

LOCAL GOVERNMENT TRANSPORTATION SERVICES AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Candice B. Pierucci

Senate Sponsor: Kirk A. Cullimore

LONG TITLE

General Description:

This bill permits public transit innovation grants and amends provisions related to allocation of certain local option sales and use taxes for transportation.

Highlighted Provisions:

This bill:

- defines terms;
- allows certain local option sales and use tax revenue and Transit Transportation Investment Fund money to be used for public transit innovation grants;
- requires the Department of Transportation and the Transportation Commission to coordinate grant proposals for public transit innovation and administer certain grants;
- grants rulemaking authority to the Transportation Commission to create a prioritization process and to administer grant proposals;
- requires grant recipients to report on the use and progress of public transit innovation grant operations;
- requires a large public transit district to provide a report to each municipality regarding expenditures, transit service, and ridership utilized by residents; and
- makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

17B-2a-802, as last amended by Laws of Utah 2023, Chapters 15, 476

28 **17B-2a-808.1**, as last amended by Laws of Utah 2022, Chapter 207
29 **59-12-2202**, as last amended by Laws of Utah 2023, Chapter 529
30 **59-12-2212.2**, as enacted by Laws of Utah 2019, Chapter 479
31 **59-12-2219**, as last amended by Laws of Utah 2023, Chapter 529
32 **59-12-2220**, as last amended by Laws of Utah 2023, Chapter 529
33 **72-1-303**, as last amended by Laws of Utah 2023, Chapter 219
34 **72-2-121**, as last amended by Laws of Utah 2023, Chapter 529
35 **72-2-124**, as last amended by Laws of Utah 2023, Chapters 22, 88, 219, and 529

36 ENACTS:

37 **17B-2a-828**, Utah Code Annotated 1953
38 **72-2-301**, Utah Code Annotated 1953
39 **72-2-302**, Utah Code Annotated 1953
40 **72-2-303**, Utah Code Annotated 1953
41 **72-2-304**, Utah Code Annotated 1953

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

44 Section 1. Section **17B-2a-802** is amended to read:

45 **17B-2a-802 . Definitions.**

46 As used in this part:

- 47 (1) "Affordable housing" means housing occupied or reserved for occupancy by households
48 that meet certain gross household income requirements based on the area median income
49 for households of the same size.
50 (a) "Affordable housing" may include housing occupied or reserved for occupancy by
51 households that meet specific area median income targets or ranges of area median
52 income targets.
53 (b) "Affordable housing" does not include housing occupied or reserved for occupancy
54 by households with gross household incomes that are more than 60% of the area
55 median income for households of the same size.
56 (2) "Appointing entity" means the person, county, unincorporated area of a county, or
57 municipality appointing a member to a public transit district board of trustees.
58 (3) (a) "Chief executive officer" means a person appointed by the board of trustees of a
59 small public transit district to serve as chief executive officer.
60 (b) "Chief executive officer" shall enjoy all the rights, duties, and responsibilities
61 defined in Sections 17B-2a-810 and 17B-2a-811 and includes all rights, duties, and

responsibilities assigned to the general manager but prescribed by the board of trustees to be fulfilled by the chief executive officer.

(4) "Confidential employee" means a person who, in the regular course of the person's duties:

(a) assists in and acts in a confidential capacity in relation to other persons who formulate, determine, and effectuate management policies regarding labor relations;

or

(b) has authorized access to information relating to effectuating or reviewing the employer's collective bargaining policies.

(5) "Council of governments" means a decision-making body in each county composed of membership including the county governing body and the mayors of each municipality in the county.

(6) "Department" means the Department of Transportation created in Section 72-1-201.

(7) "Executive director" means a person appointed by the board of trustees of a large public transit district to serve as executive director.

(8) "Fixed guideway" means the same as that term is defined in Section 59-12-102.

(9) "Fixed guideway capital development" means the same as that term is defined in Section 72-1-102.

(10) (a) "General manager" means a person appointed by the board of trustees of a small public transit district to serve as general manager.

(b) "General manager" shall enjoy all the rights, duties, and responsibilities defined in Sections 17B-2a-810 and 17B-2a-811 prescribed by the board of trustees of a small public transit district.

(11) "Large public transit district" means a public transit district that provides public transit to an area that includes:

(a) more than 65% of the population of the state based on the most recent official census or census estimate of the United States Census Bureau; and

(b) two or more counties.

(12) (a) "Locally elected public official" means a person who holds an elected position with a county or municipality.

(b) "Locally elected public official" does not include a person who holds an elected position if the elected position is not with a county or municipality.

(13) "Managerial employee" means a person who is:

(a) engaged in executive and management functions; and

(b) charged with the responsibility of directing, overseeing, or implementing the effectuation of management policies and practices.

(14) "Metropolitan planning organization" means the same as that term is defined in Section 72-1-208.5.

(15) "Multicounty district" means a public transit district located in more than one county.

(16) "Operator" means a public entity or other person engaged in the transportation of passengers for hire.

(17) (a) "Public transit" means regular, continuing, shared-ride, surface transportation services that are open to the general public or open to a segment of the general public defined by age, disability, or low income.

(b) "Public transit" does not include transportation services provided by:

(i) chartered bus;

(ii) sightseeing bus;

(iii) taxi;

(iv) school bus service;

(v) courtesy shuttle service for patrons of one or more specific establishments; or

(vi) intra-terminal or intra-facility shuttle services.

(18) "Public transit district" means a special district that provides public transit services.

~~(19)~~ (20) "Public transit innovation grant" means the same as that term is defined in Section 72-2-301.

~~[(19)]~~ (20) "Small public transit district" means any public transit district that is not a large public transit district.

~~[(20)]~~ (21) "Station area plan" means a plan developed and adopted by a municipality in accordance with Section 10-9a-403.1.

~~[(21)]~~ (22) (a) "Supervisor" means a person who has authority, in the interest of the employer, to:

(i) hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward, or discipline other employees; or

(ii) adjust another employee's grievance or recommend action to adjust another employee's grievance.

(b) "Supervisor" does not include a person whose exercise of the authority described in Subsection ~~[(21)(a)]~~ (22)(a):

(i) is of a merely routine or clerical nature; and

(ii) does not require the person to use independent judgment.

130 ~~[(22)]~~ (23) "Transit facility" means a transit vehicle, transit station, depot, passenger loading
131 or unloading zone, parking lot, or other facility:

132 (a) leased by or operated by or on behalf of a public transit district; and

133 (b) related to the public transit services provided by the district, including:

134 (i) railway or other right-of-way;

135 (ii) railway line; and

136 (iii) a reasonable area immediately adjacent to a designated stop on a route traveled
137 by a transit vehicle.

138 ~~[(23)]~~ (24) "Transit vehicle" means a passenger bus, coach, railcar, van, or other vehicle
139 operated as public transportation by a public transit district.

140 ~~[(24)]~~ (25) "Transit-oriented development" means a mixed use residential or commercial
141 area that is designed to maximize access to public transit and includes the development
142 of land owned by a large public transit district.

143 ~~[(25)]~~ (26) "Transit-supportive development" means a mixed use residential or commercial
144 area that is designed to maximize access to public transit and does not include the
145 development of land owned by a large public transit district.

146 Section 2. Section **17B-2a-808.1** is amended to read:

147 **17B-2a-808.1 . Large public transit district board of trustees powers and duties --**
148 **Adoption of ordinances, resolutions, or orders -- Effective date of ordinances.**

149 (1) The powers and duties of a board of trustees of a large public transit district stated in
150 this section are in addition to the powers and duties stated in Section 17B-1-301.

151 (2) The board of trustees of each large public transit district shall:

152 (a) hold public meetings and receive public comment;

153 (b) ensure that the policies, procedures, and management practices established by the
154 public transit district meet state and federal regulatory requirements and federal
155 grantee eligibility;

156 (c) subject to Subsection (8), create and approve an annual budget, including the
157 issuance of bonds and other financial instruments, after consultation with the local
158 advisory council;

159 (d) approve any interlocal agreement with a local jurisdiction;

160 (e) in consultation with the local advisory council, approve contracts and overall
161 property acquisitions and dispositions for transit-oriented development;

162 (f) in consultation with constituent counties, municipalities, metropolitan planning
163 organizations, and the local advisory council:

- 164 (i) develop and approve a strategic plan for development and operations on at least a
165 four-year basis; and
- 166 (ii) create and pursue funding opportunities for transit capital and service initiatives
167 to meet anticipated growth within the public transit district;
- 168 (g) annually report the public transit district's long-term financial plan to the State
169 Bonding Commission;
- 170 (h) annually report the public transit district's progress and expenditures related to state
171 resources to the Executive Appropriations Committee and the Infrastructure and
172 General Government Appropriations Subcommittee;
- 173 (i) annually report to the Transportation Interim Committee the public transit district's
174 efforts to engage in public-private partnerships for public transit services;
- 175 (j) hire, set salaries, and develop performance targets and evaluations for:
176 (i) the executive director; and
177 (ii) all chief level officers;
- 178 (k) supervise and regulate each transit facility that the public transit district owns and
179 operates, including:
180 (i) fix rates, fares, rentals, charges and any classifications of rates, fares, rentals, and
181 charges; and
182 (ii) make and enforce rules, regulations, contracts, practices, and schedules for or in
183 connection with a transit facility that the district owns or controls;
- 184 (l) subject to Subsection (4), control the investment of all funds assigned to the district
185 for investment, including funds:
186 (i) held as part of a district's retirement system; and
187 (ii) invested in accordance with the participating employees' designation or direction
188 pursuant to an employee deferred compensation plan established and operated in
189 compliance with Section 457 of the Internal Revenue Code;
- 190 (m) in consultation with the local advisory council created under Section 17B-2a-808.2,
191 invest all funds according to the procedures and requirements of Title 51, Chapter 7,
192 State Money Management Act;
- 193 (n) if a custodian is appointed under Subsection (3)(d), and subject to Subsection (4),
194 pay the fees for the custodian's services from the interest earnings of the investment
195 fund for which the custodian is appointed;
- 196 (o) (i) cause an annual audit of all public transit district books and accounts to be
197 made by an independent certified public accountant;

- 198 (ii) as soon as practicable after the close of each fiscal year, submit to each of the
199 councils of governments within the public transit district a financial report
200 showing:
- 201 (A) the result of district operations during the preceding fiscal year;
- 202 (B) an accounting of the expenditures of all local sales and use tax revenues
203 generated under Title 59, Chapter 12, Part 22, Local Option Sales and Use
204 Taxes for Transportation Act;
- 205 (C) the district's financial status on the final day of the fiscal year; and
- 206 (D) the district's progress and efforts to improve efficiency relative to the previous
207 fiscal year; and
- 208 (iii) supply copies of the report under Subsection (2)(o)(ii) to the general public upon
209 request;
- 210 (p) report at least annually to the Transportation Commission created in Section 72-1-301,
211 which report shall include:
- 212 (i) the district's short-term and long-range public transit plans, including the portions
213 of applicable regional transportation plans adopted by a metropolitan planning
214 organization established under 23 U.S.C. Sec. 134; and
- 215 (ii) any transit capital development projects that the board of trustees would like the
216 Transportation Commission to consider;
- 217 (q) direct the internal auditor appointed under Section 17B-2a-810 to conduct audits that
218 the board of trustees determines, in consultation with the local advisory council
219 created in Section 17B-2a-808.2, to be the most critical to the success of the
220 organization;
- 221 (r) together with the local advisory council created in Section 17B-2a-808.2, hear audit
222 reports for audits conducted in accordance with Subsection (2)(o);
- 223 (s) review and approve all contracts pertaining to reduced fares, and evaluate existing
224 contracts, including review of:
- 225 (i) how negotiations occurred;
- 226 (ii) the rationale for providing a reduced fare; and
- 227 (iii) identification and evaluation of cost shifts to offset operational costs incurred
228 and impacted by each contract offering a reduced fare;
- 229 (t) in consultation with the local advisory council, develop and approve other board
230 policies, ordinances, and bylaws; ~~and~~
- 231 (u) review and approve any:

- 232 (i) contract or expense exceeding \$200,000; or
233 (ii) proposed change order to an existing contract if the change order:
234 (A) increases the total contract value to \$200,000 or more;
235 (B) increases a contract of or expense of \$200,000 or more by 15% or more; or
236 (C) has a total change order value of \$200,000 or more[-] ; and
237 (v) coordinate with political subdivisions within the large public transit district and the
238 department to coordinate public transit services provided by the large public transit
239 district with pilot services related to public transit innovation grants.
- 240 (3) A board of trustees of a large public transit district may:
- 241 (a) subject to Subsection (5), make and pass ordinances, resolutions, and orders that are:
- 242 (i) not repugnant to the United States Constitution, the Utah Constitution, or the
243 provisions of this part; and
244 (ii) necessary for:
- 245 (A) the governance and management of the affairs of the district;
246 (B) the execution of district powers; and
247 (C) carrying into effect the provisions of this part;
- 248 (b) provide by resolution, under terms and conditions the board considers fit, for the
249 payment of demands against the district without prior specific approval by the board,
250 if the payment is:
- 251 (i) for a purpose for which the expenditure has been previously approved by the
252 board;
253 (ii) in an amount no greater than the amount authorized; and
254 (iii) approved by the executive director or other officer or deputy as the board
255 prescribes;
- 256 (c) in consultation with the local advisory council created in Section 17B-2a-808.2:
- 257 (i) hold public hearings and subpoena witnesses; and
258 (ii) appoint district officers to conduct a hearing and require the officers to make
259 findings and conclusions and report them to the board; and
- 260 (d) appoint a custodian for the funds and securities under its control, subject to
261 Subsection (2)(n).
- 262 (4) For a large public transit district in existence as of May 8, 2018, on or before September
263 30, 2019, the board of trustees of a large public transit district shall present a report to
264 the Transportation Interim Committee regarding retirement benefits of the district,
265 including:

- (a) the feasibility of becoming a participating employer and having retirement benefits of eligible employees and officials covered in applicable systems and plans administered under Title 49, Utah State Retirement and Insurance Benefit Act;
- (b) any legal or contractual restrictions on any employees that are party to a collectively bargained retirement plan; and
- (c) a comparison of retirement plans offered by the large public transit district and similarly situated public employees, including the costs of each plan and the value of the benefit offered.

(5) The board of trustees may not issue a bond unless the board of trustees has consulted and received approval from the State Finance Review Commission created in Section 63C-25-201.

(6) A member of the board of trustees of a large public transit district or a hearing officer designated by the board may administer oaths and affirmations in a district investigation or proceeding.

(7) (a) The vote of the board of trustees on each ordinance or resolution shall be by roll call vote with each affirmative and negative vote recorded.

(b) The board of trustees of a large public transit district may not adopt an ordinance unless it is introduced at least 24 hours before the board of trustees adopts it.

(c) Each ordinance adopted by a large public transit district's board of trustees shall take effect upon adoption, unless the ordinance provides otherwise.

(8) (a) The board of trustees shall provide a report to each city and town within the boundary of the large public transit district, that shall provide an accounting of:

(i) the amount of revenue from local option sales and use taxes under this part that was collected within each respective county, city, or town and allocated to the large public transit district as provided in this part;

(ii) how much revenue described in Subsection (8)(a) was allocated to provide public transit services utilized by residents of each city and town; and

(iii) how the revenue described in Subsection (8)(b) was spent to provide public transit services utilized by residents of each respective city and town.

(b) The board of trustees shall provide the report described in Subsection (8)(a):

(i) on or before January 1, 2025; and

(ii) at least every two years thereafter.

(c) To provide the report described in this Subsection (8), a board of trustees may coordinate with the Department of Transportation to report on relevant public transit

capital development administered by the Department of Transportation.

[(8) (a) For a large public transit district in existence on May 8, 2018, for the budget for calendar year 2019, the board in place on May 8, 2018, shall create the tentative annual budget.]

[(b) The budget described in Subsection (8)(a) shall include setting the salary of each of the members of the board of trustees that will assume control on or before November 1, 2018, which salary may not exceed \$150,000, plus additional retirement and other standard benefits, as set by the local advisory council as described in Section 17B-2a-808.2.]

[(c) For a large public transit district in existence on May 8, 2018, the board of trustees that assumes control of the large public transit district on or before November 2, 2018, shall approve the calendar year 2019 budget on or before December 31, 2018.]

Section 3. Section **17B-2a-828** is enacted to read:

17B-2a-828 . Public transit innovation grants.

- (1) A public transit district shall coordinate public transit services provided by the public transit district with pilot services related to public transit innovation grants.
- (2) After receiving the reports described in Section 72-2-304, the public transit district shall consider integrating awarded public transit innovation grant operations that meet the public transit district's service planning standards.

Section 4. Section **59-12-2202** is amended to read:

59-12-2202 . Definitions.

As used in this part:

- (1) "Airline" means the same as that term is defined in Section 59-2-102.
- (2) "Airport facility" means the same as that term is defined in Section 59-12-602.
- (3) "Airport of regional significance" means an airport identified by the Federal Aviation Administration in the most current National Plan of Integrated Airport Systems or an update to the National Plan of Integrated Airport Systems.
- (4) "Annexation" means an annexation to:
 - (a) a county under Title 17, Chapter 2, County Consolidations and Annexations; or
 - (b) a city or town under Title 10, Chapter 2, Part 4, Annexation.
- (5) "Annexing area" means an area that is annexed into a county, city, or town.
- (6) "Class A road" means the same as that term is described in Section 72-3-102.
- (7) "Class B road" means the same as that term is described in Section 72-3-103.
- (8) "Class C road" means the same as that term is described in Section 72-3-104.

- 334 (9) "Class D road" means the same as that term is described in Section 72-3-105.
- 335 (10) "Council of governments" means the same as that term is defined in Section 72-2-117.5.
- 336 (11) "Eligible political subdivision" means a political subdivision that:
- 337 (a) provides public transit services;
- 338 (b) is not a public transit district; and
- 339 (c) is not annexed into a public transit district.
- 340 (12) "Fixed guideway" means the same as that term is defined in Section 59-12-102.
- 341 (13) "Large public transit district" means the same as that term is defined in Section
- 342 17B-2a-802.
- 343 (14) "Major collector highway" means the same as that term is defined in Section
- 344 72-4-102.5.
- 345 (15) "Metropolitan planning organization" means the same as that term is defined in
- 346 Section 72-1-208.5.
- 347 (16) "Minor arterial highway" means the same as that term is defined in Section 72-4-102.5.
- 348 (17) "Minor collector road" means the same as that term is defined in Section 72-4-102.5.
- 349 (18) "Principal arterial highway" means the same as that term is defined in Section
- 350 72-4-102.5.
- 351 (19) "Public transit" means the same as that term is defined in Section 17B-2a-802.
- 352 (20) "Public transit district" means the same as that term is defined in Section 17B-2a-802.
- 353 (21) "Public transit innovation grant" means the same as that term is defined in Section
- 354 72-2-301.
- 355 [~~(21)~~] (22) "Public transit provider" means a public transit district or an eligible political
- 356 subdivision.
- 357 [~~(22)~~] (23) "Public transit service" means a service provided as part of public transit.
- 358 [~~(23)~~] (24) "Regionally significant transportation facility" means:
- 359 (a) in a county of the first or second class:
- 360 (i) a principal arterial highway;
- 361 (ii) a minor arterial highway;
- 362 (iii) a fixed guideway that:
- 363 (A) extends across two or more cities or unincorporated areas; or
- 364 (B) is an extension to an existing fixed guideway; or
- 365 (iv) an airport of regional significance; or
- 366 (b) in a county of the second class that is not part of a large public transit district, or in a
- 367 county of the third, fourth, fifth, or sixth class:

- (i) a principal arterial highway;
- (ii) a minor arterial highway;
- (iii) a major collector highway;
- (iv) a minor collector road; or
- (v) an airport of regional significance.

[(24)] (25) "State highway" means a highway designated as a state highway under Title 72, Chapter 4, Designation of State Highways Act.

[(25)] (26) (a) Subject to Subsection [(25)(b)] (26)(b), "system for public transit" means the same as the term "public transit" is defined in Section 17B-2a-802.

(b) "System for public transit" includes:

(i) the following costs related to public transit:

(A) maintenance costs; or

(B) operating costs;

(ii) a fixed guideway;

(iii) a park and ride facility;

(iv) a passenger station or passenger terminal;

(v) a right-of-way for public transit; or

(vi) the following that serve a public transit facility:

(A) a maintenance facility;

(B) a platform;

(C) a repair facility;

(D) a roadway;

(E) a storage facility;

(F) a utility line; or

(G) a facility or item similar to those described in Subsections [(25)(b)(vi)(A)]

(26)(b)(vi)(A) through (F).

Section 5. Section **59-12-2212.2** is amended to read:

59-12-2212.2 . Allowable uses of local option sales and use tax revenue.

(1) Except as otherwise provided in this part, a county, city, or town that imposes a local option sales and use tax under this part may expend the revenue generated from the local option sales and use tax for the following purposes:

(a) the development, construction, maintenance, or operation of:

(i) a class A road;

(ii) a class B road;

- (iii) a class C road;
- (iv) a class D road;
- (v) 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;
- (vi) streets, alleys, roads, highways, and thoroughfares of any kind, including connected structures;
- (vii) an airport facility;
- (viii) an active transportation facility that is for nonmotorized vehicles and multimodal transportation and connects an origin with a destination; or
- (ix) an intelligent transportation system;
- (b) a system for public transit;
- (c) all other modes and forms of conveyance used by the public;
- (d) debt service or bond issuance costs related to a project or facility described in Subsections (1)(a) through (c); or
- (e) corridor preservation related to a project or facility described in Subsections (1)(a) through (c).

(2) Any revenue subject to rights or obligations under a contract between a county, city, or town and a public transit district entered into before January 1, 2019, remains subject to existing contractual rights and obligations.

(3) In addition to the uses described in Subsection (1), for any revenue generated by a sales and use tax imposed under Section 59-12-2219 that is not contractually obligated for debt service, the percentage described in Subsection 59-12-2219(11) shall be made available for public transit innovation grants as provided in Title 72, Chapter 2, Part 3, Public Transit Innovation Grants.

Section 6. Section **59-12-2219** is amended to read:

**59-12-2219 . County option sales and use tax for highways and public transit --
Base -- Rate -- Distribution and expenditure of revenue -- Revenue may not
supplant existing budgeted transportation revenue.**

(1) Subject to the other provisions of this part, and subject to Subsection (13), a county

legislative body may impose a sales and use tax of .25% on the transactions described in Subsection 59-12-103(1) within the county, including the cities and towns within the county.

(2) Subject to Subsection (9), the commission shall distribute sales and use tax revenue collected under this section as provided in Subsections (3) through (8).

(3) If the entire boundary of a county that imposes a sales and use tax under this section is annexed into a single public transit district, the commission shall distribute the sales and use tax revenue collected within the county as follows:

(a) .10% shall be transferred to the public transit district in accordance with Section 59-12-2206;

(b) .10% shall be distributed as provided in Subsection (6); and

(c) .05% shall be distributed to the county legislative body.

(4) If the entire boundary of a county that imposes a sales and use tax under this section is not annexed into a single public transit district, but a city or town within the county is annexed into a single large public transit district, the commission shall distribute the sales and use tax revenue collected within the county as follows:

(a) for a city or town within the county that is annexed into a single public transit district, the commission shall distribute the sales and use tax revenue collected within that city or town as follows:

(i) .10% shall be transferred to the public transit district in accordance with Section 59-12-2206;

(ii) .10% shall be distributed as provided in Subsection (6); and

(iii) .05% shall be distributed to the county legislative body;

(b) for an eligible political subdivision within the county, the commission shall distribute the sales and use tax revenue collected within that eligible political subdivision as follows:

(i) .10% shall be transferred to the eligible political subdivision in accordance with Section 59-12-2206;

(ii) .10% shall be distributed as provided in Subsection (6); and

(iii) .05% shall be distributed to the county legislative body; and

(c) the commission shall distribute the sales and use tax revenue, except for the sales and use tax revenue described in Subsections (4)(a) and (b), as follows:

(i) .10% shall be distributed as provided in Subsection (6); and

(ii) .15% shall be distributed to the county legislative body.

- (5) For a county not described in Subsection (3) or (4), if a county of the second, third, fourth, fifth, or sixth class imposes a sales and use tax under this section, the commission shall distribute the sales and use tax revenue collected within the county as follows:
- (a) for a city or town within the county that is annexed into a single public transit district, the commission shall distribute the sales and use tax revenue collected within that city or town as follows:
 - (i) .10% shall be distributed as provided in Subsection (6);
 - (ii) .10% shall be distributed as provided in Subsection (7); and
 - (iii) .05% shall be distributed to the county legislative body;
 - (b) for an eligible political subdivision within the county, the commission shall distribute the sales and use tax revenue collected within that eligible political subdivision as follows:
 - (i) .10% shall be distributed as provided in Subsection (6);
 - (ii) .10% shall be distributed as provided in Subsection (7); and
 - (iii) .05% shall be distributed to the county legislative body; and
 - (c) the commission shall distribute the sales and use tax revenue, except for the sales and use tax revenue described in Subsections (5)(a) and (b), as follows:
 - (i) .10% shall be distributed as provided in Subsection (6); and
 - (ii) .15% shall be distributed to the county legislative body.
- (6) (a) Subject to Subsection (6)(b), the commission shall make the distributions required by Subsections (3)(b), (4)(a)(ii), (4)(b)(ii), (4)(c)(i), (5)(a)(i), (5)(b)(i), (5)(c)(i), and (7)(d)(ii)(A) as follows:
- (i) 50% of the total revenue collected under Subsections (3)(b), (4)(a)(ii), (4)(b)(ii), (4)(c)(i), (5)(a)(i), (5)(b)(i), (5)(c)(i), and (7)(d)(ii)(A) within the counties and cities that impose a tax under this section shall be distributed to the unincorporated areas, cities, and towns within those counties and cities on the basis of the percentage that the population of each unincorporated area, city, or town bears to the total population of all of the counties and cities that impose a tax under this section; and
 - (ii) 50% of the total revenue collected under Subsections (3)(b), (4)(a)(ii), (4)(b)(ii), (4)(c)(i), (5)(a)(i), (5)(b)(i), (5)(c)(i), and (7)(d)(ii)(A) within the counties and cities that impose a tax under this section shall be distributed to the unincorporated areas, cities, and towns within those counties and cities on the

- 504 basis of the location of the transaction as determined under Sections 59-12-211
505 through 59-12-215.
- 506 (b) (i) Population for purposes of this Subsection (6) shall be determined on the basis
507 of the most recent official census or census estimate of the United States Bureau
508 of the Census.
- 509 (ii) If a needed population estimate is not available from the United States Bureau of
510 the Census, population figures shall be derived from an estimate from the Utah
511 Population Committee.
- 512 (7) (a) (i) Subject to the requirements in Subsections (7)(b) and (c), a county
513 legislative body:
- 514 (A) for a county that obtained approval from a majority of the county's registered
515 voters voting on the imposition of a sales and use tax under this section prior to
516 May 10, 2016, may, in consultation with any cities, towns, or eligible political
517 subdivisions within the county, and in compliance with the requirements for
518 changing an allocation under Subsection (7)(e), allocate the revenue under
519 Subsection (5)(a)(ii) or (5)(b)(ii) by adopting a resolution specifying the
520 percentage of revenue under Subsection (5)(a)(ii) or (5)(b)(ii) that will be
521 allocated to a public transit district or an eligible political subdivision; or
- 522 (B) for a county that imposes a sales and use tax under this section on or after
523 May 10, 2016, shall, in consultation with any cities, towns, or eligible political
524 subdivisions within the county, allocate the revenue under Subsection (5)(a)(ii)
525 or (5)(b)(ii) by adopting a resolution specifying the percentage of revenue
526 under Subsection (5)(a)(ii) or (5)(b)(ii) that will be allocated to a public transit
527 district or an eligible political subdivision.
- 528 (ii) If a county described in Subsection (7)(a)(i)(A) does not allocate the revenue
529 under Subsection (5)(a)(ii) or (5)(b)(ii) in accordance with Subsection (7)(a)(i)(A),
530 the commission shall distribute 100% of the revenue under Subsection (5)(a)(ii) or
531 (5)(b)(ii) to:
- 532 (A) a public transit district for a city or town within the county that is annexed into
533 a single public transit district; or
- 534 (B) an eligible political subdivision within the county.
- 535 (b) If a county legislative body allocates the revenue as described in Subsection (7)(a)(i),
536 the county legislative body shall allocate not less than 25% of the revenue under
537 Subsection (5)(a)(ii) or (5)(b)(ii) to:

- 538 (i) a public transit district for a city or town within the county that is annexed into a
539 single public transit district; or
- 540 (ii) an eligible political subdivision within the county.
- 541 (c) Notwithstanding Section 59-12-2208, the opinion question described in Section
542 59-12-2208 shall state the allocations the county legislative body makes in
543 accordance with this Subsection (7).
- 544 (d) The commission shall make the distributions required by Subsection (5)(a)(ii) or
545 (5)(b)(ii) as follows:
- 546 (i) the percentage specified by a county legislative body shall be distributed in
547 accordance with a resolution adopted by a county legislative body under
548 Subsection (7)(a) to an eligible political subdivision or a public transit district
549 within the county; and
- 550 (ii) except as provided in Subsection (7)(a)(ii), if a county legislative body allocates
551 less than 100% of the revenue under Subsection (5)(a)(ii) or (5)(b)(ii) to a public
552 transit district or an eligible political subdivision, the remainder of the revenue
553 under Subsection (5)(a)(ii) or (5)(b)(ii) not allocated by a county legislative body
554 through a resolution under Subsection (7)(a) shall be distributed as follows:
- 555 (A) 50% of the revenue as provided in Subsection (6); and
- 556 (B) 50% of the revenue to the county legislative body.
- 557 (e) If a county legislative body seeks to change an allocation specified in a resolution
558 under Subsection (7)(a), the county legislative body may change the allocation by:
- 559 (i) adopting a resolution in accordance with Subsection (7)(a) specifying the
560 percentage of revenue under Subsection (5)(a)(ii) or (5)(b)(ii) that will be
561 allocated to a public transit district or an eligible political subdivision;
- 562 (ii) obtaining approval to change the allocation of the sales and use tax by a majority
563 of all the members of the county legislative body; and
- 564 (iii) subject to Subsection (7)(f):
- 565 (A) in accordance with Section 59-12-2208, submitting an opinion question to the
566 county's registered voters voting on changing the allocation so that each
567 registered voter has the opportunity to express the registered voter's opinion on
568 whether the allocation should be changed; and
- 569 (B) in accordance with Section 59-12-2208, obtaining approval to change the
570 allocation from a majority of the county's registered voters voting on changing
571 the allocation.

(f) Notwithstanding Section 59-12-2208, the opinion question required by Subsection (7)(e)(iii)(A) shall state the allocations specified in the resolution adopted in accordance with Subsection (7)(e) and approved by the county legislative body in accordance with Subsection (7)(e)(ii).

(g) (i) If a county makes an allocation by adopting a resolution under Subsection (7)(a) or changes an allocation by adopting a resolution under Subsection (7)(e), the allocation shall take effect on the first distribution the commission makes under this section after a 90-day period that begins on the date the commission receives written notice meeting the requirements of Subsection (7)(g)(ii) from the county.

(ii) The notice described in Subsection (7)(g)(i) shall state:

(A) that the county will make or change the percentage of an allocation under Subsection (7)(a) or (e); and

(B) the percentage of revenue under Subsection (5)(a)(ii) or (5)(b)(ii) that will be allocated to a public transit district or an eligible political subdivision.

(8) (a) If a public transit district is organized after the date a county legislative body first imposes a tax under this section, a change in a distribution required by this section may not take effect until the first distribution the commission makes under this section after a 90-day period that begins on the date the commission receives written notice from the public transit district of the organization of the public transit district.

(b) If an eligible political subdivision intends to provide public transit service within a county after the date a county legislative body first imposes a tax under this section, a change in a distribution required by this section may not take effect until the first distribution the commission makes under this section after a 90-day period that begins on the date the commission receives written notice from the eligible political subdivision stating that the eligible political subdivision intends to provide public transit service within the county.

(9) (a) (i) Notwithstanding Subsections (3) through (8), for a county that has not imposed a sales and use tax under this section before May 8, 2018, and if the county imposes a sales and use tax under this section before June 30, 2019, the commission shall distribute all of the sales and use tax revenue collected by the county before June 30, 2019, to the county for the purposes described in Subsection (9)(a)(ii).

(ii) For any revenue collected by a county pursuant to Subsection (9)(a)(i) before

- June 30, 2019, the county may expend that revenue for:
- (A) reducing transportation related debt;
 - (B) a regionally significant transportation facility; or
 - (C) a public transit project of regional significance.
- (b) For a county that has not imposed a sales and use tax under this section before May 8, 2018, and if the county imposes a sales and use tax under this section before June 30, 2019, the commission shall distribute the sales and use tax revenue collected by the county on or after July 1, 2019, as described in Subsections (3) through (8).
- (c) For a county that has not imposed a sales and use tax under this section before June 30, 2019, if the entire boundary of that county is annexed into a large public transit district, and if the county imposes a sales and use tax under this section on or after July 1, 2019, the commission shall distribute the sales and use tax revenue collected by the county as described in Subsections (3) through (8).
- (10) A county, city, or town may expend revenue collected from a tax under this section, except for revenue the commission distributes in accordance with Subsection (3)(a), (4)(a)(i), (4)(b)(i), or (7)(d)(i), for a purpose described in Section 59-12-2212.2.
- (11) (a) A public transit district or an eligible political subdivision may expend revenue the commission distributes in accordance with Subsection (3)(a), (4)(a)(i), (4)(b)(i), or (7)(d)(i) for capital expenses and service delivery expenses of the public transit district or eligible political subdivision.
- (b) As provided in Section 59-12-2212.2, for the .10% designated for public transit described in Subsection (3)(a) that is not contractually obligated for debt service, beginning on July 1, 2025, a public transit district shall make available to the Department of Transportation an amount equal to 10% of the .10% to be used for public transit innovation grants as provided in Title 72, Chapter 2, Part 3, Public Transit Innovation Grants.
- (12) Notwithstanding Section 59-12-2208, a county, city, or town legislative body may, but is not required to, submit an opinion question to the county's, city's, or town's registered voters in accordance with Section 59-12-2208 to impose a sales and use tax under this section.
- (13) (a) (i) Notwithstanding any other provision in this section, if the entire boundary of a county is annexed into a large public transit district, if the county legislative body wishes to impose a sales and use tax under this section, the county legislative body shall pass the ordinance to impose a sales and use tax under this

section on or before June 30, 2022.

(ii) If the entire boundary of a county is annexed into a large public transit district, the county legislative body may not pass an ordinance to impose a sales and use tax under this section on or after July 1, 2022.

(b) Notwithstanding the deadline described in Subsection (13)(a), any sales and use tax imposed under this section by passage of a county ordinance on or before June 30, 2022, may remain in effect.

(14) (a) Beginning on July 1, 2020, and subject to Subsection (15), if a county has not imposed a sales and use tax under this section, subject to the provisions of this part, the legislative body of a city or town described in Subsection (14)(b) may impose a .25% sales and use tax on the transactions described in Subsection 59-12-103(1) within the city or town.

(b) The following cities or towns may impose a sales and use tax described in Subsection (14)(a):

(i) a city or town that has been annexed into a public transit district; or

(ii) an eligible political subdivision.

(c) If a city or town imposes a sales and use tax as provided in this section, the commission shall distribute the sales and use tax revenue collected by the city or town as follows:

(i) .125% to the city or town that imposed the sales and use tax, to be distributed as provided in Subsection (6); and

(ii) .125%, as applicable, to:

(A) the public transit district in which the city or town is annexed; or

(B) the eligible political subdivision for public transit services.

(d) If a city or town imposes a sales and use tax under this section and the county subsequently imposes a sales and use tax under this section, the commission shall distribute the sales and use tax revenue collected within the city or town as described in Subsection (14)(c).

(15) (a) (i) Notwithstanding any other provision in this section, if a city or town legislative body wishes to impose a sales and use tax under this section, the city or town legislative body shall pass the ordinance to impose a sales and use tax under this section on or before June 30, 2022.

(ii) A city or town legislative body may not pass an ordinance to impose a sales and use tax under this section on or after July 1, 2022.

- (b) Notwithstanding the deadline described in Subsection (15)(a), any sales and use tax imposed under this section by passage of an ordinance by a city or town legislative body on or before June 30, 2022, may remain in effect.

Section 7. Section **59-12-2220** is amended to read:

59-12-2220 . County option sales and use tax to fund highways or a system for public transit -- Base -- Rate.

- (1) Subject to the other provisions of this part and subject to the requirements of this section, the following counties may impose a sales and use tax under this section:
- (a) a county legislative body may impose the sales and use tax on the transactions described in Subsection 59-12-103(1) located within the county, including the cities and towns within the county if:
- (i) the entire boundary of a county is annexed into a large public transit district; and
- (ii) the maximum amount of sales and use tax authorizations allowed pursuant to Section 59-12-2203 and authorized under the following sections has been imposed:
- (A) Section 59-12-2213;
- (B) Section 59-12-2214;
- (C) Section 59-12-2215;
- (D) Section 59-12-2216;
- (E) Section 59-12-2217;
- (F) Section 59-12-2218; and
- (G) Section 59-12-2219;
- (b) if the county is not annexed into a large public transit district, the county legislative body may impose the sales and use tax on the transactions described in Subsection 59-12-103(1) located within the county, including the cities and towns within the county if:
- (i) the county is an eligible political subdivision; or
- (ii) a city or town within the boundary of the county is an eligible political subdivision; or
- (c) a county legislative body of a county not described in Subsection (1)(a) may impose the sales and use tax on the transactions described in Subsection 59-12-103(1) located within the county, including the cities and towns within the county.
- (2) For purposes of Subsection (1) and subject to the other provisions of this section, a county legislative body that imposes a sales and use tax under this section may impose the tax at a rate of .2%.

- (3) (a) The commission shall distribute sales and use tax revenue collected under this section as determined by a county legislative body as described in Subsection (3)(b).
- (b) If a county legislative body imposes a sales and use tax as described in this section, the county legislative body may elect to impose a sales and use tax revenue distribution as described in Subsection (4), (5), (6), or (7), depending on the class of county, and presence and type of a public transit provider in the county.
- (4) If a county legislative body imposes a sales and use tax as described in this section, and the entire boundary of the county is annexed into a large public transit district, and the county is a county of the first class, the commission shall distribute the sales and use tax revenue as follows:
- (a) .10% to a public transit district as described in Subsection (11);
 - (b) .05% to the cities and towns as provided in Subsection (8); and
 - (c) .05% to the county legislative body.
- (5) If a county legislative body imposes a sales and use tax as described in this section and the entire boundary of the county is annexed into a large public transit district, and the county is a county not described in Subsection (4), the commission shall distribute the sales and use tax revenue as follows:
- (a) .10% to a public transit district as described in Subsection (11);
 - (b) .05% to the cities and towns as provided in Subsection (8); and
 - (c) .05% to the county legislative body.
- (6) (a) Except as provided in Subsection (12)(c), if the entire boundary of a county that imposes a sales and use tax as described in this section is not annexed into a single public transit district, but a city or town within the county is annexed into a single public transit district, or if the city or town is an eligible political subdivision, the commission shall distribute the sales and use tax revenue collected within the county as provided in Subsection (6)(b) or (c).
- (b) For a city, town, or portion of the county described in Subsection (6)(a) that is annexed into the single public transit district, or an eligible political subdivision, the commission shall distribute the sales and use tax revenue collected within the portion of the county that is within a public transit district or eligible political subdivision as follows:
- (i) .05% to a public transit provider as described in Subsection (11);
 - (ii) .075% to the cities and towns as provided in Subsection (8); and
 - (iii) .075% to the county legislative body.

(c) Except as provided in Subsection (12)(c), for a city, town, or portion of the county described in Subsection (6)(a) that is not annexed into a single public transit district or eligible political subdivision in the county, the commission shall distribute the sales and use tax revenue collected within that portion of the county as follows:

(i) .08% to the cities and towns as provided in Subsection (8); and

(ii) .12% to the county legislative body.

(7) For a county without a public transit service that imposes a sales and use tax as described in this section, the commission shall distribute the sales and use tax revenue collected within the county as follows:

(a) .08% to the cities and towns as provided in Subsection (8); and

(b) .12% to the county legislative body.

(8) (a) Subject to Subsections (8)(b) and (c), the commission shall make the distributions required by Subsections (4)(b), (5)(b), (6)(b)(ii), (6)(c)(i), and (7)(a) as follows:

- (i) 50% of the total revenue collected under Subsections (4)(b), (5)(b), (6)(b)(ii), (6)(c)(i), and (7)(a) within the counties that impose a tax under Subsections (4) through (7) shall be distributed to the unincorporated areas, cities, and towns within those counties on the basis of the percentage that the population of each unincorporated area, city, or town bears to the total population of all of the counties that impose a tax under this section; and
- (ii) 50% of the total revenue collected under Subsections (4)(b), (5)(b), (6)(b)(ii), (6)(c)(i), and (7)(a) within the counties that impose a tax under Subsections (4) through (7) shall be distributed to the unincorporated areas, cities, and towns within those counties on the basis of the location of the transaction as determined under Sections 59-12-211 through 59-12-215.

(b) (i) Population for purposes of this Subsection (8) shall be determined on the basis of the most recent official census or census estimate of the United States Census Bureau.

(ii) If a needed population estimate is not available from the United States Census Bureau, population figures shall be derived from an estimate from the Utah Population Estimates Committee created by executive order of the governor.

(c) (i) Beginning on January 1, 2024, if the Housing and Community Development Division within the Department of Workforce Services determines that a city, town, or metro township is ineligible for funds in accordance with Subsection 10-9a-408(7), beginning the first day of the calendar quarter after receiving 90

days' notice, the commission shall distribute the distribution that city, town, or metro township would have received under Subsection (8)(a) to cities, towns, or metro townships to which Subsection 10-9a-408(7) does not apply.

(ii) Beginning on January 1, 2024, if the Housing and Community Development Division within the Department of Workforce Services determines that a county is ineligible for funds in accordance with Subsection 17-27a-408(7), beginning the first day of the calendar quarter after receiving 90 days' notice, the commission shall distribute the distribution that county would have received under Subsection (8)(a) to counties to which Subsection 17-27a-408(7) does not apply.

(9) If a public transit service is organized after the date a county legislative body first imposes a tax under this section, a change in a distribution required by this section may not take effect until the first distribution the commission makes under this section after a 90-day period that begins on the date the commission receives written notice from the public transit provider that the public transit service has been organized.

(10) A county, city, or town that received distributions described in Subsections (4)(b), (4)(c), (5)(b), (5)(c), (6)(b)(ii), (6)(b)(iii), (6)(c), and (7) may only expend those funds for a purpose described in Section 59-12-2212.2.

(11) (a) Subject to Subsections (11)(b), (c), and (d), revenue designated for public transit as described in this section may be used for capital expenses and service delivery expenses of:

(i) a public transit district;

(ii) an eligible political subdivision; or

(iii) another entity providing a service for public transit or a transit facility within the relevant county, as those terms are defined in Section 17B-2a-802.

(b) (i) (A) If a county of the first class imposes a sales and use tax described in this section, for a three-year period following the date on which the county imposes the sales and use tax under this section, revenue designated for public transit within a county of the first class as described in Subsection (4)(a) shall be transferred to the County of the First Class Highway Projects Fund created in Section 72-2-121.

(B) Revenue deposited into the County of the First Class Highway Projects Fund created in Section 72-2-121 as described in Subsection (11)(b)(i)(A) may be used for public transit innovation grants as provided in Title 72, Chapter 2, Part 3, Public Transit Innovation Grants.

- 810 (ii) If a county of the first class imposes a sales and use tax described in this section,
811 beginning on the day three years after the date on which the county imposed the
812 tax as described in Subsection (11)(b)(i), for revenue designated for public transit
813 as described in Subsection (4)(a):
- 814 (A) 50% of the revenue from a sales and use tax imposed under this section in a
815 county of the first class shall be transferred to the County of the First Class
816 Highway Projects Fund created in Section 72-2-121; and
- 817 (B) 50% of the revenue from a sales and use tax imposed under this section in a
818 county of the first class shall be transferred to the Transit Transportation
819 Investment Fund created in Subsection 72-2-124(9).
- 820 (c) (i) If a county that is not a county of the first class for which the entire boundary
821 of the county is annexed into a large public transit district imposes a sales and use
822 tax described in this section, for a three-year period following the date on which
823 the county imposes the sales and use tax under this section, revenue designated for
824 public transit as described in Subsection (5)(a) shall be transferred to the relevant
825 county legislative body to be used for a purpose described in Subsection (11)(a).
- 826 (ii) If a county that is not a county of the first class for which the entire boundary of
827 the county is annexed into a large public transit district imposes a sales and use
828 tax described in this section, beginning on the day three years after the date on
829 which the county imposed the tax as described in Subsection (11)(c)(i), for the
830 revenue that is designated for public transit in Subsection (5)(a):
- 831 (A) 50% shall be transferred to the Transit Transportation Investment Fund
832 created in Subsection 72-2-124(9); and
- 833 (B) 50% shall be transferred to the relevant county legislative body to be used for
834 a purpose described in Subsection (11)(a).
- 835 (d) Except as provided in Subsection (12)(c), for a county that imposes a sales and use
836 tax under this section, for revenue designated for public transit as described in
837 Subsection (6)(b)(i), the revenue shall be transferred to the relevant county legislative
838 body to be used for a purpose described in Subsection (11)(a).
- 839 (12) (a) Notwithstanding Section 59-12-2208, a county legislative body may, but is not
840 required to, submit an opinion question to the county's registered voters in
841 accordance with Section 59-12-2208 to impose a sales and use tax under this section.
- 842 (b) If a county passes an ordinance to impose a sales and use tax as described in this
843 section, the sales and use tax shall take effect on the first day of the calendar quarter

844 after a 90-day period that begins on the date the commission receives written notice
845 from the county of the passage of the ordinance.

846 (c) A county that imposed the local option sales and use tax described in this section
847 before January 1, 2023, may maintain that county's distribution allocation in place as
848 of January 1, 2023.

849 (13) (a) Revenue collected from a sales and use tax under this section may not be used to
850 supplant existing General Fund appropriations that a county, city, or town budgeted
851 for transportation or public transit as of the date the tax becomes effective for a
852 county, city, or town.

853 (b) The limitation under Subsection (13)(a) does not apply to a designated transportation
854 or public transit capital or reserve account a county, city, or town established before
855 the date the tax becomes effective.

856 Section 8. Section **72-1-303** is amended to read:

857 **72-1-303 . Duties of commission.**

858 (1) The commission has the following duties:

859 (a) determining priorities and funding levels of projects and programs in the state
860 transportation systems and the capital development of new public transit facilities for
861 each fiscal year based on project lists compiled by the department and taking into
862 consideration the strategic initiatives described in Section 72-1-211;

863 (b) determining additions and deletions to state highways under Chapter 4, Designation
864 of State Highways Act;

865 (c) holding public meetings and otherwise providing for public input in transportation
866 matters;

867 (d) making policies and rules in accordance with Title 63G, Chapter 3, Utah
868 Administrative Rulemaking Act, necessary to perform the commission's duties
869 described under this section;

870 (e) in accordance with Section 63G-4-301, reviewing orders issued by the executive
871 director in adjudicative proceedings held in accordance with Title 63G, Chapter 4,
872 Administrative Procedures Act;

873 (f) advising the department on state transportation systems policy;

874 (g) approving settlement agreements of condemnation cases subject to Section
875 63G-10-401;

876 (h) in accordance with Section 17B-2a-807, appointing a commissioner to serve as a
877 nonvoting member or a voting member on the board of trustees of a public transit

878 district;

879 (i) in accordance with Section 17B-2a-808, reviewing, at least annually, the short-term
880 and long-range public transit plans; [and]

881 (j) determining the priorities and funding levels of public transit innovation grants, as
882 defined in Section 72-2-301; and

883 [(j)] (k) reviewing administrative rules made, substantively amended, or repealed by the
884 department.

885 (2) (a) For projects prioritized with funding provided under Sections 72-2-124 and
886 72-2-125, the commission shall annually report to a committee designated by the
887 Legislative Management Committee:

888 (i) a prioritized list of the new transportation capacity projects in the state
889 transportation system and the funding levels available for those projects; and

890 (ii) the unfunded highway construction and maintenance needs within the state.

891 (b) The committee designated by the Legislative Management Committee under
892 Subsection (2)(a) shall:

893 (i) review the list reported by the Transportation Commission; and

894 (ii) make a recommendation to the Legislature on:

895 (A) the amount of additional funding to allocate to transportation; and

896 (B) the source of revenue for the additional funding allocation under Subsection

897 (2)(b)(ii)(A).

898 (3) The commission shall review and may approve plans for the construction of a highway
899 facility over sovereign lakebed lands in accordance with Chapter 6, Part 3, Approval of
900 Highway Facilities on Sovereign Lands Act.

901 (4) One or more associations representing airport operators or pilots in the state shall
902 annually report to the commission recommended airport improvement projects and any
903 other information related to the associations' expertise and relevant to the commission's
904 duties.

905 Section 9. Section **72-2-121** is amended to read:

906 **72-2-121 . County of the First Class Highway Projects Fund.**

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

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

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

- (b) the portion of the sales and use tax described in Subsection 59-12-2214(3)(b) deposited into or transferred to the fund;
- (c) the portion of the sales and use tax described in Section 59-12-2217 deposited into or transferred to the fund;
- (d) a portion of the local option highway construction and transportation corridor preservation fee imposed in a county of the first class under Section 41-1a-1222 deposited into or transferred to the fund; and
- (e) the portion of the sales and use tax transferred into the fund as described in Subsections 59-12-2220(4)(a) and 59-12-2220(11)(b).
- (3) (a) The fund shall earn interest.
- (b) All interest earned on fund money shall be deposited into the fund.
- (4) Subject to Subsection [(9)] (10), the executive director shall use the fund money only:
- (a) to pay debt service and bond issuance costs for bonds issued under Sections 63B-16-102, 63B-18-402, and 63B-27-102;
- (b) for right-of-way acquisition, new construction, major renovations, and improvements to highways within a county of the first class and to pay any debt service and bond issuance costs related to those projects, including improvements to a highway located within a municipality in a county of the first class where the municipality is located within the boundaries of more than a single county;
- (c) for the construction, acquisition, use, maintenance, or operation of:
- (i) an active transportation facility for nonmotorized vehicles;
- (ii) multimodal transportation that connects an origin with a destination; or
- (iii) a facility that may include a:
- (A) pedestrian or nonmotorized vehicle trail;
- (B) nonmotorized vehicle storage facility;
- (C) pedestrian or vehicle bridge; or
- (D) vehicle parking lot or parking structure;
- (d) to transfer to the 2010 Salt Lake County Revenue Bond Sinking Fund created by Section 72-2-121.3 the amount required in Subsection 72-2-121.3(4)(c) minus the amounts transferred in accordance with Subsection 72-2-124(4)(a)(iv);
- (e) for a fiscal year beginning on or after July 1, 2013, to pay debt service and bond issuance costs for \$30,000,000 of the bonds issued under Section 63B-18-401 for the projects described in Subsection 63B-18-401(4)(a);
- (f) for a fiscal year beginning on or after July 1, 2013, and after the department has

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

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

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

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

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

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

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

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

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

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

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

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

(j) for the 2018-19 fiscal year only, after the department has verified that the amount required under Subsection 72-2-121.3(4)(c) is available in the fund and after the transfer under Subsection (4)(d), the payment under Subsection (4)(e), and the

980 transfers under Subsections (4)(g), (h), and (i) have been made, to transfer
981 \$12,000,000 to the department to distribute for the following projects:
982 (i) \$2,000,000 to West Valley City for highway improvement to 4100 South;
983 (ii) \$1,000,000 to Herriman for highway improvements to Herriman Boulevard from
984 6800 West to 7300 West;
985 (iii) \$1,100,000 to South Jordan for highway improvements to Grandville Avenue;
986 (iv) \$1,800,000 to Riverton for highway improvements to Old Liberty Way from
987 13400 South to 13200 South;
988 (v) \$1,000,000 to Murray City for highway improvements to 5600 South from State
989 Street to Van Winkle;
990 (vi) \$1,000,000 to Draper for highway improvements to Lone Peak Parkway from
991 11400 South to 12300 South;
992 (vii) \$1,000,000 to Sandy City for right-of-way acquisition for Monroe Street;
993 (viii) \$900,000 to South Jordan City for right-of-way acquisition and improvements
994 to 10200 South from 2700 West to 3200 West;
995 (ix) \$1,000,000 to West Jordan for highway improvements to 8600 South near
996 Mountain View Corridor;
997 (x) \$700,000 to South Jordan right-of-way improvements to 10550 South; and
998 (xi) \$500,000 to Salt Lake County for highway improvements to 2650 South from
999 7200 West to 8000 West; and
1000 (k) subject to Subsection (5), for a fiscal year beginning on or after July 1, 2021, and for
1001 15 years thereafter, to annually transfer the following amounts to the following cities,
1002 metro townships, and the county of the first class for priority projects to mitigate
1003 congestion and improve transportation safety:
1004 (i) \$2,000,000 to Sandy;
1005 (ii) \$2,000,000 to Taylorsville;
1006 (iii) \$1,100,000 to Salt Lake City;
1007 (iv) \$1,100,000 to West Jordan;
1008 (v) \$1,100,000 to West Valley City;
1009 (vi) \$800,000 to Herriman;
1010 (vii) \$700,000 to Draper;
1011 (viii) \$700,000 to Riverton;
1012 (ix) \$700,000 to South Jordan;
1013 (x) \$500,000 to Bluffdale;

- 1014 (xi) \$500,000 to Midvale;
1015 (xii) \$500,000 to Millcreek;
1016 (xiii) \$500,000 to Murray;
1017 (xiv) \$400,000 to Cottonwood Heights; and
1018 (xv) \$300,000 to Holladay.
- 1019 (5) (a) If revenue in the fund is insufficient to satisfy all of the transfers described in
1020 Subsection (4)(k), the executive director shall proportionately reduce the amounts
1021 transferred as described in Subsection (4)(k).
- 1022 (b) A local government entity, as that term is defined in Section 63J-1-220, is exempt
1023 from entering into an agreement as described in Section 63J-1-220 pertaining to the
1024 receipt or expenditure of any funding described in Subsection (4)(k).
- 1025 (c) A local government may not use revenue described in Subsection (4)(k) to supplant
1026 existing class B or class C road funds that a local government has budgeted for
1027 transportation projects.
- 1028 (d) (i) A municipality or county that received a transfer of funds described in
1029 Subsection (4)(j) shall submit to the department a statement of cash flow and
1030 progress pertaining to the municipality's or county's respective project described
1031 in Subsection (4)(j).
- 1032 (ii) After the department is satisfied that the municipality or county described in
1033 Subsection (4)(j) has made substantial progress and the expenditure of funds is
1034 programmed and imminent, the department may transfer to the same municipality
1035 or county the respective amounts described in Subsection (4)(k).
- 1036 (6) The revenues described in Subsections (2)(b), (c), and (d) that are deposited into the
1037 fund and bond proceeds from bonds issued under Sections 63B-16-102, 63B-18-402,
1038 and 63B-27-102 are considered a local matching contribution for the purposes described
1039 under Section 72-2-123.
- 1040 (7) The department may expend up to \$3,000,000 of revenue deposited into the account as
1041 described in Subsection 59-12-2220(11)(b) for public transit innovation grants, as
1042 provided in Part 3, Public Transit Innovation Grants.
- 1043 ~~[(7)]~~ (8) The additional administrative costs of the department to administer this fund shall
1044 be paid from money in the fund.
- 1045 ~~[(8)]~~ (9) Subject to Subsection ~~[(9)]~~ (10), and notwithstanding any statutory or other
1046 restrictions on the use or expenditure of the revenue sources deposited into this fund, the
1047 Department of Transportation may use the money in this fund for any of the purposes

1048 detailed in Subsection (4).

1049 [(9)] (10) Any revenue deposited into the fund as described in Subsection (2)(e) shall be
1050 used to provide funding or loans for public transit projects, operations, and supporting
1051 infrastructure in the county of the first class.

1052 Section 10. Section **72-2-124** is amended to read:

1053 **72-2-124 . Transportation Investment Fund of 2005.**

1054 (1) There is created a capital projects fund entitled the Transportation Investment Fund of
1055 2005.

1056 (2) The fund consists of money generated from the following sources:

1057 (a) any voluntary contributions received for the maintenance, construction,
1058 reconstruction, or renovation of state and federal highways;

1059 (b) appropriations made to the fund by the Legislature;

1060 (c) registration fees designated under Section 41-1a-1201;

1061 (d) the sales and use tax revenues deposited into the fund in accordance with Section
1062 59-12-103; and

1063 (e) revenues transferred to the fund in accordance with Section 72-2-106.

1064 (3) (a) The fund shall earn interest.

1065 (b) All interest earned on fund money shall be deposited into the fund.

1066 (4) (a) Except as provided in Subsection (4)(b), the executive director may only use fund
1067 money to pay:

1068 (i) the costs of maintenance, construction, reconstruction, or renovation to state and
1069 federal highways prioritized by the Transportation Commission through the
1070 prioritization process for new transportation capacity projects adopted under
1071 Section 72-1-304;

1072 (ii) the costs of maintenance, construction, reconstruction, or renovation to the
1073 highway projects described in Subsections 63B-18-401(2), (3), and (4);

1074 (iii) principal, interest, and issuance costs of bonds authorized by Section 63B-18-401
1075 minus the costs paid from the County of the First Class Highway Projects Fund in
1076 accordance with Subsection 72-2-121(4)(e);

1077 (iv) for a fiscal year beginning on or after July 1, 2013, to transfer to the 2010 Salt
1078 Lake County Revenue Bond Sinking Fund created by Section 72-2-121.3 the
1079 amount certified by Salt Lake County in accordance with Subsection 72-2-121.3
1080 (4)(c) as necessary to pay the debt service on \$30,000,000 of the revenue bonds
1081 issued by Salt Lake County;

- 1082 (v) principal, interest, and issuance costs of bonds authorized by Section 63B-16-101
1083 for projects prioritized in accordance with Section 72-2-125;
- 1084 (vi) all highway general obligation bonds that are intended to be paid from revenues
1085 in the Centennial Highway Fund created by Section 72-2-118;
- 1086 (vii) for fiscal year 2015-16 only, to transfer \$25,000,000 to the County of the First
1087 Class Highway Projects Fund created in Section 72-2-121 to be used for the
1088 purposes described in Section 72-2-121;
- 1089 (viii) if a political subdivision provides a contribution equal to or greater than 40% of
1090 the costs needed for construction, reconstruction, or renovation of paved
1091 pedestrian or paved nonmotorized transportation for projects that:
- 1092 (A) mitigate traffic congestion on the state highway system;
- 1093 (B) are part of an active transportation plan approved by the department; and
- 1094 (C) are prioritized by the commission through the prioritization process for new
1095 transportation capacity projects adopted under Section 72-1-304;
- 1096 (ix) \$705,000,000 for the costs of right-of-way acquisition, construction,
1097 reconstruction, or renovation of or improvement to the following projects:
- 1098 (A) the connector road between Main Street and 1600 North in the city of
1099 Vineyard;
- 1100 (B) Geneva Road from University Parkway to 1800 South;
- 1101 (C) the SR-97 interchange at 5600 South on I-15;
- 1102 (D) two lanes on U-111 from Herriman Parkway to 11800 South;
- 1103 (E) widening I-15 between mileposts 10 and 13 and the interchange at milepost 11;
- 1104 (F) improvements to 1600 North in Orem from 1200 West to State Street;
- 1105 (G) widening I-15 between mileposts 6 and 8;
- 1106 (H) widening 1600 South from Main Street in the city of Spanish Fork to SR-51;
- 1107 (I) widening US 6 from Sheep Creek to Mill Fork between mileposts 195 and 197
1108 in Spanish Fork Canyon;
- 1109 (J) I-15 northbound between mileposts 43 and 56;
- 1110 (K) a passing lane on SR-132 between mileposts 41.1 and 43.7 between mileposts
1111 43 and 45.1;
- 1112 (L) east Zion SR-9 improvements;
- 1113 (M) Toquerville Parkway;
- 1114 (N) an environmental study on Foothill Boulevard in the city of Saratoga Springs;
- 1115 (O) using funds allocated in this Subsection (4)(a)(ix), and other sources of funds,

1116 for construction of an interchange on Bangerter Highway at 13400 South; and
1117 (P) an environmental impact study for Kimball Junction in Summit County; and
1118 (x) \$28,000,000 as pass-through funds, to be distributed as necessary to pay project
1119 costs based upon a statement of cash flow that the local jurisdiction where the
1120 project is located provides to the department demonstrating the need for money
1121 for the project, for the following projects in the following amounts:
1122 (A) \$5,000,000 for Payson Main Street repair and replacement;
1123 (B) \$8,000,000 for a Bluffdale 14600 South railroad bypass;
1124 (C) \$5,000,000 for improvements to 4700 South in Taylorsville; and
1125 (D) \$10,000,000 for improvements to the west side frontage roads adjacent to U.S.
1126 40 between mile markers 7 and 10.

1127 (b) The executive director may use fund money to exchange for an equal or greater
1128 amount of federal transportation funds to be used as provided in Subsection (4)(a).

1129 (5) (a) Except as provided in Subsection (5)(b), if the department receives a notice of
1130 ineligibility for a municipality as described in Subsection 10-9a-408(7), the executive
1131 director may not program fund money to a project prioritized by the commission
1132 under Section 72-1-304, including fund money from the Transit Transportation
1133 Investment Fund, within the boundaries of the municipality until the department
1134 receives notification from the Housing and Community Development Division within
1135 the Department of Workforce Services that ineligibility under this Subsection (5) no
1136 longer applies to the municipality.

1137 (b) Within the boundaries of a municipality described in Subsection (5)(a), the executive
1138 director:

- 1139 (i) may program fund money in accordance with Subsection (4)(a) for a
1140 limited-access facility or interchange connecting limited-access facilities;
1141 (ii) may not program fund money for the construction, reconstruction, or renovation
1142 of an interchange on a limited-access facility;
1143 (iii) may program Transit Transportation Investment Fund money for a
1144 multi-community fixed guideway public transportation project; and
1145 (iv) may not program Transit Transportation Investment Fund money for the
1146 construction, reconstruction, or renovation of a station that is part of a fixed
1147 guideway public transportation project.

1148 (c) Subsections (5)(a) and (b) do not apply to a project programmed by the executive
1149 director before July 1, 2022, for projects prioritized by the commission under Section

- 1150 72-1-304.
- 1151 (6) (a) Except as provided in Subsection (6)(b), if the department receives a notice of
1152 ineligibility for a county as described in Subsection 17-27a-408(7), the executive
1153 director may not program fund money to a project prioritized by the commission
1154 under Section 72-1-304, including fund money from the Transit Transportation
1155 Investment Fund, within the boundaries of the unincorporated area of the county until
1156 the department receives notification from the Housing and Community Development
1157 Division within the Department of Workforce Services that ineligibility under this
1158 Subsection (6) no longer applies to the county.
- 1159 (b) Within the boundaries of the unincorporated area of a county described in Subsection
1160 (6)(a), the executive director:
- 1161 (i) may program fund money in accordance with Subsection (4)(a) for a
1162 limited-access facility to a project prioritized by the commission under Section
1163 72-1-304;
- 1164 (ii) may not program fund money for the construction, reconstruction, or renovation
1165 of an interchange on a limited-access facility;
- 1166 (iii) may program Transit Transportation Investment Fund money for a
1167 multi-community fixed guideway public transportation project; and
- 1168 (iv) may not program Transit Transportation Investment Fund money for the
1169 construction, reconstruction, or renovation of a station that is part of a fixed
1170 guideway public transportation project.
- 1171 (c) Subsections (6)(a) and (b) do not apply to a project programmed by the executive
1172 director before July 1, 2022, for projects prioritized by the commission under Section
1173 72-1-304.
- 1174 (7) (a) Before bonds authorized by Section 63B-18-401 or 63B-27-101 may be issued in
1175 any fiscal year, the department and the commission shall appear before the Executive
1176 Appropriations Committee of the Legislature and present the amount of bond
1177 proceeds that the department needs to provide funding for the projects identified in
1178 Subsections 63B-18-401(2), (3), and (4) or Subsection 63B-27-101(2) for the current
1179 or next fiscal year.
- 1180 (b) The Executive Appropriations Committee of the Legislature shall review and
1181 comment on the amount of bond proceeds needed to fund the projects.
- 1182 (8) The Division of Finance shall, from money deposited into the fund, transfer the amount
1183 of funds necessary to pay principal, interest, and issuance costs of bonds authorized by

1184 Section 63B-18-401 or 63B-27-101 in the current fiscal year to the appropriate debt
1185 service or sinking fund.

1186 (9) (a) There is created in the Transportation Investment Fund of 2005 the Transit
1187 Transportation Investment Fund.

1188 (b) The fund shall be funded by:

1189 (i) contributions deposited into the fund in accordance with Section 59-12-103;
1190 (ii) appropriations into the account by the Legislature;
1191 (iii) deposits of sales and use tax increment related to a housing and transit
1192 reinvestment zone as described in Section 63N-3-610;
1193 (iv) transfers of local option sales and use tax revenue as described in Subsection
1194 59-12-2220(11)(b) or (c);
1195 (v) private contributions; and
1196 (vi) donations or grants from public or private entities.

1197 (c) (i) The fund shall earn interest.
1198 (ii) All interest earned on fund money shall be deposited into the fund.

1199 (d) Subject to Subsection (9)(e), the commission may prioritize money from the fund:
1200 (i) for public transit capital development of new capacity projects and fixed guideway
1201 capital development projects to be used as prioritized by the commission through
1202 the prioritization process adopted under Section 72-1-304; or
1203 (ii) to the department for oversight of a fixed guideway capital development project
1204 for which the department has responsibility.

1205 (e) (i) Subject to Subsections (9)(g) and (h), the commission may only prioritize
1206 money from the fund for a public transit capital development project or pedestrian
1207 or nonmotorized transportation project that provides connection to the public
1208 transit system if the public transit district or political subdivision provides funds of
1209 equal to or greater than 30% of the costs needed for the project.

1210 (ii) A public transit district or political subdivision may use money derived from a
1211 loan granted pursuant to Title 72, Chapter 2, Part 2, State Infrastructure Bank
1212 Fund, to provide all or part of the 30% requirement described in Subsection
1213 (9)(e)(i) if:
1214 (A) the loan is approved by the commission as required in Title 72, Chapter 2,
1215 Part 2, State Infrastructure Bank Fund; and
1216 (B) the proposed capital project has been prioritized by the commission pursuant
1217 to Section 72-1-303.

- 1218 (f) Before July 1, 2022, the department and a large public transit district shall enter into
1219 an agreement for a large public transit district to pay the department \$5,000,000 per
1220 year for 15 years to be used to facilitate the purchase of zero emissions or low
1221 emissions rail engines and trainsets for regional public transit rail systems.
- 1222 (g) For any revenue transferred into the fund pursuant to Subsection 59-12-2220(11)(b):
1223 (i) the commission may prioritize money from the fund for public transit projects,
1224 operations, or maintenance within the county of the first class; and
1225 (ii) Subsection (9)(e) does not apply.
- 1226 (h) For any revenue transferred into the fund pursuant to Subsection 59-12-2220(11)(c):
1227 (i) the commission may prioritize public transit projects, operations, or maintenance
1228 in the county from which the revenue was generated; and
1229 (ii) Subsection (9)(e) does not apply.
- 1230 (i) In accordance with Part 3, Public Transit Innovation Grants, the commission may
1231 prioritize money from the fund for public transit innovation grants, as defined in
1232 Section 72-2-301, for public transit capital development projects requested by a
1233 political subdivision within a public transit district.
- 1234 (10) (a) There is created in the Transportation Investment Fund of 2005 the Cottonwood
1235 Canyons Transportation Investment Fund.
- 1236 (b) The fund shall be funded by:
1237 (i) money deposited into the fund in accordance with Section 59-12-103;
1238 (ii) appropriations into the account by the Legislature;
1239 (iii) private contributions; and
1240 (iv) donations or grants from public or private entities.
- 1241 (c) (i) The fund shall earn interest.
1242 (ii) All interest earned on fund money shall be deposited into the fund.
- 1243 (d) The Legislature may appropriate money from the fund for public transit or
1244 transportation projects in the Cottonwood Canyons of Salt Lake County.
- 1245 (11) (a) There is created in the Transportation Investment Fund of 2005 the Active
1246 Transportation Investment Fund.
- 1247 (b) The fund shall be funded by:
1248 (i) money deposited into the fund in accordance with Section 59-12-103;
1249 (ii) appropriations into the account by the Legislature; and
1250 (iii) donations or grants from public or private entities.
- 1251 (c) (i) The fund shall earn interest.

- 1252 (ii) All interest earned on fund money shall be deposited into the fund.
- 1253 (d) The executive director may only use fund money to pay the costs needed for:
- 1254 (i) the planning, design, construction, maintenance, reconstruction, or renovation of
- 1255 paved pedestrian or paved nonmotorized trail projects that:
- 1256 (A) are prioritized by the commission through the prioritization process for new
- 1257 transportation capacity projects adopted under Section 72-1-304;
- 1258 (B) serve a regional purpose; and
- 1259 (C) are part of an active transportation plan approved by the department or the
- 1260 plan described in Subsection (11)(d)(ii);
- 1261 (ii) the development of a plan for a statewide network of paved pedestrian or paved
- 1262 nonmotorized trails that serve a regional purpose; and
- 1263 (iii) the administration of the fund, including staff and overhead costs.
- 1264 Section 11. Section **72-2-301** is enacted to read:

1265 **Part 3. Public Transit Innovation Grants**

1266 **72-2-301 . Definitions.**

1267 As used in this part:

- 1268 (1) "Council of governments" means the same as that term is defined in Section 17B-2a-802.
- 1269 (2) "Grant" means a public transit innovation grant.
- 1270 (3) "High growth area" means an area or municipality within a public transit district that:
- 1271 (a) has significantly higher population increase relative to other areas within the county;
- 1272 and
- 1273 (b) is projected to continue to have significant population growth.
- 1274 (4) "Public transit district" means the same as that term is defined in Section 17B-2a-802.
- 1275 (5) (a) "Public transit innovation grant" means a grant to provide targeted pilot programs
- 1276 to:
- 1277 (i) increase public transit ridership;
- 1278 (ii) increase public transit service in high growth areas within the public transit
- 1279 district; and
- 1280 (iii) work toward expanding public transit services.
- 1281 (b) "Public transit innovation grant" includes a grant to provide:
- 1282 (i) pilot bus routes and services in high growth areas;
- 1283 (ii) pilot shuttle connections between fixed guideway stations and job centers,
- 1284 recreation and cultural facilities and attractions, or schools; and

1285 (iii) other pilot programs similar to those described in Subsections (5)(b)(i) and (ii) as
1286 coordinated between the public transit district and political subdivisions within the
1287 public transit district.

1288 Section 12. Section **72-2-302** is enacted to read:

1289 **72-2-302 . Public transit innovation grant funding sources.**

1290 (1) In accordance with Section 72-2-303, the commission, in coordination with the
1291 department, may rank, prioritize, and provide public transit innovation grants with
1292 money derived from the following sources:

1293 (a) certain local option sales and use tax revenue as described in Subsection 59-12-2219
1294 (11)(b); and

1295 (b) revenue deposited in accordance with Subsection 59-12-2220(11) into the County of
1296 the First Class Highway Projects Fund created in Section 72-2-121.

1297 (2) In accordance with Section 72-2-124, the department may rank and prioritize public
1298 transit innovation grants for capital development to the commission, to be funded with
1299 money derived from the Transit Transportation Investment Fund as described in
1300 Subsection 72-2-124(9).

1301 (3) Administrative costs of the department to administer public transit innovation grants
1302 under this part shall be paid from the funds described in Subsection (1)(a).

1303 Section 13. Section **72-2-303** is enacted to read:

1304 **72-2-303 . Public transit innovation grants -- Administration.**

1305 (1) The commission, in consultation with the department, relevant councils of governments,
1306 metropolitan planning organizations, and public transit districts, shall develop a process
1307 for the prioritization of grant proposals that includes:

1308 (a) instructions on making and submitting a grant proposal;

1309 (b) methodology for selecting grants; and

1310 (c) methodology for awarding grants.

1311 (2) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1312 commission shall make rules to establish the process described in Subsection (1) and as
1313 otherwise necessary to implement this part.

1314 (3) The department shall:

1315 (a) accept grant applications;

1316 (b) rank grant proposals based on the objectives and criteria established in this part; and

1317 (c) provide money to grant recipients as directed by the commission and in accordance
1318 with this part.

- 1319 (4) A municipality or a group of municipalities may submit a grant proposal to the
1320 department.
- 1321 (5) (a) A public transit innovation grant proposal shall include data, evidence, and
1322 information about:
- 1323 (i) how the project will advance the purposes and goals of a public transit innovation
1324 grant described in Subsection 72-2-301(5);
- 1325 (ii) how the proposed services will provide a direct public transit service benefit to
1326 the municipality or area;
- 1327 (iii) the proposed mode of public transit or purpose for the funding;
- 1328 (iv) the proposed operator of the service, including qualifications for any proposed
1329 operator that is not a public transit district;
- 1330 (v) any funds provided by the municipality or group of municipalities as part of the
1331 grant proposal;
- 1332 (vi) how the pilot service will improve ridership in the municipality or area; and
1333 (vii) any other information that the municipality or public transit district finds
1334 relevant.
- 1335 (b) A public transit innovation grant proposal may propose a term of up to three years.
- 1336 (c) A public transit innovation grant proposal shall include information regarding
1337 integration and coordination with existing public transit services.
- 1338 (6) In considering a public transit innovation grant proposal, the commission shall consider
1339 criteria including:
- 1340 (a) population growth within the municipality or area relative to other municipalities or
1341 areas within the same county;
- 1342 (b) how the proposal furthers the following objectives:
- 1343 (i) increasing public transit ridership in the area;
- 1344 (ii) improving connectivity for the first and last mile relative to other public transit
1345 services; and
- 1346 (iii) improving public transit connectivity in high-growth areas within the public
1347 transit district; and
- 1348 (c) any funds proposed to be invested by the municipality or public transit district as part
1349 of the grant proposal.
- 1350 (7) The grant proposal may allow for bids for a vendor or public transit district to provide
1351 or operate the proposed services.
- 1352 (8) Subject to available funding described in Subsection 72-2-302(1), the commission may

1353 award a public transit innovation grant to a recipient that the commission determines
1354 further the objectives described in Subsections (5) and (6).

1355 (9) (a) Subject to Subsection (9)(b), if the commission approves a grant to provide
1356 money from a local option sales and use tax described in Subsection 59-12-2219(11),
1357 a public transit district shall transfer the money to the department, and the department
1358 shall transfer the money to the grant recipient.

1359 (b) A public transit district may offset money from a local option sales and use tax
1360 described in Subsection 59-12-2219(11) with other funds available to the public
1361 transit district.

1362 (10) If the commission approves a grant to provide money as provided in Subsection
1363 72-2-121(7), the department shall transfer the money to the grant recipient.

1364 (11) Any grant funds, assets, or infrastructure acquired or improved through a public transit
1365 innovation grant under this part belong to the grant recipient.

1366 Section 14. Section **72-2-304** is enacted to read:

1367 **72-2-304 . Reporting.**

1368 (1) At least annually, a recipient of a grant under this part shall provide a report to the
1369 department and the relevant public transit district.

1370 (2) The report described in Subsection (1) shall include:

1371 (a) the amount of money provided through the grant;
1372 (b) an accounting of how the grant money has been utilized;
1373 (c) the type of services provided;
1374 (d) coordination with existing public transit services;
1375 (e) ridership data relevant to the innovative public transit service, including:
1376 (i) the number of riders; and
1377 (ii) whether the ridership or targeted objectives match projections; and
1378 (f) other information as determined by the grant recipient.

1379 (3) The department shall consolidate the reports the department receives under Subsection
1380 (1) and, on or before November 1 of each year, provide the consolidated reports to the
1381 Transportation Interim Committee.

1382 (4) The department and the commission are not responsible for providing performance
1383 measures or ensuring proper use of grant funds.

1384 Section 15. **Effective date.**

1385 This bill takes effect on July 1, 2024.