16 AMENDS:

17 **59-12-2216**, as last amended by Laws of Utah 2024, Chapter 501

18 **59-12-2220**, as last amended by Laws of Utah 2024, Chapters 498, 501

19

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

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

22 **59-12-2216 . County option sales and use tax for a fixed guideway, to fund a**  
23 **system for public transit, or for highways -- Base -- Rate -- Allocation and expenditure of**  
24 **revenues.**

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

28 (2)(a) Subject to Subsection (3), before obtaining voter approval in accordance with  
29

- 30 Section 59-12-2208, a county legislative body shall adopt a resolution specifying the  
31 percentage of revenues the county will receive from the sales and use tax under this  
32 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  
34 sales and use tax as described in Subsection (1) on or after January 1, 2024, shall  
35 specify the percentage of revenues the county will receive from the sales and use tax  
36 under this section that will be allocated to fund uses described in Section  
37 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  
39 resolution described in Subsection (2) allocate 100% of the revenues the county will  
40 receive from the sales and use tax under this section for one or more of the purposes  
41 described in Section 59-12-2212.2.
- 42 (b) ~~[H]~~ Subject to Subsection (3)(c), in addition to the purposes described in Section  
43 59-12-2212.2, a county legislative body of a county of the third through sixth class  
44 that imposes a sales and use tax as authorized in this section on or after January 1,  
45 2024, may allocate revenues to public safety purposes.
- 46 (c) For any funds distributed for public safety purposes as allowed in Subsection (3)(b),  
47 a county legislative body of a county of the third through sixth class:
- 48 (i) may use the funds for:
- 49 (A) public safety infrastructure, including jails or other buildings; or  
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) salaries of public safety or law enforcement personnel.
- 54 (4) Notwithstanding Section 59-12-2208, the opinion question required by Section  
55 59-12-2208 shall state the allocations the county legislative body makes in accordance  
56 with this section.
- 57 (5) 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  
59 Subsection (2); and  
60 (b) expended as provided in this section.
- 61 (6) If a county legislative body allocates revenues collected from a sales and use tax under  
62 this section for a state highway project, before beginning the state highway project  
63 within the county, the county legislative body shall:

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

98 (9) Revenues collected from a sales and use tax under this section that a county allocates  
99 for a state highway within the county shall be:

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

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

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

117 (1) Subject to the other provisions of this part and subject to the requirements of this  
118 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  
120 described in Subsection 59-12-103(1) located within the county, including the cities  
121 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

124 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;

- 132 (b) if the county is not annexed into a large public transit district, the county legislative  
133 body may impose the sales and use tax on the transactions described in Subsection  
134 59-12-103(1) located within the county, including the cities and towns within the  
135 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  
138 subdivision; or
- 139 (c) a county legislative body of a county not described in Subsection (1)(a) or (1)(b) may  
140 impose the sales and use tax on the transactions described in Subsection 59-12-103(1)  
141 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  
143 county legislative body that imposes a sales and use tax under this section may impose  
144 the tax at a rate of .2%.
- 145 (3)(a) The commission shall distribute sales and use tax revenue collected under this  
146 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,  
148 the county legislative body may elect to impose a sales and use tax revenue  
149 distribution as described in Subsection (4), (5), (6), or (7), depending on the class of  
150 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  
152 the entire boundary of the county is annexed into a large public transit district, and the  
153 county is a county of the first class, the commission shall distribute the sales and use tax  
154 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  
159 the entire boundary of the county is annexed into a large public transit district, and the  
160 county is a county not described in Subsection (4), the commission shall distribute the  
161 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)(a) Except as provided in Subsection (12)(c), if the entire boundary of a county that

- 166 imposes a sales and use tax as described in this section is not annexed into a single  
167 public transit district, but a city or town within the county is annexed into a single  
168 public transit district, or if the city or town is an eligible political subdivision, the  
169 commission shall distribute the sales and use tax revenue collected within the county  
170 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  
172 annexed into the single public transit district, or an eligible political subdivision, the  
173 commission shall distribute the sales and use tax revenue collected within the portion  
174 of the county that is within a public transit district or eligible political subdivision as  
175 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  
180 described in Subsection (6)(a) that is not annexed into a single public transit district  
181 or eligible political subdivision in the county, the commission shall distribute the  
182 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  
186 described in this section, the commission shall distribute the sales and use tax revenue  
187 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  
191 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),  
193 (6)(c)(i), and (7)(a) within the counties that impose a tax under Subsections (4)  
194 through (7) shall be distributed to the unincorporated areas, cities, and towns  
195 within those counties on the basis of the percentage that the population of each  
196 unincorporated area, city, or town bears to the total population of all of the  
197 counties that impose a tax under this section; and  
198 (ii) 50% of the total revenue collected under Subsections (4)(b), (5)(b), (6)(b)(ii),  
199 (6)(c)(i), and (7)(a) within the counties that impose a tax under Subsections (4)

200 through (7) shall be distributed to the unincorporated areas, cities, and towns  
201 within those counties on the basis of the location of the transaction as determined  
202 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  
204 of the most recent official census or census estimate of the United States Census  
205 Bureau.

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

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

216 (ii) Beginning on January 1, 2024, if the Housing and Community Development  
217 Division within the Department of Workforce Services determines that a county is  
218 ineligible for funds in accordance with Subsection 17-27a-408(7), beginning the  
219 first day of the calendar quarter after receiving 90 days' notice, the commission  
220 shall distribute the distribution that county would have received under Subsection  
221 (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  
223 imposes a tax under this section, a change in a distribution required by this section may  
224 not take effect until the first distribution the commission makes under this section after a  
225 90-day period that begins on the date the commission receives written notice from the  
226 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  
228 distributions described in Subsections (4)(b), (4)(c), (5)(b), (5)(c), (6)(b)(ii),  
229 (6)(b)(iii), (6)(c), and (7) may only expend those funds for a purpose described in  
230 Section 59-12-2212.2.

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

234 safety purposes.

235 (c) For any funds distributed in accordance with Subsection (4)(c) used for public safety  
 236 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  
 244 as described in this section may be used for capital expenses and service delivery  
 245 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  
 249 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  
 251 section, for a three-year period following the date on which the county imposes  
 252 the sales and use tax under this section, revenue designated for public transit  
 253 within a county of the first class as described in Subsection (4)(a) shall be  
 254 transferred to the County of the First Class Highway Projects Fund created in  
 255 Section 72-2-121.

256 (B) Revenue deposited into the County of the First Class Highway Projects Fund  
 257 created in Section 72-2-121 as described in Subsection (11)(b)(i)(A) may be  
 258 used for public transit innovation grants as provided in Title 72, Chapter 2, Part [  
 259 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,  
 261 beginning on the day three years after the date on which the county imposed the  
 262 tax as described in Subsection (11)(b)(i), for revenue designated for public transit  
 263 as described in Subsection (4)(a):

264 (A) 50% of the revenue from a sales and use tax imposed under this section in a  
 265 county of the first class shall be transferred to the County of the First Class  
 266 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



- 268 county of the first class shall be transferred to the Transit Transportation  
269 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  
271 the county is annexed into a large public transit district imposes a sales and use  
272 tax described in this section, for a three-year period following the date on which  
273 the county imposes the sales and use tax under this section, revenue designated for  
274 public transit as described in Subsection (5)(a) shall be transferred to the relevant  
275 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  
277 the county is annexed into a large public transit district imposes a sales and use  
278 tax described in this section, beginning on the day three years after the date on  
279 which the county imposed the tax as described in Subsection (11)(c)(i), for the  
280 revenue that is designated for public transit in Subsection (5)(a):
- 281 (A) 50% shall be transferred to the Transit Transportation Investment Fund  
282 created in Subsection 72-2-124(9); and
- 283 (B) 50% shall be transferred to the relevant county legislative body to be used for  
284 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  
286 tax under this section, for revenue designated for public transit as described in  
287 Subsection (6)(b)(i), the revenue shall be transferred to the relevant county legislative  
288 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  
290 required to, submit an opinion question to the county's registered voters in  
291 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  
293 section, the sales and use tax shall take effect on the first day of the calendar quarter  
294 after a 90-day period that begins on the date the commission receives written notice  
295 from the county of the passage of the ordinance.
- 296 (c) A county that imposed the local option sales and use tax described in this section  
297 before January 1, 2023, may maintain that county's distribution allocation in place as  
298 of January 1, 2023.
- 299 (13)(a) Revenue collected from a sales and use tax under this section may not be used to  
300 supplant existing General Fund appropriations that a county, city, or town budgeted  
301 for transportation or public transit as of the date the tax becomes effective for a

302 county, city, or town.

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

306 Section 3. **Effective Date.**

307 This bill takes effect on January 1, 2026.