

Representative Candice B. Pierucci proposes the following substitute bill:

LOCAL GOVERNMENT TRANSPORTATION SERVICES

AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Candice B. Pierucci

Senate Sponsor: _____

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 a large public transit district and relevant cities to coordinate grant proposals for public transit innovation and administer certain grants;
- ▶ provides for the Department of Transportation to recommend certain grant proposals for public transit innovation grants for allocation of money;
- ▶ requires a large public transit district to provide a report to each city and town with an accounting of how certain local option sales and use tax revenue is spent; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None



Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

17B-2a-802, as last amended by Laws of Utah 2023, Chapters 15, 476**17B-2a-808.1**, as last amended by Laws of Utah 2022, Chapter 207**59-12-2202**, as last amended by Laws of Utah 2023, Chapter 529**59-12-2212.2**, as enacted by Laws of Utah 2019, Chapter 479**59-12-2219**, as last amended by Laws of Utah 2023, Chapter 529**59-12-2220**, as last amended by Laws of Utah 2023, Chapter 529**72-2-121**, as last amended by Laws of Utah 2023, Chapter 529**72-2-124**, as last amended by Laws of Utah 2023, Chapters 22, 88, 219, and 529

ENACTS:

17B-2a-828, Utah Code Annotated 1953

*Be it enacted by the Legislature of the state of Utah:*Section 1. Section **17B-2a-802** is amended to read:**17B-2a-802. Definitions.**

As used in this part:

(1) "Affordable housing" means housing occupied or reserved for occupancy by households that meet certain gross household income requirements based on the area median income for households of the same size.

(a) "Affordable housing" may include housing occupied or reserved for occupancy by households that meet specific area median income targets or ranges of area median income targets.

(b) "Affordable housing" does not include housing occupied or reserved for occupancy by households with gross household incomes that are more than 60% of the area median income for households of the same size.

(2) "Appointing entity" means the person, county, unincorporated area of a county, or municipality appointing a member to a public transit district board of trustees.

(3) (a) "Chief executive officer" means a person appointed by the board of trustees of a

small public transit district to serve as chief executive officer.

(b) "Chief executive officer" shall enjoy all the rights, duties, and responsibilities 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) "High-growth area" means an area or municipality within a public transit district that:

(a) has significantly higher population increase relative to other areas within the public transit district;

(b) is projected to continue to have significant population growth; and

(c) has less public transit service within the area or municipality relative to other areas

88 or municipalities within the same public transit district.

89 ~~[(11)]~~ (12) "Large public transit district" means a public transit district that provides
90 public transit to an area that includes:

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

93 (b) two or more counties.

94 ~~[(12)]~~ (13) (a) "Locally elected public official" means a person who holds an elected
95 position with a county or municipality.

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

98 ~~[(13)]~~ (14) "Managerial employee" means a person who is:

99 (a) engaged in executive and management functions; and

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

102 ~~[(14)]~~ (15) "Metropolitan planning organization" means the same as that term is
103 defined in Section [72-1-208.5](#).

104 ~~[(15)]~~ (16) "Multicounty district" means a public transit district located in more than
105 one county.

106 ~~[(16)]~~ (17) "Operator" means a public entity or other person engaged in the
107 transportation of passengers for hire.

108 ~~[(17)]~~ (18) (a) "Public transit" means regular, continuing, shared-ride, surface
109 transportation services that are open to the general public or open to a segment of the general
110 public defined by age, disability, or low income.

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

112 (i) chartered bus;

113 (ii) sightseeing bus;

114 (iii) taxi;

115 (iv) school bus service;

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

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

118 ~~[(18)]~~ (19) "Public transit district" means a special district that provides public transit

services.

(20) (a) "Public transit innovation grant" means a grant to provide targeted pilot programs to:

(i) increase public transit ridership;

(ii) increase public transit service in high-growth areas within the public transit district;

and

(iii) improve coordination and communication between local governments and the relevant public transit district.

(b) "Public transit innovation grant" includes a grant to provide:

(i) bus routes and services in high-growth areas;

(ii) shuttle connections between fixed guideway stations and job centers, recreation and cultural facilities and attractions, or schools;

(iii) free or reduced fare for students or teachers; or

(iv) programs similar to those described in Subsections (20)(b)(i) through (iii) as coordinated between the public transit district and political subdivisions within the public transit district.

~~[(19)]~~ (21) "Small public transit district" means any public transit district that is not a large public transit district.

~~[(20)]~~ (22) "Station area plan" means a plan developed and adopted by a municipality in accordance with Section [10-9a-403.1](#).

~~[(21)]~~ (23) (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)]~~ (23)(a):

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

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

~~[(22)]~~ (24) "Transit facility" means a transit vehicle, transit station, depot, passenger

loading or unloading zone, parking lot, or other facility:

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

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

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

(ii) railway line; and

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

~~[(23)]~~ (25) "Transit vehicle" means a passenger bus, coach, railcar, van, or other vehicle operated as public transportation by a public transit district.

~~[(24)]~~ (26) "Transit-oriented development" means a mixed use residential or commercial area that is designed to maximize access to public transit and includes the development of land owned by a large public transit district.

~~[(25)]~~ (27) "Transit-supportive development" means a mixed use residential or commercial area that is designed to maximize access to public transit and does not include the development of land owned by a large public transit district.

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

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

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

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

(a) hold public meetings and receive public comment;

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

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

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

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

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

(i) develop and approve a strategic plan for development and operations on at least a four-year basis; and

(ii) create and pursue funding opportunities for transit capital and service initiatives to meet anticipated growth within the public transit district;

(g) annually report the public transit district's long-term financial plan to the State Bonding Commission;

(h) annually report the public transit district's progress and expenditures related to state resources to the Executive Appropriations Committee and the Infrastructure and General Government Appropriations Subcommittee;

(i) annually report to the Transportation Interim Committee the public transit district's efforts to engage in public-private partnerships for public transit services;

(j) hire, set salaries, and develop performance targets and evaluations for:

(i) the executive director; and

(ii) all chief level officers;

(k) supervise and regulate each transit facility that the public transit district owns and operates, including:

(i) fix rates, fares, rentals, charges and any classifications of rates, fares, rentals, and charges; and

(ii) make and enforce rules, regulations, contracts, practices, and schedules for or in connection with a transit facility that the district owns or controls;

(l) subject to Subsection (4), control the investment of all funds assigned to the district for investment, including funds:

(i) held as part of a district's retirement system; and

(ii) invested in accordance with the participating employees' designation or direction pursuant to an employee deferred compensation plan established and operated in compliance with Section 457 of the Internal Revenue Code;

(m) in consultation with the local advisory council created under Section 17B-2a-808.2, invest all funds according to the procedures and requirements of Title 51, Chapter 7, State Money Management Act;

(n) if a custodian is appointed under Subsection (3)(d), and subject to Subsection (4), pay the fees for the custodian's services from the interest earnings of the investment fund for which the custodian is appointed;

(o) (i) cause an annual audit of all public transit district books and accounts to be made by an independent certified public accountant;

(ii) as soon as practicable after the close of each fiscal year, submit to each of the councils of governments within the public transit district a financial report showing:

(A) the result of district operations during the preceding fiscal year;

(B) an accounting of the expenditures of all local sales and use tax revenues generated under Title 59, Chapter 12, Part 22, Local Option Sales and Use Taxes for Transportation Act;

(C) the district's financial status on the final day of the fiscal year; and

(D) the district's progress and efforts to improve efficiency relative to the previous fiscal year; and

(iii) supply copies of the report under Subsection (2)(o)(ii) to the general public upon request;

(p) report at least annually to the Transportation Commission created in Section 72-1-301, which report shall include:

(i) the district's short-term and long-range public transit plans, including the portions of applicable regional transportation plans adopted by a metropolitan planning organization established under 23 U.S.C. Sec. 134; and

(ii) any transit capital development projects that the board of trustees would like the Transportation Commission to consider;

(q) direct the internal auditor appointed under Section 17B-2a-810 to conduct audits that the board of trustees determines, in consultation with the local advisory council created in Section 17B-2a-808.2, to be the most critical to the success of the organization;

(r) together with the local advisory council created in Section 17B-2a-808.2, hear audit reports for audits conducted in accordance with Subsection (2)(o);

(s) review and approve all contracts pertaining to reduced fares, and evaluate existing contracts, including review of:

(i) how negotiations occurred;

(ii) the rationale for providing a reduced fare; and

243 (iii) identification and evaluation of cost shifts to offset operational costs incurred and
 244 impacted by each contract offering a reduced fare;

245 (t) in consultation with the local advisory council, develop and approve other board
 246 policies, ordinances, and bylaws; ~~[and]~~

247 (u) review and approve any:

248 (i) contract or expense exceeding \$200,000; or

249 (ii) proposed change order to an existing contract if the change order:

250 (A) increases the total contract value to \$200,000 or more;

251 (B) increases a contract of or expense of \$200,000 or more by 15% or more; or

252 (C) has a total change order value of \$200,000 or more~~[-]; and~~

253 (v) coordinate with ~~H~~→ ~~[local advisory councils and]~~ ←~~H~~ political subdivisions within the
 253a large
 254 public transit district to provide and execute public transit innovation grants.

255 (3) A board of trustees of a large public transit district may:

256 (a) subject to Subsection (5), make and pass ordinances, resolutions, and orders that
 257 are:

258 (i) not repugnant to the United States Constitution, the Utah Constitution, or the
 259 provisions of this part; and

260 (ii) necessary for:

261 (A) the governance and management of the affairs of the district;

262 (B) the execution of district powers; and

263 (C) carrying into effect the provisions of this part;

264 (b) provide by resolution, under terms and conditions the board considers fit, for the
 265 payment of demands against the district without prior specific approval by the board, if the
 266 payment is:

267 (i) for a purpose for which the expenditure has been previously approved by the board;

268 (ii) in an amount no greater than the amount authorized; and

269 (iii) approved by the executive director or other officer or deputy as the board
 270 prescribes;

271 (c) in consultation with the local advisory council created in Section 17B-2a-808.2:

272 (i) hold public hearings and subpoena witnesses; and

273 (ii) appoint district officers to conduct a hearing and require the officers to make

findings and conclusions and report them to the board; and

(d) appoint a custodian for the funds and securities under its control, subject to Subsection (2)(n).

(4) For a large public transit district in existence as of May 8, 2018, on or before September 30, 2019, the board of trustees of a large public transit district shall present a report to the Transportation Interim Committee regarding retirement benefits of the district, 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) 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 and facilitate public transit innovation grant projects as provided in this section.

(2) A public transit innovation grant proposal may be considered by:

(a) a county legislative body, using funds as described in Subsection 59-12-2219(11)(b);

(b) the Transportation Commission created in Section 72-1-301, using funds in the Transit Transportation Investment Fund as described in Subsection 72-2-124(9); and

(c) the Department of Transportation, as provided in Subsection 72-2-121(7), for recommendation to the Legislature, using funds in the County of the First Class Highway Projects Fund created in Section 72-2-121 deposited according to Subsection 59-12-2220(11).

(3) A municipality or a public transit district may propose a public transit innovation grant to the relevant reviewing entity.

(4) A public transit innovation grant proposal shall include information about:

(a) the proposed mode of public transit or purpose for the funding;

(b) the proposed operator of the service, including qualifications for any proposed operator that is not a public transit district;

(c) any funds provided by the municipality or public transit district as part of the public transit innovation proposal;

(d) the targeted demographic or group, such as students or low-income residents; and

(e) any other information that the municipality or public transit district finds relevant.

(5) In considering a public transit innovation grant proposal, the reviewing entity may consider how the proposal furthers the following objectives:

(a) increasing public transit ridership in the area;

(b) improving connectivity for the first and last mile relative to other public transit services;

(c) improving public transit connectivity in high-growth areas within the public transit district; and

(d) improving access to opportunities for low-income residents.

(6) Subject to available funding, a reviewing entity described in Subsection (2) may award a public transit innovation grant to a recipient that the reviewing entity determines furthers the objectives described in Subsection (5).

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](#).

(9) "Class D road" means the same as that term is described in Section [72-3-105](#).

(10) "Council of governments" means the same as that term is defined in Section [72-2-117.5](#).

(11) "Eligible political subdivision" means a political subdivision that:

(a) provides public transit services;

(b) is not a public transit district; and

(c) is not annexed into a public transit district.

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

(13) "Large public transit district" means the same as that term is defined in Section [17B-2a-802](#).

- (14) "Major collector highway" means the same as that term is defined in Section 72-4-102.5.
- (15) "Metropolitan planning organization" means the same as that term is defined in Section 72-1-208.5.
- (16) "Minor arterial highway" means the same as that term is defined in Section 72-4-102.5.
- (17) "Minor collector road" means the same as that term is defined in Section 72-4-102.5.
- (18) "Principal arterial highway" means the same as that term is defined in Section 72-4-102.5.
- (19) "Public transit" means the same as that term is defined in Section 17B-2a-802.
- (20) "Public transit district" means the same as that term is defined in Section 17B-2a-802.
- (21) "Public transit innovation grant" means the same as that term is defined in Section 17B-2a-802.
- ~~[(21)]~~ (22) "Public transit provider" means a public transit district or an eligible political subdivision.
- ~~[(22)]~~ (23) "Public transit service" means a service provided as part of public transit.
- ~~[(23)]~~ (24) "Regionally significant transportation facility" means:
- (a) in a county of the first or second class:
- (i) a principal arterial highway;
- (ii) a minor arterial highway;
- (iii) a fixed guideway that:
- (A) extends across two or more cities or unincorporated areas; or
- (B) is an extension to an existing fixed guideway; or
- (iv) an airport of regional significance; or
- (b) in a county of the second class that is not part of a large public transit district, or in a 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;

429 (iii) a class C road;
 430 (iv) a class D road;
 431 (v) traffic and pedestrian safety infrastructure, including:
 432 (A) a sidewalk;
 433 (B) curb and gutter;
 434 (C) a safety feature;
 435 (D) a traffic sign;
 436 (E) a traffic signal; or
 437 (F) street lighting;
 438 (vi) streets, alleys, roads, highways, and thoroughfares of any kind, including
 439 connected structures;
 440 (vii) an airport facility;
 441 (viii) an active transportation facility that is for nonmotorized vehicles and multimodal
 442 transportation and connects an origin with a destination; or
 443 (ix) an intelligent transportation system;
 444 (b) a system for public transit;
 445 (c) all other modes and forms of conveyance used by the public;
 446 (d) debt service or bond issuance costs related to a project or facility described in
 447 Subsections (1)(a) through (c); or
 448 (e) corridor preservation related to a project or facility described in Subsections (1)(a)
 449 through (c).
 450 (2) Any revenue subject to rights or obligations under a contract between a county,
 451 city, or town and a public transit district entered into before January 1, 2019, remains subject to
 452 existing contractual rights and obligations.
 453 (3) In addition to the uses described in Subsection (1), for any revenue not
 454 contractually obligated for debt service, a public transit district may expend the revenue
 455 generated from the local option sales and use tax for public transit innovation grants.
 456 (4) Ĥ→ (a) ←Ĥ A large public transit district shall provide Ĥ→ [an annual] a ←Ĥ report
 456a to each city and town
 457 within the boundary of the large public transit district, which report shall provide an accounting
 458 of:
 459 Ĥ→ [(a)] (i) ←Ĥ the amount of revenue from local option sales and use taxes under this part
 459a that was

collected within each respective county, city, or town and allocated to the large public transit district as provided in this part;

~~Ĥ→ [(b)]~~ (ii) ~~←Ĥ~~ how much revenue described in Subsection (4)(a) was allocated to provide public

transit services within each city and town; and

~~Ĥ→ [(e)]~~ (iii) ~~←Ĥ~~ how the revenue described in Subsection (4) ~~Ĥ→ [(b)]~~ (a)(ii) ~~←Ĥ~~ was spent to provide public transit services within each respective city and town.

Ĥ→ (b) A large public transit district shall provide the report described in Subsection (4)(a): (i) on or before November 1, 2024; and

(ii) at least every two years thereafter. (c) To provide the report described in this Subsection (4), a large public transit district may coordinate with the Department of Transportation to report on relevant public transit capital development administered by the Department of Transportation. ~~←Ĥ~~

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:☺

489 ✚(i) .10% shall be transferred to the public transit district in accordance with Section
490 59-12-2206;

491 (ii) .10% shall be distributed as provided in Subsection (6); and
 492 (iii) .05% shall be distributed to the county legislative body;
 493 (b) for an eligible political subdivision within the county, the commission shall
 494 distribute the sales and use tax revenue collected within that eligible political subdivision as
 495 follows:
 496 (i) .10% shall be transferred to the eligible political subdivision in accordance with
 497 Section [59-12-2206](#);
 498 (ii) .10% shall be distributed as provided in Subsection (6); and
 499 (iii) .05% shall be distributed to the county legislative body; and
 500 (c) the commission shall distribute the sales and use tax revenue, except for the sales
 501 and use tax revenue described in Subsections (4)(a) and (b), as follows:
 502 (i) .10% shall be distributed as provided in Subsection (6); and
 503 (ii) .15% shall be distributed to the county legislative body.
 504 (5) For a county not described in Subsection (3) or (4), if a county of the second, third,
 505 fourth, fifth, or sixth class imposes a sales and use tax under this section, the commission shall
 506 distribute the sales and use tax revenue collected within the county as follows:
 507 (a) for a city or town within the county that is annexed into a single public transit
 508 district, the commission shall distribute the sales and use tax revenue collected within that city
 509 or town as follows:
 510 (i) .10% shall be distributed as provided in Subsection (6);
 511 (ii) .10% shall be distributed as provided in Subsection (7); and
 512 (iii) .05% shall be distributed to the county legislative body;
 513 (b) for an eligible political subdivision within the county, the commission shall
 514 distribute the sales and use tax revenue collected within that eligible political subdivision as
 515 follows:
 516 (i) .10% shall be distributed as provided in Subsection (6);
 517 (ii) .10% shall be distributed as provided in Subsection (7); and
 518 (iii) .05% shall be distributed to the county legislative body; and
 519 (c) the commission shall distribute the sales and use tax revenue, except for the sales
 520 and use tax revenue described in Subsections (5)(a) and (b), as follows:
 521 (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 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 (6) shall be determined on the basis of the most recent official census or census estimate of the United States Bureau of the Census.

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

(7) (a) (i) Subject to the requirements in Subsections (7)(b) and (c), a county legislative body:

(A) for a county that obtained approval from a majority of the county's registered voters voting on the imposition of a sales and use tax under this section prior to May 10, 2016, may, in consultation with any cities, towns, or eligible political subdivisions within the county, and in compliance with the requirements for changing an allocation under Subsection (7)(e), allocate the revenue under Subsection (5)(a)(ii) or (5)(b)(ii) by adopting a resolution specifying 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; or

(B) for a county that imposes a sales and use tax under this section on or after May 10, 2016, shall, in consultation with any cities, towns, or eligible political subdivisions within the

county, allocate the revenue under Subsection (5)(a)(ii) or (5)(b)(ii) by adopting a resolution specifying 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.

(ii) If a county described in Subsection (7)(a)(i)(A) does not allocate the revenue under Subsection (5)(a)(ii) or (5)(b)(ii) in accordance with Subsection (7)(a)(i)(A), the commission shall distribute 100% of the revenue under Subsection (5)(a)(ii) or (5)(b)(ii) to:

(A) a public transit district for a city or town within the county that is annexed into a single public transit district; or

(B) an eligible political subdivision within the county.

(b) If a county legislative body allocates the revenue as described in Subsection (7)(a)(i), the county legislative body shall allocate not less than 25% of the revenue under Subsection (5)(a)(ii) or (5)(b)(ii) to:

(i) a public transit district for a city or town within the county that is annexed into a single public transit district; or

(ii) an eligible political subdivision within the county.

(c) Notwithstanding Section 59-12-2208, the opinion question described in Section 59-12-2208 shall state the allocations the county legislative body makes in accordance with this Subsection (7).

(d) The commission shall make the distributions required by Subsection (5)(a)(ii) or (5)(b)(ii) as follows:

(i) the percentage specified by a county legislative body shall be distributed in accordance with a resolution adopted by a county legislative body under Subsection (7)(a) to an eligible political subdivision or a public transit district within the county; and

(ii) except as provided in Subsection (7)(a)(ii), if a county legislative body allocates less than 100% of the revenue under Subsection (5)(a)(ii) or (5)(b)(ii) to a public transit district or an eligible political subdivision, the remainder of the revenue under Subsection (5)(a)(ii) or (5)(b)(ii) not allocated by a county legislative body through a resolution under Subsection (7)(a) shall be distributed as follows:

(A) 50% of the revenue as provided in Subsection (6); and

(B) 50% of the revenue to the county legislative body.

(e) If a county legislative body seeks to change an allocation specified in a resolution

under Subsection (7)(a), the county legislative body may change the allocation by:

(i) adopting a resolution in accordance with Subsection (7)(a) specifying 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;

(ii) obtaining approval to change the allocation of the sales and use tax by a majority of all the members of the county legislative body; and

(iii) subject to Subsection (7)(f):

(A) in accordance with Section 59-12-2208, submitting an opinion question to the county's registered voters voting on changing the allocation so that each registered voter has the opportunity to express the registered voter's opinion on whether the allocation should be changed; and

(B) in accordance with Section 59-12-2208, obtaining approval to change the allocation from a majority of the county's registered voters voting on changing 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, ~~H~~→ **beginning on July 1, 2025, ←H** a large public transit district shall expend 10% of the .10% for public transit innovation grants.

(c) The relevant county legislative body shall approve a public transit innovation grant as provided in Section [17B-2a-828](#).

(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 Section 59-12-2212.2.

(ii) If a county of the first class imposes a sales and use tax described in this section, beginning on the day three years after the date on which the county imposed the tax as described in Subsection (11)(b)(i), for revenue designated for public transit as described in Subsection (4)(a):

(A) 50% of the revenue from a sales and use tax imposed under this section in a county of the first class shall be transferred to the County of the First Class Highway Projects Fund created in Section 72-2-121; and

(B) 50% of the revenue from a sales and use tax imposed under this section in a county of the first class shall be transferred to the Transit Transportation Investment Fund created in Subsection 72-2-124(9).

(c) (i) If a county that is not a county of the first class for which the entire boundary of the county is annexed into a large public transit district imposes a sales and use tax described in

832 this section, for a three-year period following the date on which the county imposes the sales
833 and use tax under this section, revenue designated for public transit as described in Subsection
834 (5)(a) shall be transferred to the relevant county legislative body to be used for a purpose
835 described in Subsection (11)(a).

836 (ii) If a county that is not a county of the first class for which the entire boundary of the
837 county is annexed into a large public transit district imposes a sales and use tax described in
838 this section, beginning on the day three years after the date on which the county imposed the
839 tax as described in Subsection (11)(c)(i), for the revenue that is designated for public transit in
840 Subsection (5)(a):

841 (A) 50% shall be transferred to the Transit Transportation Investment Fund created in
842 Subsection 72-2-124(9); and

843 (B) 50% shall be transferred to the relevant county legislative body to be used for a
844 purpose described in Subsection (11)(a).

845 (d) Except as provided in Subsection (12)(c), for a county that imposes a sales and use
846 tax under this section, for revenue designated for public transit as described in Subsection
847 (6)(b)(i), the revenue shall be transferred to the relevant county legislative body to be used for a
848 purpose described in Subsection (11)(a).

849 (12) (a) Notwithstanding Section 59-12-2208, a county legislative body may, but is not
850 required to, submit an opinion question to the county's registered voters in accordance with
851 Section 59-12-2208 to impose a sales and use tax under this section.

852 (b) If a county passes an ordinance to impose a sales and use tax as described in this
853 section, the sales and use tax shall take effect on the first day of the calendar quarter after a
854 90-day period that begins on the date the commission receives written notice from the county
855 of the passage of the ordinance.

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

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

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

Section 8. Section **72-2-121** is amended to read:

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

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

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

(a) any voluntary contributions received for new construction, major renovations, and 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:

894 (i) an active transportation facility for nonmotorized vehicles;
895 (ii) multimodal transportation that connects an origin with a destination; or
896 (iii) a facility that may include a:
897 (A) pedestrian or nonmotorized vehicle trail;
898 (B) nonmotorized vehicle storage facility;
899 (C) pedestrian or vehicle bridge; or
900 (D) vehicle parking lot or parking structure;
901 (d) to transfer to the 2010 Salt Lake County Revenue Bond Sinking Fund created by
902 Section 72-2-121.3 the amount required in Subsection 72-2-121.3(4)(c) minus the amounts
903 transferred in accordance with Subsection 72-2-124(4)(a)(iv);
904 (e) for a fiscal year beginning on or after July 1, 2013, to pay debt service and bond
905 issuance costs for \$30,000,000 of the bonds issued under Section 63B-18-401 for the projects
906 described in Subsection 63B-18-401(4)(a);
907 (f) for a fiscal year beginning on or after July 1, 2013, and after the department has
908 verified that the amount required under Subsection 72-2-121.3(4)(c) is available in the fund, to
909 transfer an amount equal to 50% of the revenue generated by the local option highway
910 construction and transportation corridor preservation fee imposed under Section 41-1a-1222 in
911 a county of the first class:
912 (i) to the legislative body of a county of the first class; and
913 (ii) to be used by a county of the first class for:
914 (A) highway construction, reconstruction, or maintenance projects; or
915 (B) the enforcement of state motor vehicle and traffic laws;
916 (g) for a fiscal year beginning on or after July 1, 2015, after the department has verified
917 that the amount required under Subsection 72-2-121.3(4)(c) is available in the fund and the
918 transfer under Subsection (4)(e) has been made, to annually transfer an amount of the sales and
919 use tax revenue imposed in a county of the first class and deposited into the fund in accordance
920 with Subsection 59-12-2214(3)(b) equal to an amount needed to cover the debt to:
921 (i) the appropriate debt service or sinking fund for the repayment of bonds issued under
922 Section 63B-27-102; and
923 (ii) the appropriate debt service or sinking fund for the repayment of bonds issued
924 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 transfers under Subsections (4)(g), (h), and (i) have been made, to transfer \$12,000,000 to the department to distribute for the following projects:

(i) \$2,000,000 to West Valley City for highway improvement to 4100 South;

(ii) \$1,000,000 to Herriman for highway improvements to Herriman Boulevard from 6800 West to 7300 West;

(iii) \$1,100,000 to South Jordan for highway improvements to Grandville Avenue;

(iv) \$1,800,000 to Riverton for highway improvements to Old Liberty Way from 13400 South to 13200 South;

(v) \$1,000,000 to Murray City for highway improvements to 5600 South from State Street to Van Winkle;

(vi) \$1,000,000 to Draper for highway improvements to Lone Peak Parkway from 11400 South to 12300 South;

(vii) \$1,000,000 to Sandy City for right-of-way acquisition for Monroe Street;

(viii) \$900,000 to South Jordan City for right-of-way acquisition and improvements to 10200 South from 2700 West to 3200 West;

- 956 (ix) \$1,000,000 to West Jordan for highway improvements to 8600 South near
957 Mountain View Corridor;
- 958 (x) \$700,000 to South Jordan right-of-way improvements to 10550 South; and
959 (xi) \$500,000 to Salt Lake County for highway improvements to 2650 South from
960 7200 West to 8000 West; and
- 961 (k) subject to Subsection (5), for a fiscal year beginning on or after July 1, 2021, and
962 for 15 years thereafter, to annually transfer the following amounts to the following cities, metro
963 townships, and the county of the first class for priority projects to mitigate congestion and
964 improve transportation safety:
- 965 (i) \$2,000,000 to Sandy;
966 (ii) \$2,000,000 to Taylorsville;
967 (iii) \$1,100,000 to Salt Lake City;
968 (iv) \$1,100,000 to West Jordan;
969 (v) \$1,100,000 to West Valley City;
970 (vi) \$800,000 to Herriman;
971 (vii) \$700,000 to Draper;
972 (viii) \$700,000 to Riverton;
973 (ix) \$700,000 to South Jordan;
974 (x) \$500,000 to Bluffdale;
975 (xi) \$500,000 to Midvale;
976 (xii) \$500,000 to Millcreek;
977 (xiii) \$500,000 to Murray;
978 (xiv) \$400,000 to Cottonwood Heights; and
979 (xv) \$300,000 to Holladay.
- 980 (5) (a) If revenue in the fund is insufficient to satisfy all of the transfers described in
981 Subsection (4)(k), the executive director shall proportionately reduce the amounts transferred
982 as described in Subsection (4)(k).
- 983 (b) A local government entity, as that term is defined in Section [63J-1-220](#), is exempt
984 from entering into an agreement as described in Section [63J-1-220](#) pertaining to the receipt or
985 expenditure of any funding described in Subsection (4)(k).
- 986 (c) A local government may not use revenue described in Subsection (4)(k) to supplant

existing class B or class C road funds that a local government has budgeted for transportation projects.

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

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

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

(7) (a) Revenue deposited into the account in accordance with Subsection [59-12-2220](#)(11)(b), is eligible for public transit innovation grants, as defined in Section [17B-2a-802](#).

(b) As provided in Section [17B-2a-828](#), the department shall review grant proposals from a large public transit district or a political subdivision within a large public transit district and, before October 1 of each year, provide recommendations to the Transportation Interim Committee.

(c) The Transportation Interim Committee may consider recommendations made under Subsection (7)(b) and propose legislation to allocate money from the fund for public transit innovation grants.

~~[(7)]~~ (8) The additional administrative costs of the department to administer this fund shall be paid from money in the fund.

~~[(8)]~~ (9) Subject to Subsection ~~[(9)]~~ (10), and notwithstanding any statutory or other restrictions on the use or expenditure of the revenue sources deposited into this fund, the Department of Transportation may use the money in this fund for any of the purposes detailed in Subsection (4).

~~[(9)]~~ (10) Any revenue deposited into the fund as described in Subsection (2)(e) shall be used to provide funding or loans for public transit projects, operations, and supporting

infrastructure in the county of the first class.

Section 9. Section **72-2-124** is amended to read:

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

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

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

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

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

(c) registration fees designated under Section [41-1a-1201](#);

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

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

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

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

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

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

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

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

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

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

- 1049 (vi) all highway general obligation bonds that are intended to be paid from revenues in
1050 the Centennial Highway Fund created by Section 72-2-118;
- 1051 (vii) for fiscal year 2015-16 only, to transfer \$25,000,000 to the County of the First
1052 Class Highway Projects Fund created in Section 72-2-121 to be used for the purposes described
1053 in Section 72-2-121;
- 1054 (viii) if a political subdivision provides a contribution equal to or greater than 40% of
1055 the costs needed for construction, reconstruction, or renovation of paved pedestrian or paved
1056 nonmotorized transportation for projects that:
- 1057 (A) mitigate traffic congestion on the state highway system;
- 1058 (B) are part of an active transportation plan approved by the department; and
- 1059 (C) are prioritized by the commission through the prioritization process for new
1060 transportation capacity projects adopted under Section 72-1-304;
- 1061 (ix) \$705,000,000 for the costs of right-of-way acquisition, construction,
1062 reconstruction, or renovation of or improvement to the following projects:
- 1063 (A) the connector road between Main Street and 1600 North in the city of Vineyard;
- 1064 (B) Geneva Road from University Parkway to 1800 South;
- 1065 (C) the SR-97 interchange at 5600 South on I-15;
- 1066 (D) two lanes on U-111 from Herriman Parkway to 11800 South;
- 1067 (E) widening I-15 between mileposts 10 and 13 and the interchange at milepost 11;
- 1068 (F) improvements to 1600 North in Orem from 1200 West to State Street;
- 1069 (G) widening I-15 between mileposts 6 and 8;
- 1070 (H) widening 1600 South from Main Street in the city of Spanish Fork to SR-51;
- 1071 (I) widening US 6 from Sheep Creek to Mill Fork between mileposts 195 and 197 in
1072 Spanish Fork Canyon;
- 1073 (J) I-15 northbound between mileposts 43 and 56;
- 1074 (K) a passing lane on SR-132 between mileposts 41.1 and 43.7 between mileposts 43
1075 and 45.1;
- 1076 (L) east Zion SR-9 improvements;
- 1077 (M) Toquerville Parkway;
- 1078 (N) an environmental study on Foothill Boulevard in the city of Saratoga Springs;
- 1079 (O) using funds allocated in this Subsection (4)(a)(ix), and other sources of funds, for

1080 construction of an interchange on Bangerter Highway at 13400 South; and
1081 (P) an environmental impact study for Kimball Junction in Summit County; and
1082 (x) \$28,000,000 as pass-through funds, to be distributed as necessary to pay project
1083 costs based upon a statement of cash flow that the local jurisdiction where the project is located
1084 provides to the department demonstrating the need for money for the project, for the following
1085 projects in the following amounts:

- 1086 (A) \$5,000,000 for Payson Main Street repair and replacement;
- 1087 (B) \$8,000,000 for a Bluffdale 14600 South railroad bypass;
- 1088 (C) \$5,000,000 for improvements to 4700 South in Taylorsville; and
- 1089 (D) \$10,000,000 for improvements to the west side frontage roads adjacent to U.S. 40
1090 between mile markers 7 and 10.

1091 (b) The executive director may use fund money to exchange for an equal or greater
1092 amount of federal transportation funds to be used as provided in Subsection (4)(a).

1093 (5) (a) Except as provided in Subsection (5)(b), if the department receives a notice of
1094 ineligibility for a municipality as described in Subsection 10-9a-408(7), the executive director
1095 may not program fund money to a project prioritized by the commission under Section
1096 72-1-304, including fund money from the Transit Transportation Investment Fund, within the
1097 boundaries of the municipality until the department receives notification from the Housing and
1098 Community Development Division within the Department of Workforce Services that
1099 ineligibility under this Subsection (5) no longer applies to the municipality.

1100 (b) Within the boundaries of a municipality described in Subsection (5)(a), the
1101 executive director:

- 1102 (i) may program fund money in accordance with Subsection (4)(a) for a limited-access
1103 facility or interchange connecting limited-access facilities;
- 1104 (ii) may not program fund money for the construction, reconstruction, or renovation of
1105 an interchange on a limited-access facility;
- 1106 (iii) may program Transit Transportation Investment Fund money for a
1107 multi-community fixed guideway public transportation project; and
- 1108 (iv) may not program Transit Transportation Investment Fund money for the
1109 construction, reconstruction, or renovation of a station that is part of a fixed guideway public
1110 transportation project.

(c) Subsections (5)(a) and (b) do not apply to a project programmed by the executive director before July 1, 2022, for projects prioritized by the commission under Section 72-1-304.

(6) (a) Except as provided in Subsection (6)(b), if the department receives a notice of ineligibility for a county as described in Subsection 17-27a-408(7), the executive director may not program fund money to a project prioritized by the commission under Section 72-1-304, including fund money from the Transit Transportation Investment Fund, within the boundaries of the unincorporated area of the county until the department receives notification from the Housing and Community Development Division within the Department of Workforce Services that ineligibility under this Subsection (6) no longer applies to the county.

(b) Within the boundaries of the unincorporated area of a county described in Subsection (6)(a), the executive director:

(i) may program fund money in accordance with Subsection (4)(a) for a limited-access facility to a project prioritized by the commission under Section 72-1-304;

(ii) may not program fund money for the construction, reconstruction, or renovation of an interchange on a limited-access facility;

(iii) may program Transit Transportation Investment Fund money for a multi-community fixed guideway public transportation project; and

(iv) may not program Transit Transportation Investment Fund money for the construction, reconstruction, or renovation of a station that is part of a fixed guideway public transportation project.

(c) Subsections (6)(a) and (b) do not apply to a project programmed by the executive director before July 1, 2022, for projects prioritized by the commission under Section 72-1-304.

(7) (a) Before bonds authorized by Section 63B-18-401 or 63B-27-101 may be issued in any fiscal year, the department and the commission shall appear before the Executive Appropriations Committee of the Legislature and present the amount of bond proceeds that the department needs to provide funding for the projects identified in Subsections 63B-18-401(2), (3), and (4) or Subsection 63B-27-101(2) for the current or next fiscal year.

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

(8) The Division of Finance shall, from money deposited into the fund, transfer the amount of funds necessary to pay principal, interest, and issuance costs of bonds authorized by Section 63B-18-401 or 63B-27-101 in the current fiscal year to the appropriate debt service or sinking fund.

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

(b) The fund shall be funded by:

(i) contributions deposited into the fund in accordance with Section 59-12-103;

(ii) appropriations into the account by the Legislature;

(iii) deposits of sales and use tax increment related to a housing and transit reinvestment zone as described in Section 63N-3-610;

(iv) transfers of local option sales and use tax revenue as described in Subsection 59-12-2220(11)(b) or (c);

(v) private contributions; and

(vi) donations or grants from public or private entities.

(c) (i) The fund shall earn interest.

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

(d) Subject to Subsection (9)(e), the commission may prioritize money from the fund:

(i) for public transit capital development of new capacity projects and fixed guideway capital development projects to be used as prioritized by the commission through the prioritization process adopted under Section 72-1-304; or

(ii) to the department for oversight of a fixed guideway capital development project for which the department has responsibility.

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

(ii) A public transit district or political subdivision may use money derived from a loan granted pursuant to Title 72, Chapter 2, Part 2, State Infrastructure Bank Fund, to provide all or part of the 30% requirement described in Subsection (9)(e)(i) if:

1173 (A) the loan is approved by the commission as required in Title 72, Chapter 2, Part 2,
1174 State Infrastructure Bank Fund; and

1175 (B) the proposed capital project has been prioritized by the commission pursuant to
1176 Section [72-1-303](#).

1177 (f) Before July 1, 2022, the department and a large public transit district shall enter into
1178 an agreement for a large public transit district to pay the department \$5,000,000 per year for 15
1179 years to be used to facilitate the purchase of zero emissions or low emissions rail engines and
1180 trainsets for regional public transit rail systems.

1181 (g) For any revenue transferred into the fund pursuant to Subsection
1182 [59-12-2220](#)(11)(b):

1183 (i) the commission may prioritize money from the fund for public transit projects,
1184 operations, or maintenance within the county of the first class; and

1185 (ii) Subsection (9)(e) does not apply.

1186 (h) For any revenue transferred into the fund pursuant to Subsection
1187 [59-12-2220](#)(11)(c):

1188 (i) the commission may prioritize public transit projects, operations, or maintenance in
1189 the county from which the revenue was generated; and

1190 (ii) Subsection (9)(e) does not apply.

1191 (i) As provided in Section [17B-2a-828](#), the commission may prioritize money from the
1192 fund for public transit innovation grants, as that term is defined in Section [17B-2a-802](#),
1193 requested by a political subdivision within a public transit district.

1194 (10) (a) There is created in the Transportation Investment Fund of 2005 the
1195 Cottonwood Canyons Transportation Investment Fund.

1196 (b) The fund shall be funded by:

1197 (i) money deposited into the fund in accordance with Section [59-12-103](#);

1198 (ii) appropriations into the account by the Legislature;

1199 (iii) private contributions; and

1200 (iv) donations or grants from public or private entities.

1201 (c) (i) The fund shall earn interest.

1202 (ii) All interest earned on fund money shall be deposited into the fund.

1203 (d) The Legislature may appropriate money from the fund for public transit or

1204 transportation projects in the Cottonwood Canyons of Salt Lake County.

1205 (11) (a) There is created in the Transportation Investment Fund of 2005 the Active

1206 Transportation Investment Fund.

1207 (b) The fund shall be funded by:

1208 (i) money deposited into the fund in accordance with Section 59-12-103;

1209 (ii) appropriations into the account by the Legislature; and

1210 (iii) donations or grants from public or private entities.

1211 (c) (i) The fund shall earn interest.

1212 (ii) All interest earned on fund money shall be deposited into the fund.

1213 (d) The executive director may only use fund money to pay the costs needed for:

1214 (i) the planning, design, construction, maintenance, reconstruction, or renovation of

1215 paved pedestrian or paved nonmotorized trail projects that:

1216 (A) are prioritized by the commission through the prioritization process for new

1217 transportation capacity projects adopted under Section 72-1-304;

1218 (B) serve a regional purpose; and

1219 (C) are part of an active transportation plan approved by the department or the plan

1220 described in Subsection (11)(d)(ii);

1221 (ii) the development of a plan for a statewide network of paved pedestrian or paved

1222 nonmotorized trails that serve a regional purpose; and

1223 (iii) the administration of the fund, including staff and overhead costs.

1224 Section 10. **Effective date.**

1225 This bill takes effect on May 1, 2024.