

Senator Kathleen A. Riebe proposes the following substitute bill:

STATE GRANT PROCESS AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Val L. Peterson

Senate Sponsor: Jerry W Stevenson

LONG TITLE

General Description:

This bill enacts provisions governing the administration of state grants.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ provides eligibility requirements for a competitive grant recipient;
- ▶ requires that a competitive grant recipient provide a proposed budget and agree to deliverables, reporting, audit, and clawback requirements before receiving any grant funds;
- ▶ addresses the disbursement schedule for grant funds;
- ▶ provides for review after a specified time of a competitive grant funded by an ongoing appropriation;
- ▶ prohibits direct award grants, except during a declared state of emergency; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.



26 **Utah Code Sections Affected:**

27 AMENDS:

- 28 **11-41-102**, as last amended by Laws of Utah 2023, Chapters 16, 34
- 29 **63J-1-201**, as last amended by Laws of Utah 2021, Chapters 382, 421
- 30 **65A-16-201**, as enacted by Laws of Utah 2022, Chapter 78 and further amended by
- 31 Revisor Instructions, Laws of Utah 2022, Chapter 78
- 32 **65A-16-203**, as enacted by Laws of Utah 2022, Chapter 78
- 33 **65A-16-301**, as last amended by Laws of Utah 2023, Chapter 205
- 34 **72-2-121**, as last amended by Laws of Utah 2023, Chapter 529

35 ENACTS:

- 36 **63G-6b-101**, Utah Code Annotated 1953
- 37 **63G-6b-102**, Utah Code Annotated 1953
- 38 **63G-6b-201**, Utah Code Annotated 1953
- 39 **63G-6b-202**, Utah Code Annotated 1953
- 40 **63G-6b-301**, Utah Code Annotated 1953

41 REPEALS:

- 42 **63J-1-220**, as last amended by Laws of Utah 2023, Chapter 16
- 43 **63N-1a-307**, as enacted by Laws of Utah 2022, Chapter 362



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

46 Section 1. Section **11-41-102** is amended to read:

47 **11-41-102. Definitions.**

48 As used in this chapter:

- 49 (1) "Agreement" means an oral or written agreement between a public entity and a
- 50 person.
- 51 (2) "Business entity" means a sole proprietorship, partnership, limited partnership,
- 52 limited liability company, corporation, or other entity or association used to carry on a business
- 53 for profit.
- 54 (3) "Determination of violation" means a determination by the Governor's Office of
- 55 Economic Opportunity of substantial likelihood that a retail facility incentive payment has been
- 56 made in violation of Section **11-41-103**, in accordance with Section **11-41-104**.

57 (4) "Environmental mitigation" means an action or activity intended to remedy known
58 negative impacts to the environment.

59 (5) "Executive director" means the executive director of the Governor's Office of
60 Economic Opportunity.

61 (6) "General plan" means the same as that term is defined in Section 23A-6-101.

62 (7) "Mixed-use development" means development with mixed land uses, including
63 housing.

64 (8) "Moderate income housing plan" means the moderate income housing plan element
65 of a general plan.

66 (9) "Office" means the Governor's Office of Economic Opportunity.

67 (10) "Political subdivision" means any county, city, town, metro township, school
68 district, special district, special service district, community reinvestment agency, or entity
69 created by an interlocal agreement adopted under Title 11, Chapter 13, Interlocal Cooperation
70 Act.

71 (11) "Public entity" means:

72 (a) a political subdivision;

73 [~~(b) a state agency as defined in Section 63J-1-220;~~]

74 (b) a department, commission, board, council, agency, institution, officer, corporation,
75 fund, division, office, committee, authority, laboratory, library, unit, bureau, panel, or other
76 administrative unit of the executive branch of the state;

77 (c) a higher education institution as defined in Section 53B-1-201;

78 (d) the Military Installation Development Authority created in Section 63H-1-201;

79 (e) the Utah Inland Port Authority created in Section 11-58-201; or

80 (f) the Point of the Mountain State Land Authority created in Section 11-59-201.

81 (12) "Public funds" means any money received by a public entity that is derived from:

82 (a) a sales and use tax authorized under Title 59, Chapter 12, Sales and Use Tax Act;

83 or

84 (b) a property tax levy.

85 (13) "Public infrastructure" means:

86 (a) a public facility as defined in Section 11-36a-102; or

87 (b) public infrastructure included as part of an infrastructure master plan related to a

88 general plan.

89 (14) "Retail facility" means any facility operated by a business entity for the primary
90 purpose of making retail transactions.

91 (15) (a) "Retail facility incentive payment" means a payment of public funds:

92 (i) to a person by a public entity;

93 (ii) for the development, construction, renovation, or operation of a retail facility

94 within an area of the state; and

95 (iii) in the form of:

96 (A) a payment;

97 (B) a rebate;

98 (C) a refund;

99 (D) a subsidy; or

100 (E) any other similar incentive, award, or offset.

101 (b) "Retail facility incentive payment" does not include a payment of public funds for:

102 (i) the development, construction, renovation, or operation of:

103 (A) public infrastructure; or

104 (B) a structured parking facility;

105 (ii) the demolition of an existing facility;

106 (iii) assistance under a state or local:

107 (A) main street program; or

108 (B) historic preservation program;

109 (iv) environmental mitigation or sanitation, if determined by a state or federal agency
110 under applicable state or federal law;

111 (v) assistance under a water conservation program or energy efficiency program, if any
112 business entity located within the public entity's boundaries or subject to the public entity's
113 jurisdiction is eligible to participate in the program;

114 (vi) emergency aid or assistance, if any business entity located within the public entity's
115 boundaries or subject to the public entity's jurisdiction is eligible to receive the emergency aid
116 or assistance; or

117 (vii) assistance under a public safety or security program, if any business entity located
118 within the public entity's boundaries or subject to the public entity's jurisdiction is eligible to

119 participate in the program.

120 (16) "Retail transaction" means any transaction subject to a sales and use tax under
121 Title 59, Chapter 12, Sales and Use Tax Act.

122 (17) (a) "Small business" means a business entity that:

- 123 (i) has fewer than 30 full-time equivalent employees; and
- 124 (ii) maintains the business entity's principal office in the state.

125 (b) "Small business" does not include:

- 126 (i) a franchisee, as defined in 16 C.F.R. Sec. 436.1;
- 127 (ii) a dealer, as defined in Section 41-1a-102; or
- 128 (iii) a subsidiary or affiliate of another business entity that is not a small business.

129 Section 2. Section 63G-6b-101 is enacted to read:

130 **CHAPTER 6b. STATE GRANTS**

131 **Part 1. General Provisions**

132 **63G-6b-101. Definitions.**

133 As use in this chapter:

134 (1) "Administering agency" means a state agency that administers a competitive grant.

135 (2) "Competitive grant" means a grant that is not a direct award grant.

136 (3) "Direct award grant" means a grant that is funded by money that the Legislature
137 intends the state agency to pass through to one or more recipients without a competitive
138 process.

139 (4) (a) "Grant" means a state agency's expenditure of state money, or agreement to
140 expend state money, that is:

141 (i) authorized by law;

142 (ii) made for a particular purpose; and

143 (iii) made without acquiring, or the promise of acquiring, a procurement item in
144 exchange for the expenditure.

145 (b) "Grant" does not include:

146 (i) a tax credit;

147 (ii) an expenditure of federal money;

148 (iii) public assistance, as defined in Section 26B-9-101;

149 (iv) a loan;

- 150 (v) a rebate;
151 (vi) an incentive; or
152 (vii) a claim payment.
- 153 (5) "Grant appropriation" means an appropriation the Legislature makes to an
154 administering agency to be used for one or more competitive grants.
- 155 (6) "Grant period" means the time frame during which a grant recipient receives funds
156 from a single competitive grant.
- 157 (7) "Multi-year grant" means a competitive grant for which the grant period exceeds
158 one year.
- 159 (8) "Nonprofit entity" means an entity that:
160 (a) operates in the state;
161 (b) is not a government entity; and
162 (c) is exempt from federal income taxation under Section 501(c)(3), Internal Revenue
163 Code.
- 164 (9) "Procurement item" means the same as that term is defined in Section [63G-6a-103](#).
- 165 (10) (a) "State agency" means a department, division, or other agency or
166 instrumentality of the state.
167 (b) "State agency" does not include the legislative department.
- 168 (11) "State money" means money that is derived from state fees or state tax revenue.
- 169 Section 3. Section **63G-6b-102** is enacted to read:
170 **63G-6b-102. Applicability.**
171 This chapter does not apply to a grant that is authorized in statute, unless the statute
172 provides that the grant is subject to this chapter.
- 173 Section 4. Section **63G-6b-201** is enacted to read:
174 **Part 2. Competitive Grants**
175 **63G-6b-201. Eligibility.**
176 Except as otherwise provided in the grant appropriation, a person may receive a grant
177 only if the person is a nonprofit entity or a political subdivision.
- 178 Section 5. Section **63G-6b-202** is enacted to read:
179 **63G-6b-202. Requirements for all grants.**
180 (1) (a) To award a competitive grant, an administering agency shall:

- 181 (i) establish a competitive application and selection process; and
182 (ii) award each competitive grant in accordance with the established process.
183 (b) As part of the competitive application process, the administering agency shall
184 require that each applicant disclose all other state funding the applicant receives.
185 (c) After an administering agency completes a competitive application process for a
186 competitive grant but before the administering agency awards the grant, the administering
187 agency shall report each grant recipient to the legislative fiscal analyst and the Governor's
188 Office of Planning and Budget.
189 (2) (a) An administering agency shall disburse grant funds in accordance with this
190 Subsection (2).
191 (b) Before an administering agency disburses a competitive grant's grant funds, the
192 administering agency shall ensure that the grant recipient provides a detailed budget
193 demonstrating how the grant recipient will use the grant funds.
194 (c) An administering agency shall establish a distribution schedule that ensures
195 accountability and responsible oversight of the use of the grant funds.
196 (d) An administering agency may not:
197 (i) disburse all grant funds in a single payment, unless the administering agency makes
198 the single payment after the grant recipient satisfies the grant recipient's performance
199 obligations under the agreement described in Subsection (5); or
200 (ii) make a grant recipient's final disbursement before the grant recipient delivers the
201 report described in Subsection (4).
202 (3) For a multi-year grant:
203 (a) the grant period may not exceed five years; and
204 (b) in the final quarter of each year of the grant period, excluding the final year, the
205 grant recipient shall deliver to the administering agency a report that details the grant recipient's
206 progress towards fulfilling the grant's purpose, including the annual deliverables and
207 performance metrics described in the agreement made in accordance with Subsection (5).
208 (4) An administering agency may not make the final grant funds disbursement until:
209 (a) the grant recipient delivers to the administering agency a final report that details the
210 extent to which the grant recipient fulfilled the grant's purpose, including the deliverables and
211 performance metrics described in the agreement made in accordance with Subsection (5); and

212 (b) the administering agency determines that the grant recipient satisfactorily produced
213 each deliverable provided in the agreement described in Subsection (5).

214 (5) Except as otherwise provided in the grant appropriation and consistent with the
215 other provisions of this section, an administering agency may not disburse grant funds to a
216 grant recipient before the administering agency and the grant recipient execute an agreement
217 that contains:

218 (a) the disbursement schedule for the grant funds;

219 (b) the deliverables, reporting, and performance metrics the grant recipient will
220 produce and use to demonstrate that the grant recipient used the grant funds to fulfill the grant's
221 purpose;

222 (c) if the grant is a multi-year grant, annual deliverables and performance metrics the
223 grant recipient will produce and use to demonstrate sufficient progress towards fulfilling the
224 grant's purpose;

225 (d) a provision informing the grant recipient that disbursement of grant funds is subject
226 to legislative appropriation; and

227 (e) the grant recipient's consent to follow-up audit and clawback of the grant funds if
228 an audit shows that the grant funds were inappropriately used.

229 (6) In accordance with Utah Constitution, Article VI, Section 33, the legislative auditor
230 general may audit the use of any grant funds.

231 Section 6. Section **63G-6b-301** is enacted to read:

232 **Part 3. Direct Award Grants**

233 **63G-6b-301. Direct award grants prohibited.**

234 (1) Except as provided in Subsection (2), on or after July 1, 2025, the Legislature may
235 not authorize by appropriation, and an administering agency may not award, a direct award
236 grant.

237 (2) The prohibition described in Subsection (1) does not apply during a state of
238 emergency that is declared by:

239 (a) the president of the United States;

240 (b) the governor in an executive order under Title 53, Chapter 2a, Part 2, Disaster
241 Response and Recovery Act; or

242 (c) the chief executive officer of a political subdivision in a proclamation under Title

243 53, Chapter 2a, Disaster Response and Recovery Act.

244 Section 7. Section **63J-1-201** is amended to read:

245 **63J-1-201. Governor's proposed budget to Legislature -- Contents -- Preparation**
246 **-- Appropriations based on current tax laws and not to exceed estimated revenues.**

247 (1) The governor shall deliver, not later than 30 days before the date the Legislature
248 convenes in the annual general session, a confidential draft copy of the governor's proposed
249 budget recommendations to the Office of the Legislative Fiscal Analyst according to the
250 requirements of this section.

251 (2) (a) When submitting a proposed budget, the governor shall, within the first three
252 days of the annual general session of the Legislature, submit to the presiding officer of each
253 house of the Legislature:

254 (i) a proposed budget for the ensuing fiscal year;

255 (ii) a schedule for all of the proposed changes to appropriations in the proposed budget,
256 with each change clearly itemized and classified; and

257 (iii) as applicable, a document showing proposed changes in estimated revenues that
258 are based on changes in state tax laws or rates.

259 (b) The proposed budget shall include:

260 (i) a projection of:

261 (A) estimated revenues by major tax type;

262 (B) 15-year trends for each major tax type;

263 (C) estimated receipts of federal funds;

264 (D) 15-year trends for federal fund receipts; and

265 (E) appropriations for the next fiscal year;

266 (ii) the source of changes to all direct, indirect, and in-kind matching funds for all
267 federal grants or assistance programs included in the budget;

268 (iii) changes to debt service;

269 (iv) a plan of proposed changes to appropriations and estimated revenues for the next
270 fiscal year that is based upon the current fiscal year state tax laws and rates and considers
271 projected changes in federal grants or assistance programs included in the budget;

272 (v) an itemized estimate of the proposed changes to appropriations for:

273 (A) the legislative department as certified to the governor by the president of the

274 Senate and the speaker of the House;

275 (B) the executive department;

276 (C) the judicial department as certified to the governor by the state court administrator;

277 (D) changes to salaries payable by the state under the Utah Constitution or under law

278 for lease agreements planned for the next fiscal year; and

279 (E) all other changes to ongoing or one-time appropriations, including dedicated

280 credits, restricted funds, nonlapsing balances, grants, and federal funds;

281 (vi) for each line item, the average annual dollar amount of staff funding associated

282 with all positions that were vacant during the last fiscal year;

283 (vii) deficits or anticipated deficits;

284 (viii) the recommendations for each state agency for new full-time employees for the

285 next fiscal year, which shall also be provided to the director of the Division of Facilities

286 Construction and Management as required by Subsection [63A-5b-501\(3\)](#);

287 ~~[(ix) a written description and itemized report submitted by a state agency to the~~

288 ~~Governor's Office of Planning and Budget under Section [63J-1-220](#), including:]~~

289 ~~[(A) a written description and an itemized report provided at least annually detailing~~

290 ~~the expenditure of the state money, or the intended expenditure of any state money that has not~~

291 ~~been spent; and]~~

292 ~~[(B) a final written itemized report when all the state money is spent;]~~

293 ~~[(x)]~~ (ix) any explanation that the governor may desire to make as to the important

294 features of the budget and any suggestion as to methods for the reduction of expenditures or

295 increase of the state's revenue; and

296 ~~[(xi)]~~ (x) information detailing certain fee increases as required by Section [63J-1-504](#).

297 (3) (a) Except as provided in Subsection (3)(b), for the purpose of preparing and

298 reporting the proposed budget, the governor:

299 (i) shall require the proper state officials, including all public and higher education

300 officials, all heads of executive and administrative departments and state institutions, bureaus,

301 boards, commissions, and agencies expending or supervising the expenditure of the state

302 money, and all institutions applying for state money and appropriations, to provide itemized

303 estimates of changes in revenues and appropriations;

304 (ii) may require the persons and entities subject to Subsection (3)(a)(i) to provide other

305 information under these guidelines and at times as the governor may direct, which may include
306 a requirement for program productivity and performance measures, where appropriate, with
307 emphasis on outcome indicators; and

308 (iii) may require representatives of public and higher education, state departments and
309 institutions, and other institutions or individuals applying for state appropriations to attend
310 budget meetings.

311 (b) Subsections (3)(a)(ii) and (iii) do not apply to the judicial department or the
312 legislative department.

313 (4) (a) The Governor's Office of Planning and Budget shall provide to the Office of the
314 Legislative Fiscal Analyst, as soon as practicable, but no later than 30 days before the day on
315 which the Legislature convenes in the annual general session, data, analysis, or requests used in
316 preparing the governor's budget recommendations, notwithstanding the restrictions imposed on
317 such recommendations by available revenue.

318 (b) The information under Subsection (4)(a) shall include:

319 (i) actual revenues and expenditures for the fiscal year ending the previous June 30;

320 (ii) estimated or authorized revenues and expenditures for the current fiscal year;

321 (iii) requested revenues and expenditures for the next fiscal year;

322 (iv) detailed explanations of any differences between the amounts appropriated by the
323 Legislature in the current fiscal year and the amounts reported under Subsections (4)(b)(ii) and
324 (iii); and

325 (v) other budgetary information required by the Legislature in statute.

326 (c) The budget information under Subsection (4)(a) shall cover:

327 (i) all items of appropriation, funds, and accounts included in appropriations acts for
328 the current and previous fiscal years; and

329 (ii) any new appropriation, fund, or account items requested for the next fiscal year.

330 (d) The information provided under Subsection (4)(a) may be provided as a shared
331 record under Section [63G-2-206](#) as considered necessary by the Governor's Office of Planning
332 and Budget.

333 (5) (a) In submitting the budget for the Department of Public Safety, the governor shall
334 include a separate recommendation in the governor's budget for maintaining a sufficient
335 number of alcohol-related law enforcement officers to maintain the enforcement ratio equal to

336 or below the number specified in Subsection 32B-1-201(2).

337 (b) If the governor does not include in the governor's budget an amount sufficient to
338 maintain the number of alcohol-related law enforcement officers described in Subsection
339 (5)(a), the governor shall include a message to the Legislature regarding the governor's reason
340 for not including that amount.

341 (6) (a) The governor may revise all estimates, except those relating to the legislative
342 department, the judicial department, and those providing for the payment of principal and
343 interest to the state debt and for the salaries and expenditures specified by the Utah
344 Constitution or under the laws of the state.

345 (b) The estimate for the judicial department, as certified by the state court
346 administrator, shall also be included in the budget without revision, but the governor may make
347 separate recommendations on the estimate.

348 (7) The total appropriations requested for expenditures authorized by the budget may
349 not exceed the estimated revenues from taxes, fees, and all other sources for the next ensuing
350 fiscal year.

351 (8) If any item of the budget as enacted is held invalid upon any ground, the invalidity
352 does not affect the budget itself or any other item in the budget.

353 Section 8. Section 65A-16-201 is amended to read:

354 **65A-16-201. Great Salt Lake Watershed Enhancement Program established.**

355 (1) There is created the "Great Salt Lake Watershed Enhancement Program" to issue
356 grant money to establish a water trust to implement projects, programs, or voluntary
357 arrangements that:

358 (a) retain or enhance water flows to:

359 (i) sustain the Great Salt Lake and the Great Salt Lake's wetlands; and

360 (ii) improve water quality and quantity for the Great Salt Lake within the Great Salt
361 Lake watershed;

362 (b) conserve and restore upstream habitats that are key to protecting the hydrology and
363 health of the Great Salt Lake and the Great Salt Lake's surrounding ecosystem;

364 (c) attract or leverage other public or private funding to enhance and preserve the Great
365 Salt Lake watershed;

366 (d) engage agricultural producers, local landowners, local planning authorities, and

367 others to support the Great Salt Lake;

368 (e) support or benefit the Great Salt Lake's natural infrastructure;

369 (f) protect and restore uplands, wetlands, and habitats in the Great Salt Lake watershed
370 that benefit hydrologic or ecosystem functions of the Great Salt Lake;

371 (g) support efforts to integrate water planning and management efforts that benefit the
372 Great Salt Lake watershed;

373 (h) undertake assessments or studies as necessary, consistent with the goals of this
374 Subsection (1);

375 (i) support projects or programs to respond to low water levels and rising salinity in the
376 Great Salt Lake;

377 (j) require the creation and operation of one or more endowments to sustain the water
378 trust and fulfill the purposes of this chapter; or

379 (k) otherwise fulfill the purposes of this Subsection (1) to enhance, preserve, or protect
380 the Great Salt Lake.

381 (2) (a) Subject to legislative appropriations, the division shall award a one-time grant
382 to one eligible applicant to establish a water trust authorized under this section.

383 (b) The amount of the one-time grant under this Subsection (2) shall be equal to the
384 entire appropriation made to the division to implement this chapter.

385 (c) Notwithstanding the requirements for the division issuing a one-time grant under
386 this section, after the grant is issued, the division may receive additional appropriations to be
387 used for the purposes of this chapter, including providing money to the water trust created
388 under this chapter.

389 (3) To be considered for the one-time grant under Subsection (2), an eligible applicant
390 shall submit a written application to the division within 60 days of March 21, 2022, that:

391 (a) demonstrates that the eligible applicant meets the following criteria that are
392 necessary to submit a written application, that the eligible applicant:

393 (i) has offices and staff located in Utah; and

394 (ii) individually or collectively possesses:

395 (A) a history and ability to attract private funding to implement water and land
396 conservation projects;

397 (B) knowledge and experience with the Great Salt Lake and the Great Salt Lake

398 watershed;

399 (C) knowledge and experience managing wetlands in the vicinity of the Great Salt
400 Lake;

401 (D) knowledge and experience in the creation of three or more water trusts or water
402 funds;

403 (E) knowledge and experience in securing approval from the Division of Water Rights
404 for water right applications that support the beneficial use of water in the Great Salt Lake;

405 (F) knowledge and experience with Utah water laws; and

406 (G) participation in the development of studies and reports on the Great Salt Lake and
407 Utah water policy;

408 (b) how the applicant will accomplish the objectives of Subsection (1);

409 (c) how the applicant will satisfy Part 3, Water Trust; and

410 (d) a description of the types of money, in-kind contributions, and other resources the
411 applicant could contribute or attract to support the creation, operation, and administration of a
412 water trust.

413 (4) The division, in consultation with the council and the director of the Division of
414 Water Quality, shall evaluate and rank the applications received under Subsection (3)
415 according to each eligible applicant's experience and demonstrated ability to:

416 (a) attract and secure public and private funding to implement water and land
417 conservation projects;

418 (b) address water quality and hydrology issues of the Great Salt Lake and within the
419 Great Salt Lake watershed;

420 (c) create and operate water trusts;

421 (d) secure approval from the Division of Water Rights for water right applications that
422 support beneficial use of water in the Great Salt Lake;

423 (e) understand, use, and work to improve Utah water laws in a manner that benefits the
424 Great Salt Lake watershed while protecting other beneficial uses of water; and

425 (f) participate in collaborative efforts to develop strategies and recommendations to
426 ensure adequate water for the Great Salt Lake and the Great Salt Lake watershed.

427 (5) (a) Within 90 days of March 21, 2022, the division shall select the highest ranking
428 eligible applicant as the grantee.

429 (b) The division shall distribute the appropriated money to the grantee as soon as
430 reasonably practicable following the execution of an agreement or agreements that satisfy the
431 requirements of [~~Subsections~~] Subsection 51-2a-201.5(4) and [~~63J-1-220(2)~~] Title 63G,
432 Chapter 6b, State Grants.

433 (c) The division shall issue the grant within the time period required under this
434 Subsection (5) notwithstanding whether the division has adopted rules to administer the
435 program under Section 65A-16-102.

436 (6) If the division does not receive an application from an eligible applicant that
437 satisfies each of the evaluation criteria of Subsection (4), the division shall issue a request for
438 proposals under a competitive award process and shall select the most qualified applicant to
439 receive the grant.

440 Section 9. Section **65A-16-203** is amended to read:

441 **65A-16-203. Grantee requirements.**

442 A grantee that receives grant money under this chapter shall:

443 (1) comply with Section 51-2a-201.5, [~~Subsection 63J-1-220(2)~~] Title 63G, Chapter
444 6b, State Grants, and other applicable laws, regulations, ordinances, or rules; and

445 (2) use grant money to carry out the objectives of Subsection 65A-16-201(1) and to
446 operate the water trust in a manner required by Section 65A-16-301, provided that this chapter
447 may not be construed as limiting the grantee's ability to obtain funding from other public and
448 private sources to assist in the establishment, operation, and administration of the water trust.

449 Section 10. Section **65A-16-301** is amended to read:

450 **65A-16-301. Water trust -- Powers and duties -- Advisory councils.**

451 (1) The grantee under this chapter shall establish a water trust that:

452 (a) is organized:

453 (i) as a private nonprofit organization; or

454 (ii) as an agreement between two or more conservation organizations; and

455 (b) complies with this section.

456 (2) A water trust created under this section shall:

457 (a) use a fiduciary to hold and administer grant money appropriated under this chapter;

458 (b) subject to Subsection (6):

459 (i) register with the lieutenant governor as a limited purpose entity pursuant to Section

460 51-2a-201.5;

461 (ii) file with the state auditor on or before June 30 of each year the accounting report
462 that:

463 (A) satisfies Subsection 51-2a-201.5(2);

464 (B) includes an itemized accounting of the in-kind contributions and other monetary
465 contributions described in Subsection (4); and

466 (C) includes an itemized accounting of the costs incurred under Subsection (3)(a);

467 (iii) provide a copy of the accounting report described in Subsection (2)(b)(ii) to:

468 (A) the division;

469 (B) the commissioner;

470 (C) the Division of Water Quality;

471 (D) the council; and

472 (E) the Natural Resources, Agriculture, and Environment Quality Appropriations
473 Subcommittee;

474 (iv) file with the division on or before January 31 of each year a report that satisfies the
475 requirements of [~~Subsections~~] Subsection 51-2a-201.5(4) [~~and 63J-1-220(2)~~]; and

476 (v) provide a copy of the report described in Subsection (2)(b)(iv) to:

477 (A) the Division of Water Quality;

478 (B) the council; and

479 (C) the Natural Resources, Agriculture, and Environment Quality Appropriations
480 Subcommittee; and

481 (c) comply with applicable laws, regulations, ordinances, and rules.

482 (3) A water trust established by a grantee under this section:

483 (a) may use grant money for costs to establish, operate, or administer the water trust,
484 including the hiring of staff or contractors;

485 (b) shall use no less than 25% of the grant money to protect and restore wetlands and
486 habitats in the Great Salt Lake's surrounding ecosystem to benefit the hydrology of the Great
487 Salt Lake; and

488 (c) may invest grant money the water trust receives under this chapter or any private
489 money the water trust may receive, except that the water trust shall:

490 (i) invest and account for grant money and private money separately; and

491 (ii) use the earnings received from the investment of grant money to carry out the
492 purposes described in Subsection 65A-16-201(1).

493 (4) The water trust shall provide a significant match of in-kind contributions or other
494 monetary contributions to support the water trust's operations and for the purposes described in
495 Subsection 65A-16-201(1).

496 (5) (a) A water trust established under this section shall create and consult with one or
497 more advisory councils on matters related to the mission and objectives of the water trust.

498 (b) At least one of the advisory councils shall consist of nine members with a
499 representative from the following:

500 (i) agriculture;

501 (ii) a private land owner adjacent to the Great Salt Lake;

502 (iii) a conservation organization dedicated to the preservation of migratory waterfowl;

503 (iv) a conservation organization dedicated to the protection of non-game avian species;

504 (v) another conservation organization working on Great Salt Lake issues;

505 (vi) aquaculture;

506 (vii) mineral extraction;

507 (viii) a water conservancy district; and

508 (ix) wastewater treatment facilities.

509 (6) The duties of the water trust under Subsection (2)(b) apply to the water trust
510 notwithstanding whether the holdings, revenues, or expenditures of the water trust include
511 grant money or other money from the state.

512 Section 11. Section 72-2-121 is amended to read:

513 **72-2-121. County of the First Class Highway Projects Fund.**

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

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

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

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

521 (c) the portion of the sales and use tax described in Section 59-12-2217 deposited into

522 or transferred to the fund;

523 (d) a portion of the local option highway construction and transportation corridor
524 preservation fee imposed in a county of the first class under Section 41-1a-1222 deposited into
525 or transferred to the fund; and

526 (e) the portion of the sales and use tax transferred into the fund as described in
527 Subsections 59-12-2220(4)(a) and 59-12-2220(11)(b).

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

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

530 (4) Subject to Subsection (9), the executive director shall use the fund money only:

531 (a) to pay debt service and bond issuance costs for bonds issued under Sections
532 63B-16-102, 63B-18-402, and 63B-27-102;

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

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

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

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

541 (iii) a facility that may include a:

542 (A) pedestrian or nonmotorized vehicle trail;

543 (B) nonmotorized vehicle storage facility;

544 (C) pedestrian or vehicle bridge; or

545 (D) vehicle parking lot or parking structure;

546 (d) to transfer to the 2010 Salt Lake County Revenue Bond Sinking Fund created by
547 Section 72-2-121.3 the amount required in Subsection 72-2-121.3(4)(c) minus the amounts
548 transferred in accordance with Subsection 72-2-124(4)(a)(iv);

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

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

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

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

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

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

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

561 (g) for a fiscal year beginning on or after July 1, 2015, after the department has verified
562 that the amount required under Subsection 72-2-121.3(4)(c) is available in the fund and the
563 transfer under Subsection (4)(e) has been made, to annually transfer an amount of the sales and
564 use tax revenue imposed in a county of the first class and deposited into the fund in accordance
565 with Subsection 59-12-2214(3)(b) equal to an amount needed to cover the debt to:

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

568 (ii) the appropriate debt service or sinking fund for the repayment of bonds issued
569 under Sections 63B-31-102 and 63B-31-103;

570 (h) after the department has verified that the amount required under Subsection
571 72-2-121.3(4)(c) is available in the fund and after the transfer under Subsection (4)(d), the
572 payment under Subsection (4)(e), and the transfer under Subsection (4)(g)(i) has been made, to
573 annually transfer \$2,000,000 to a public transit district in a county of the first class to fund a
574 system for public transit;

575 (i) for a fiscal year beginning on or after July 1, 2018, after the department has verified
576 that the amount required under Subsection 72-2-121.3(4)(c) is available in the fund and after
577 the transfer under Subsection (4)(d), the payment under Subsection (4)(e), and the transfer
578 under Subsection (4)(g)(i) has been made, to annually transfer 20% of the amount deposited
579 into the fund under Subsection (2)(b):

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

581 (ii) to fund parking facilities in a county of the first class that facilitate significant
582 economic development and recreation and tourism within the state;

583 (j) for the 2018-19 fiscal year only, after the department has verified that the amount

584 required under Subsection 72-2-121.3(4)(c) is available in the fund and after the transfer under
585 Subsection (4)(d), the payment under Subsection (4)(e), and the transfers under Subsections
586 (4)(g), (h), and (i) have been made, to transfer \$12,000,000 to the department to distribute for
587 the following projects:

- 588 (i) \$2,000,000 to West Valley City for highway improvement to 4100 South;
- 589 (ii) \$1,000,000 to Herriman for highway improvements to Herriman Boulevard from
590 6800 West to 7300 West;
- 591 (iii) \$1,100,000 to South Jordan for highway improvements to Grandville Avenue;
- 592 (iv) \$1,800,000 to Riverton for highway improvements to Old Liberty Way from 13400
593 South to 13200 South;
- 594 (v) \$1,000,000 to Murray City for highway improvements to 5600 South from State
595 Street to Van Winkle;
- 596 (vi) \$1,000,000 to Draper for highway improvements to Lone Peak Parkway from
597 11400 South to 12300 South;
- 598 (vii) \$1,000,000 to Sandy City for right-of-way acquisition for Monroe Street;
- 599 (viii) \$900,000 to South Jordan City for right-of-way acquisition and improvements to
600 10200 South from 2700 West to 3200 West;
- 601 (ix) \$1,000,000 to West Jordan for highway improvements to 8600 South near
602 Mountain View Corridor;
- 603 (x) \$700,000 to South Jordan right-of-way improvements to 10550 South; and
- 604 (xi) \$500,000 to Salt Lake County for highway improvements to 2650 South from
605 7200 West to 8000 West; and
- 606 (k) subject to Subsection (5), for a fiscal year beginning on or after July 1, 2021, and
607 for 15 years thereafter, to annually transfer the following amounts to the following cities, metro
608 townships, and the county of the first class for priority projects to mitigate congestion and
609 improve transportation safety:
 - 610 (i) \$2,000,000 to Sandy;
 - 611 (ii) \$2,000,000 to Taylorsville;
 - 612 (iii) \$1,100,000 to Salt Lake City;
 - 613 (iv) \$1,100,000 to West Jordan;
 - 614 (v) \$1,100,000 to West Valley City;

- 615 (vi) \$800,000 to Herriman;
616 (vii) \$700,000 to Draper;
617 (viii) \$700,000 to Riverton;
618 (ix) \$700,000 to South Jordan;
619 (x) \$500,000 to Bluffdale;
620 (xi) \$500,000 to Midvale;
621 (xii) \$500,000 to Millcreek;
622 (xiii) \$500,000 to Murray;
623 (xiv) \$400,000 to Cottonwood Heights; and
624 (xv) \$300,000 to Holladay.

625 (5) (a) If revenue in the fund is insufficient to satisfy all of the transfers described in
626 Subsection (4)(k), the executive director shall proportionately reduce the amounts transferred
627 as described in Subsection (4)(k).

628 ~~[(b) A local government entity, as that term is defined in Section 63J-1-220, is exempt~~
629 ~~from entering into an agreement as described in Section 63J-1-220 pertaining to the receipt or~~
630 ~~expenditure of any funding described in Subsection (4)(k).]~~

631 ~~[(e)]~~ (b) A local government may not use revenue described in Subsection (4)(k) to
632 supplant existing class B or class C road funds that a local government has budgeted for
633 transportation projects.

634 ~~[(d)]~~ (c) (i) A municipality or county that received a transfer of funds described in
635 Subsection (4)(j) shall submit to the department a statement of cash flow and progress
636 pertaining to the municipality's or county's respective project described in Subsection (4)(j).

637 (ii) After the department is satisfied that the municipality or county described in
638 Subsection (4)(j) has made substantial progress and the expenditure of funds is programmed
639 and imminent, the department may transfer to the same municipality or county the respective
640 amounts described in Subsection (4)(k).

641 (6) The revenues described in Subsections (2)(b), (c), and (d) that are deposited into the
642 fund and bond proceeds from bonds issued under Sections 63B-16-102, 63B-18-402, and
643 63B-27-102 are considered a local matching contribution for the purposes described under
644 Section 72-2-123.

645 (7) The additional administrative costs of the department to administer this fund shall

646 be paid from money in the fund.

647 (8) Subject to Subsection (9), and notwithstanding any statutory or other restrictions on
648 the use or expenditure of the revenue sources deposited into this fund, the Department of
649 Transportation may use the money in this fund for any of the purposes detailed in Subsection
650 (4).

651 (9) Any revenue deposited into the fund as described in Subsection (2)(e) shall be used
652 to provide funding or loans for public transit projects, operations, and supporting infrastructure
653 in the county of the first class.

654 Section 12. **Repealer.**

655 This bill repeals:

656 Section **63J-1-220, Reporting related to pass through money distributed by state**
657 **agencies.**

658 Section **63N-1a-307, Restrictions on pass through funding.**

659 Section 13. **Effective date.**

660 This bill takes effect on July 1, 2024.