

TRANSPORTATION INFRASTRUCTURE FUNDING

2018 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Francis D. Gibson

Senate Sponsor: _____

LONG TITLE

General Description:

This bill amends provisions relating to transportation infrastructure funding.

Highlighted Provisions:

This bill:

- ▶ amends the distribution of the local option highway construction and transportation corridor preservation fee in a county of the first class;
- ▶ amends the expenditure requirements for certain transportation local option sales and use tax revenue imposed in a county of the first class;
- ▶ increases the bonding authority for certain bonds used to provide funding for certain highway construction or reconstruction projects;
- ▶ provides that a portion of certain bond proceeds shall be provided to the Transportation Infrastructure Loan Fund to make funds available for certain transportation infrastructure loans and transportation infrastructure assistance;
- ▶ amends the distribution of revenue and repayment requirements in the County of the First Class State Highway Projects Fund; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.



28 **Utah Code Sections Affected:**

29 AMENDS:

30 **41-1a-1222**, as last amended by Laws of Utah 2017, Chapter 240

31 **59-12-2214**, as last amended by Laws of Utah 2015, Chapter 421

32 **63B-27-101**, as enacted by Laws of Utah 2017, Chapter 436

33 **72-2-121**, as last amended by Laws of Utah 2017, Chapter 436



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

36 Section 1. Section **41-1a-1222** is amended to read:

37 **41-1a-1222. Local option highway construction and transportation corridor**
38 **preservation fee -- Exemptions -- Deposit -- Transfer -- County ordinance -- Notice.**

39 (1) (a) (i) Except as provided in Subsection (1)(a)(ii), a county legislative body may
40 impose a local option highway construction and transportation corridor preservation fee of up
41 to \$10 on each motor vehicle registration within the county.

42 (ii) A county legislative body may impose a local option highway construction and
43 transportation corridor preservation fee of up to \$7.75 on each motor vehicle registration for a
44 six-month registration period under Section **41-1a-215.5** within the county.

45 (iii) A fee imposed under Subsection (1)(a)(i) or (ii) shall be set in whole dollar
46 increments.

47 (b) If imposed under Subsection (1)(a), at the time application is made for registration
48 or renewal of registration of a motor vehicle under this chapter, the applicant shall pay the local
49 option highway construction and transportation corridor preservation fee established by the
50 county legislative body.

51 (c) The following are exempt from the fee required under Subsection (1)(a):

52 (i) a motor vehicle that is exempt from the registration fee under Section **41-1a-1209** or
53 Subsection **41-1a-419(3)**;

54 (ii) a commercial vehicle with an apportioned registration under Section **41-1a-301**;
55 and

56 (iii) a motor vehicle with a Purple Heart special group license plate issued in
57 accordance with Section **41-1a-421**.

58 (2) (a) Except as provided in Subsection (2)(b), the revenue generated under this

59 section shall be:

60 (i) deposited in the Local Highway and Transportation Corridor Preservation Fund
61 created in Section [72-2-117.5](#);

62 (ii) credited to the county from which it is generated; and

63 (iii) used and distributed in accordance with Section [72-2-117.5](#).

64 (b) The revenue generated by a fee imposed under this section in a county of the first
65 class shall be deposited or transferred as follows:

66 (i) ~~[50%]~~ 70% of the revenue shall be:

67 (A) deposited in the County of the First Class Highway Projects Fund created in
68 Section [72-2-121](#); and

69 (B) used in accordance with Section [72-2-121](#); and

70 ~~[(ii) 20% of the revenue shall be:]~~

71 ~~[(A) transferred to the legislative body of a city of the first class:]~~

72 ~~[(F) located in a county of the first class; and]~~

73 ~~[(H) that has:]~~

74 ~~[(Aa) an international airport within its boundaries; and]~~

75 ~~[(Bb) a United States customs office on the premises of the international airport
76 described in Subsection (2)(b)(ii)(A)(H)(Aa); and]~~

77 ~~[(B) used by the city described in Subsection (2)(b)(ii)(A) for highway construction,
78 reconstruction, or maintenance projects; and]~~

79 ~~[(iii)]~~ (ii) 30% of the revenue shall be deposited, credited, and used as provided in
80 Subsection (2)(a).

81 (3) To impose or change the amount of a fee under this section, the county legislative
82 body shall pass an ordinance:

83 (a) approving the fee;

84 (b) setting the amount of the fee; and

85 (c) providing an effective date for the fee as provided in Subsection (4).

86 (4) (a) If a county legislative body enacts, changes, or repeals a fee under this section,
87 the enactment, change, or repeal shall take effect on July 1 if the commission receives notice
88 meeting the requirements of Subsection (4)(b) from the county prior to April 1.

89 (b) The notice described in Subsection (4)(a) shall:

- 90 (i) state that the county will enact, change, or repeal a fee under this part;
- 91 (ii) include a copy of the ordinance imposing the fee; and
- 92 (iii) if the county enacts or changes the fee under this section, state the amount of the
- 93 fee.

94 Section 2. Section **59-12-2214** is amended to read:

95 **59-12-2214. County, city, or town option sales and use tax to fund a system for**
 96 **public transit, an airport facility, a water conservation project, or to be deposited into the**
 97 **County of the First Class Highway Projects Fund -- Base -- Rate -- Voter approval**
 98 **exception.**

99 (1) Subject to the other provisions of this part, a county, city, or town may impose a
 100 sales and use tax of .25% on the transactions described in Subsection **59-12-103(1)** located
 101 within the county, city, or town.

102 (2) Subject to Subsection (3), a county, city, or town that imposes a sales and use tax
 103 under this section shall expend the revenues collected from the sales and use tax:

104 (a) to fund a system for public transit;

105 (b) to fund a project or service related to an airport facility for the portion of the project
 106 or service that is performed within the county, city, or town within which the sales and use tax
 107 is imposed:

108 (i) for a county that imposes the sales and use tax, if the airport facility is part of the
 109 regional transportation plan of the area metropolitan planning organization if a metropolitan
 110 planning organization exists for the area; or

111 (ii) for a city or town that imposes the sales and use tax, if:

112 (A) that city or town is located within a county of the second class;

113 (B) that city or town owns or operates the airport facility; and

114 (C) an airline is headquartered in that city or town; or

115 (c) for a combination of Subsections (2)(a) and (b).

116 (3) A county of the first class that imposes a sales and use tax under this section shall
 117 expend the revenues collected from the sales and use tax as follows:

118 (a) [~~80%~~] 89% of the revenues collected from the sales and use tax shall be expended
 119 to fund a system for public transit; and

120 (b) [~~20%~~] 11% of the revenues collected from the sales and use tax shall be deposited

121 into the County of the First Class Highway Projects Fund created by Section 72-2-121.

122 (4) Notwithstanding Section 59-12-2208, a county, city, or town legislative body is not
123 required to submit an opinion question to the county's, city's, or town's registered voters in
124 accordance with Section 59-12-2208 to impose a sales and use tax under this section if:

125 (a) the county, city, or town imposes the sales and use tax under this section on or after
126 July 1, 2010, but on or before July 1, 2011;

127 (b) on July 1, 2010, the county, city, or town imposes a sales and use tax under:

128 (i) Section 59-12-2213; or

129 (ii) Section 59-12-2215; and

130 (c) the county, city, or town obtained voter approval to impose the sales and use tax
131 under:

132 (i) Section 59-12-2213; or

133 (ii) Section 59-12-2215.

134 Section 3. Section 63B-27-101 is amended to read:

135 **63B-27-101. Highway bonds -- Maximum amount -- Use of proceeds for highway**
136 **projects.**

137 (1) (a) Subject to the restriction in Subsection (1)(c), the total amount of bonds issued
138 under this section may not exceed [~~\$1,000,000,000~~] \$1,050,000,000.

139 (b) When the Department of Transportation certifies to the commission that the
140 requirements of Subsection 72-2-124(5) have been met and certifies the amount of bond
141 proceeds that the commission needs to provide funding for the projects described in Subsection
142 (2) for the current or next fiscal year, the commission may issue and sell general obligation
143 bonds in an amount equal to the certified amount plus costs of issuance.

144 (c) The commission may not issue general obligation bonds authorized under this
145 section if the issuance of the general obligation bonds would result in the total current
146 outstanding general obligation debt of the state exceeding 50% of the limitation described in
147 the Utah Constitution, Article XIV, Section 1.

148 (2) Except as provided in Subsection (3), proceeds from the issuance of bonds shall be
149 provided to the Department of Transportation to pay all or part of the costs of the following
150 state highway construction or reconstruction projects:

151 (a) state and federal highways prioritized by the Transportation Commission through

152 the prioritization process for new transportation capacity projects adopted under Section
153 72-1-304, giving priority consideration for projects with a regional significance or that support
154 economic development within the state, including:

155 (i) projects that are prioritized but exceed available cash flow beyond the normal
156 programming horizon; or

157 (ii) projects prioritized in the state highway construction program; [~~and~~]

158 (b) \$100,000,000 to be used by the Department of Transportation for transportation
159 improvements as prioritized by the Transportation Commission for projects that:

160 (i) have a significant economic development impact associated with recreation and
161 tourism within the state; and

162 (ii) address significant needs for congestion mitigation[-];

163 (c) \$20,000,000 for parking facilities to facilitate the use of mass transit in areas
164 associated with significant economic development and recreation and tourism within the state;
165 and

166 (d) \$10,000,000 to be used by the Department of Transportation for design,
167 engineering, construction, or reconstruction of underpasses under a state highway connecting a
168 state park and a project area created by the military installation development authority created
169 in Section 63H-1-201.

170 (3) [~~Nineteen~~] Thirty-nine million dollars of the bond proceeds issued under this
171 section shall be provided to the Transportation Infrastructure Loan Fund created by Section
172 72-2-202 to make funds available for a transportation infrastructure loan or transportation
173 infrastructure assistance under Title 72, Chapter 2, Part 2, Transportation Infrastructure Loan
174 Fund, as follows:

175 (a) \$10,000,000 to the military installation development authority created in Section
176 63H-1-201;

177 (b) \$5,000,000 for right-of-way acquisition and highway construction in [~~Davis~~] Salt
178 Lake County; [~~and~~]

179 (c) \$4,000,000 for pedestrian access and crossings by a public transit fixed guideway
180 rail station and an institution of higher education[-]; and

181 (d) \$20,000,000 for right-of-way acquisition and highway construction in Salt Lake
182 County to be used as follows:

183 (i) \$16,000,000 for regionally significant roads that facilitate commercial and industrial
184 development that connect multiple jurisdictions; and

185 (ii) \$4,000,000 for access connecting local roads adjacent to or impacted by the
186 construction of Mountain View Corridor and to mitigate the impacts associated with the
187 location of homeless shelters.

188 (4) The bond proceeds issued under this section shall be provided to the Department of
189 Transportation.

190 (5) The costs under Subsection (2) may include the costs of studies necessary to make
191 transportation infrastructure improvements, the costs of acquiring land, interests in land, and
192 easements and rights-of-way, the costs of improving sites, and making all improvements
193 necessary, incidental, or convenient to the facilities, and the costs of interest estimated to
194 accrue on these bonds during the period to be covered by construction of the projects plus a
195 period of six months after the end of the construction period, interest estimated to accrue on
196 any bond anticipation notes issued under the authority of this title, and all related engineering,
197 architectural, and legal fees.

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

200 (7) The Department of Transportation may enter into agreements related to the projects
201 described in Subsection (2) before the receipt of proceeds of bonds issued under this section.

202 Section 4. Section **72-2-121** is amended to read:

203 **72-2-121. County of the First Class Highway Projects Fund.**

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

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

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

209 (b) the portion of the sales and use tax described in Subsection [59-12-2214\(3\)\(b\)](#)
210 deposited in or transferred to the fund;

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

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

214 preservation fee imposed in a county of the first class under Section [41-1a-1222](#) deposited in or
215 transferred to the fund.

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

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

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

219 (a) to pay debt service and bond issuance costs for bonds issued under Sections
220 [63B-16-102](#), [63B-18-402](#), and [63B-27-102](#);

221 (b) for right-of-way acquisition, new construction, major renovations, and
222 improvements to highways within a county of the first class and to pay any debt service and
223 bond issuance costs related to those projects, including improvements to a highway located
224 within a municipality in a county of the first class where the municipality is located within the
225 boundaries of more than a single county;

226 (c) for the construction, acquisition, use, maintenance, or operation of:

227 (i) an active transportation facility for nonmotorized vehicles;

228 (ii) multimodal transportation that connects an origin with a destination; or

229 (iii) a facility that may include a:

230 (A) pedestrian or nonmotorized vehicle trail;

231 (B) nonmotorized vehicle storage facility;

232 (C) pedestrian or vehicle bridge; or

233 (D) vehicle parking lot or parking structure;

234 (d) for fiscal year 2012-13 only, to pay for or to provide funds to a municipality or
235 county to pay for a portion of right-of-way acquisition, construction, reconstruction,
236 renovations, and improvements to highways described in Subsections [72-2-121.4\(7\)](#), (8), and
237 (9);

238 (e) to transfer to the 2010 Salt Lake County Revenue Bond Sinking Fund created by
239 Section [72-2-121.3](#) the amount required in Subsection [72-2-121.3\(4\)\(c\)](#) minus the amounts
240 transferred in accordance with Subsection [72-2-124\(4\)\(a\)\(iv\)](#);

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

244 (g) for a fiscal year beginning on or after July 1, 2013, and after the department has

245 verified that the amount required under Subsection 72-2-121.3(4)(c) is available in the fund, to
246 transfer an amount equal to ~~[50%]~~ 70% of the revenue generated by the local option highway
247 construction and transportation corridor preservation fee imposed under Section 41-1a-1222 in
248 a county of the first class:

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

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

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

252 (B) the enforcement of state motor vehicle and traffic laws;

253 (h) for fiscal year 2015 only, and after the department has verified that the amount
254 required under Subsection 72-2-121.3(4)(c) is available in the fund and the transfer under
255 Subsection (4)(f) has been made, to transfer an amount equal to the remainder of the revenue
256 available in the fund for the 2015 fiscal year:

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

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

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

260 (B) the enforcement of state motor vehicle and traffic laws;

261 (i) for fiscal year 2015-16 only, and after the department has verified that the amount
262 required under Subsection 72-2-121.3(4)(c) is available in the fund and the transfer under
263 Subsection (4)(f) has been made, to transfer an amount equal to \$25,000,000:

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

265 (ii) to be used by the county for the purposes described in this section;

266 (j) for a fiscal year beginning on or after July 1, 2015, after the department has verified
267 that the amount required under Subsection 72-2-121.3(4)(c) is available in the fund and the
268 transfer under Subsection (4)(f) has been made, to annually transfer an amount equal to up to
269 42.5% of the sales and use tax revenue imposed in a county of the first class and deposited into
270 the fund in accordance with Subsection 59-12-2214(3)(b) to:

271 (i) the appropriate debt service or sinking fund for the repayment of bonds issued under
272 Section 63B-27-102; and

273 (ii) the Transportation [~~Investment Fund of 2005~~] Fund created in Section [~~72-2-124~~]
274 72-2-102 until \$28,079,000 has been deposited into the Transportation [~~Investment Fund of~~
275 2005] Fund; and

276 (k) for a fiscal year beginning after the amount described in Subsection (4)(j)(ii) has
277 been repaid to the Transportation ~~[Investment Fund of 2005]~~ Fund until fiscal year 2030, or
278 sooner if the amount described in Subsection (4)(j)(ii) has been repaid, after the department has
279 verified that the amount required under Subsection 72-2-121.3(4)(c) is available in the fund
280 and the transfer under Subsection (4)(f) has been made, and after the bonds under Section
281 63B-27-102 have been repaid, to annually transfer an amount equal to up to 42.5% of the sales
282 and use tax revenue imposed in a county of the first class and deposited into the fund in
283 accordance with Subsection 59-12-2214(3)(b):

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

285 (ii) to be used by the county for the purposes described in this section.

286 (5) The revenues described in Subsections (2)(b), (c), and (d) that are deposited in the
287 fund and bond proceeds from bonds issued under Sections 63B-16-102, 63B-18-402, and
288 63B-27-102 are considered a local matching contribution for the purposes described under
289 Section 72-2-123.

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

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

295 (8) (a) For a fiscal year beginning on or after July 1, 2017, at the end of each fiscal
296 year, after all programmed payments and transfers authorized or required under this section have
297 been made, on July 30 the department shall transfer the remainder of the money in the fund to
298 the Transportation Fund to reduce the amount owed to the Transportation Fund under
299 Subsection (4)(j)(ii).

300 (b) The department shall provide notice to a county of the first class of the amount
301 transferred in accordance with Subsection (8)(a).

302 Section 5. **Effective date.**

303 (1) Except as provided in Subsection (2), this bill takes effect on May 8, 2018.

304 (2) The amendments to the following sections take effect on July 1, 2018:

305 (a) Section 41-1a-1222;

306 (b) Section 59-12-2214;

- 307 (c) Section 63B-27-101; and
- 308 (d) Subsection 72-2-121(4)(g).

Legislative Review Note
Office of Legislative Research and General Counsel