



# DEPARTMENT OF TRANSPORTATION

## HIGHWAY CONSTRUCTION FUNDING SOURCES

INFRASTRUCTURE AND GENERAL GOVERNMENT  
STAFF: MARK BLEAZARD, GARY RICKS, AND RICH AMON

ISSUE BRIEF 1

### **SUMMARY**

The Legislature has been creative in the past fifteen years to develop several funding sources for highway construction at the Department of Transportation. Prior to 1995 the Department of Transportation relied almost exclusively on Transportation Funds and Federal Funds for any highway capacity increases. In 1995 Utah was facing the challenge of hosting the 2002 Winter Olympics with aging infrastructure. The legislature with cooperation of the governor developed a plan to use General Funds and increased fuel taxes to fund 41 highway projects throughout the State to address that problem. That program was called the Centennial Highway Program.

In 2005 the legislature earmarked sales taxes to be used for the Centennial Highway Program and added the Transportation Investment Fund of 2005 to receive sales taxes as well. The Critical Highway Needs Fund was established in 2008 that received \$90,000,000 dedicated General Funds and sales taxes.

Over \$8 billion dollars worth of new highway construction has been or is being built in the state since the conception of the original plan in 1995. The following information to shows the code citations for dedicated sales taxes and other funding sources used to fund highway construction in the state.

### **Statutory Sales Tax Deposits for Transportation Purposes**

- 1 UCA 59-12-103(4)(a)(i) requires 1/16% or \$17.5 million on taxable transactions - Currently deposited into the Construction Management line item (approximately \$26.8 million)
- 2 UCA 59-12-103(7)(a) requires 1/64% on taxable transactions to be deposited into the Centennial Highway Fund (approximately \$6.7 million)
- 3 UCA 59-12-103(9)(a) requires 8.3% of revenues collected from sales taxes be deposited into the the Centennial Highway Fund (approximately \$152.7 million)
- 4 UCA 59-12-103(10)(a) requires \$90 million be deposited into the Critical Highway Needs Fund; (\$90 million)
- 5 UCA 59-12-103(11)(a)(i) requires .025% revenue collected from sales taxes be deposited into the Critical Highway Needs Fund (approximately \$9.1 million in FY 11 and \$9.5 million in FY 12)
- 6 UCA 59-12-103(11)(b)(i) requires .025% revenue collected from sales taxes be deposited into the Transportation Investment Fund of 2005 (approximately \$9.1 million in FY 11 and \$9.5 million in FY 12)

### **General Fund Appropriations to DOT**

General Fund ongoing appropriations of \$1.6 million to the State Construction Program.

**Sales Tax Appropriations by Statutes cited above & General Fund as above**

	<u>FY 11 Estimates</u>	<u>Millions</u>	<u>FY 12 Estimates</u>	<u>Millions</u>
1	One sixteenth	25.6	One sixteenth	26.8
2	One sixty-fourth	6.4	One sixty-fourth	6.7
3	Eight point three	33.9	Eight point three	152.7
4	\$90 million	90.0	\$90 million	90.0
5	CHNF .025	9.1	CHNF .025	9.5
6	TIF .025	9.1	TIF .025	9.5
	Total Sales Tax	174.1	Total Sales Tax	295.2
	GF State Const	1.6	GF State Const	1.6
	Total Ongoing GF	1.6	Total Ongoing GF	1.6
	Total Sales Tax/GF	175.7	Total Sales Tax/GF	296.8

**CENTENNIAL HIGHWAY PROGRAM**

	<b>FY 11</b>	<b>FY 12</b>
Beginning Balances	21,592	
Transportation Funds - Gas tax	72,397	76,634
Motor Vehicle Registration	25,085	25,437
Departmental Efficiencies	6,000	6,000
Net Transportation Funds Available	103,482	108,071
Sales Tax Revenue (Olympics 1/64 cent)	6,398	6,740
Sales Tax Revenue (8.3% rev collected)	33,899	153,135
Total Project Funds Available	143,779	267,946
Less Debt Service	137,915	142,310
Less Project Costs	27,456	0
Cash Flow Available for TIF	0	125,636

Note: The Legislature authorized 41 projects totaling \$3.9 billion through the CHF. The last CHF projects funding will be completed in FY 11. The current bonding indebtedness is \$888 million. The cash flow generated after debt service will be available to fund projects in the TIF in future years.

**CRITICAL NEEDS HIGHWAY FUND**

	<b>FY 11</b>	<b>FY 12</b>
Sales Tax Revenue (\$90 million)	90,000	90,000
Sale Tax Revenue (.25%)	9,130	9,542
Total Project Funds Available	99,130	99,542

Note: This original revenue stream came annually through statute that transferred \$90 million from

Sales Taxes to service \$1.2 billion of authorized bonding debt. The Legislature added ongoing revenue to the program during the 2008 when a .25% Sales Tax was added through enactment of HB 359 S3. 31 projects were originally identified at an estimated cost of \$1.4 billion. \$614 million has been expended and the EAC authorized issuance of approximately \$1 billion in bonds of the \$1.2 billion authorized debt.

**HIGHWAY CAPACITY PROJECTS**

	FY 11	FY 12
General Fund (originally \$35 million ongoing)	1,634	1,634

Note: This revenue stream has been through ongoing General Fund appropriations. 32 projects totaling \$207.5 million were originally identified to be built with this revenue source.

**TRANSPORTATION INVESTMENT FUND PROJECTS**

	FY 11	FY 12
Motor Vehicle Registration Fees	48,653	49,334
Sale Tax Revenue	9,130	9,542
Total Project Funds Available	57,783	58,876

Note: This revenue stream was through ongoing General Fund appropriations until the 2008 General Session when a .25% Sales Tax was added through enactment of HB 359 S3. 17 projects totaling \$380 million were originally identified to be built with this revenue stream. It is also anticipated that the I-15 project in Utah County will be funded through this program, with the above identified sources, the excess cash flow generated through the CHF as bonds are paid off, and new bonding authorization. During the 2009 General Session the General Fund portion was replaced with a \$20 increase in the Motor Vehicle Registrations with the enactment of SB 239.