

1 **Moderate Income Housing Infrastructure Amendments**

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Stephanie Gricius

Senate Sponsor: Calvin R. Musselman

2 **LONG TITLE**3 **General Description:**4 This bill modifies requirements and incentives for municipal moderate income housing
5 reports.6 **Highlighted Provisions:**

7 This bill:

8 ▶ modifies the information a municipality is required to submit in a moderate income
9 housing report;10 ▶ provides priority consideration by the Transportation Commission for certain
11 transportation projects if the change of new residential dwelling units in a municipality
12 is 2.5% or greater; and

13 ▶ makes other technical changes for consistency.

14 **Money Appropriated in this Bill:**

15 None

16 **Other Special Clauses:**

17 This bill provides a special effective date.

18 **Utah Code Sections Affected:**19 **AMENDS:**20 **10-21-202 (Effective 05/06/26)**, as renumbered and amended by Laws of Utah 2025,
21 First Special Session, Chapter 1522 **59-12-2220 (Effective 05/06/26)**, as last amended by Laws of Utah 2025, First Special
23 Session, Chapter 1524 **72-1-304 (Effective 05/06/26)**, as last amended by Laws of Utah 2025, First Special
25 Session, Chapter 1526 **72-2-124 (Effective 05/06/26) (Superseded 07/01/26)**, as last amended by Laws of Utah
27 2025, First Special Session, Chapter 1528 **72-2-124 (Effective 07/01/26)**, as last amended by Laws of Utah 2025, First Special
29 Session, Chapter 15

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

33 Section 1. Section **10-21-202** is amended to read:

34 **10-21-202 (Effective 05/06/26). Moderate income housing report -- Contents --**

35 **Prioritization for funds or projects -- Ineligibility for funds after noncompliance -- Civil
36 actions.**

37 (1)(a) The legislative body of a specified municipality shall submit an initial moderate
38 income housing report to the division.

39 (b)(i) This Subsection (1)(b) applies to a municipality that is not a specified
40 municipality as of January 1, 2023.

41 (ii) As of January 1, if a municipality changes from one class to another or grows in
42 population to qualify as a specified municipality, the municipality shall submit an
43 initial plan to the division on or before August 1 of the first calendar year
44 beginning on January 1 in which the municipality qualifies as a specified
45 municipality.

46 (c) The initial report shall:

47 (i) identify each moderate income housing strategy selected by the specified
48 municipality for continued, ongoing, or one-time implementation, restating the
49 exact language used to describe the moderate income housing strategy; and

50 (ii) include an implementation plan.

51 (2)(a) After the division approves a specified municipality's initial report under this
52 section, the specified municipality shall, as an administrative act, annually submit to
53 the division a subsequent progress report on or before August 1 of each year after the
54 year in which the specified municipality is required to submit the initial report.

55 (b) The subsequent progress report shall include:

56 (i) subject to Subsection (2)(c), a description of each action, whether one-time or
57 ongoing, taken by the specified municipality during the previous 12-month period
58 to implement the moderate income housing strategies identified in the initial
59 report for implementation;

60 (ii) a description of each land use regulation or land use decision made by the
61 specified municipality during the previous 12-month period to implement the
62 moderate income housing strategies, including an explanation of how the land use
63 regulation or land use decision supports the specified municipality's efforts to
64 implement the moderate income housing strategies;

65 (iii) a description of any barriers encountered by the specified municipality in the
66 previous 12-month period in implementing the moderate income housing
67 strategies;

68 (iv) information regarding the number of internal and external or detached accessory
69 dwelling units located within the specified municipality for which the specified
70 municipality:
71 (A) issued a building permit to construct; or
72 (B) issued a business license or comparable license or permit to rent;

73 (v) the number of residential dwelling units that have been entitled that have not
74 received a building permit as of the submission date of the progress report;

75 (vi) the number of new residential dwelling units built in the specified municipality
76 during the previous 12-month period;

77 (vii) the percent change of total residential dwelling units in the specified
78 municipality during the previous 12-month period;

79 [(viii)] (viii) shapefiles, or website links if shapefiles are not available, to current maps
80 and tables related to zoning;

81 [(viii)] (ix) a description of how the market has responded to the selected moderate
82 income housing strategies, including the number of entitled moderate income
83 housing units or other relevant data; and

84 [(viii)] (x) any recommendations on how the state can support the specified
85 municipality in implementing the moderate income housing strategies.

86 (c) For purposes of describing actions taken by a specified municipality under
87 Subsection (2)(b)(i), the specified municipality may include an ongoing action taken
88 by the specified municipality before the 12-month reporting period applicable to the
89 subsequent progress report if the specified municipality:
90 (i) has already adopted an ordinance, approved a land use application, made an
91 investment, or approved an agreement or financing that substantially promotes the
92 implementation of a moderate income housing strategy identified in the initial
93 report; and
94 (ii) demonstrates in the subsequent progress report that the action taken under
95 Subsection (2)(c)(i) is relevant to making meaningful progress towards the
96 specified municipality's implementation plan.

97 (d) A specified municipality's report shall be in a form:
98 (i) approved by the division; and

- (ii) made available by the division on or before May 1 of the year in which the report is required.
- (3) Within 90 days after the day on which the division receives a specified municipality's report, the division shall:
 - (a) post the report on the division's website;
 - (b) send a copy of the report to the Department of Transportation, the Governor's Office of Planning and Budget, the association of governments in which the specified municipality is located, and, if the specified municipality is located within the boundaries of a metropolitan planning organization, the appropriate metropolitan planning organization; and
 - (c) subject to Subsection (4), review the report to determine compliance with this section.
- (4)(a) An initial report complies with this section if the report:
 - (i) includes the information required under Subsection (1)(c);
 - (ii) demonstrates to the division that the specified municipality made plans to implement:
 - (A) three or more moderate income housing strategies if the specified municipality does not have a fixed guideway public transit station; or
 - (B) if the specified municipality has a fixed guideway public transit station:
 - (I) five or more of the moderate income housing strategies described in Subsection 10-21-201(3)(a)(iii), of which one shall be the moderate income housing strategy described in Subsection 10-21-201(3)(a)(iii)(U) and one shall be a moderate income housing strategy described in Subsection 10-21-201(3)(a)(iii)(G) or (H); or
 - (II) the moderate income housing strategy described in Subsection 10-21-201(3)(a)(iii)(U), one of the moderate income housing strategies described in Subsections 10-21-201(3)(a)(iii)(X) through (CC), and one moderate income strategy described in Subsection 10-21-201(3)(a)(iii); and
 - (iii) is in a form approved by the division.
 - (b) A subsequent progress report complies with this section if the report:
 - (i) demonstrates to the division that the specified municipality made plans to implement:
 - (A) three or more moderate income housing strategies if the specified municipality does not have a fixed guideway public transit station; or
 - (B) if the specified municipality has a fixed guideway public transit station:

133 (I) five or more of the moderate income housing strategies described in
134 Subsection 10-21-201(3)(a)(iii), of which one shall be the moderate income
135 housing strategy described in Subsection 10-21-201(3)(a)(iii)(U) and one
136 shall be a moderate income housing strategy described in Subsection
137 10-21-201(3)(a)(iii)(G) or (H); or

138 (II) the moderate income housing strategy described in Subsection
139 10-21-201(3)(a)(iii)(U), one of the moderate income housing strategies
140 described in Subsections 10-21-201(3)(a)(iii)(X) through (CC), and one
141 moderate income housing strategy described in Subsection
142 10-21-201(3)(a)(iii);

143 (ii) is in a form approved by the division; and

144 (iii) provides sufficient information for the division to:

- 145 (A) assess the specified municipality's progress in implementing the moderate
146 income housing strategies;
- 147 (B) monitor compliance with the specified municipality's implementation plan;
- 148 (C) identify a clear correlation between the specified municipality's land use
149 regulations and land use decisions and the specified municipality's efforts to
150 implement the moderate income housing strategies;
- 151 (D) identify how the market has responded to the specified municipality's selected
152 moderate income housing strategies;[and]
- 153 (E) determine if the percent change of new residential dwelling units in the
154 municipality during the previous 12-month period is 2.5% or greater; and
- 155 [(E)] (F) identify any barriers encountered by the specified municipality in
156 implementing the selected moderate income housing strategies.

157 (c)(i) Notwithstanding the requirements of Subsection (4)(a)(ii)(A) or (b)(i)(A), if a
158 specified municipality without a fixed guideway public transit station implements
159 or is implementing, by ordinance or development agreement, one of the following
160 moderate income housing strategies, the division shall consider that one moderate
161 income housing strategy to be the equivalent of three moderate income housing
162 strategies:

- 163 (A) a housing and transit reinvestment zone, as described in Subsection
164 10-21-201(3)(a)(iii)(X);
- 165 (B) a home ownership promotion zone, as described in Subsection
166 10-21-201(3)(a)(iii)(Y);

167 (C) a first home investment zone, described in Subsection 10-21-201(3)(a)(iii)(Z);

168 (D) the approval of a project described in Subsection 10-21-201(3)(a)(iii)(AA);

169 (E) a qualifying affordable home ownership density bonus for single-family
170 residential units, as described in Subsection 10-21-201(3)(a)(iii)(BB); or

171 (F) a qualifying affordable home ownership density bonus for multi-family
172 residential units, as described in Subsection 10-21-201(3)(a)(iii)(CC).

173 (ii) If the division considers one moderate income housing strategy described in
174 Subsection (4)(c)(i) as the equivalent of three moderate income housing strategies,
175 the division shall also consider the specified municipality compliant with the
176 reporting requirement described in this section for:

177 (A) the year in which the specified municipality submits the initial report or
178 subsequent report; and

179 (B) two subsequent reporting years.

180 (5)(a) A specified municipality qualifies for priority consideration under this Subsection

181 (5) if the specified municipality's report:

182 (i) complies with this section; and

183 (ii) demonstrates to the division that the specified municipality made plans to
184 implement:

185 (A) five or more moderate income housing strategies if the specified municipality
186 does not have a fixed guideway public transit station; or

187 (B) six or more moderate income housing strategies if the specified municipality
188 has a fixed guideway public transit station.

189 (b) The Transportation Commission may, in accordance with Subsection 72-1-304(3)(c),
190 give priority consideration to transportation projects located within the boundaries of
191 a specified municipality described in Subsection (5)(a) until the Department of
192 Transportation receives notice from the division under Subsection [(5)(e)] (7)(c).

193 (6)(a) In addition to the priority consideration a specified municipality may receive

194 under Subsection (5), a specified municipality qualifies for priority consideration

195 under this Subsection (6) if the specified municipality's report:

196 (i) complies with this section; and

197 (ii) demonstrates to the division that the specified municipality's percent change of
198 new residential dwelling units in the municipality during the previous 12-month
199 period is 2.5% or greater.

200 (b) The Transportation Commission shall, in accordance with Subsection 72-1-304(3)(c),

201 give priority consideration to a significant regional transportation project, as
202 determined by the Transportation Commission, that benefits a specified municipality
203 described in Subsection (6)(a) and is located within or outside the boundaries of the
204 specified municipality until the Department of Transportation receives notice from
205 the division under Subsection (7)(c).

206 [e)] (7)(a) Upon determining that a specified municipality qualifies for priority
207 consideration under [this] Subsection (5) or (6), the division shall send a notice of
208 prioritization to the legislative body of the specified municipality and the Department
209 of Transportation.

210 [d)] (b) The notice described in Subsection [(5)e)] (7)(a) shall:
211 (i) name the specified municipality that qualifies for priority consideration;
212 (ii) describe the funds or projects for which the specified municipality qualifies to
213 receive priority consideration under Subsection (5) or (6); and
214 (iii) state the basis for the division's determination that the specified municipality
215 qualifies for priority consideration.

216 [e)] (c) The division shall notify the legislative body of a specified municipality and the
217 Department of Transportation in writing if the division determines that the specified
218 municipality no longer qualifies for priority consideration under [this] Subsection (5)
219 or (6).

220 [(6)] (8)(a) If the division, after reviewing a specified municipality's report, determines
221 that the report does not comply with this section, the division shall send a notice of
222 noncompliance to the legislative body of the specified municipality.

223 (b) A specified municipality that receives a notice of noncompliance may:
224 (i) cure each deficiency in the report within 90 days after the day on which the notice
225 of noncompliance is sent; or
226 (ii) request an appeal of the division's determination of noncompliance within 10
227 days after the day on which the notice of noncompliance is sent.

228 (c) The notice described in Subsection [(6)(a)] (8)(a) shall:
229 (i) describe each deficiency in the report and the actions needed to cure each
230 deficiency;
231 (ii) state that the specified municipality has an opportunity to:
232 (A) submit to the division a corrected report that cures each deficiency in the
233 report within 90 days after the day on which the notice of compliance is sent; or
234 (B) submit to the division a request for an appeal of the division's determination of

235 noncompliance within 10 days after the day on which the notice of
236 noncompliance is sent; and

237 (iii) state that failure to take action under Subsection [(6)(e)(ii)] (8)(c)(ii) will result in
238 the specified municipality's ineligibility for funds under Subsection (8) (10).

239 (d) For purposes of curing the deficiencies in a report under this Subsection (6) (8), if
240 the action needed to cure the deficiency as described by the division requires the
241 specified municipality to make a legislative change, the specified municipality may
242 cure the deficiency by making that legislative change within the 90-day cure period.

243 (e)(i) If a specified municipality submits to the division a corrected report in
244 accordance with Subsection (6)(b)(i) (8)(b)(i) and the division determines that
245 the corrected report does not comply with this section, the division shall send a
246 second notice of noncompliance to the legislative body of the specified
247 municipality within 30 days after the day on which the corrected report is
248 submitted.

249 (ii) A specified municipality that receives a second notice of noncompliance may
250 submit to the division a request for an appeal of the division's determination of
251 noncompliance within 10 days after the day on which the second notice of
252 noncompliance is sent.

253 (iii) The notice described in Subsection (6)(e)(i) (8)(e)(i) shall:
254 (A) state that the specified municipality has an opportunity to submit to the
255 division a request for an appeal of the division's determination of
256 noncompliance within 10 days after the day on which the second notice of
257 noncompliance is sent; and
258 (B) state that failure to take action under Subsection (6)(e)(iii)(A) (8)(e)(iii)(A)
259 will result in the specified municipality's ineligibility for funds under
260 Subsection (8) (10).

261 [7] (9)(a) A specified municipality that receives a notice of noncompliance under
262 Subsection (6)(a) (8)(a) or (6)(e)(i) (8)(e)(i) may request an appeal of the division's
263 determination of noncompliance within 10 days after the day on which the notice of
264 noncompliance is sent.

265 (b) Within 90 days after the day on which the division receives a request for an appeal,
266 an appeal board consisting of the following three members shall review and issue a
267 written decision on the appeal:
268 (i) one individual appointed by the Utah League of Cities and Towns;

269 (ii) one individual appointed by the Utah Homebuilders Association; and
270 (iii) one individual appointed by the presiding member of the association of
271 governments, established in accordance with an interlocal agreement under Title
272 11, Chapter 13, Interlocal Cooperation Act, of which the specified municipality is
273 a member.

274 (c) The written decision of the appeal board shall either uphold or reverse the division's
275 determination of noncompliance.

276 (d) The appeal board's written decision on the appeal is final.

277 [§8] (10)(a) A specified municipality is ineligible for funds under this Subsection [§8]
278 (10) if:

279 (i) the specified municipality fails to submit a report to the division;
280 (ii) after submitting a report to the division, the division determines that the report
281 does not comply with this section and the specified municipality fails to:
282 (A) cure each deficiency in the report within 90 days after the day on which the
283 notice of noncompliance is sent; or
284 (B) request an appeal of the division's determination of noncompliance within 10
285 days after the day on which the notice of noncompliance is sent;
286 (iii) after submitting to the division a corrected report to cure the deficiencies in a
287 previously submitted report, the division determines that the corrected report does
288 not comply with this section and the specified municipality fails to request an
289 appeal of the division's determination of noncompliance within 10 days after the
290 day on which the second notice of noncompliance is sent; or
291 (iv) after submitting a request for an appeal under Subsection [§7] (9), the appeal
292 board issues a written decision upholding the division's determination of
293 noncompliance.

294 (b) The following apply to a specified municipality described in Subsection [§8](a)
295 (10)(a) until the division provides notice under Subsection [§8](e) (10)(e):

296 (i) the executive director of the Department of Transportation may not program funds
297 from the Transportation Investment Fund of 2005, including the Transit
298 Transportation Investment Fund, to projects located within the boundaries of the
299 specified municipality in accordance with Subsection 72-2-124(5);
300 (ii) beginning with a report submitted in 2024, the specified municipality shall pay a
301 fee to the Olene Walker Housing Loan Fund in the amount of \$250 per day that
302 the specified municipality:

303 (A) fails to submit the report to the division in accordance with this section,
304 beginning the day after the day on which the report was due; or
305 (B) fails to cure the deficiencies in the report, beginning the day after the day by
306 which the cure was required to occur as described in the notice of
307 noncompliance under Subsection [(6)] (8); and
308 (iii) beginning with the report submitted in 2025, the specified municipality shall pay
309 a fee to the Olene Walker Housing Loan Fund in the amount of \$500 per day that
310 the specified municipality, in a consecutive year:
311 (A) fails to submit the report to the division in accordance with this section,
312 beginning the day after the day on which the report was due; or
313 (B) fails to cure the deficiencies in the report, beginning the day after the day by
314 which the cure was required to occur as described in the notice of
315 noncompliance under Subsection [(6)] (8).

316 (c) Upon determining that a specified municipality is ineligible for funds under this
317 Subsection [(8)] (10), and is required to pay a fee under Subsection [(8)(b)] (10)(b), if
318 applicable, the division shall send a notice of ineligibility to the legislative body of
319 the specified municipality, the Department of Transportation, the State Tax
320 Commission, and the Governor's Office of Planning and Budget.

321 (d) The notice described in Subsection [(8)(e)] (10)(c) shall:
322 (i) name the specified municipality that is ineligible for funds;
323 (ii) describe the funds for which the specified municipality is ineligible to receive;
324 (iii) describe the fee the specified municipality is required to pay under Subsection [(8)(b)] (10)(b), if applicable; and
325 (iv) state the basis for the division's determination that the specified municipality is
326 ineligible for funds.

327 (e) The division shall notify the legislative body of a specified municipality and the
328 Department of Transportation in writing if the division determines that the provisions
329 of this Subsection [(8)] (10) no longer apply to the specified municipality.

330 (f) The division may not determine that a specified municipality that is required to pay a
331 fee under Subsection [(8)(b)] (10)(b) is in compliance with the reporting requirements
332 of this section until the specified municipality pays all outstanding fees required
333 under Subsection [(8)(b)] (10)(b) to the Olene Walker Housing Loan Fund, created
334 under Title 35A, Chapter 8, Part 5, Olene Walker Housing Loan Fund.

335 [9)] (11) In a civil action seeking enforcement or claiming a violation of this section or of

337 Subsection 10-20-405(4)(c), a plaintiff may not recover damages but may be awarded
338 only injunctive or other equitable relief.

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

340 **59-12-2220 (Effective 05/06/26). County option sales and use tax to fund**

341 **highways or a system for public transit -- Base -- Rate.**

342 (1) Subject to the other provisions of this part and subject to the requirements of this
343 section, the following counties may impose a sales and use tax under this section:
344 (a) a county legislative body may impose the sales and use tax on the transactions
345 described in Subsection 59-12-103(1) located within the county, including the cities
346 and towns within the county if:
347 (i) the entire boundary of a county is annexed into a large public transit district; and
348 (ii) the maximum amount of sales and use tax authorizations allowed in accordance
349 with Section 59-12-2203 and authorized under the following sections has been
350 imposed:
351 (A) Section 59-12-2213;
352 (B) Section 59-12-2214;
353 (C) Section 59-12-2215;
354 (D) Section 59-12-2216;
355 (E) Section 59-12-2217;
356 (F) Section 59-12-2218; and
357 (G) Section 59-12-2219;
358 (b) if the county is not annexed into a large public transit district, the county legislative
359 body may impose the sales and use tax on the transactions described in Subsection
360 59-12-103(1) located within the county, including the cities and towns within the
361 county if:
362 (i) the county is an eligible political subdivision; or
363 (ii) a city or town within the boundary of the county is an eligible political
364 subdivision; or
365 (c) a county legislative body of a county not described in Subsection (1)(a) or (1)(b) may
366 impose the sales and use tax on the transactions described in Subsection 59-12-103(1)
367 located within the county, including the cities and towns within the county.
368 (2) For purposes of Subsection (1) and subject to the other provisions of this section, a
369 county legislative body that imposes a sales and use tax under this section may impose
370 the tax at a rate of .2%.

371 (3)(a) The commission shall distribute sales and use tax revenue collected under this
372 section as determined by a county legislative body as described in Subsection (3)(b).
373 (b) If a county legislative body imposes a sales and use tax as described in this section,
374 the county legislative body may elect to impose a sales and use tax revenue
375 distribution as described in Subsection (4), (5), (6), or (7), depending on the class of
376 county, and presence and type of a public transit provider in the county.

377 (4) Subject to Subsection (11), and after application of Subsection 59-12-2206(5), if a
378 county legislative body imposes a sales and use tax as described in this section, and the
379 entire boundary of the county is annexed into a large public transit district, and the
380 county is a county of the first class, the commission shall distribute the sales and use tax
381 revenue as follows:
382 (a) .10% to a public transit district as described in Subsection (11);
383 (b) .05% to the cities and towns as provided in Subsection (8); and
384 (c) .05% to the county legislative body.

385 (5) Subject to Subsection (11), if a county legislative body imposes a sales and use tax as
386 described in this section and the entire boundary of the county is annexed into a large
387 public transit district, and the county is a county not described in Subsection (4), the
388 commission shall distribute the sales and use tax revenue as follows:
389 (a) .10% to a public transit district as described in Subsection (11);
390 (b) .05% to the cities and towns as provided in Subsection (8); and
391 (c) .05% to the county legislative body.

392 (6)(a) Except as provided in Subsection (14)(c), if the entire boundary of a county that
393 imposes a sales and use tax as described in this section is not annexed into a single
394 public transit district, but a city or town within the county is annexed into a single
395 public transit district, or if the city or town is an eligible political subdivision, the
396 commission shall distribute the sales and use tax revenue collected within the county
397 as provided in Subsection (6)(b) or (c).
398 (b) For a city, town, or portion of the county described in Subsection (6)(a) that is
399 annexed into the single public transit district, or an eligible political subdivision, the
400 commission shall distribute the sales and use tax revenue collected within the portion
401 of the county that is within a public transit district or eligible political subdivision as
402 follows:
403 (i) .05% to a public transit provider as described in Subsection (11);
404 (ii) .075% to the cities and towns as provided in Subsection (8); and

405 (iii) .075% to the county legislative body.

406 (c) Except as provided in Subsection (14)(c), for a city, town, or portion of the county
407 described in Subsection (6)(a) that is not annexed into a single public transit district
408 or eligible political subdivision in the county, the commission shall distribute the
409 sales and use tax revenue collected within that portion of the county as follows:
410 (i) .08% to the cities and towns as provided in Subsection (8); and
411 (ii) .12% to the county legislative body.

412 (7) For a county without a public transit service that imposes a sales and use tax as
413 described in this section, the commission shall distribute the sales and use tax revenue
414 collected within the county as follows:
415 (a) .08% to the cities and towns as provided in Subsection (8); and
416 (b) .12% to the county legislative body.

417 (8)(a) Subject to Subsections (8)(b) and (c), the commission shall make the distributions
418 required by Subsections (4)(b), (5)(b), (6)(b)(ii), (6)(c)(i), and (7)(a) as follows:
419 (i) 50% of the total revenue collected under Subsections (4)(b), (5)(b), (6)(b)(ii),
420 (6)(c)(i), and (7)(a) within the counties that impose a tax under Subsections (4)
421 through (7) shall be distributed to the unincorporated areas, cities, and towns
422 within those counties on the basis of the percentage that the population of each
423 unincorporated area, city, or town bears to the total population of all of the
424 counties that impose a tax under this section; and
425 (ii) 50% of the total revenue collected under Subsections (4)(b), (5)(b), (6)(b)(ii),
426 (6)(c)(i), and (7)(a) within the counties that impose a tax under Subsections (4)
427 through (7) shall be distributed to the unincorporated areas, cities, and towns
428 within those counties on the basis of the location of the transaction as determined
429 under Sections 59-12-211 through 59-12-215.

430 (b)(i) Population for purposes of this Subsection (8) shall be based on, to the extent
431 not otherwise required by federal law:
432 (A) the most recent estimate from the Utah Population Committee created in
433 Section 63C-20-103; or
434 (B) if the Utah Population Committee estimate is not available for each
435 municipality and unincorporated area, the adjusted sub-county population
436 estimate provided by the Utah Population Committee in accordance with
437 Section 63C-20-104.

438 (ii) If a needed population estimate is not available from the United States Census

439 Bureau, population figures shall be derived from an estimate from the Utah
440 Population Estimates Committee created by executive order of the governor.

441 (c)(i) Beginning on January 1, 2024, if the Housing and Community Development
442 Division within the Department of Workforce Services determines that a city or
443 town is ineligible for funds in accordance with Subsection [10-21-202(6)]
444 10-21-202(8), beginning the first day of the calendar quarter after receiving 90
445 days' notice, the commission shall distribute the distribution that city or town
446 would have received under Subsection (8)(a) to cities or towns to which
447 Subsection [10-21-202(6)] 10-21-202(8) does not apply.
448 (ii) Beginning on January 1, 2024, if the Housing and Community Development
449 Division within the Department of Workforce Services determines that a county is
450 ineligible for funds in accordance with Subsection 17-80-202(6), beginning the
451 first day of the calendar quarter after receiving 90 days' notice, the commission
452 shall distribute the distribution that county would have received under Subsection
453 (8)(a) to counties to which Subsection 17-80-202(6) does not apply.

454 (9) If a public transit service is organized after the date a county legislative body first
455 imposes a tax under this section, a change in a distribution required by this section may
456 not take effect until the first distribution the commission makes under this section after a
457 90-day period that begins on the date the commission receives written notice from the
458 public transit provider that the public transit service has been organized.

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

463 (b) If a county described in Subsection (1)(a) that is a county of the first class imposes
464 the sales and use tax authorized in this section, the county may also use funds
465 distributed in accordance with Subsection (4)(c) for public safety purposes.

466 (c) In addition to the purposes described in Subsections (10)(a) and (b), for a city
467 relevant to a project area, as that term is defined in Section 63N-3-1401, an allowable
468 use of revenue from a sales and use tax under this section includes the revitalization
469 of a convention center owned by the county within a city of the first class and
470 surrounding revitalization projects related to the convention center.

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

473 expenses of:

474 (i) a public transit district;
475 (ii) an eligible political subdivision; or
476 (iii) another entity providing a service for public transit or a transit facility within the
477 relevant county, as those terms are defined in Section 17B-2a-802.

478 (b)(i)(A) If a county of the first class imposes a sales and use tax described in this
479 section, beginning on the date on which the county imposes the sales and use
480 tax under this section, and for a three-year period after at least three counties
481 described in Subsections (4) and (5) have imposed a tax under this section, or
482 until June 30, 2030, whichever comes first, revenue designated for public
483 transit within a county of the first class as described in Subsection (4)(a) shall
484 be transferred to the County of the First Class Highway Projects Fund created
485 in Section 72-2-121.

486 (B) Revenue deposited into the County of the First Class Highway Projects Fund
487 created in Section 72-2-121 as described in Subsection (11)(b)(i)(A) may be
488 used for public transit innovation grants as provided in Title 72, Chapter 2, Part
489 4, Public Transit Innovation Grants.

490 (ii) If a county of the first class imposes a sales and use tax described in this section,
491 beginning on the day three years after the date on which at least three counties
492 described in Subsections (4) and (5) have imposed a tax under this section, or
493 beginning on July 1, 2030, whichever comes first, for revenue designated for
494 public transit as described in Subsection (4)(a):

495 (A) 50% of the revenue from a sales and use tax imposed under this section in a
496 county of the first class shall be transferred to the County of the First Class
497 Highway Projects Fund created in Section 72-2-121; and
498 (B) 50% of the revenue from a sales and use tax imposed under this section in a
499 county of the first class shall be transferred to the Transit Transportation
500 Investment Fund created in Subsection 72-2-124(9).

501 (c)(i) If a county that is not a county of the first class for which the entire boundary of
502 the county is annexed into a large public transit district imposes a sales and use
503 tax described in this section, beginning on the date on which the county imposes
504 the sales and use tax under this section, and for a three-year period following the
505 date on which at least three counties described in Subsections (4) and (5) have
506 imposed a tax under this section, or until June 30, 2030, whichever comes first,

507 revenue designated for public transit as described in Subsection (5)(a) shall be
508 transferred to the relevant county legislative body to be used for a purpose
509 described in Subsection (11)(a).

510 (ii) If a county that is not a county of the first class for which the entire boundary of
511 the county is annexed into a large public transit district imposes a sales and use
512 tax described in this section, beginning on the day three years after the date on
513 which at least three counties described in Subsections (4) and (5) have imposed a
514 tax under this section, or beginning on July 1, 2030, whichever comes first, for the
515 revenue that is designated for public transit in Subsection (5)(a):

516 (A) 50% shall be transferred to the Transit Transportation Investment Fund
517 created in Subsection 72-2-124(9); and
518 (B) 50% shall be transferred to the relevant county legislative body to be used for
519 a purpose described in Subsection (11)(a).

520 (d) Except as provided in Subsection [(13)(e)] (14)(c), for a county that imposes a sales
521 and use tax under this section, for revenue designated for public transit as described
522 in Subsection (6)(b)(i), the revenue shall be transferred to the relevant county
523 legislative body to be used for a purpose described in Subsection (11)(a).

524 (12) A large public transit district shall send notice to the commission at least 90 days
525 before the earlier of:

526 (a) the date that is three years after the date on which at least three counties described in
527 Subsections (4) and (5) have imposed a tax under this section; or
528 (b) June 30, 2030.

529 (13) For a city described in Subsection (10)(c), during the bondable term of a revitalization
530 project described in Subsection (10)(c), the city shall transfer at least 50%, and may
531 transfer up to 100%, of any revenue the city receives from a distribution under
532 Subsection (4)(b) to a convention center public infrastructure district created in
533 accordance with Section 17D-4-202.1 for revitalization of a convention center owned by
534 the county within a city of the first class and surrounding revitalization projects related
535 to the convention center as permitted in Subsection (10)(c).

536 (14)(a) Notwithstanding Section 59-12-2208, a county legislative body may, but is not
537 required to, submit an opinion question to the county's registered voters in
538 accordance with Section 59-12-2208 to impose a sales and use tax under this section.

539 (b) If a county passes an ordinance to impose a sales and use tax as described in this
540 section, the sales and use tax shall take effect on the first day of the calendar quarter

541 after a 90-day period that begins on the date the commission receives written notice
542 from the county of the passage of the ordinance.

543 (c) A county that imposed the local option sales and use tax described in this section
544 before January 1, 2023, may maintain that county's distribution allocation in place as
545 of January 1, 2023.

546 (15)(a) Revenue collected from a sales and use tax under this section may not be used to
547 supplant existing General Fund appropriations that a county, city, or town budgeted
548 for transportation or public transit as of the date the tax becomes effective for a
549 county, city, or town.

550 (b) The limitation under Subsection (15)(a) does not apply to a designated transportation
551 or public transit capital or reserve account a county, city, or town established before
552 the date the tax becomes effective.

553 Section 3. Section **72-1-304** is amended to read:

554 **72-1-304 (Effective 05/06/26). Written project prioritization process for new
555 transportation capacity projects -- Rulemaking.**

556 (1)(a) The Transportation Commission, in consultation with the department and the
557 metropolitan planning organizations as defined in Section 72-1-208.5, shall develop a
558 written prioritization process for the prioritization of:

559 (i) new transportation capacity projects that are or will be part of the state highway
560 system under Chapter 4, Part 1, State Highways;
561 (ii) paved pedestrian or paved nonmotorized transportation projects described in
562 Section 72-2-124;
563 (iii) public transit projects that directly add capacity to the public transit systems
564 within the state, not including facilities ancillary to the public transit system; and
565 (iv) pedestrian or nonmotorized transportation projects that provide connection to a
566 public transit system.

567 (b)(i) A local government or public transit district may nominate a project for
568 prioritization in accordance with the process established by the commission in rule.

569 (ii) If a local government or public transit district nominates a project for
570 prioritization by the commission, the local government or public transit district
571 shall provide data and evidence to show that:
572 (A) the project will advance the purposes and goals described in Section 72-1-211;
573 (B) for a public transit project, the local government or public transit district has
574 an ongoing funding source for operations and maintenance of the proposed

575 development; and

576 (C) the local government or public transit district will provide the percentage of
577 the costs for the project as required by Subsection 72-2-124(4)(a)(viii) or
578 72-2-124(10)(e).

579 (2) The following shall be included in the written prioritization process under Subsection (1):

580 (a) a description of how the strategic initiatives of the department adopted under Section
581 72-1-211 are advanced by the written prioritization process;

582 (b) a definition of the type of projects to which the written prioritization process applies;

583 (c) specification of a weighted criteria system that is used to rank proposed projects and
584 how it will be used to determine which projects will be prioritized;

585 (d) specification of the data that is necessary to apply the weighted ranking criteria; and

586 (e) any other provisions the commission considers appropriate, which may include
587 consideration of:

588 (i) regional and statewide economic development impacts, including improved local
589 access to:

590 (A) employment;

591 (B) educational facilities;

592 (C) recreation;

593 (D) commerce; and

594 (E) residential areas, including moderate income housing as demonstrated in the
595 local government's or public transit district's general plan in accordance with
596 Section 10-20-404 or 17-79-403;

597 (ii) the extent to which local land use plans relevant to a project support and
598 accomplish the strategic initiatives adopted under Section 72-1-211; and

599 (iii) any matching funds provided by a political subdivision or public transit district
600 in addition to the percentage of costs required by Subsections 72-2-124(4)(a)(viii)
601 and 72-2-124(10)(e).

602 (3)(a) When prioritizing a public transit project that increases capacity, the commission:

603 (i) may give priority consideration to projects that are part of a transit-oriented
604 development or transit-supportive development as defined in Section 17B-2a-802;
605 and

606 (ii) shall give priority consideration to projects that are within the boundaries of a
607 housing and transit reinvestment zone created in accordance with Title 63N,
608 Chapter 3, Part 6, Housing and Transit Reinvestment Zone Act.

609 (b) When prioritizing a transportation project that increases capacity, the commission
610 may give priority consideration to projects that are:
611 (i) part of a transportation reinvestment zone created under Section 11-13-227 if:
612 (A) the state is a participant in the transportation reinvestment zone; or
613 (B) the commission finds that the transportation reinvestment zone provides a
614 benefit to the state transportation system; or
615 (ii) within the boundaries of a housing and transit reinvestment zone created [
616 ~~pursuant to~~ in accordance with Title 63N, Chapter 3, Part 6, Housing and Transit
617 Reinvestment Zone Act.

618 (c) If the department receives a notice of prioritization for a municipality as described in
619 Subsection [10-21-202(5)] 10-21-202(7), or a notice of prioritization for a county as
620 described in Subsection 17-80-202(5), the commission may give priority
621 consideration to transportation projects that are within the boundaries of the
622 municipality or the unincorporated areas of the county until the department receives
623 notification from the Housing and Community Development Division within the
624 Department of Workforce Services that the municipality or county no longer qualifies
625 for prioritization under this Subsection (3)(c).

626 (d) When prioritizing a transportation project described in Subsection (1)(a)(ii) or (iv),
627 the commission may give priority consideration to projects that improve connectivity
628 in accordance with Section 10-8-87.

629 (4) In developing the written prioritization process, the commission:
630 (a) shall seek and consider public comment by holding public meetings at locations
631 throughout the state; and
632 (b) may not consider local matching dollars as provided under Section 72-2-123 unless
633 the state provides an equal opportunity to raise local matching dollars for state
634 highway improvements within each county.

635 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
636 Transportation Commission, in consultation with the department, shall make rules
637 establishing the written prioritization process under Subsection (1).

638 (6) The commission shall submit the proposed rules under this section to the Transportation
639 Interim Committee for review before taking final action on the proposed rules or any
640 proposed amendment to the rules described in Subsection (5).

641 Section 4. Section **72-2-124** is amended to read:

642 **72-2-124 (Effective 05/06/26) (Superseded 07/01/26). Transportation Investment**

643 **Fund of 2005.**

644 (1) There is created a capital projects fund entitled the Transportation Investment Fund of
645 2005.

646 (2) The fund consists of money generated from the following sources:
647 (a) any voluntary contributions received for the maintenance, construction,
648 reconstruction, or renovation of state and federal highways;
649 (b) appropriations made to the fund by the Legislature;
650 (c) registration fees designated under Section 41-1a-1201;
651 (d) the sales and use tax revenues deposited into the fund in accordance with Section
652 59-12-103;
653 (e) revenues transferred to the fund in accordance with Section 72-2-106;
654 (f) revenues transferred into the fund in accordance with Subsection 72-2-121(4)(l); and
655 (g) revenue from bond proceeds described in Section 63B-34-101.

656 (3)(a) The fund shall earn interest.
657 (b) All interest earned on fund money shall be deposited into the fund.

658 (4)(a) Except as provided in Subsection (4)(b), the executive director may only use fund
659 money to pay:
660 (i) the costs of maintenance, construction, reconstruction, or renovation to state and
661 federal highways prioritized by the Transportation Commission through the
662 prioritization process for new transportation capacity projects adopted under
663 Section 72-1-304;
664 (ii) the costs of maintenance, construction, reconstruction, or renovation to the
665 highway projects described in Subsections 63B-18-401(2), (3), and (4);
666 (iii) subject to Subsection (9), costs of corridor preservation, as that term is defined in
667 Section 72-5-401;
668 (iv) principal, interest, and issuance costs of bonds authorized by Section 63B-18-401
669 minus the costs paid from the County of the First Class Highway Projects Fund in
670 accordance with Subsection 72-2-121(4)(e);
671 (v) for a fiscal year beginning on or after July 1, 2013, to transfer to the 2010 Salt
672 Lake County Revenue Bond Sinking Fund created by Section 72-2-121.3 the
673 amount certified by Salt Lake County in accordance with Subsection
674 72-2-121.3(4)(c) as necessary to pay the debt service on \$30,000,000 of the
675 revenue bonds issued by Salt Lake County;
676 (vi) principal, interest, and issuance costs of bonds authorized by Section 63B-16-101

for projects prioritized in accordance with Section 72-2-125;

(vii) for fiscal year 2015-16 only, to transfer \$25,000,000 to the County of the First Class Highway Projects Fund created in Section 72-2-121 to be used for the purposes described in Section 72-2-121;

(viii) if a political subdivision provides a contribution equal to or greater than 40% of the costs needed for construction, reconstruction, or renovation of paved pedestrian or paved nonmotorized transportation for projects that:

(A) mitigate traffic congestion on the state highway system;

(B) are part of an active transportation plan approved by the department; and

(C) are prioritized by the commission through the prioritization process for new transportation capacity projects adopted under Section 72-1-304;

(ix) \$705,000,000 for the costs of right-of-way acquisition, construction, reconstruction, or renovation of or improvement to the following projects:

(A) the connector road between Main Street and 1600 North in the city of Vineyard;

(B) Geneva Road from University Parkway to 1800 South;

(C) the SR-97 interchange at 5600 South on I-15;

(D) subject to Subsection (4)(c), two lanes on U-111 from Herriman Parkway to South Jordan Parkway;

(E) widening I-15 between mileposts 10 and 13 and the interchange at milepost 11;

(F) improvements to 1600 North in Orem from 1200 West to State Street;

(G) widening I-15 between mileposts 6 and 8;

(H) widening 1600 South from Main Street in the city of Spanish Fork to SR-51;

(I) widening US 6 from Sheep Creek to Mill Fork between mileposts 195 and 197 in Spanish Fork Canyon;

(J) I-15 northbound between mileposts 43 and 56;

(K) a passing lane on SR-132 between mileposts 41.1 and 43.7 between mileposts 43 and 45.1;

(L) east Zion SR-9 improvements;

(M) Toquerville Parkway;

(N) an environmental study on Foothill Boulevard in the city of Saratoga Springs;

(O) using funds allocated in this Subsection (4)(a)(ix), and other sources of funds, for construction of an interchange on Bangerter Highway at 13400 South; and

(P) an environmental impact study for Kimball Junction in Summit County;

711 (x) \$28,000,000 as pass-through funds, to be distributed as necessary to pay project
712 costs based upon a statement of cash flow that the local jurisdiction where the
713 project is located provides to the department demonstrating the need for money
714 for the project, for the following projects in the following amounts:
715 (A) \$5,000,000 for Payson Main Street repair and replacement;
716 (B) \$8,000,000 for a Bluffdale 14600 South railroad bypass;
717 (C) \$5,000,000 for improvements to 4700 South in Taylorsville; and
718 (D) \$10,000,000 for improvements to the west side frontage roads adjacent to U.S.
719 40 between mile markers 7 and 10;

720 (xi) \$13,000,000 as pass-through funds to Spanish Fork for the costs of right-of-way
721 acquisition, construction, reconstruction, or renovation to connect Fingerhut Road
722 over the railroad and to U.S. Highway 6;

723 (xii) for a fiscal year beginning on July 1, 2025, only, as pass-through funds from
724 revenue deposited into the fund in accordance with Section 59-12-103, for the
725 following projects:
726 (A) \$3,000,000 for the department to perform an environmental study for the I-15
727 Salem and Benjamin project; and
728 (B) \$2,000,000, as pass-through funds, to Kane County for the Coral Pink Sand
729 Dunes Road project; and

730 (xiii) for a fiscal year beginning on July 1, 2025, up to \$300,000,000 for the costs of
731 right-of-way acquisition and construction for improvements on SR-89 in a county
732 of the first class.

733 (b) The executive director may use fund money to exchange for an equal or greater
734 amount of federal transportation funds to be used as provided in Subsection (4)(a).

735 (c)(i) Construction related to the project described in Subsection (4)(a)(ix)(D) may
736 not commence until a right-of-way not owned by a federal agency that is required
737 for the realignment and extension of U-111, as described in the department's 2023
738 environmental study related to the project, is dedicated to the department.
739 (ii) Notwithstanding Subsection (4)(c)(i), if a right-of-way is not dedicated for the
740 project as described in Subsection (4)(c)(i) on or before October 1, 2024, the
741 department may proceed with the project, except that the project will be limited to
742 two lanes on U-111 from Herriman Parkway to 11800 South.

743 (5)(a) Except as provided in Subsection (5)(b), if the department receives a notice of
744 ineligibility for a municipality as described in Subsection [10-21-202(8)]

745 10-21-202(10), the executive director may not program fund money to a project
746 prioritized by the commission under Section 72-1-304, including fund money from
747 the Transit Transportation Investment Fund, within the boundaries of the
748 municipality until the department receives notification from the Housing and
749 Community Development Division within the Department of Workforce Services
750 that ineligibility under this Subsection (5) no longer applies to the municipality.

751 (b) Within the boundaries of a municipality described in Subsection (5)(a), the executive
752 director:

- 753 (i) may program fund money in accordance with Subsection (4)(a) for a
754 limited-access facility or interchange connecting limited-access facilities;
- 755 (ii) may not program fund money for the construction, reconstruction, or renovation
756 of an interchange on a limited-access facility;
- 757 (iii) may program Transit Transportation Investment Fund money for a
758 multi-community fixed guideway public transportation project; and
- 759 (iv) may not program Transit Transportation Investment Fund money for the
760 construction, reconstruction, or renovation of a station that is part of a fixed
761 guideway public transportation project.

762 (c) Subsections (5)(a) and (b) do not apply to a project programmed by the executive
763 director before July 1, 2022, for projects prioritized by the commission under Section
764 72-1-304.

765 (6)(a) Except as provided in Subsection (6)(b), if the department receives a notice of
766 ineligibility for a county as described in Subsection 17-80-202(8), the executive
767 director may not program fund money to a project prioritized by the commission
768 under Section 72-1-304, including fund money from the Transit Transportation
769 Investment Fund, within the boundaries of the unincorporated area of the county until
770 the department receives notification from the Housing and Community Development
771 Division within the Department of Workforce Services that ineligibility under this
772 Subsection (6) no longer applies to the county.

773 (b) Within the boundaries of the unincorporated area of a county described in Subsection
774 (6)(a), the executive director:

- 775 (i) may program fund money in accordance with Subsection (4)(a) for a
776 limited-access facility to a project prioritized by the commission under Section
777 72-1-304;
- 778 (ii) may not program fund money for the construction, reconstruction, or renovation

779 of an interchange on a limited-access facility;

780 (iii) may program Transit Transportation Investment Fund money for a
781 multi-community fixed guideway public transportation project; and

782 (iv) may not program Transit Transportation Investment Fund money for the
783 construction, reconstruction, or renovation of a station that is part of a fixed
784 guideway public transportation project.

785 (c) Subsections (6)(a) and (b) do not apply to a project programmed by the executive
786 director before July 1, 2022, for projects prioritized by the commission under Section
787 72-1-304.

788 (7)(a) Before bonds authorized by Section 63B-18-401 or 63B-27-101 may be issued in
789 any fiscal year, the department and the commission shall appear before the Executive
790 Appropriations Committee of the Legislature and present the amount of bond
791 proceeds that the department needs to provide funding for the projects identified in
792 Subsections 63B-18-401(2), (3), and (4) or Subsection 63B-27-101(2) for the current
793 or next fiscal year.

794 (b) The Executive Appropriations Committee of the Legislature shall review and
795 comment on the amount of bond proceeds needed to fund the projects.

796 (8) The Division of Finance shall, from money deposited into the fund, transfer the amount
797 of funds necessary to pay principal, interest, and issuance costs of bonds authorized by
798 Section 63B-18-401 or 63B-27-101 in the current fiscal year to the appropriate debt
799 service or sinking fund.

800 (9) The executive director may only use money in the fund for corridor preservation as
801 described in Subsection (4)(a)(iii):

802 (a) if the project has been prioritized by the commission, including the use of fund
803 money for corridor preservation; or

804 (b) for a project that has not been prioritized by the commission, if the commission:

805 (i) approves the use of fund money for the corridor preservation; and

806 (ii) finds that the use of fund money for corridor preservation will not result in any
807 delay to a project that has been prioritized by the commission.

808 (10)(a) There is created in the Transportation Investment Fund of 2005 the Transit
809 Transportation Investment Fund.

810 (b) The fund shall be funded by:

811 (i) contributions deposited into the fund in accordance with Section 59-12-103;

812 (ii) appropriations into the account by the Legislature;

813 (iii) deposits of sales and use tax increment related to a housing and transit
814 reinvestment zone as described in Section 63N-3-610;

815 (iv) transfers of local option sales and use tax revenue as described in Subsection
816 59-12-2220(11)(b) or (c);

817 (v) private contributions; and

818 (vi) donations or grants from public or private entities.

819 (c)(i) The fund shall earn interest.

820 (ii) All interest earned on fund money shall be deposited into the fund.

821 (d) Subject to Subsection (10)(e), the commission may prioritize money from the fund:

822 (i) for public transit capital development of new capacity projects and fixed guideway
823 capital development projects to be used as prioritized by the commission through
824 the prioritization process adopted under Section 72-1-304;

825 (ii) to the department for oversight of a fixed guideway capital development project
826 for which the department has responsibility; or

827 (iii) up to \$500,000 per year, to be used for a public transit study.

828 (e)(i) Subject to Subsections (10)(g), (h), and (i), the commission may only prioritize
829 money from the fund for a public transit capital development project or pedestrian
830 or nonmotorized transportation project that provides connection to the public
831 transit system if the public transit district or political subdivision provides funds of
832 equal to or greater than 30% of the costs needed for the project.

833 (ii) A public transit district or political subdivision may use money derived from a
834 loan granted in accordance with Part 2, State Infrastructure Bank Fund, to provide
835 all or part of the 30% requirement described in Subsection (10)(e)(i) if:

836 (A) the loan is approved by the commission as required in Part 2, State
837 Infrastructure Bank Fund; and

838 (B) the proposed capital project has been prioritized by the commission pursuant
839 to Section 72-1-303.

840 (f) Before July 1, 2022, the department and a large public transit district shall enter into
841 an agreement for a large public transit district to pay the department \$5,000,000 per
842 year for 15 years to be used to facilitate the purchase of zero emissions or low
843 emissions rail engines and trainsets for regional public transit rail systems.

844 (g) For any revenue transferred into the fund in accordance with Subsection
845 59-12-2220(11)(b):

846 (i) the commission may prioritize money from the fund for public transit projects,

operations, or maintenance within the county of the first class; and

(ii) Subsection (10)(e) does not apply.

(h) For any revenue transferred into the fund in accordance with Subsection 59-12-2220(11)(c):

- (i) the commission may prioritize public transit projects, operations, or maintenance in the county from which the revenue was generated; and

(ii) Subsection (10)(e) does not apply.

- (i) The requirement to provide funds equal to or greater than 30% of the costs needed for the project described in Subsection (10)(e) does not apply to a public transit capital development project or pedestrian or nonmotorized transportation project that the department proposes.

(j) In accordance with Part 4, Public Transit Innovation Grants, the commission may prioritize money from the fund for public transit innovation grants, as defined in Section 72-2-401, for public transit capital development projects requested by a political subdivision within a public transit district.

(11)(a) There is created in the Transportation Investment Fund of 2005 the Cottonwood Canyons Transportation Investment Fund.

(b) The fund shall be funded by:

(i) money deposited into the fund in accordance with Section 59-12-103;

(ii) appropriations into the account by the Legislature;

(iii) private contributions; and

(iv) donations or grants from public or private entities.

(c)(i) The fund shall earn interest.

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

(d) The Legislature may appropriate money from the fund for public transit or transportation projects in the Cottonwood Canyons of Salt Lake County.

(e) The department may use up to 2% of the revenue deposited into the account under Subsection 59-12-103(7)(b) to contract with local governments as necessary for public safety enforcement related to the Cottonwood Canyons of Salt Lake County.

(f) Beginning with fiscal year beginning on July 1, 2025, the department shall use any sales and use tax growth over sales and use tax collections during the 2025 fiscal year to fund projects to provide ingress and egress for a public transit hub, including construction of the public transit hub, in the Big Cottonwood Canyon area.

(12)(a) There is created in the Transportation Investment Fund of 2005 the Active

881 Transportation Investment Fund.

882 (b) The fund shall be funded by:

883 (i) money deposited into the fund in accordance with Section 59-12-103;

884 (ii) appropriations into the account by the Legislature; and

885 (iii) donations or grants from public or private entities.

886 (c)(i) The fund shall earn interest.

887 (ii) All interest earned on fund money shall be deposited into the fund.

888 (d) The executive director may only use fund money to pay the costs needed for:

889 (i) the planning, design, construction, maintenance, reconstruction, or renovation of
890 paved pedestrian or paved nonmotorized trail projects that:

891 (A) are prioritized by the commission through the prioritization process for new
892 transportation capacity projects adopted under Section 72-1-304;

893 (B) serve a regional purpose; and

894 (C) are part of an active transportation plan approved by the department or the
895 plan described in Subsection (12)(d)(ii);

896 (ii) the development of a plan for a statewide network of paved pedestrian or paved
897 nonmotorized trails that serve a regional purpose; and

898 (iii) the administration of the fund, including staff and overhead costs.

899 (13)(a) As used in this Subsection (13), "commuter rail" means the same as that term is
900 defined in Section 63N-3-602.

901 (b) There is created in the Transit Transportation Investment Fund the Commuter Rail
902 Subaccount.

903 (c) The subaccount shall be funded by:

904 (i) contributions deposited into the subaccount in accordance with Section 59-12-103;

905 (ii) appropriations into the subaccount by the Legislature;

906 (iii) private contributions; and

907 (iv) donations or grants from public or private entities.

908 (d)(i) The subaccount shall earn interest.

909 (ii) All interest earned on money in the subaccount shall be deposited into the
910 subaccount.

911 (e) As prioritized by the commission through the prioritization process adopted under
912 Section 72-1-304 or as directed by the Legislature, the department may only use
913 money from the subaccount for projects that improve the state's commuter rail
914 infrastructure, including the building or improvement of grade-separated crossings

between commuter rail lines and public highways.

(f) Appropriations made in accordance with this section are nonlapsing in accordance with Section 63J-1-602.1.

Section 5. Section **72-2-124** is amended to read:

72-2-124 (Effective 07/01/26). Transportation Investment Fund of 2005.

(1) There is created a capital projects fund entitled the Transportation Investment Fund of 2005.

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

(a) any voluntary contributions received for the maintenance, construction, reconstruction, or renovation of state and federal highways;

(b) appropriations made to the fund by the Legislature;

(c) registration fees designated under Section 41-1a-1201;

(d) the sales and use tax revenues deposited into the fund in accordance with Section 59-12-103;

revenues tra

(f) revenues transferred into the fund in accordance with Subsection 72-2

(g) revenue from bond proceeds described in Section 63B, 34-291

(a) The fund shall earn interest

3. All integers a such that $a \equiv 1 \pmod{6}$

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

(7)(a) Except as provided in Subsection (7)(b), the executive director may only use funds money to pay:

(1) the costs of maintenance, construction, reconstruction, or renovation to state and federal highways prioritized by the Transportation Commission through the prioritization process for new transportation capacity projects adopted under Section 72-1-304;

(ii) the costs of maintenance, construction, reconstruction, or renovation to the highway projects described in Subsections 63B-18-401(2), (3), and (4);

(iii) subject to Subsection (9), costs of corridor preservation, as that term is defined in Section 72-5-401;

(iv) principal, interest, and issuance costs of bonds authorized by Section 63B-18-401 minus the costs paid from the County of the First Class Highway Projects Fund in accordance with Subsection 72-2-121(4)(e);

(v) for a fiscal year beginning on or after July 1, 2013, to transfer to the 2010 Salt Lake County Revenue Bond Sinking Fund created by Section 72-2-121.3 the

949 amount certified by Salt Lake County in accordance with Subsection
950 72-2-121.3(4)(c) as necessary to pay the debt service on \$30,000,000 of the
951 revenue bonds issued by Salt Lake County;

952 (vi) principal, interest, and issuance costs of bonds authorized by Section 63B-16-101
953 for projects prioritized in accordance with Section 72-2-125;

954 (vii) for fiscal year 2015-16 only, to transfer \$25,000,000 to the County of the First
955 Class Highway Projects Fund created in Section 72-2-121 to be used for the
956 purposes described in Section 72-2-121;

957 (viii) if a political subdivision provides a contribution equal to or greater than 40% of
958 the costs needed for construction, reconstruction, or renovation of paved
959 pedestrian or paved nonmotorized transportation for projects that:

960 (A) mitigate traffic congestion on the state highway system;

961 (B) are part of an active transportation plan approved by the department; and

962 (C) are prioritized by the commission through the prioritization process for new
963 transportation capacity projects adopted under Section 72-1-304;

964 (ix) \$705,000,000 for the costs of right-of-way acquisition, construction,
965 reconstruction, or renovation of or improvement to the following projects:

966 (A) the connector road between Main Street and 1600 North in the city of
967 Vineyard;

968 (B) Geneva Road from University Parkway to 1800 South;

969 (C) the SR-97 interchange at 5600 South on I-15;

970 (D) subject to Subsection (4)(c), two lanes on U-111 from Herriman Parkway to
971 South Jordan Parkway;

972 (E) widening I-15 between mileposts 10 and 13 and the interchange at milepost 11;

973 (F) improvements to 1600 North in Orem from 1200 West to State Street;

974 (G) widening I-15 between mileposts 6 and 8;

975 (H) widening 1600 South from Main Street in the city of Spanish Fork to SR-51;

976 (I) widening US 6 from Sheep Creek to Mill Fork between mileposts 195 and 197
977 in Spanish Fork Canyon;

978 (J) I-15 northbound between mileposts 43 and 56;

979 (K) a passing lane on SR-132 between mileposts 41.1 and 43.7 between mileposts
980 43 and 45.1;

981 (L) east Zion SR-9 improvements;

982 (M) Toquerville Parkway;

983 (N) an environmental study on Foothill Boulevard in the city of Saratoga Springs;
984 (O) using funds allocated in this Subsection (4)(a)(ix), and other sources of funds,
985 for construction of an interchange on Bangerter Highway at 13400 South; and
986 (P) an environmental impact study for Kimball Junction in Summit County;
987 (x) \$28,000,000 as pass-through funds, to be distributed as necessary to pay project
988 costs based upon a statement of cash flow that the local jurisdiction where the
989 project is located provides to the department demonstrating the need for money
990 for the project, for the following projects in the following amounts:
991 (A) \$5,000,000 for Payson Main Street repair and replacement;
992 (B) \$8,000,000 for a Bluffdale 14600 South railroad bypass;
993 (C) \$5,000,000 for improvements to 4700 South in Taylorsville; and
994 (D) \$10,000,000 for improvements to the west side frontage roads adjacent to U.S.
995 40 between mile markers 7 and 10;
996 (xi) \$13,000,000 as pass-through funds to Spanish Fork for the costs of right-of-way
997 acquisition, construction, reconstruction, or renovation to connect Fingerhut Road
998 over the railroad and to U.S. Highway 6;
999 (xii) for a fiscal year beginning on July 1, 2025, only, as pass-through funds from
1000 revenue deposited into the fund in accordance with Section 59-12-103, for the
1001 following projects:
1002 (A) \$3,000,000 for the department to perform an environmental study for the I-15
1003 Salem and Benjamin project; and
1004 (B) \$2,000,000, as pass-through funds, to Kane County for the Coral Pink Sand
1005 Dunes Road project; and
1006 (xiii) for a fiscal year beginning on July 1, 2025, up to \$300,000,000 for the costs of
1007 right-of-way acquisition and construction for improvements on SR-89 in a county
1008 of the first class.
1009 (b) The executive director may use fund money to exchange for an equal or greater
1010 amount of federal transportation funds to be used as provided in Subsection (4)(a).
1011 (c)(i) Construction related to the project described in Subsection (4)(a)(ix)(D) may
1012 not commence until a right-of-way not owned by a federal agency that is required
1013 for the realignment and extension of U-111, as described in the department's 2023
1014 environmental study related to the project, is dedicated to the department.
1015 (ii) Notwithstanding Subsection (4)(c)(i), if a right-of-way is not dedicated for the
1016 project as described in Subsection (4)(c)(i) on or before October 1, 2024, the

department may proceed with the project, except that the project will be limited to two lanes on U-111 from Herriman Parkway to 11800 South.

(5)(a) Except as provided in Subsection (5)(b), if the department receives a notice of ineligibility for a municipality as described in Subsection [10-21-202(8)] 10-21-202(10), the executive director may not program fund money to a project prioritized by the commission under Section 72-1-304, including fund money from the Transit Transportation Investment Fund, within the boundaries of the municipality until the department receives notification from the Housing and Community Development Division within the Department of Workforce Services that ineligibility under this Subsection (5) no longer applies to the municipality.

(b) Within the boundaries of a municipality described in Subsection (5)(a), the executive director:

- (i) may program fund money in accordance with Subsection (4)(a) for a limited-access facility or interchange connecting limited-access facilities;
- (ii) may not program fund money for the construction, reconstruction, or renovation of an interchange on a limited-access facility;
- (iii) may program Transit Transportation Investment Fund money for a multi-community fixed guideway public transportation project; and
- (iv) may not program Transit Transportation Investment Fund money for the construction, reconstruction, or renovation of a station that is part of a fixed guideway public transportation project.

(c) Subsections (5)(a) and (b) do not apply to a project programmed by the executive director before July 1, 2022, for projects prioritized by the commission under Section 72-1-304.

(6)(a) Except as provided in Subsection (6)(b), if the department receives a notice of ineligibility for a county as described in Subsection 17-80-202(8), the executive director may not program fund money to a project prioritized by the commission under Section 72-1-304, including fund money from the Transit Transportation Investment Fund, within the boundaries of the unincorporated area of the county until the department receives notification from the Housing and Community Development Division within the Department of Workforce Services that ineligibility under this Subsection (6) no longer applies to the county.

(b) Within the boundaries of the unincorporated area of a county described in Subsection (6)(a), the executive director:

1051 (i) may program fund money in accordance with Subsection (4)(a) for a
1052 limited-access facility to a project prioritized by the commission under Section
1053 72-1-304;

1054 (ii) may not program fund money for the construction, reconstruction, or renovation
1055 of an interchange on a limited-access facility;

1056 (iii) may program Transit Transportation Investment Fund money for a
1057 multi-community fixed guideway public transportation project; and

1058 (iv) may not program Transit Transportation Investment Fund money for the
1059 construction, reconstruction, or renovation of a station that is part of a fixed
1060 guideway public transportation project.

1061 (c) Subsections (6)(a) and (b) do not apply to a project programmed by the executive
1062 director before July 1, 2022, for projects prioritized by the commission under Section
1063 72-1-304.

1064 (7)(a) Before bonds authorized by Section 63B-18-401 or 63B-27-101 may be issued in
1065 any fiscal year, the department and the commission shall appear before the Executive
1066 Appropriations Committee of the Legislature and present the amount of bond
1067 proceeds that the department needs to provide funding for the projects identified in
1068 Subsections 63B-18-401(2), (3), and (4) or Subsection 63B-27-101(2) for the current
1069 or next fiscal year.

1070 (b) The Executive Appropriations Committee of the Legislature shall review and
1071 comment on the amount of bond proceeds needed to fund the projects.

1072 (8) The Division of Finance shall, from money deposited into the fund, transfer the amount
1073 of funds necessary to pay principal, interest, and issuance costs of bonds authorized by
1074 Section 63B-18-401 or 63B-27-101 in the current fiscal year to the appropriate debt
1075 service or sinking fund.

1076 (9) The executive director may only use money in the fund for corridor preservation as
1077 described in Subsection (4)(a)(iii):

1078 (a) if the project has been prioritized by the commission, including the use of fund
1079 money for corridor preservation; or

1080 (b) for a project that has not been prioritized by the commission, if the commission:

1081 (i) approves the use of fund money for the corridor preservation; and

1082 (ii) finds that the use of fund money for corridor preservation will not result in any
1083 delay to a project that has been prioritized by the commission.

1084 (10)(a) There is created in the Transportation Investment Fund of 2005 the Transit

1085 Transportation Investment Fund.

1086 (b) The fund shall be funded by:

1087 (i) contributions deposited into the fund in accordance with Section 59-12-103;

1088 (ii) appropriations into the account by the Legislature;

1089 (iii) deposits of sales and use tax increment related to a housing and transit
1090 reinvestment zone as described in Section 63N-3-610;

1091 (iv) transfers of local option sales and use tax revenue as described in Subsection
1092 59-12-2220(11)(b) or (c);

1093 (v) private contributions; and

1094 (vi) donations or grants from public or private entities.

1095 (c)(i) The fund shall earn interest.

1096 (ii) All interest earned on fund money shall be deposited into the fund.

1097 (d) Subject to Subsection (10)(e), the commission may prioritize money from the fund:

1098 (i) for public transit capital development of new capacity projects and fixed guideway
1099 capital development projects to be used as prioritized by the commission through
1100 the prioritization process adopted under Section 72-1-304;

1101 (ii) to the department for oversight of a fixed guideway capital development project
1102 for which the department has responsibility; or

1103 (iii) up to \$500,000 per year, to be used for a public transit study.

1104 (e)(i) Subject to Subsections (10)(g), (h), and (i), the commission may only prioritize
1105 money from the fund for a public transit capital development project or pedestrian
1106 or nonmotorized transportation project that provides connection to the public
1107 transit system if the public transit district or political subdivision provides funds of
1108 equal to or greater than 30% of the costs needed for the project.

1109 (ii) A public transit district or political subdivision may use money derived from a
1110 loan granted in accordance with Part 2, State Infrastructure Bank Fund, to provide
1111 all or part of the 30% requirement described in Subsection (10)(e)(i) if:

1112 (A) the loan is approved by the commission as required in Part 2, State
1113 Infrastructure Bank Fund; and

1114 (B) the proposed capital project has been prioritized by the commission pursuant
1115 to Section 72-1-303.

1116 (f) Before July 1, 2022, the department and a large public transit district shall enter into
1117 an agreement for a large public transit district to pay the department \$5,000,000 per
1118 year for 15 years to be used to facilitate the purchase of zero emissions or low

1119 emissions rail engines and trainsets for regional public transit rail systems.

1120 (g) For any revenue transferred into the fund in accordance with Subsection
1121 59-12-2220(11)(b):

1122 (i) the commission may prioritize money from the fund for public transit projects,
1123 operations, or maintenance within the county of the first class; and
1124 (ii) Subsection (10)(e) does not apply.

1125 (h) For any revenue transferred into the fund in accordance with Subsection
1126 59-12-2220(11)(c):

1127 (i) the commission may prioritize public transit projects, operations, or maintenance
1128 in the county from which the revenue was generated; and
1129 (ii) Subsection (10)(e) does not apply.

1130 (i) The requirement to provide funds equal to or greater than 30% of the costs needed for
1131 the project described in Subsection (10)(e) does not apply to a public transit capital
1132 development project or pedestrian or nonmotorized transportation project that the
1133 department proposes.

1134 (j) In accordance with Part 4, Public Transit Innovation Grants, the commission may
1135 prioritize money from the fund for public transit innovation grants, as defined in
1136 Section 72-2-401, for public transit capital development projects requested by a
1137 political subdivision within a public transit district.

1138 (11)(a) There is created in the Transportation Investment Fund of 2005 the Cottonwood
1139 Canyons Transportation Investment Fund.

1140 (b) The fund shall be funded by:

1141 (i) money deposited into the fund in accordance with Section 59-12-103;
1142 (ii) appropriations into the account by the Legislature;
1143 (iii) private contributions; and
1144 (iv) donations or grants from public or private entities.

1145 (c)(i) The fund shall earn interest.

1146 (ii) All interest earned on fund money shall be deposited into the fund.

1147 (d) The Legislature may appropriate money from the fund for public transit or
1148 transportation projects in the Cottonwood Canyons of Salt Lake County.

1149 (e) The department may use up to 2% of the revenue deposited into the account under
1150 Subsection 59-12-103(4)(f) to contract with local governments as necessary for
1151 public safety enforcement related to the Cottonwood Canyons of Salt Lake County.

1152 (f) Beginning with fiscal year beginning on July 1, 2025, the department shall use any

1153 sales and use tax growth over sales and use tax collections during the 2025 fiscal year
1154 to fund projects to provide ingress and egress for a public transit hub, including
1155 construction of the public transit hub, in the Big Cottonwood Canyon area.

1156 (12)(a) There is created in the Transportation Investment Fund of 2005 the Active
1157 Transportation Investment Fund.

1158 (b) The fund shall be funded by:

- 1159 (i) money deposited into the fund in accordance with Section 59-12-103;
- 1160 (ii) appropriations into the account by the Legislature; and
- 1161 (iii) donations or grants from public or private entities.

1162 (c)(i) The fund shall earn interest.

- 1163 (ii) All interest earned on fund money shall be deposited into the fund.

1164 (d) The executive director may only use fund money to pay the costs needed for:

- 1165 (i) the planning, design, construction, maintenance, reconstruction, or renovation of
1166 paved pedestrian or paved nonmotorized trail projects that:
 - 1167 (A) are prioritized by the commission through the prioritization process for new
1168 transportation capacity projects adopted under Section 72-1-304;
 - 1169 (B) serve a regional purpose; and
 - 1170 (C) are part of an active transportation plan approved by the department or the
1171 plan described in Subsection (12)(d)(ii);
- 1172 (ii) the development of a plan for a statewide network of paved pedestrian or paved
1173 nonmotorized trails that serve a regional purpose; and
- 1174 (iii) the administration of the fund, including staff and overhead costs.

1175 (13)(a) As used in this Subsection (13), "commuter rail" means the same as that term is
1176 defined in Section 63N-3-602.

1177 (b) There is created in the Transit Transportation Investment Fund the Commuter Rail
1178 Subaccount.

1179 (c) The subaccount shall be funded by:

- 1180 (i) contributions deposited into the subaccount in accordance with Section 59-12-103;
- 1181 (ii) appropriations into the subaccount by the Legislature;
- 1182 (iii) private contributions; and
- 1183 (iv) donations or grants from public or private entities.

1184 (d)(i) The subaccount shall earn interest.

- 1185 (ii) All interest earned on money in the subaccount shall be deposited into the
1186 subaccount.

1187 (e) As prioritized by the commission through the prioritization process adopted under
1188 Section 72-1-304 or as directed by the Legislature, the department may only use
1189 money from the subaccount for projects that improve the state's commuter rail
1190 infrastructure, including the building or improvement of grade-separated crossings
1191 between commuter rail lines and public highways.

1192 (f) Appropriations made in accordance with this section are nonlapsing in accordance
1193 with Section 63J-1-602.1.

1194 **Section 6. Effective Date.**

1195 (1) Except as provided in Subsection (2), this bill takes effect May 6, 2026.

1196 (2) The actions affecting Section 72-2-124 (Effective 07/01/26) take effect on July 1, 2026.