

Rex P. Shipp proposes the following substitute bill:

Transportation Funding Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Rex P. Shipp

Senate Sponsor:

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 and buildings; and
- prohibit the use of funds for salaries, vehicles, or operations and maintenance; and
- makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

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

- 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 public safety infrastructure, including jails or other
49 buildings; and
- 50 (ii) may not use the funds for:
- 51 (A) operations or maintenance of public safety entities;
52 (B) public safety or law enforcement vehicles or equipment; or
53 (C) except as provided in Subsection (3)(d), salaries of public safety or law
54 enforcement personnel.
- 55 (d) A county of the third through sixth class that has used or budgeted the funds
56 generated by a sales and use tax imposed under this section to pay for salaries of
57 public safety or law enforcement personnel on or before January 1, 2025, may
58 continue to use the funds to pay for salaries of public safety or law enforcement
59 personnel.
- 60 (4) Notwithstanding Section 59-12-2208, the opinion question required by Section
61 59-12-2208 shall state the allocations the county legislative body makes in accordance
62 with this section.
- 63 (5) The revenues collected from a sales and use tax under this section shall be:

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

98 accordance with Subsection [~~(7)(b)~~] (7)(a)(ii).

99 (b) Notwithstanding Section 59-12-2208, a county legislative body of a county of the
100 third through sixth class that imposes a sales and use tax under this section on or after
101 January 1, 2024, may, but is not required to, submit an opinion question to the
102 county's registered voters in accordance with Section 59-12-2208 to impose a sales
103 and use tax under this section.

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

106 (a) deposited into the Highway Projects Within Counties Fund created by Section
107 72-2-121.1; and

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

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

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

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

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

120 Section 2. **Effective Date.**

121 This bill takes effect on January 1, 2026.