

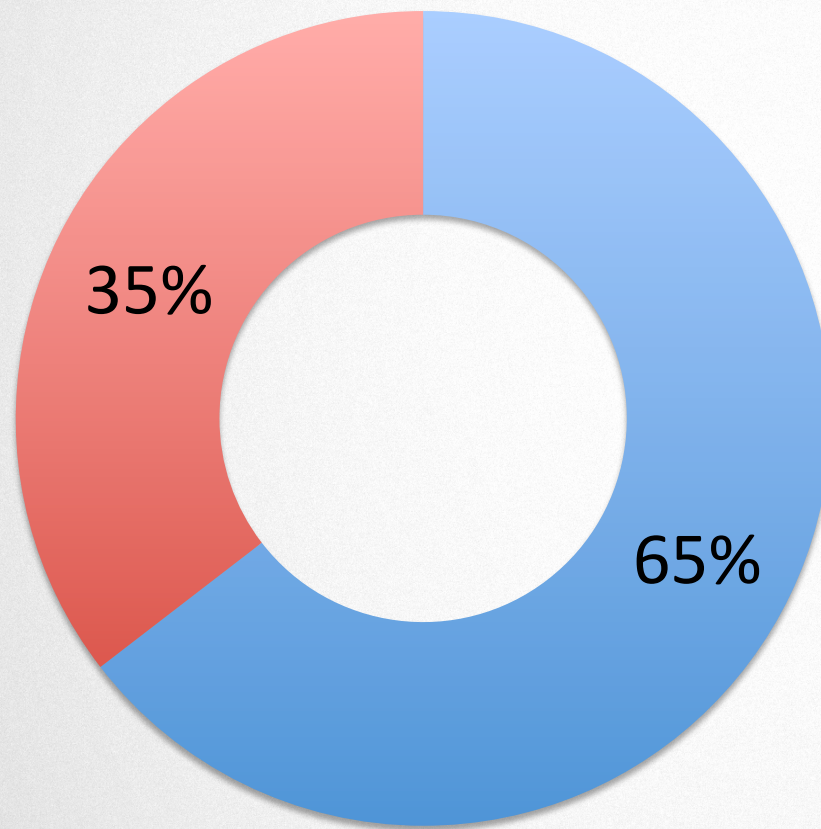
Transportation Funding Eligibility

Statutory & Constitutional Requirements

Linda Hull
Legislative and Policy Director
August 2017



Overview of Revenues by Type



■ User Fees (fuel and other)

■ General Fund

Existing Transportation Funding

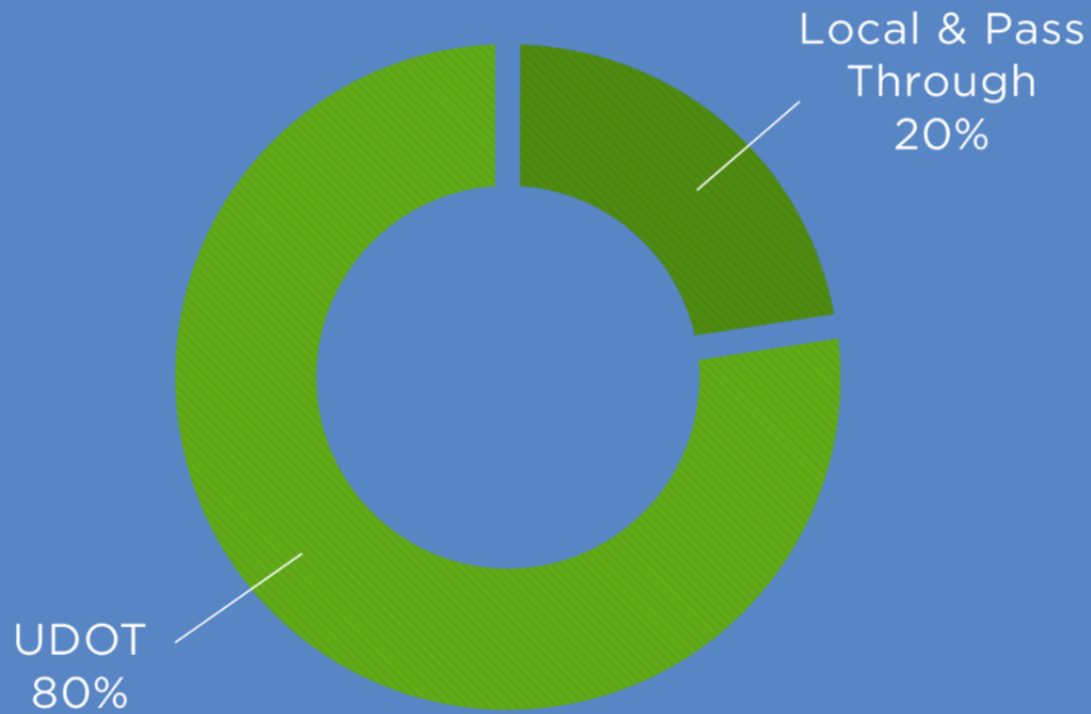
TRANSPORTATION
INVESTMENT
FUND
43%

TRANSPORTATION
FUND
33%

FEDERAL
23%



Federal Funding



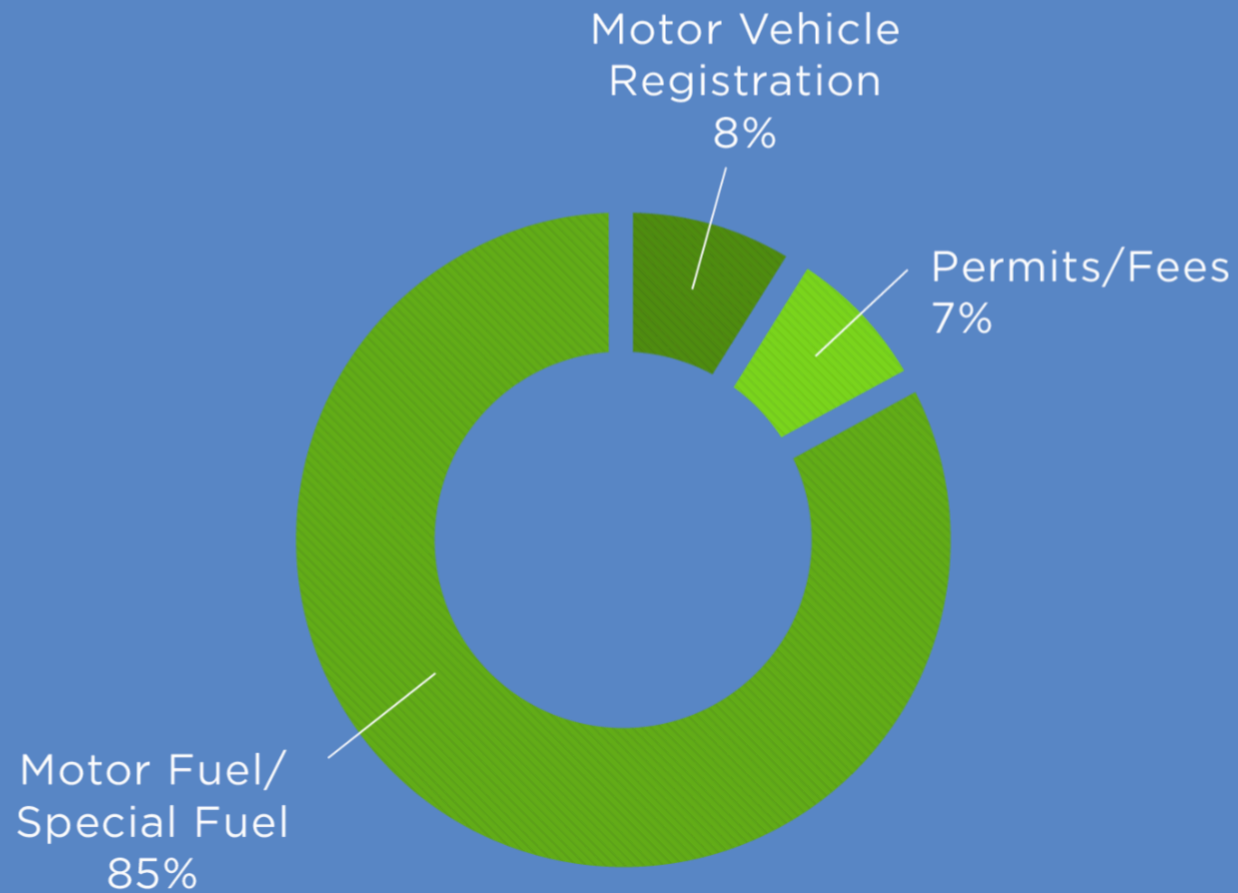
Federal Fund Expenditures

UDOT

- Asset preservation (pavement, bridge)
- Choke point
- Safety
- Freight
- Planning and Research

- Local and pass-through funds

Transportation Fund



Utah Constitution

Article XIII, Section 5

Article XIII, Section 5 [Use and amount of taxes and expenditures.]

- (1) The Legislature shall provide by statute for an annual tax sufficient, with other revenues, to defray the estimated ordinary expenses of the State for each fiscal year.
- (2)
 - (a) For any fiscal year, the Legislature may not make an appropriation or authorize an expenditure if the State's expenditure exceeds the total tax provided for by statute and applicable to the particular appropriation or expenditure.
 - (b) Subsection (2)(a) does not apply to an appropriation or expenditure to suppress insurrection, defend the State, or assist in defending the United States in time of war.
- (3) For any debt of the State, the Legislature shall provide by statute for an annual tax sufficient to pay:
 - (a) the annual interest; and
 - (b) the principal within 20 years after the final passage of the statute creating the debt.
- (4) Except as provided in Article X, Section 5, Subsection (5)(a), the Legislature may not impose a tax for the purpose of a political subdivision of the State, but may by statute authorize political subdivisions of the State to assess and collect taxes for their own purposes.
- (5) All revenue from taxes on intangible property or from a tax on income shall be used to support the systems of public education and higher education as defined in Article X, Section 2.
- (6) Proceeds from fees, taxes, and other charges related to the operation of motor vehicles on public highways and proceeds from an excise tax on liquid motor fuel used to propel those motor vehicles shall be used for:
 - (a) statutory refunds and adjustments and costs of collection and administration;
 - (b) the construction, maintenance, and repair of State and local roads, including payment for property taken for or damaged by rights-of-way and for associated administrative costs;
 - (c) driver education;
 - (d) enforcement of state motor vehicle and traffic laws; and
 - (e) the payment of the principal of and interest on any obligation of the State or a city or county, issued for any of the purposes set forth in Subsection (6)(b) and to which any of the fees, taxes, or other charges described in this Subsection (6) have been pledged, including any paid to the State or a city or county, as provided by statute.
- (7) Fees and taxes on tangible personal property imposed under Section 2, Subsection (6) of this article are not subject to Subsection (6) of this Section 5 and shall be distributed to the taxing districts in which the property is located in the same proportion as that in which the revenue collected from real property tax is distributed.
- (8) A political subdivision of the State may share its tax and other revenues with another political subdivision of the State as provided by statute.
- (9) Beginning July 1, 2016, the aggregate annual revenue from all severance taxes, as those

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Transportation Fund

Utah Code

72-2-102 Transportation Fund.

- (1) There is created a fund entitled the "Transportation Fund."
- (2) Transportation Fund money shall be used exclusively for highway purposes as provided in this title.

Enacted by Chapter 270, 1998 General Session

72-2-103 Limitations on Transportation Fund appropriations to agencies not a part of the Department of Transportation – Exceptions.

- (1) Except as provided under Subsection (2), the amount appropriated or transferred from the Transportation Fund each year may not exceed a combined total of \$11,600,000 to:
 - (a) the Department of Public Safety;
 - (b) the State Tax Commission;
 - (c) the Division of Finance; and
 - (d) any other state agency that is not a part of the Department of Transportation.
- (2) The following amounts are exempt from the appropriation and transfer limitations of Subsection (1):
 - (a) amounts deposited in the Department of Public Safety Restricted Account created under Section 53-3-106;
 - (b) revenue generated by the uninsured motorist identification fee under Section 41-1a-1218;
 - (c) revenue generated by the motor carrier fee under Section 41-1a-1219; and
 - (d) revenue generated by the Motorcycle Rider Education Program under Section 53-3-905.

Amended by Chapter 96, 2017 General Session

72-2-104 Budget.

- (1) The department shall prepare and submit to the governor, to be included in his budget to be submitted to the Legislature, a budget of the requirements for the operation of the department for the fiscal year following the convening of the Legislature.
- (2) This budget shall be so separated, in relation to the various functions of the department, so as to allow the separate determination of funds for deposit into the Transportation Fund and into any other special funds which are required by law to be utilized for specific purposes and which are separately maintained by the department for those purposes.

Renumbered and Amended by Chapter 270, 1998 General Session

72-2-105 Budgetary accounts within Transportation Fund -- Disposition of unexpended balances.

- (1) The amount designated by the Legislature, out of which the items budgeted shall be paid, shall be established in appropriation and allotment accounts within the Transportation Fund.
- (2) At the close of the biennium all unexpended balances remaining in the accounts so budgeted shall be closed to the fund balance account of the Transportation Fund.

Renumbered and Amended by Chapter 270, 1998 General Session

72-2-106 Appropriation and transfers from Transportation Fund.

- (1) On and after July 1, 1981, there is appropriated from the Transportation Fund to the use of the department an amount equal to two-elevenths of the taxes collected from the motor fuel tax

Transportation Code §72-2-102

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Transportation Fund

Appropriations Line Items

- Operations and Equipment
- Safe Sidewalks
- Construction Management
- Support Services
- Engineering Services
- Region Management

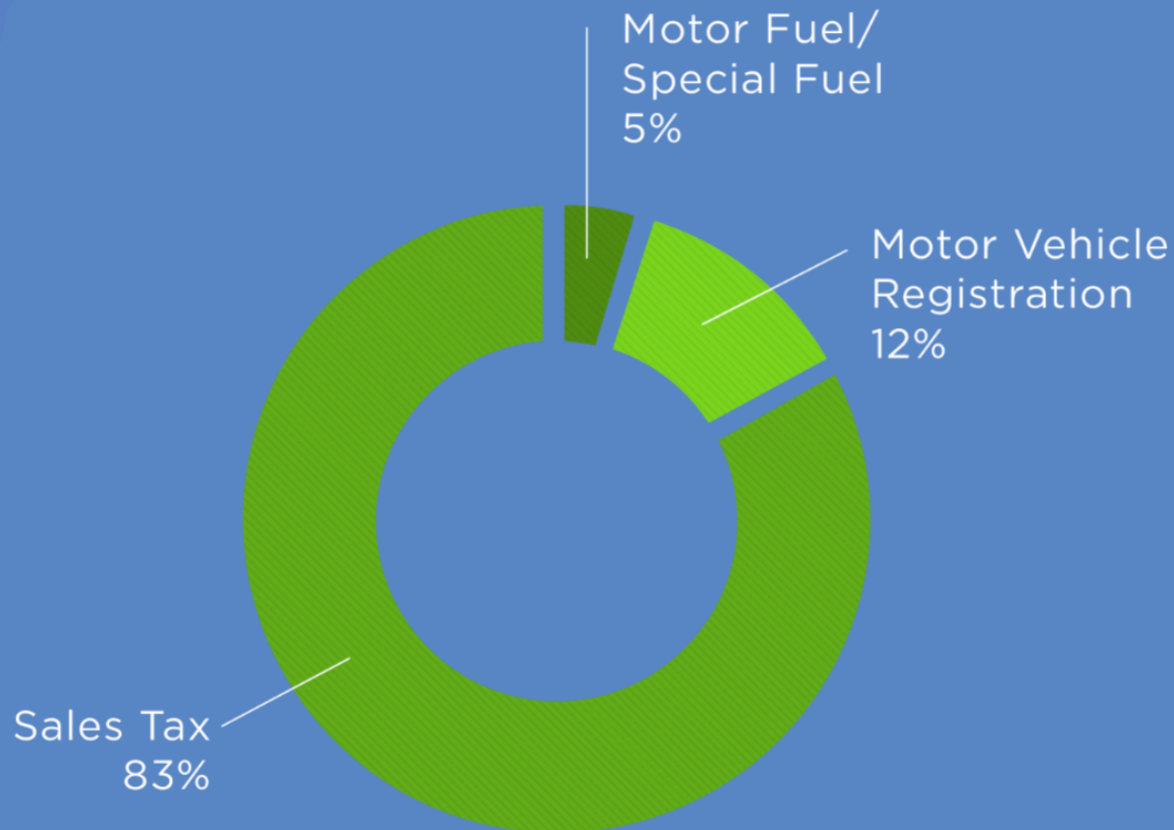
- Transfers

Transportation Fund Appropriations Intent Language

*“The Legislature intends that \$2,400,000 from FY 2018 Transportation Fund appropriations to the Construction - Management - Federal Construction - New program be directed to Davis County and Taylorsville City as lead agencies for **roadway-related environmental, design, engineering and improvements for proposed bus rapid transit routes** with Davis County and Taylorsville City each receiving \$1,200,000.”*

S.B. 3 2017 General Legislative Session

Transportation Investment Fund (TIF)



- (c) The commission or the state treasurer may make any statement of intent relating to a reimbursement under this Subsection (10) that is necessary or desirable to comply with federal tax law.

Amended by Chapter 421, 2015 General Session

72-2-123 Rules adopting guidelines – Partnering to finance state highway capacity improvements – Partnering proposals.

- (1) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission, in consultation with representatives of local government, shall make rules adopting guidelines for partnering with counties and municipalities for their help to finance state highway improvement projects through:
 - (a) local matching dollars; or
 - (b) other local participation methods.
- (2) The guidelines shall encourage partnering to help finance state highway improvement projects and provide for:
 - (a) consideration of factors relevant to a decision to make a program adjustment including the potential to:
 - (i) extend department resources to other needed projects;
 - (ii) alleviate significant existing or future congestion or hazards to the traveling public; and
 - (iii) address a need that is widely recognized by the public, elected officials, and transportation planners;
 - (b) a process for submitting, evaluating, and hearing partnering proposals; and
 - (c) keeping a public record of each proposal from initial submission to final disposition.
- (3) The commission shall submit the proposed rules under this section to a committee or task force designated by the Legislative Management Committee for review prior to taking final action on the proposed rules or any proposed amendment to the rules.

Amended by Chapter 382, 2008 General Session

72-2-124 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) the sales and use tax revenues deposited into the fund in accordance with Section 59-12-103;
 - (d) registration fees designated under Section 41-1a-1201; and
 - (e) revenues transferred to the fund in accordance with Section 72-2-106.
- (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 use fund money only 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;

TIF Funding

Transportation Code §72-2-124

(c) The commission or the state treasurer may make any statement of intent relating to a reimbursement under this Subsection (10) that is necessary or desirable to comply with federal tax law.

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Capacity Projects

Amended by Chapter 256, 2011 General Session

72-1-304. Written project prioritization process for new transportation capacity projects -- Rulemaking.

(1) 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 new transportation capacity projects that are or will be part of the state highway system under Chapter 4, Part 1, State Highways.

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

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

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

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

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

(e) any other provisions the commission considers appropriate.

(3) 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.

(4) 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).

(5) The commission shall submit the proposed rules under this section to a committee or task force designated by the Legislative Management Committee for review prior to taking final action on the proposed rules or any proposed amendment to the rules described in Subsection (4).

Amended by Chapter 382, 2008 General Session

72-1-305. Project selection using the written prioritization process -- Public comment -- Report.

(1) Except as provided in Subsection (4), in determining priorities and funding levels of projects in the state transportation system under Subsection 72-1-303(1)(a) that are new transportation capacity projects, the commission shall use the weighted criteria system adopted in the written prioritization process under Section 72-1-304.

(2) Prior to finalizing priorities and funding levels of projects in the state transportation system, the commission shall conduct public hearings at locations around the state and accept public comments on:

(a) the written prioritization process;

Transportation Code §72-1-304

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