

Transportation Utility Fee Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Brady Brammer

House Sponsor:

LONG TITLE**General Description:**

This bill deals with a city's ability to impose a transportation utility fee.

Highlighted Provisions:

This bill:

- defines terms;
- provides that a city may impose and collect a transportation utility fee under certain circumstances;
- describes the notice and public hearing requirements to establish a transportation utility fee;
- requires a city to establish different rates within a transportation utility fee for different classifications of users, if the rates and classifications have a reasonable basis;
- requires a city to exempt a religious organization with nonprofit status from a transportation utility fee; and
- provides that if a city has a transportation utility fee that is not in compliance with statutory requirements, the city shall modify or repeal the transportation utility fee by July 1, 2027.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:**ENACTS:**

10-6-134.5, Utah Code Annotated 1953

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

Section 1. Section **10-6-134.5** is enacted to read:

10-6-134.5 . Transportation utility fee.

(1) As used in this section:

(a) "Transportation fund" means a fund described in and established under Subsection (6).

(b) "Transportation system" means:

(i) traffic and pedestrian safety infrastructure, including:

(A) a sidewalk;

(B) curb and gutter;

(C) a safety feature;

(D) a traffic sign;

(E) a traffic signal; or

(F) street lighting; and

(ii) streets, alleys, roads, highways, and thoroughfares of any kind, including connected structures.

(c) "Transportation utility fee" means a fee imposed on the public at large or on a user segment to generate revenue to pay for costs associated with developing, constructing, maintaining, operating, repairing, upgrading, or replacing a transportation system or any component of a transportation system.

(d) "User segment" means a segment of the city's population based on a classification established under Subsection (5).

(2)(a) A city may impose and collect a transportation utility fee as described in this section.

(b) A city may impose a transportation utility fee to provide funding for any number of transportation systems or components of transportation systems but may not have more than a single transportation utility fee in effect at a time.

(3)(a) Subject to Subsection (3)(b), before adopting an ordinance imposing or increasing a transportation utility fee, the governing body shall comply with the notice and public hearing requirements established in Sections 10-6-113 and 10-6-114.

(b)(i) The governing body of a city that proposes to impose or increase a transportation utility fee shall, in addition to the notice required under Section 10-6-113, provide notice of the proposed fee and the public hearing:

(A) in a notice with the city's monthly utility bill, if the city mails or emails residents a monthly utility bill; or

(B) through another primary means of communicating with residents, if the city does not provide residents a monthly utility bill.

(ii) The public hearing required for a proposal to impose or increase a transportation

- 65 utility fee may be held in conjunction with a budget hearing under Section
66 10-6-114 but shall be separate and distinct from the budget hearing.
- 67 (4)(a) A transportation utility fee may be imposed or increased only by an ordinance
68 adopted by the city's governing body.
- 69 (b)(i) Subject to Subsection (4)(b)(ii), the governing body may adopt an ordinance
70 imposing or increasing a transportation utility fee at the same meeting in which
71 the public body adopts the city budget.
- 72 (ii) The governing body vote on the imposition or increase of a transportation utility
73 fee shall be separate from the governing body vote on the city budget or any other
74 item.
- 75 (c) The amount of a transportation utility fee for the city's population or for any user
76 segment shall be reasonably related to the services provided to, benefits received by,
77 or need created by those within the city's population or user segment who pay the
78 transportation utility fee, as determined in accordance with this section.
- 79 (d)(i) Revenue from a transportation utility fee may not supplant existing general
80 fund appropriations that the city has budgeted for transportation systems or
81 components of transportation systems as of the date the transportation utility fee
82 becomes effective.
- 83 (ii) The limitation under Subsection (4)(d)(i) does not apply to a designated
84 transportation facilities capital or reserve account established before the effective
85 date of a transportation utility fee under this section.
- 86 (5)(a) A city shall establish different rates within a transportation utility fee for different
87 classifications of users of a transportation facility if the rates and classifications have
88 a reasonable basis.
- 89 (b)(i) A reasonable basis under Subsection (5)(a) may include:
- 90 (A) different levels of benefit received by users of a transportation utility fee;
91 (B) different impacts on or usage of transportation facilities by those who pay the
92 transportation utility fee;
- 93 (C) a difference in the cost of providing a transportation facility to different
94 classifications of users;
- 95 (D) a difference in levels of risk to the operation of a transportation facility for
96 different classifications of users;
- 97 (E) differing contributions that different classifications of users make, separate
98 from a transportation utility fee, to the cost of constructing, maintaining, or

- 99 operating a transportation facility; and
- 100 (F) distinguishable differences in the needs or conditions of different
- 101 classifications of users based on economic, public policy, or other identifiable
- 102 elements.
- 103 (ii) A reasonable basis under Subsection (5)(a) does not include:
- 104 (A) whether a user resides inside or outside the city boundary; or
- 105 (B) a consideration of the age of development within areas with the same zoning
- 106 designation.
- 107 (c) A city shall exempt a person from payment of a transportation utility fee established
- 108 under this section if the person is a religious organization with nonprofit status.
- 109 (6)(a) A city that imposes a transportation utility fee shall establish a fund as provided in
- 110 this Subsection (6).
- 111 (b) A city shall deposit into the transportation fund all revenue from a transportation
- 112 utility fee.
- 113 (c) A city may not:
- 114 (i) deposit into or commingle with a transportation fund any money from any other
- 115 source; or
- 116 (ii) use money in a transportation fund for any purpose other than to pay for the cost
- 117 of:
- 118 (A) the development or construction of a new transportation system or component
- 119 of a new transportation system;
- 120 (B) upgrading or replacing an existing transportation system or component of an
- 121 existing transportation system;
- 122 (C) the maintenance, operation, or repair of an existing transportation system or
- 123 component of an existing transportation system; or
- 124 (D) reasonable administrative costs associated with the transportation fund or with
- 125 activities described in Subsections (6)(c)(ii)(A), (B), and (C).
- 126 (d) Notwithstanding Sections 10-6-124, 10-6-125, and 10-6-135.5, a city may not
- 127 transfer money into a transportation fund to any other fund or to a separate account.
- 128 (7)(a) A city that imposes a transportation utility fee shall conduct an annual review of
- 129 the transportation utility fee as provided in this Subsection (7) and prepare a written
- 130 report of the annual review.
- 131 (b) In an annual review under Subsection (7)(a), the governing body shall:
- 132 (i) review the balance of the transportation fund;

- (ii) review the current amount of the transportation utility fee;
(iii) demonstrate that there is still a reasonable relationship between the amount of the transportation utility fee and the transportation services provided to, benefits received by, or need created by those who pay the fee;
(iv) consider other possible revenue sources that the city could use for transportation facilities instead of a transportation utility fee;
(v) ensure that Subsection (6)(d) is being complied with; and
(vi) demonstrate that revenue from the transportation utility fee continues to be needed to provide a transportation system that the city could not otherwise provide from other existing revenue sources.

(c)(i) A city shall submit a copy of the written report under Subsection (7)(a) to the state auditor.

- (ii) A city may fulfill the requirement of Subsection (7)(a)(i) by submitting the written report as part of the city's annual financial reports submitted to the state auditor under Section 10-6-150.

(8)(a) A transportation utility fee imposed under this section expires 10 years after the effective date of the ordinance imposing the transportation utility fee.

- (b) The 10-year period in Subsection (8)(a) begins again with any subsequent adoption of any ordinance imposing a transportation utility fee after the initial adoption of an ordinance imposing a transportation utility fee.

(9) A city that, before May 7, 2025, imposes a fee to pay for a transportation system shall, no later than July 1, 2027:

- (a) ensure that requirements of this section have been complied with for the fee that the city imposes; or
(b) repeal the fee.

Section 2. **Effective Date.**

This bill takes effect on May 7, 2025.