

**Moderate Income Housing Infrastructure Amendments**

2026 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Stephanie Gricius**

Senate Sponsor: Calvin R. Musselman

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**LONG TITLE****General Description:**

This bill modifies requirements and incentives for municipal moderate income housing reports.

**Highlighted Provisions:**

This bill:

- modifies the information a municipality is required to submit in a moderate income housing report;
- provides priority consideration by the Transportation Commission for certain transportation projects if the change of new residential dwelling units in a municipality is 2.5% or greater; and
- makes other technical changes for consistency.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:****AMENDS:**

**10-21-202 (Effective 05/06/26)**, as renumbered and amended by Laws of Utah 2025, First Special Session, Chapter 15

**59-12-2220 (Effective 05/06/26)**, as last amended by Laws of Utah 2025, First Special Session, Chapter 15

**72-1-304 (Effective 05/06/26)**, as last amended by Laws of Utah 2025, First Special Session, Chapter 15

**72-2-124 (Effective 05/06/26) (Superseded 07/01/26)**, as last amended by Laws of Utah 2025, First Special Session, Chapter 15

**72-2-124 (Effective 07/01/26)**, as last amended by Laws of Utah 2025, First Special Session, Chapter 15

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

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

**10-21-202 (Effective 05/06/26). Moderate income housing report -- Contents -- Prioritization for funds or projects -- Ineligibility for funds after noncompliance -- Civil actions.**

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

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

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

(c) The initial report shall:

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

(ii) include an implementation plan.

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

(b) The subsequent progress report shall include:

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

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

- (iii) a description of any barriers encountered by the specified municipality in the previous 12-month period in implementing the moderate income housing strategies;
- (iv) information regarding the number of internal and external or detached accessory dwelling units located within the specified municipality for which the specified municipality:
- (A) issued a building permit to construct; or
- (B) issued a business license or comparable license or permit to rent;
- (v) the number of residential dwelling units that have been entitled that have not received a building permit as of the submission date of the progress report;
- (vi) the number of new residential dwelling units built in the specified municipality during the previous 12-month period;
- (vii) the percent change of total residential dwelling units in the specified municipality during the previous 12-month period;
- ~~(vi)~~ (viii) shapefiles, or website links if shapefiles are not available, to current maps and tables related to zoning;
- ~~(vii)~~ (ix) a description of how the market has responded to the selected moderate income housing strategies, including the number of entitled moderate income housing units or other relevant data; and
- ~~(viii)~~ (x) any recommendations on how the state can support the specified municipality in implementing the moderate income housing strategies.
- (c) For purposes of describing actions taken by a specified municipality under Subsection (2)(b)(i), the specified municipality may include an ongoing action taken by the specified municipality before the 12-month reporting period applicable to the subsequent progress report if the specified municipality:
- (i) has already adopted an ordinance, approved a land use application, made an investment, or approved an agreement or financing that substantially promotes the implementation of a moderate income housing strategy identified in the initial report; and
- (ii) demonstrates in the subsequent progress report that the action taken under Subsection (2)(c)(i) is relevant to making meaningful progress towards the specified municipality's implementation plan.
- (d) A specified municipality's report shall be in a form:
- (i) approved by the division; and

- 99 (ii) made available by the division on or before May 1 of the year in which the report  
100 is required.
- 101 (3) Within 90 days after the day on which the division receives a specified municipality's  
102 report, the division shall:
- 103 (a) post the report on the division's website;
- 104 (b) send a copy of the report to the Department of Transportation, the Governor's Office  
105 of Planning and Budget, the association of governments in which the specified  
106 municipality is located, and, if the specified municipality is located within the  
107 boundaries of a metropolitan planning organization, the appropriate metropolitan  
108 planning organization; and
- 109 (c) subject to Subsection (4), review the report to determine compliance with this section.
- 110 (4)(a) An initial report complies with this section if the report:
- 111 (i) includes the information required under Subsection (1)(c);
- 112 (ii) demonstrates to the division that the specified municipality made plans to  
113 implement:
- 114 (A) three or more moderate income housing strategies if the specified  
115 municipality does not have a fixed guideway public transit station; or
- 116 (B) if the specified municipality has a fixed guideway public transit station:
- 117 (I) five or more of the moderate income housing strategies described in  
118 Subsection 10-21-201(3)(a)(iii), of which one shall be the moderate income  
119 housing strategy described in Subsection 10-21-201(3)(a)(iii)(U) and one  
120 shall be a moderate income housing strategy described in Subsection  
121 10-21-201(3)(a)(iii)(G) or (H); or
- 122 (II) the moderate income housing strategy described in Subsection  
123 10-21-201(3)(a)(iii)(U), one of the moderate income housing strategies  
124 described in Subsections 10-21-201(3)(a)(iii)(X) through (CC), and one  
125 moderate income strategy described in Subsection 10-21-201(3)(a)(iii); and
- 126 (iii) is in a form approved by the division.
- 127 (b) A subsequent progress report complies with this section if the report:
- 128 (i) demonstrates to the division that the specified municipality made plans to  
129 implement:
- 130 (A) three or more moderate income housing strategies if the specified  
131 municipality does not have a fixed guideway public transit station; or
- 132 (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:

- (A) fails to submit the report to the division in accordance with this section, beginning the day after the day on which the report was due; or
- (B) fails to cure the deficiencies in the report, beginning the day after the day by which the cure was required to occur as described in the notice of noncompliance under Subsection ~~[(6)]~~ (8); and
- (iii) beginning with the report submitted in 2025, the specified municipality shall pay a fee to the Olene Walker Housing Loan Fund in the amount of \$500 per day that the specified municipality, in a consecutive year:
- (A) fails to submit the report to the division in accordance with this section, beginning the day after the day on which the report was due; or
- (B) fails to cure the deficiencies in the report, beginning the day after the day by which the cure was required to occur as described in the notice of noncompliance under Subsection ~~[(6)]~~ (8).
- (c) Upon determining that a specified municipality is ineligible for funds under this Subsection ~~[(8)]~~ (10), and is required to pay a fee under Subsection ~~[(8)(b)]~~ (10)(b), if applicable, the division shall send a notice of ineligibility to the legislative body of the specified municipality, the Department of Transportation, the State Tax Commission, and the Governor's Office of Planning and Budget.
- (d) The notice described in Subsection ~~[(8)(e)]~~ (10)(c) shall:
- (i) name the specified municipality that is ineligible for funds;
- (ii) describe the funds for which the specified municipality is ineligible to receive;
- (iii) describe the fee the specified municipality is required to pay under Subsection ~~[(8)(b)]~~ (10)(b), if applicable; and
- (iv) state the basis for the division's determination that the specified municipality is ineligible for funds.
- (e) The division shall notify the legislative body of a specified municipality and the Department of Transportation in writing if the division determines that the provisions of this Subsection ~~[(8)]~~ (10) no longer apply to the specified municipality.
- (f) The division may not determine that a specified municipality that is required to pay a fee under Subsection ~~[(8)(b)]~~ (10)(b) is in compliance with the reporting requirements of this section until the specified municipality pays all outstanding fees required under Subsection ~~[(8)(b)]~~ (10)(b) to the Olene Walker Housing Loan Fund, created under Title 35A, Chapter 8, Part 5, Olene Walker Housing Loan Fund.
- ~~[(9)]~~ (11) In a civil action seeking enforcement or claiming a violation of this section or of

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

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

**59-12-2220 (Effective 05/06/26). County option sales and use tax to fund highways or a system for public transit -- Base -- Rate.**

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

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

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

(ii) the maximum amount of sales and use tax authorizations allowed in accordance with Section 59-12-2203 and authorized under the following sections has been imposed:

(A) Section 59-12-2213;

(B) Section 59-12-2214;

(C) Section 59-12-2215;

(D) Section 59-12-2216;

(E) Section 59-12-2217;

(F) Section 59-12-2218; and

(G) Section 59-12-2219;

(b) if the county is not annexed into a large public transit district, the county legislative body may impose the sales and use tax on the transactions described in Subsection 59-12-103(1) located within the county, including the cities and towns within the county if:

(i) the county is an eligible political subdivision; or

(ii) a city or town within the boundary of the county is an eligible political subdivision; or

(c) a county legislative body of a county not described in Subsection (1)(a) or (1)(b) may impose the sales and use tax on the transactions described in Subsection 59-12-103(1) located within the county, including the cities and towns within the county.

(2) For purposes of Subsection (1) and subject to the other provisions of this section, a county legislative body that imposes a sales and use tax under this section may impose the tax at a rate of .2%.

- 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

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

(c) Except as provided in Subsection (14)(c), for a city, town, or portion of the county described in Subsection (6)(a) that is not annexed into a single public transit district or eligible political subdivision in the county, the commission shall distribute the sales and use tax revenue collected within that portion of the county as follows:

(i) .08% to the cities and towns as provided in Subsection (8); and

(ii) .12% to the county legislative body.

(7) For a county without a public transit service that imposes a sales and use tax as described in this section, the commission shall distribute the sales and use tax revenue collected within the county as follows:

(a) .08% to the cities and towns as provided in Subsection (8); and

(b) .12% to the county legislative body.

(8)(a) Subject to Subsections (8)(b) and (c), the commission shall make the distributions required by Subsections (4)(b), (5)(b), (6)(b)(ii), (6)(c)(i), and (7)(a) as follows:

- (i) 50% of the total revenue collected under Subsections (4)(b), (5)(b), (6)(b)(ii), (6)(c)(i), and (7)(a) within the counties that impose a tax under Subsections (4) through (7) shall be distributed to the unincorporated areas, cities, and towns within those counties on the basis of the percentage that the population of each unincorporated area, city, or town bears to the total population of all of the counties that impose a tax under this section; and
- (ii) 50% of the total revenue collected under Subsections (4)(b), (5)(b), (6)(b)(ii), (6)(c)(i), and (7)(a) within the counties that impose a tax under Subsections (4) through (7) shall be distributed to the unincorporated areas, cities, and towns within those counties on the basis of the location of the transaction as determined under Sections 59-12-211 through 59-12-215.

(b)(i) Population for purposes of this Subsection (8) shall be based on, to the extent not otherwise required by federal law:

(A) the most recent estimate from the Utah Population Committee created in Section 63C-20-103; or

(B) if the Utah Population Committee estimate is not available for each municipality and unincorporated area, the adjusted sub-county population estimate provided by the Utah Population Committee in accordance with Section 63C-20-104.

(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,

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

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

(A) 50% shall be transferred to the Transit Transportation Investment Fund created in Subsection 72-2-124(9); and

(B) 50% shall be transferred to the relevant county legislative body to be used for a purpose described in Subsection (11)(a).

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

- (ii) If a local government or public transit district nominates a project for prioritization by the commission, the local government or public transit district shall provide data and evidence to show that:
  - (A) the project will advance the purposes and goals described in Section 72-1-211;
  - (B) for a public transit project, the local government or public transit district has 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.

- (b) When prioritizing a transportation project that increases capacity, the commission may give priority consideration to projects that are:
- (i) part of a transportation reinvestment zone created under Section 11-13-227 if:
    - (A) the state is a participant in the transportation reinvestment zone; or
    - (B) the commission finds that the transportation reinvestment zone provides a benefit to the state transportation system; or
  - (ii) within the boundaries of a housing and transit reinvestment zone created [ ~~pursuant to~~ ] in accordance with Title 63N, Chapter 3, Part 6, Housing and Transit Reinvestment Zone Act.
- (c) If the department receives a notice of prioritization for a municipality as described in Subsection [ ~~10-21-202(5)~~ ] 10-21-202(7), or a notice of prioritization for a county as described in Subsection 17-80-202(5), the commission may give priority consideration to transportation projects that are within the boundaries of the municipality or the unincorporated areas of the county until the department receives notification from the Housing and Community Development Division within the Department of Workforce Services that the municipality or county no longer qualifies for prioritization under this Subsection (3)(c).
- (d) When prioritizing a transportation project described in Subsection (1)(a)(ii) or (iv), the commission may give priority consideration to projects that improve connectivity in accordance with Section 10-8-87.
- (4) In developing the written prioritization process, the commission:
- (a) shall seek and consider public comment by holding public meetings at locations throughout the state; and
  - (b) may not consider local matching dollars as provided under Section 72-2-123 unless the state provides an equal opportunity to raise local matching dollars for state highway improvements within each county.
- (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the Transportation Commission, in consultation with the department, shall make rules establishing the written prioritization process under Subsection (1).
- (6) The commission shall submit the proposed rules under this section to the Transportation Interim Committee for review before taking final action on the proposed rules or any proposed amendment to the rules described in Subsection (5).

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

**72-2-124 (Effective 05/06/26) (Superseded 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;
  - (e) revenues transferred to the fund in accordance with Section 72-2-106;
  - (f) revenues transferred into the fund in accordance with Subsection 72-2-121(4)(l); and
  - (g) revenue from bond proceeds described in Section 63B-34-101.
- (3)(a) The fund shall earn interest.
- (b) All interest earned on fund money shall be deposited into the fund.
- (4)(a) Except as provided in Subsection (4)(b), the executive director may only use fund money to pay:
  - (i) 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 amount certified by Salt Lake County in accordance with Subsection 72-2-121.3(4)(c) as necessary to pay the debt service on \$30,000,000 of the revenue bonds issued by Salt Lake County;
  - (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;

- (x) \$28,000,000 as pass-through funds, to be distributed as necessary to pay project costs based upon a statement of cash flow that the local jurisdiction where the project is located provides to the department demonstrating the need for money for the project, for the following projects in the following amounts:
- (A) \$5,000,000 for Payson Main Street repair and replacement;
  - (B) \$8,000,000 for a Bluffdale 14600 South railroad bypass;
  - (C) \$5,000,000 for improvements to 4700 South in Taylorsville; and
  - (D) \$10,000,000 for improvements to the west side frontage roads adjacent to U.S. 40 between mile markers 7 and 10;
- (xi) \$13,000,000 as pass-through funds to Spanish Fork for the costs of right-of-way acquisition, construction, reconstruction, or renovation to connect Fingerhut Road over the railroad and to U.S. Highway 6;
- (xii) for a fiscal year beginning on July 1, 2025, only, as pass-through funds from revenue deposited into the fund in accordance with Section 59-12-103, for the following projects:
- (A) \$3,000,000 for the department to perform an environmental study for the I-15 Salem and Benjamin project; and
  - (B) \$2,000,000, as pass-through funds, to Kane County for the Coral Pink Sand Dunes Road project; and
- (xiii) for a fiscal year beginning on July 1, 2025, up to \$300,000,000 for the costs of right-of-way acquisition and construction for improvements on SR-89 in a county of the first class.
- (b) The executive director may use fund money to exchange for an equal or greater amount of federal transportation funds to be used as provided in Subsection (4)(a).
- (c)(i) Construction related to the project described in Subsection (4)(a)(ix)(D) may not commence until a right-of-way not owned by a federal agency that is required for the realignment and extension of U-111, as described in the department's 2023 environmental study related to the project, is dedicated to the department.
- (ii) Notwithstanding Subsection (4)(c)(i), if a right-of-way is not dedicated for the 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:

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

- 847 operations, or maintenance within the county of the first class; and
- 848 (ii) Subsection (10)(e) does not apply.
- 849 (h) For any revenue transferred into the fund in accordance with Subsection
- 850 59-12-2220(11)(c):
- 851 (i) the commission may prioritize public transit projects, operations, or maintenance
- 852 in the county from which the revenue was generated; and
- 853 (ii) Subsection (10)(e) does not apply.
- 854 (i) The requirement to provide funds equal to or greater than 30% of the costs needed for
- 855 the project described in Subsection (10)(e) does not apply to a public transit capital
- 856 development project or pedestrian or nonmotorized transportation project that the
- 857 department proposes.
- 858 (j) In accordance with Part 4, Public Transit Innovation Grants, the commission may
- 859 prioritize money from the fund for public transit innovation grants, as defined in
- 860 Section 72-2-401, for public transit capital development projects requested by a
- 861 political subdivision within a public transit district.
- 862 (11)(a) There is created in the Transportation Investment Fund of 2005 the Cottonwood
- 863 Canyons Transportation Investment Fund.
- 864 (b) The fund shall be funded by:
- 865 (i) money deposited into the fund in accordance with Section 59-12-103;
- 866 (ii) appropriations into the account by the Legislature;
- 867 (iii) private contributions; and
- 868 (iv) donations or grants from public or private entities.
- 869 (c)(i) The fund shall earn interest.
- 870 (ii) All interest earned on fund money shall be deposited into the fund.
- 871 (d) The Legislature may appropriate money from the fund for public transit or
- 872 transportation projects in the Cottonwood Canyons of Salt Lake County.
- 873 (e) The department may use up to 2% of the revenue deposited into the account under
- 874 Subsection 59-12-103(7)(b) to contract with local governments as necessary for
- 875 public safety enforcement related to the Cottonwood Canyons of Salt Lake County.
- 876 (f) Beginning with fiscal year beginning on July 1, 2025, the department shall use any
- 877 sales and use tax growth over sales and use tax collections during the 2025 fiscal year
- 878 to fund projects to provide ingress and egress for a public transit hub, including
- 879 construction of the public transit hub, in the Big Cottonwood Canyon area.
- 880 (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

915 between commuter rail lines and public highways.

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

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

919 **72-2-124 (Effective 07/01/26). Transportation Investment Fund of 2005.**

920 (1) There is created a capital projects fund entitled the Transportation Investment Fund of  
921 2005.

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

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

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

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

927 (d) the sales and use tax revenues deposited into the fund in accordance with Section  
928 59-12-103;

929 (e) revenues transferred to the fund in accordance with Section 72-2-106;

930 (f) revenues transferred into the fund in accordance with Subsection 72-2-121(4)(l); and

931 (g) revenue from bond proceeds described in Section 63B-34-201.

932 (3)(a) The fund shall earn interest.

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

934 (4)(a) Except as provided in Subsection (4)(b), the executive director may only use fund  
935 money to pay:

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

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

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

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

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

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

(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;
- (x) \$28,000,000 as pass-through funds, to be distributed as necessary to pay project costs based upon a statement of cash flow that the local jurisdiction where the project is located provides to the department demonstrating the need for money for the project, for the following projects in the following amounts:
- (A) \$5,000,000 for Payson Main Street repair and replacement;
- (B) \$8,000,000 for a Bluffdale 14600 South railroad bypass;
- (C) \$5,000,000 for improvements to 4700 South in Taylorsville; and
- (D) \$10,000,000 for improvements to the west side frontage roads adjacent to U.S. 40 between mile markers 7 and 10;
- (xi) \$13,000,000 as pass-through funds to Spanish Fork for the costs of right-of-way acquisition, construction, reconstruction, or renovation to connect Fingerhut Road over the railroad and to U.S. Highway 6;
- (xii) for a fiscal year beginning on July 1, 2025, only, as pass-through funds from revenue deposited into the fund in accordance with Section 59-12-103, for the following projects:
- (A) \$3,000,000 for the department to perform an environmental study for the I-15 Salem and Benjamin project; and
- (B) \$2,000,000, as pass-through funds, to Kane County for the Coral Pink Sand Dunes Road project; and
- (xiii) for a fiscal year beginning on July 1, 2025, up to \$300,000,000 for the costs of right-of-way acquisition and construction for improvements on SR-89 in a county of the first class.
- (b) The executive director may use fund money to exchange for an equal or greater amount of federal transportation funds to be used as provided in Subsection (4)(a).
- (c)(i) Construction related to the project described in Subsection (4)(a)(ix)(D) may not commence until a right-of-way not owned by a federal agency that is required for the realignment and extension of U-111, as described in the department's 2023 environmental study related to the project, is dedicated to the department.
- (ii) Notwithstanding Subsection (4)(c)(i), if a right-of-way is not dedicated for the 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

- emissions rail engines and trainsets for regional public transit rail systems.
- (g) For any revenue transferred into the fund in accordance with Subsection 59-12-2220(11)(b):
- (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(4)(f) 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 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; and

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

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

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

(B) serve a regional purpose; and

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

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

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

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

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

(c) The subaccount shall be funded by:

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

(ii) appropriations into the subaccount by the Legislature;

(iii) private contributions; and

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

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

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

(e) As prioritized by the commission through the prioritization process adopted under Section 72-1-304 or as directed by the Legislature, the department may only use money from the subaccount for projects that improve the state's commuter rail 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 6. **Effective Date.**

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

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