



DEPARTMENT OF TRANSPORTATION

HIGHWAY CONSTRUCTION FUNDING SOURCES

INFRASTRUCTURE AND GENERAL GOVERNMENT
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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.

The Legislature provided additional highway funding from sales taxes during the 2011 session with enactment of SB 229. That bill earmarks 30% of the growth in sales taxes after July 1, 2011 to DOT. Estimated 2014 revenue from that bill is \$117.1 million dollars.

The Legislature enacted SB 225 during the 2012 General Session that directed all dedicated revenue sources of the above mentioned highway programs be combined into the Transportation Investment Fund. This will action will streamline accounting functions of the various programs and still enable the Department of Transportation to track highway projects individually.

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 (FY 2014 Est.)

- 1 UCA 59-12-103(6) requires 1/16% or \$17.5 million on taxable transactions - Currently deposited into the Construction Management line item (approximately \$31.9 million)
- 2 UCA 59-12-103(7) requires 1/64% on taxable transactions to be deposited into the Transportation Investment Fund (approximately \$8.0 million)
- 3 UCA 59-12-103(8)(a)(i) requires 8.3% of revenues collected from sales taxes be deposited into the the Transportation Investment Fund (approximately \$181.0 million)
- 4 UCA 59-12-103(9) requires \$90 million be deposited into the Transportation Investment Fund (\$90 million)
- 5 UCA 59-12-103(11)(a) requires .025% revenue collected from sales taxes be deposited into the Transportation Investment Fund of 2005 (approximately \$11.3 million)
- 6 UCA 59-12-103(12)(a) requires .025% revenue collected from sales taxes be deposited into the Transportation Fund to address checkpoints (approximately \$11.3)
- 7 UCA 59-12-103(8)(a)(ii) requires an amount equal to 30% of the growth in the amount of revenues collected in the current fiscal year from the sales and use taxes described in Subsections (8)(a)(i)(A) through (D) that exceeds the amount collected from the sales and use taxes described in Subsections (8)(e)(i)(A) through (D) in the 2010-11 fiscal year (\$117.1 million)

General Fund Appropriations to DOT

General Fund ongoing appropriations of \$1.5 million to the State Construction Program.

Sales Tax Appropriations by Statutes cited above and General Fund

	<u>FY 13 Estimates</u>	<u>Millions</u>	<u>FY 14 Estimates</u>	<u>Millions</u>
1	One sixteenth	30.1	One sixteenth	31.9
2	One sixty-fourth	7.6	One sixty-fourth	8.0
3	Eight point three	171.5	Eight point three	181.0
4	\$90 million	90.0	\$90 million	90.0
5	TIF .025	10.7	TIF .025	11.3
6	TF .025	10.7	TF .025	11.3
7	30% of Growth	82.6	30% of Growth	117.1
	<u>Total Sales Tax</u>	<u>403.2</u>	<u>Total Sales Tax</u>	<u>450.6</u>
	GF Highway Capacity	1.5	GF Highway Capacity	1.5
	<u>Total Ongoing GF</u>	<u>1.5</u>	<u>Total Ongoing GF</u>	<u>1.5</u>
	<u>Total Sales Tax/GF</u>	<u>404.7</u>	<u>Total Sales Tax/GF</u>	<u>452.1</u>

CENTENNIAL HIGHWAY PROGRAM - Revenue now deposited into TRANSPORTATION INVESTMENT FUND

	<u>FY 13</u>	<u>FY 14</u>
	<u>Millions</u>	<u>Millions</u>
Transportation Funds - Gas tax	76.6	77.7
Motor Vehicle Registration	25.4	25.8
Departmental Efficiencies	6.0	6.0
Net Transportation Funds Available	108.0	109.5
Sales Tax Revenue (Olympics 1/64 cent)	7.5	8.0
Sales Tax Revenue (8.3% rev collected)	171.5	181.0
Total Project Funds Available	287.0	298.5

Note: The Legislature authorized 41 projects totaling \$3.9 billion through the CHF. Construction of CHF have been completed. The current CHF bonding indebtedness is approximately \$308 million. The cash flow generated after debt service will be available to fund projects and debt service in the TIF in future years.

CRITICAL NEEDS HIGHWAY FUND - Revenue now deposited into TRANSPORTATION INVESTMENT FUND

	<u>FY 13</u>	<u>FY 14</u>
	<u>Millions</u>	<u>Millions</u>
Sales Tax Revenue (\$90 million)	90.0	90.0
Sale Tax Revenue (.25%)	10.7	11.3
Total Project Funds Available	100.7	101.3

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. The current CHNF bonding indebtedness is approximately \$1,029 billion. The cash flow generated after debt service will be available to fund projects and debt service in the TIF in future years.

TRANSPORTATION INVESTMENT FUND PROJECTS

	FY 13	FY 14
	<u>Millions</u>	<u>Millions</u>
Revenue formerly flowing into CHF	287.0	298.5
Revenue formerly flowing into CHNF	100.7	101.3
Sales Tax Revenue (SB 229)	82.6	117.1
Motor Vehicle Registration Fees	49.4	50.1
Sale Tax Revenue (.25%)	10.7	11.3
Total Project Funds Available	530.4	578.3

Note: The original revenue stream was through ongoing General Fund appropriations. In the 2008 General Session a .25% Sales Tax was added through enactment of HB 359 S3. During the 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. 17 projects totaling \$380 million were originally identified to be built with this revenue stream. The Legislature later authorized \$2.2 billion of bonding authority to fund the I-15 CORE project in Utah County, a portion of Mountain View Corridor and the Southern Parkway with these funding sources. The Legislature provided additional highway funding from sales taxes during the 2011 session with the enactment of SB 229. That bill earmarks 30% of the growth in sales taxes after July, 1 2011 to the Transportation Investment Fund. Estimated FY 2014 revenue is estimated to be \$117.1 million dollars.

HIGHWAY CAPACITY AND CHECKPOINT PROJECTS

	FY 13	FY 14
	<u>Millions</u>	<u>Millions</u>
General Fund (originally \$35 million ongoing)	1.5	1.5
Sale Tax Revenue (one sixteenth)	31.1	31.9
Sale Tax Revenue (.25%)	10.7	10.7
Total Project Funds Available	43.3	44.1

Note: This revenue stream has been through ongoing General Fund appropriations and sales taxes. 32 projects totaling \$207.5 million were originally identified to be built with these revenue sources.

Transportation Fund Revenue Sources

<u>FY 13 Estimates</u>	<u>Millions</u>	<u>FY 14 Estimates</u>	<u>Millions</u>
Motor Fuel Tax	253.8	Motor Fuel Tax	257.4
Special Fuel Tax	104.4	Special Fuel Tax	106.7
Other	81.2	Other	83.6
Total Trans Fund	439.4	Total Trans Fund	447.7