

TRANSPORTATION FUNDING MODIFICATIONS

2013 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Brad L. Dee

Senate Sponsor: J. Stuart Adams

LONG TITLE

General Description:

This bill modifies provisions relating to transportation funding.

Highlighted Provisions:

This bill:

- ▶ reduces the bonding authority for certain bonds used to provide funding for projects prioritized through the Critical Highway Needs Fund;
- ▶ provides that a portion of certain bond proceeds shall be provided to the Department of Transportation to pay for, or to provide funds to, a municipality, county, or political subdivision to pay the costs of:
 - right-of-way acquisition, construction, reconstruction, renovations, or improvements to certain highways;
 - certain environmental impact studies; and
 - certain public transit studies;
- ▶ provides that a portion of certain bond proceeds and funds available in the Transportation Investment Fund of 2005 shall be provided to the Transportation Infrastructure Loan Fund to make funds available for transportation infrastructure loans and transportation infrastructure assistance;
- ▶ repeals provisions requiring the Department of Transportation to manage the cash flow and construction timing for certain highway projects;
- ▶ provides that a portion of the revenues in the County of the First Class State



28 Highway Projects Fund shall be transferred to the legislative body of a county of the first class
29 to be used for certain purposes;

30 ▶ provides that for fiscal year 2013-14 only, a portion of the revenues in the
31 Transportation Investment Fund of 2005 shall be transferred to the County of the
32 First Class State Highway Projects Fund; and

33 ▶ makes technical corrections.

34 **Money Appropriated in this Bill:**

35 None

36 **Other Special Clauses:**

37 This bill takes effect on July 1, 2013.

38 **Utah Code Sections Affected:**

39 AMENDS:

40 **63B-16-101**, as last amended by Laws of Utah 2008, Chapter 124

41 **63B-18-401**, as last amended by Laws of Utah 2012, Chapter 400

42 **72-2-121**, as last amended by Laws of Utah 2012, Chapters 131 and 400

43 **72-2-124**, as last amended by Laws of Utah 2012, Chapters 207, 397, and 400



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

46 Section 1. Section **63B-16-101** is amended to read:

47 **63B-16-101. Highway bonds -- Maximum amount -- Use of proceeds for highway**
48 **projects.**

49 (1) (a) The total amount of bonds issued under this section may not exceed
50 [~~\$1,200,000,000~~] \$1,145,000,000.

51 (b) When the Department of Transportation certifies to the commission that the
52 requirements of Subsection 72-2-125(4)(e) have been met and certifies the amount of bond
53 proceeds that it needs to provide funding for projects on the project list for the next fiscal year,
54 the commission may issue and sell general obligation bonds in an amount equal to the certified
55 amount plus costs of issuance.

56 (2) (a) Proceeds from the issuance of bonds shall be provided to the Department of
57 Transportation to pay all or part of the costs of state highway construction or reconstruction
58 projects that are included in the project list established and prioritized in accordance with

59 Subsection 72-2-125(4).

60 (b) The costs under Subsection (2)(a) may include the cost of acquiring land, interests
61 in land, easements and rights-of-way, improving sites, and making all improvements necessary,
62 incidental, or convenient to the facilities, interest estimated to accrue on these bonds during the
63 period to be covered by construction of the projects plus a period of six months after the end of
64 the construction period, interest estimated to accrue on any bond anticipation notes issued
65 under the authority of this title, and all related engineering, architectural, and legal fees.

66 (3) The commission or the state treasurer may make any statement of intent relating to
67 a reimbursement that is necessary or desirable to comply with federal tax law.

68 (4) The Department of Transportation may enter into agreements related to projects
69 before the receipt of proceeds of bonds issued under this chapter.

70 Section 2. Section **63B-18-401** is amended to read:

71 **63B-18-401. Highway bonds -- Maximum amount -- Use of proceeds for highway**
72 **projects.**

73 (1) (a) The total amount of bonds issued under this section may not exceed
74 \$2,077,000,000.

75 (b) [~~Subject to the restriction in Subsection (8) and when~~] When the Department of
76 Transportation certifies to the commission that the requirements of Subsection 72-2-124(6)
77 have been met and certifies the amount of bond proceeds that it needs to provide funding for
78 the projects described in Subsection (2) for the next fiscal year, the commission may issue and
79 sell general obligation bonds in an amount equal to the certified amount plus costs of issuance.

80 (2) Except as provided in Subsections (3) and (4), proceeds from the issuance of bonds
81 shall be provided to the Department of Transportation to pay all or part of the costs of the
82 following state highway construction or reconstruction projects:

83 (a) Interstate 15 reconstruction in Utah County;

84 (b) the Mountain View Corridor;

85 (c) the Southern Parkway; and

86 (d) state and federal highways prioritized by the Transportation Commission through:

87 (i) the prioritization process for new transportation capacity projects adopted under
88 Section 72-1-304; or

89 (ii) the state highway construction program.

90 (3) (a) [~~Subject to the restrictions and requirements in Subsection (8), \$70,000,000 of~~
91 Except as provided in Subsection (5), the bond proceeds issued under this section shall be
92 provided to the Department of Transportation.

93 (b) The Department of Transportation shall use bond proceeds and the funds provided
94 to it under Section 72-2-124 to pay for the costs of right-of-way acquisition, construction,
95 reconstruction, renovations, or improvements to the following highways:

96 (i) \$35 million to add highway capacity on I-15 south of the Spanish Fork Main Street
97 interchange to Payson;

98 (ii) \$28 million for improvements to Riverdale Road in Ogden;

99 (iii) \$1 million for intersection improvements on S.R. 36 at South Mountain Road;

100 (iv) \$2 million for capacity enhancements on S.R. 248 between Sidewinder Drive and
101 Richardson Flat Road;

102 (v) \$12 million for Vineyard Connector from 800 North Geneva Road to Lake Shore
103 Road;

104 (vi) \$7 million for 2600 South interchange modifications in Woods Cross;

105 (vii) \$9 million for reconfiguring the 1100 South interchange on I-15 in Box Elder
106 County;

107 (viii) \$18 million for the Provo west-side connector; [~~and~~]

108 (ix) \$8 million for interchange modifications on I-15 in the Layton area[-];

109 (x) \$3,000,000 for an energy corridor study and environmental review for
110 improvements in the Uintah Basin;

111 (xi) \$2,000,000 for highway improvements to Harrison Boulevard in Ogden City;

112 (xii) \$2,500,000 to be provided to Tooele City for roads around the Utah State
113 University campus to create improved access to an institution of higher education;

114 (xiii) \$3,000,000 to be provided to the Office of Tourism within the Governor's Office
115 of Economic Development for transportation infrastructure improvements associated with
116 annual tourism events that have:

117 (A) a significant economic development impact within the state; and

118 (B) significant needs for congestion mitigation;

119 (xiv) \$4,500,000 to be provided to the Governor's Office of Economic Development
120 for transportation infrastructure acquisitions and improvements that have a significant

121 economic development impact within the state;

122 (xv) \$125,000,000 to pay all or part of the costs of state and federal highway
123 construction or reconstruction projects prioritized by the Transportation Commission through
124 the prioritization process for new transportation capacity projects adopted under Section
125 72-1-304; and

126 (xvi) \$10,000,000 to the Transportation Fund to pay all or part of the costs of state and
127 federal highway construction or reconstruction projects as prioritized by the Transportation
128 Commission.

129 ~~[(4) (a) Subject to the restrictions and requirements in Subsection (8), \$30,000,000 of~~
130 ~~the bond proceeds issued under this section shall be provided to the Department of~~
131 ~~Transportation.]~~

132 ~~[(b) (4) (a) The Department of Transportation shall use bond proceeds and the funds~~
133 ~~under Section 72-2-121 to pay for, or to provide funds to, a municipality ~~[or],~~ county, or~~
134 ~~political subdivision to pay for the costs of right-of-way acquisition, construction,~~
135 ~~reconstruction, renovations, or improvements to the following highway or transit projects in~~
136 ~~Salt Lake County:~~

137 ~~(i) \$4,000,000 to Taylorsville City for bus rapid transit planning on 4700 South;~~

138 ~~(ii) \$3,500,000 to Taylorsville City for highway improvements to 6200 South and~~
139 ~~pedestrian crossings;~~

140 ~~[(ii) \$1,250,000] (iii) \$2,250,000 to Herriman City for highway improvements to the~~
141 ~~Salt Lake Community College Road;~~

142 ~~[(iii) (iv) \$5,300,000 to West Jordan City for highway improvements on 5600 West~~
143 ~~from 6200 South to 8600 South;~~

144 ~~(v) \$4,000,000 to West Jordan City for highway improvements to 7800 South from~~
145 ~~1300 West to S.R. 111;~~

146 ~~[(iv) \$2,300,000] (vi) \$7,300,000 to Sandy City for highway improvements on Monroe~~
147 ~~Street;~~

148 ~~[(v) (vii) \$3,000,000 to Draper City for highway improvements to 13490 South from~~
149 ~~200 West to 700 West;~~

150 ~~(viii) \$5,000,000 to Draper City for highway improvements to Suncrest Road;~~

151 ~~[(vi) (ix) \$1,200,000 to Murray City for highway improvements to 5900 South from~~

152 State Street to 900 East;
153 (x) \$1,800,000 to Murray City for highway improvements to 1300 East;
154 [(vii) \$1,500,000] (xi) \$3,000,000 to South Salt Lake City for intersection
155 improvements on West Temple, Main Street, and State Street;
156 [(viii)] (xii) \$2,000,000 to Salt Lake County for highway improvements to 5400 South
157 from 5600 West to Mountain View Corridor;
158 [(ix)] (xiii) \$3,000,000 to West Valley City for highway improvements to 6400 West
159 from Parkway Boulevard to SR-201 Frontage Road;
160 (xiv) \$4,000,000 to West Valley City for highway improvements to 2400 South from
161 4800 West to 7200 West;
162 [(x)] (xv) \$4,000,000 to Salt Lake City for highway improvements to 700 South from
163 2800 West to 5600 West;
164 [(xi) \$1,250,000] (xvi) \$2,750,000 to Riverton City for highway improvements to
165 4570 West from 12600 South to Riverton Boulevard; [and]
166 [(xii)] (xvii) [~~\$1,200,000~~] \$1,950,000 to Cottonwood Heights for improvements to
167 Union Park Avenue from I-215 exit south to Creek Road and Wasatch Boulevard and Big
168 Cottonwood Canyon[-];
169 (xviii) \$1,300,000 to Cottonwood Heights for highway improvements to Bengal
170 Boulevard;
171 (xix) \$1,500,000 to Midvale City for highway improvements to 7200 South from I-15
172 to 1000 West;
173 (xx) \$1,000,000 to Bluffdale City for an environmental impact study on Porter
174 Rockwell Boulevard;
175 (xxi) \$2,900,000 to Utah Transit Authority for the following public transit studies:
176 (A) a circulator study; and
177 (B) a mountain transport study; and
178 (xxii) \$1,000,000 to South Jordan City for highway improvements to 2700 West.
179 [(e)] (b) (i) Before providing funds to a municipality or county under this Subsection
180 (4), the Department of Transportation shall obtain from the municipality or county:
181 (A) a written certification signed by the county or city mayor or the mayor's designee
182 certifying that the municipality or county will use the funds provided under this Subsection (4)

183 solely for the projects described in Subsection (4)~~(b)~~(a); and

184 (B) other documents necessary to protect the state and the bondholders and to ensure
185 that all legal requirements are met.

186 (ii) Except as provided in Subsection (4)~~(d)~~(c), by January 1 of each year, the
187 municipality or county receiving funds described in this Subsection (4) shall submit to the
188 Department of Transportation a statement of cash flow for the next fiscal year detailing the
189 funds necessary to pay project costs for the projects described in Subsection (4)~~(b)~~(a).

190 (iii) ~~Except as provided in Subsection (4)(a), after~~ After receiving the statement
191 required under Subsection (4)~~(c)~~(b)(ii) and after July 1, the Department of Transportation
192 shall provide funds to the municipality or county necessary to pay project costs for the next
193 fiscal year based upon the statement of cash flow submitted by the municipality or county.

194 (iv) Upon the financial close of each project described in Subsection (4)~~(b)~~(a), the
195 municipality or county receiving funds under this Subsection (4) shall submit a statement to the
196 Department of Transportation detailing the expenditure of funds received for each project.

197 ~~(d)~~ (c) For calendar year 2012 only:

198 (i) the municipality or county shall submit to the Department of Transportation a
199 statement of cash flow as provided in Subsection (4)~~(c)~~(b)(ii) as soon as possible; and

200 (ii) the Department of Transportation shall provide funds to the municipality or county
201 necessary to pay project costs based upon the statement of cash flow.

202 (5) Twenty million dollars of the bond proceeds issued under this section and funds
203 available under Section 72-2-124 shall be provided to the Transportation Infrastructure Loan
204 Fund created by Section 72-2-202 to make funds available for transportation infrastructure
205 loans and transportation infrastructure assistance under Title 72, Chapter 2, Part 2,
206 Transportation Infrastructure Loan Fund.

207 ~~(5)~~ (6) The costs under Subsections (2), (3), and (4) may include the costs of studies
208 necessary to make transportation infrastructure improvements, the cost of acquiring land,
209 interests in land, easements and rights-of-way, improving sites, and making all improvements
210 necessary, incidental, or convenient to the facilities, interest estimated to accrue on these bonds
211 during the period to be covered by construction of the projects plus a period of six months after
212 the end of the construction period, interest estimated to accrue on any bond anticipation notes
213 issued under the authority of this title, and all related engineering, architectural, and legal fees.

214 ~~[(6)]~~ (7) The commission or the state treasurer may make any statement of intent
215 relating to a reimbursement that is necessary or desirable to comply with federal tax law.

216 ~~[(7)]~~ (8) The Department of Transportation may enter into agreements related to the
217 projects described in Subsections (2), (3), and (4) before the receipt of proceeds of bonds
218 issued under this section.

219 ~~[(8)-(a)]~~ (9) The Department of Transportation may enter into a new or amend an
220 existing interlocal agreement related to the projects described in Subsections (3) and (4) to
221 establish any necessary covenants or requirements not otherwise provided for by law.

222 ~~[(b) For fiscal year 2012-13 only, the commission may not issue and sell general
223 obligation bonds to pay all or part of the costs of the highway construction or reconstruction
224 projects described in Subsections (3) and (4).]~~

225 ~~[(c) The Department of Transportation is responsible for the management of the cash
226 flow for all the highway construction or reconstruction projects and project phases described in
227 Subsections (3) and (4) and shall determine when those projects will be constructed based on
228 revenues available:]~~

229 ~~[(i) from the bonds issued under this section;]~~

230 ~~[(ii) in the Transportation Investment Fund of 2005 created by Section 72-2-124; and]~~

231 ~~[(iii) in the County of the First Class State Highways Fund created by Section
232 72-2-121.]~~

233 Section 3. Section **72-2-121** is amended to read:

234 **72-2-121. County of the First Class State Highway Projects Fund.**

235 (1) There is created a special revenue fund within the Transportation Fund known as
236 the "County of the First Class State Highway Projects Fund."

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

238 (a) any voluntary contributions received for new construction, major renovations, and
239 improvements to state highways within a county of the first class;

240 (b) the portion of the sales and use tax described in Subsection 59-12-2214(3)(b)
241 deposited in or transferred to the fund;

242 (c) the portion of the sales and use tax described in Subsection 59-12-2217(2)(b) and
243 required by Subsection 59-12-2217(8)(b) to be deposited in or transferred to the fund; ~~[and]~~

244 (d) a portion of the local option highway construction and transportation corridor

245 preservation fee imposed in a county of the first class under Section 41-1a-1222 deposited in or
246 transferred to the fund[-]; and

247 (e) for fiscal year 2013-14 only, the amount transferred to the fund in accordance with
248 Subsection 72-2-124(4)(a)(vii).

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

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

251 (4) The executive director shall use the fund money only:

252 (a) to pay debt service and bond issuance costs for bonds issued under Sections
253 63B-16-102 and 63B-18-402;

254 (b) for right-of-way acquisition, new construction, major renovations, and
255 improvements to state highways within a county of the first class and to pay any debt service
256 and bond issuance costs related to those projects;

257 (c) for fiscal year 2012-13 only, to pay for or to provide funds to a municipality or
258 county to pay for a portion of right-of-way acquisition, construction, reconstruction,
259 renovations, and improvements to highways described in Subsections 72-2-121.4 (7), (8), and
260 (9);

261 (d) to transfer to the 2010 Salt Lake County Revenue Bond Sinking Fund created by
262 Section 72-2-121.3 the amount required in Subsection 72-2-121.3(4)(c) minus the amounts
263 transferred in accordance with Subsection 72-2-124(5)(a)(iv); [~~and~~]

264 (e) for a fiscal year beginning on or after July 1, 2013, to pay debt service and bond
265 issuance costs for \$30,000,000 of the bonds issued under Section 63B-18-401 for the projects
266 described in Subsection 63B-18-401(4)(b)[-]; and

267 (f) for a fiscal year beginning on or after July 1, 2013, and after the department has
268 verified that the amount required under Subsection 72-2-121.3(4)(c)(i) is available in the fund,
269 to transfer an amount equal to 30% of the revenue generated by the local option highway
270 construction and transportation corridor preservation fee imposed under Section 41-1a-1222 in
271 a county of the first class:

272 (i) to the legislative body of a county of the first class; and

273 (ii) to be used by a county of the first class for:

274 (A) highway construction, reconstruction, or maintenance projects; or

275 (B) the enforcement of state motor vehicle and traffic laws.

276 (5) The revenues described in Subsections (2)(b), (c), and (d) that are deposited in the
277 fund and bond proceeds from bonds issued under Sections 63B-16-102 and 63B-18-402 are
278 considered a local matching contribution for the purposes described under Section 72-2-123.

279 (6) The additional administrative costs of the department to administer this fund shall
280 be paid from money in the fund.

281 (7) Notwithstanding any statutory or other restrictions on the use or expenditure of the
282 revenue sources deposited into this fund, the Department of Transportation may use the money
283 in this fund for any of the purposes detailed in Subsection (4).

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

285 **72-2-124. Transportation Investment Fund of 2005.**

286 (1) There is created a special revenue fund entitled the Transportation Investment Fund
287 of 2005.

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

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

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

292 (c) the sales and use tax revenues deposited into the fund in accordance with Section
293 59-12-103; and

294 (d) registration fees designated under Section 41-1a-1201.

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

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

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

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

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

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

307 (iv) for a fiscal year beginning on or after July 1, 2013, to transfer to the 2010 Salt
308 Lake County Revenue Bond Sinking Fund created by Section 72-2-121.3 the amount certified
309 by Salt Lake County in accordance with Subsection 72-2-121.3(4)(c) as necessary to pay the
310 debt service on \$30,000,000 of the revenue bonds issued by Salt Lake County;

311 (v) principal, interest, and issuance costs of bonds authorized by Section 63B-16-101
312 for projects prioritized in accordance with Section 72-2-125; [~~and~~]

313 (vi) all highway general obligation bonds that are intended to be paid from revenues in
314 the Centennial Highway Fund Restricted Account created by Section 72-2-118; and

315 (vii) for fiscal year 2013-14 only, to transfer up to \$14,250,000 to the County of the
316 First Class State Highway Projects Fund created in Section 72-2-121 to be used for the
317 purposes described in Section 72-2-121.

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

320 (5) (a) Before bonds authorized by Section 63B-18-401 may be issued in any fiscal
321 year, the department and the commission shall appear before the Executive Appropriations
322 Committee of the Legislature and present the amount of bond proceeds that the department
323 needs to provide funding for the projects identified in Subsection 63B-18-401(2) for the next
324 fiscal year.

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

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

330 Section 5. **Effective date.**

331 This bill takes effect on July 1, 2013.

Legislative Review Note
as of 2-26-13 3:26 PM

Office of Legislative Research and General Counsel