

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: 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



26 ▶ makes technical changes.

27 **Money Appropriated in this Bill:**

28 None

29 **Other Special Clauses:**

30 This bill provides a special effective date.

31 **Utah Code Sections Affected:**

32 AMENDS:

33 **17B-2a-802**, as last amended by Laws of Utah 2023, Chapters 15, 476

34 **17B-2a-808.1**, as last amended by Laws of Utah 2022, Chapter 207

35 **59-12-2202**, as last amended by Laws of Utah 2023, Chapter 529

36 **59-12-2212.2**, as enacted by Laws of Utah 2019, Chapter 479

37 **59-12-2219**, as last amended by Laws of Utah 2023, Chapter 529

38 **59-12-2220**, as last amended by Laws of Utah 2023, Chapter 529

39 **72-1-303**, as last amended by Laws of Utah 2023, Chapter 219

40 **72-2-121**, as last amended by Laws of Utah 2023, Chapter 529

41 **72-2-124**, as last amended by Laws of Utah 2023, Chapters 22, 88, 219, and 529

42 ENACTS:

43 **17B-2a-828**, Utah Code Annotated 1953

44 **72-2-301**, Utah Code Annotated 1953

45 **72-2-302**, Utah Code Annotated 1953

46 **72-2-303**, Utah Code Annotated 1953

47 **72-2-304**, Utah Code Annotated 1953



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

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

51 **17B-2a-802. Definitions.**

52 As used in this part:

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

56 (a) "Affordable housing" may include housing occupied or reserved for occupancy by

57 households that meet specific area median income targets or ranges of area median income
58 targets.

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

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

64 (3) (a) "Chief executive officer" means a person appointed by the board of trustees of a
65 small public transit district to serve as chief executive officer.

66 (b) "Chief executive officer" shall enjoy all the rights, duties, and responsibilities
67 defined in Sections 17B-2a-810 and 17B-2a-811 and includes all rights, duties, and
68 responsibilities assigned to the general manager but prescribed by the board of trustees to be
69 fulfilled by the chief executive officer.

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

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

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

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

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

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

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

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

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

87 (b) "General manager" shall enjoy all the rights, duties, and responsibilities defined in

88 Sections 17B-2a-810 and 17B-2a-811 prescribed by the board of trustees of a small public
89 transit district.

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

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

94 (b) two or more counties.

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

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

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

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

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

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

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

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

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

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

113 (i) chartered bus;

114 (ii) sightseeing bus;

115 (iii) taxi;

116 (iv) school bus service;

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

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

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

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

123 [~~19~~] (20) "Small public transit district" means any public transit district that is not a
124 large public transit district.

125 [~~20~~] (21) "Station area plan" means a plan developed and adopted by a municipality
126 in accordance with Section 10-9a-403.1.

127 [~~21~~] (22) (a) "Supervisor" means a person who has authority, in the interest of the
128 employer, to:

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

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

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

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

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

137 [~~22~~] (23) "Transit facility" means a transit vehicle, transit station, depot, passenger
138 loading or unloading zone, parking lot, or other facility:

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

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

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

142 (ii) railway line; and

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

145 [~~23~~] (24) "Transit vehicle" means a passenger bus, coach, railcar, van, or other
146 vehicle operated as public transportation by a public transit district.

147 [~~24~~] (25) "Transit-oriented development" means a mixed use residential or
148 commercial area that is designed to maximize access to public transit and includes the
149 development of land owned by a large public transit district.

150 [(25)] (26) "Transit-supportive development" means a mixed use residential or
151 commercial area that is designed to maximize access to public transit and does not include the
152 development of land owned by a large public transit district.

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

154 **17B-2a-808.1. Large public transit district board of trustees powers and duties --**
155 **Adoption of ordinances, resolutions, or orders -- Effective date of ordinances.**

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

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

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

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

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

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

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

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

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

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

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

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

180 (i) annually report to the Transportation Interim Committee the public transit district's

181 efforts to engage in public-private partnerships for public transit services;

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

183 (i) the executive director; and

184 (ii) all chief level officers;

185 (k) supervise and regulate each transit facility that the public transit district owns and

186 operates, including:

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

188 charges; and

189 (ii) make and enforce rules, regulations, contracts, practices, and schedules for or in

190 connection with a transit facility that the district owns or controls;

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

192 for investment, including funds:

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

194 (ii) invested in accordance with the participating employees' designation or direction

195 pursuant to an employee deferred compensation plan established and operated in compliance

196 with Section 457 of the Internal Revenue Code;

197 (m) in consultation with the local advisory council created under Section

198 [17B-2a-808.2](#), invest all funds according to the procedures and requirements of Title 51,

199 Chapter 7, State Money Management Act;

200 (n) if a custodian is appointed under Subsection (3)(d), and subject to Subsection (4),

201 pay the fees for the custodian's services from the interest earnings of the investment fund for

202 which the custodian is appointed;

203 (o) (i) cause an annual audit of all public transit district books and accounts to be made

204 by an independent certified public accountant;

205 (ii) as soon as practicable after the close of each fiscal year, submit to each of the

206 councils of governments within the public transit district a financial report showing:

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

208 (B) an accounting of the expenditures of all local sales and use tax revenues generated

209 under Title 59, Chapter 12, Part 22, Local Option Sales and Use Taxes for Transportation Act;

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

211 (D) the district's progress and efforts to improve efficiency relative to the previous

212 fiscal year; and

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

215 (p) report at least annually to the Transportation Commission created in Section
216 72-1-301, which report shall include:

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

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

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

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

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

229 (i) how negotiations occurred;

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

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

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

235 (u) review and approve any:

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

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

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

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

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

241 (v) coordinate with political subdivisions within the large public transit district and the
242 department to coordinate public transit services provided by the large public transit district with

243 pilot services related to public transit innovation grants.

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

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

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

249 (ii) necessary for:

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

251 (B) the execution of district powers; and

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

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

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

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

258 (iii) approved by the executive director or other officer or deputy as the board

259 prescribes;

260 (c) in consultation with the local advisory council created in Section [17B-2a-808.2](#):

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

262 (ii) appoint district officers to conduct a hearing and require the officers to make
263 findings and conclusions and report them to the board; and

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

266 (4) For a large public transit district in existence as of May 8, 2018, on or before
267 September 30, 2019, the board of trustees of a large public transit district shall present a report
268 to the Transportation Interim Committee regarding retirement benefits of the district, including:

269 (a) the feasibility of becoming a participating employer and having retirement benefits
270 of eligible employees and officials covered in applicable systems and plans administered under
271 Title 49, Utah State Retirement and Insurance Benefit Act;

272 (b) any legal or contractual restrictions on any employees that are party to a collectively
273 bargained retirement plan; and

274 (c) a comparison of retirement plans offered by the large public transit district and
275 similarly situated public employees, including the costs of each plan and the value of the
276 benefit offered.

277 (5) The board of trustees may not issue a bond unless the board of trustees has
278 consulted and received approval from the State Finance Review Commission created in Section
279 63C-25-201.

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

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

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

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

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

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

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

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

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

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

300 (ii) at least every two years thereafter.

301 (c) To provide the report described in this Subsection ~~§~~ → ~~(4)~~ (8) ← ~~§~~, a board of trustees
301a may
302 coordinate with the Department of Transportation to report on relevant public transit capital
303 development administered by the Department of Transportation.

304 ~~[(8) (a) For a large public transit district in existence on May 8, 2018, for the budget~~

305 for calendar year 2019, the board in place on May 8, 2018, shall create the tentative annual
306 budget.]

307 ~~[(b) The budget described in Subsection (8)(a) shall include setting the salary of each~~
308 ~~of the members of the board of trustees that will assume control on or before November 1,~~
309 ~~2018, which salary may not exceed \$150,000, plus additional retirement and other standard~~
310 ~~benefits, as set by the local advisory council as described in Section [17B-2a-808.2](#).]~~

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

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

315 **17B-2a-828. Public transit innovation grants.**

316 (1) A public transit district shall coordinate public transit services provided by the
317 public transit district with pilot services related to public transit innovation grants.

318 (2) After receiving the reports described in Section [72-2-304](#), the public transit district
319 shall consider integrating awarded public transit innovation grant operations that meet the
320 public transit district's service planning standards.

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

322 **59-12-2202. Definitions.**

323 As used in this part:

324 (1) "Airline" means the same as that term is defined in Section [59-2-102](#).

325 (2) "Airport facility" means the same as that term is defined in Section [59-12-602](#).

326 (3) "Airport of regional significance" means an airport identified by the Federal
327 Aviation Administration in the most current National Plan of Integrated Airport Systems or an
328 update to the National Plan of Integrated Airport Systems.

329 (4) "Annexation" means an annexation to:

330 (a) a county under Title 17, Chapter 2, County Consolidations and Annexations; or

331 (b) a city or town under Title 10, Chapter 2, Part 4, Annexation.

332 (5) "Annexing area" means an area that is annexed into a county, city, or town.

333 (6) "Class A road" means the same as that term is described in Section [72-3-102](#).

334 (7) "Class B road" means the same as that term is described in Section [72-3-103](#).

335 (8) "Class C road" means the same as that term is described in Section [72-3-104](#).

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

- 367 (ii) a minor arterial highway;
- 368 (iii) a fixed guideway that:
- 369 (A) extends across two or more cities or unincorporated areas; or
- 370 (B) is an extension to an existing fixed guideway; or
- 371 (iv) an airport of regional significance; or
- 372 (b) in a county of the second class that is not part of a large public transit district, or in
- 373 a county of the third, fourth, fifth, or sixth class:

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

379 ~~[(24)]~~ (25) "State highway" means a highway designated as a state highway under Title
380 72, Chapter 4, Designation of State Highways Act.

381 ~~[(25)]~~ (26) (a) Subject to Subsection ~~[(25)(b)]~~ (26)(b), "system for public transit"
382 means the same as the term "public transit" is defined in Section [17B-2a-802](#).

- 383 (b) "System for public transit" includes:
- 384 (i) the following costs related to public transit:
- 385 (A) maintenance costs; or
- 386 (B) operating costs;
- 387 (ii) a fixed guideway;
- 388 (iii) a park and ride facility;
- 389 (iv) a passenger station or passenger terminal;
- 390 (v) a right-of-way for public transit; or
- 391 (vi) the following that serve a public transit facility:
- 392 (A) a maintenance facility;
- 393 (B) a platform;
- 394 (C) a repair facility;
- 395 (D) a roadway;
- 396 (E) a storage facility;
- 397 (F) a utility line; or

398 (G) a facility or item similar to those described in Subsections [~~(25)(b)(vi)(A)~~]
399 (26)(b)(vi)(A) through (F).

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

401 **59-12-2212.2. Allowable uses of local option sales and use tax revenue.**

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

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

406 (i) a class A road;

407 (ii) a class B road;

408 (iii) a class C road;

409 (iv) a class D road;

410 (v) traffic and pedestrian safety infrastructure, including:

411 (A) a sidewalk;

412 (B) curb and gutter;

413 (C) a safety feature;

414 (D) a traffic sign;

415 (E) a traffic signal; or

416 (F) street lighting;

417 (vi) streets, alleys, roads, highways, and thoroughfares of any kind, including
418 connected structures;

419 (vii) an airport facility;

420 (viii) an active transportation facility that is for nonmotorized vehicles and multimodal
421 transportation and connects an origin with a destination; or

422 (ix) an intelligent transportation system;

423 (b) a system for public transit;

424 (c) all other modes and forms of conveyance used by the public;

425 (d) debt service or bond issuance costs related to a project or facility described in
426 Subsections (1)(a) through (c); or

427 (e) corridor preservation related to a project or facility described in Subsections (1)(a)
428 through (c).

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

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

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

438 **59-12-2219. County option sales and use tax for highways and public transit --**
439 **Base -- Rate -- Distribution and expenditure of revenue -- Revenue may not supplant**
440 **existing budgeted transportation revenue.**

441 (1) Subject to the other provisions of this part, and subject to Subsection (13), a county
442 legislative body may impose a sales and use tax of .25% on the transactions described in
443 Subsection 59-12-103(1) within the county, including the cities and towns within the county.

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

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

449 (a) .10% shall be transferred to the public transit district in accordance with Section
450 59-12-2206;

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

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

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

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

460 (i) .10% shall be transferred to the public transit district in accordance with Section
461 59-12-2206;

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

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

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

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

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

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

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

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

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

475 (5) For a county not described in Subsection (3) or (4), if a county of the second, third,
476 fourth, fifth, or sixth class imposes a sales and use tax under this section, the commission shall
477 distribute the sales and use tax revenue collected within the county as follows:

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

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

482 (ii) .10% shall be distributed as provided in Subsection (7); and

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

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

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

488 (ii) .10% shall be distributed as provided in Subsection (7); and

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

490 (c) the commission shall distribute the sales and use tax revenue, except for the sales

491 and use tax revenue described in Subsections (5)(a) and (b), as follows:

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

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

494 (6) (a) Subject to Subsection (6)(b), the commission shall make the distributions
495 required by Subsections (3)(b), (4)(a)(ii), (4)(b)(ii), (4)(c)(i), (5)(a)(i), (5)(b)(i), (5)(c)(i), and
496 (7)(d)(ii)(A) as follows:

497 (i) 50% of the total revenue collected under Subsections (3)(b), (4)(a)(ii), (4)(b)(ii),
498 (4)(c)(i), (5)(a)(i), (5)(b)(i), (5)(c)(i), and (7)(d)(ii)(A) within the counties and cities that
499 impose a tax under this section shall be distributed to the unincorporated areas, cities, and
500 towns within those counties and cities on the basis of the percentage that the population of each
501 unincorporated area, city, or town bears to the total population of all of the counties and cities
502 that impose a tax under this section; and

503 (ii) 50% of the total revenue collected under Subsections (3)(b), (4)(a)(ii), (4)(b)(ii),
504 (4)(c)(i), (5)(a)(i), (5)(b)(i), (5)(c)(i), and (7)(d)(ii)(A) within the counties and cities that
505 impose a tax under this section shall be distributed to the unincorporated areas, cities, and
506 towns within those counties and cities on the basis of the location of the transaction as
507 determined under Sections [59-12-211](#) through [59-12-215](#).

508 (b) (i) Population for purposes of this Subsection (6) shall be determined on the basis
509 of the most recent official census or census estimate of the United States Bureau of the Census.

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

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

515 (A) for a county that obtained approval from a majority of the county's registered
516 voters voting on the imposition of a sales and use tax under this section prior to May 10, 2016,
517 may, in consultation with any cities, towns, or eligible political subdivisions within the county,
518 and in compliance with the requirements for changing an allocation under Subsection (7)(e),
519 allocate the revenue under Subsection (5)(a)(ii) or (5)(b)(ii) by adopting a resolution specifying
520 the percentage of revenue under Subsection (5)(a)(ii) or (5)(b)(ii) that will be allocated to a
521 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 May 10,
523 2016, shall, in consultation with any cities, towns, or eligible political subdivisions within the
524 county, allocate the revenue under Subsection (5)(a)(ii) or (5)(b)(ii) by adopting a resolution
525 specifying the percentage of revenue under Subsection (5)(a)(ii) or (5)(b)(ii) that will be
526 allocated to a public transit district or an eligible political subdivision.

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

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

532 (B) an eligible political subdivision within the county.

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

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

538 (ii) an eligible political subdivision within the county.

539 (c) Notwithstanding Section [59-12-2208](#), the opinion question described in Section
540 [59-12-2208](#) shall state the allocations the county legislative body makes in accordance with this
541 Subsection (7).

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

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

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

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

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

554 (e) If a county legislative body seeks to change an allocation specified in a resolution
555 under Subsection (7)(a), the county legislative body may change the allocation by:

556 (i) adopting a resolution in accordance with Subsection (7)(a) specifying the percentage
557 of revenue under Subsection (5)(a)(ii) or (5)(b)(ii) that will be allocated to a public transit
558 district or an eligible political subdivision;

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

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

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

566 (B) in accordance with Section 59-12-2208, obtaining approval to change the
567 allocation from a majority of the county's registered voters voting on changing the allocation.

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

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

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

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

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

582 (8) (a) If a public transit district is organized after the date a county legislative body
583 first imposes a tax under this section, a change in a distribution required by this section may

584 not take effect until the first distribution the commission makes under this section after a
585 90-day period that begins on the date the commission receives written notice from the public
586 transit district of the organization of the public transit district.

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

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

598 (ii) For any revenue collected by a county pursuant to Subsection (9)(a)(i) before June
599 30, 2019, the county may expend that revenue for:

- 600 (A) reducing transportation related debt;
- 601 (B) a regionally significant transportation facility; or
- 602 (C) a public transit project of regional significance.

603 (b) For a county that has not imposed a sales and use tax under this section before May
604 8, 2018, and if the county imposes a sales and use tax under this section before June 30, 2019,
605 the commission shall distribute the sales and use tax revenue collected by the county on or after
606 July 1, 2019, as described in Subsections (3) through (8).

607 (c) For a county that has not imposed a sales and use tax under this section before June
608 30, 2019, if the entire boundary of that county is annexed into a large public transit district, and
609 if the county imposes a sales and use tax under this section on or after July 1, 2019, the
610 commission shall distribute the sales and use tax revenue collected by the county as described
611 in Subsections (3) through (8).

612 (10) A county, city, or town may expend revenue collected from a tax under this
613 section, except for revenue the commission distributes in accordance with Subsection (3)(a),
614 (4)(a)(i), (4)(b)(i), or (7)(d)(i), for a purpose described in Section [59-12-2212.2](#).

615 (11) (a) A public transit district or an eligible political subdivision may expend revenue
616 the commission distributes in accordance with Subsection (3)(a), (4)(a)(i), (4)(b)(i), or (7)(d)(i)
617 for capital expenses and service delivery expenses of the public transit district or eligible
618 political subdivision.

619 (b) As provided in Section 59-12-2212.2, for the .10% designated for public transit
620 described in Subsection (3)(a) that is not contractually obligated for debt service, beginning on
621 July 1, 2025, a public transit district shall make available to the Department of Transportation
622 an amount equal to 10% of the .10% to be used for public transit innovation grants as provided
623 in Title 72, Chapter 2, Part 3, Public Transit Innovation Grants.

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

627 (13) (a) (i) Notwithstanding any other provision in this section, if the entire boundary
628 of a county is annexed into a large public transit district, if the county legislative body wishes
629 to impose a sales and use tax under this section, the county legislative body shall pass the
630 ordinance to impose a sales and use tax under this section on or before June 30, 2022.

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

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

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

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

643 (i) a city or town that has been annexed into a public transit district; or
644 (ii) an eligible political subdivision.

645 (c) If a city or town imposes a sales and use tax as provided in this section, the

646 commission shall distribute the sales and use tax revenue collected by the city or town as
647 follows:

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

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

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

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

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

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

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

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

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

666 **59-12-2220. County option sales and use tax to fund highways or a system for**
667 **public transit -- Base -- Rate.**

668 (1) Subject to the other provisions of this part and subject to the requirements of this
669 section, the following counties may impose a sales and use tax under this section:

670 (a) a county legislative body may impose the sales and use tax on the transactions
671 described in Subsection **59-12-103**(1) located within the county, including the cities and towns
672 within the county if:

673 (i) the entire boundary of a county is annexed into a large public transit district; and

674 (ii) the maximum amount of sales and use tax authorizations allowed pursuant to
675 Section **59-12-2203** and authorized under the following sections has been imposed:

676 (A) Section **59-12-2213**;

- 677 (B) Section 59-12-2214;
678 (C) Section 59-12-2215;
679 (D) Section 59-12-2216;
680 (E) Section 59-12-2217;
681 (F) Section 59-12-2218; and
682 (G) Section 59-12-2219;

683 (b) if the county is not annexed into a large public transit district, the county legislative
684 body may impose the sales and use tax on the transactions described in Subsection

685 59-12-103(1) located within the county, including the cities and towns within the county if:

- 686 (i) the county is an eligible political subdivision; or
687 (ii) a city or town within the boundary of the county is an eligible political subdivision;

688 or

689 (c) a county legislative body of a county not described in Subsection (1)(a) may impose
690 the sales and use tax on the transactions described in Subsection 59-12-103(1) located within
691 the county, including the cities and towns within the county.

692 (2) For purposes of Subsection (1) and subject to the other provisions of this section, a
693 county legislative body that imposes a sales and use tax under this section may impose the tax
694 at a rate of .2%.

695 (3) (a) The commission shall distribute sales and use tax revenue collected under this
696 section as determined by a county legislative body as described in Subsection (3)(b).

697 (b) If a county legislative body imposes a sales and use tax as described in this section,
698 the county legislative body may elect to impose a sales and use tax revenue distribution as
699 described in Subsection (4), (5), (6), or (7), depending on the class of county, and presence and
700 type of a public transit provider in the county.

701 (4) If a county legislative body imposes a sales and use tax as described in this section,
702 and the entire boundary of the county is annexed into a large public transit district, and the
703 county is a county of the first class, the commission shall distribute the sales and use tax
704 revenue as follows:

- 705 (a) .10% to a public transit district as described in Subsection (11);
706 (b) .05% to the cities and towns as provided in Subsection (8); and
707 (c) .05% to the county legislative body.

708 (5) If a county legislative body imposes a sales and use tax as described in this section
709 and the entire boundary of the county is annexed into a large public transit district, and the
710 county is a county not described in Subsection (4), the commission shall distribute the sales
711 and use tax revenue as follows:

- 712 (a) .10% to a public transit district as described in Subsection (11);
- 713 (b) .05% to the cities and towns as provided in Subsection (8); and
- 714 (c) .05% to the county legislative body.

715 (6) (a) Except as provided in Subsection (12)(c), if the entire boundary of a county that
716 imposes a sales and use tax as described in this section is not annexed into a single public
717 transit district, but a city or town within the county is annexed into a single public transit
718 district, or if the city or town is an eligible political subdivision, the commission shall distribute
719 the sales and use tax revenue collected within the county as provided in Subsection (6)(b) or
720 (c).

721 (b) For a city, town, or portion of the county described in Subsection (6)(a) that is
722 annexed into the single public transit district, or an eligible political subdivision, the
723 commission shall distribute the sales and use tax revenue collected within the portion of the
724 county that is within a public transit district or eligible political subdivision as follows:

- 725 (i) .05% to a public transit provider as described in Subsection (11);
- 726 (ii) .075% to the cities and towns as provided in Subsection (8); and
- 727 (iii) .075% to the county legislative body.

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

- 732 (i) .08% to the cities and towns as provided in Subsection (8); and
- 733 (ii) .12% to the county legislative body.

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

- 737 (a) .08% to the cities and towns as provided in Subsection (8); and
- 738 (b) .12% to the county legislative body.

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

741 (i) 50% of the total revenue collected under Subsections (4)(b), (5)(b), (6)(b)(ii),
742 (6)(c)(i), and (7)(a) within the counties that impose a tax under Subsections (4) through (7)
743 shall be distributed to the unincorporated areas, cities, and towns within those counties on the
744 basis of the percentage that the population of each unincorporated area, city, or town bears to
745 the total population of all of the counties that impose a tax under this section; and

746 (ii) 50% of the total revenue collected under Subsections (4)(b), (5)(b), (6)(b)(ii),
747 (6)(c)(i), and (7)(a) within the counties that impose a tax under Subsections (4) through (7)
748 shall be distributed to the unincorporated areas, cities, and towns within those counties on the
749 basis of the location of the transaction as determined under Sections [59-12-211](#) through
750 [59-12-215](#).

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

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

756 (c) (i) Beginning on January 1, 2024, if the Housing and Community Development
757 Division within the Department of Workforce Services determines that a city, town, or metro
758 township is ineligible for funds in accordance with Subsection [10-9a-408\(7\)](#), beginning the
759 first day of the calendar quarter after receiving 90 days' notice, the commission shall distribute
760 the distribution that city, town, or metro township would have received under Subsection (8)(a)
761 to cities, towns, or metro townships to which Subsection [10-9a-408\(7\)](#) does not apply.

762 (ii) Beginning on January 1, 2024, if the Housing and Community Development
763 Division within the Department of Workforce Services determines that a county is ineligible
764 for funds in accordance with Subsection [17-27a-408\(7\)](#), beginning the first day of the calendar
765 quarter after receiving 90 days' notice, the commission shall distribute the distribution that
766 county would have received under Subsection (8)(a) to counties to which Subsection
767 [17-27a-408\(7\)](#) does not apply.

768 (9) If a public transit service is organized after the date a county legislative body first
769 imposes a tax under this section, a change in a distribution required by this section may not

770 take effect until the first distribution the commission makes under this section after a 90-day
771 period that begins on the date the commission receives written notice from the public transit
772 provider that the public transit service has been organized.

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

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

779 (i) a public transit district;

780 (ii) an eligible political subdivision; or

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

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

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

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

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

799 (B) 50% of the revenue from a sales and use tax imposed under this section in a county
800 of the first class shall be transferred to the Transit Transportation Investment Fund created in

801 Subsection 72-2-124(9).

802 (c) (i) If a county that is not a county of the first class for which the entire boundary of
803 the county is annexed into a large public transit district imposes a sales and use tax described in
804 this section, for a three-year period following the date on which the county imposes the sales
805 and use tax under this section, revenue designated for public transit as described in Subsection
806 (5)(a) shall be transferred to the relevant county legislative body to be used for a purpose
807 described in Subsection (11)(a).

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

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

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

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

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

824 (b) If a county passes an ordinance to impose a sales and use tax as described in this
825 section, the sales and use tax shall take effect on the first day of the calendar quarter after a
826 90-day period that begins on the date the commission receives written notice from the county
827 of the passage of the ordinance.

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

831 (13) (a) Revenue collected from a sales and use tax under this section may not be used

832 to supplant existing General Fund appropriations that a county, city, or town budgeted for
833 transportation or public transit as of the date the tax becomes effective for a county, city, or
834 town.

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

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

839 **72-1-303. Duties of commission.**

840 (1) The commission has the following duties:

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

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

847 (c) holding public meetings and otherwise providing for public input in transportation
848 matters;

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

852 (e) in accordance with Section [63G-4-301](#), reviewing orders issued by the executive
853 director in adjudicative proceedings held in accordance with Title 63G, Chapter 4,
854 Administrative Procedures Act;

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

856 (g) approving settlement agreements of condemnation cases subject to Section
857 [63G-10-401](#);

858 (h) in accordance with Section [17B-2a-807](#), appointing a commissioner to serve as a
859 nonvoting member or a voting member on the board of trustees of a public transit district;

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

862 (j) determining the priorities and funding levels of public transit innovation grants, as

863 defined in Section 72-2-301;

864 ~~[(j)]~~ (k) reviewing administrative rules made, substantively amended, or repealed by
865 the department[-]; and

866 (2) (a) For projects prioritized with funding provided under Sections 72-2-124 and
867 72-2-125, the commission shall annually report to a committee designated by the Legislative
868 Management Committee:

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

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

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

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

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

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

877 (B) the source of revenue for the additional funding allocation under Subsection
878 (2)(b)(ii)(A).

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

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

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

886 **72-2-121. County of the First Class Highway Projects Fund.**

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

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

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

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

894 (c) the portion of the sales and use tax described in Section 59-12-2217 deposited into
895 or transferred to the fund;

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

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

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

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

903 (4) Subject to Subsection [~~9~~] (10), the executive director shall use the fund money
904 only:

905 (a) to pay debt service and bond issuance costs for bonds issued under Sections
906 63B-16-102, 63B-18-402, and 63B-27-102;

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

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

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

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

915 (iii) a facility that may include a:

916 (A) pedestrian or nonmotorized vehicle trail;

917 (B) nonmotorized vehicle storage facility;

918 (C) pedestrian or vehicle bridge; or

919 (D) vehicle parking lot or parking structure;

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

923 (e) for a fiscal year beginning on or after July 1, 2013, to pay debt service and bond
924 issuance costs for \$30,000,000 of the bonds issued under Section 63B-18-401 for the projects

925 described in Subsection 63B-18-401(4)(a);

926 (f) for a fiscal year beginning on or after July 1, 2013, and after the department has
927 verified that the amount required under Subsection 72-2-121.3(4)(c) is available in the fund, to
928 transfer an amount equal to 50% of the revenue generated by the local option highway
929 construction and transportation corridor preservation fee imposed under Section 41-1a-1222 in
930 a county of the first class:

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

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

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

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

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

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

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

944 (h) after the department has verified that the amount required under Subsection
945 72-2-121.3(4)(c) is available in the fund and after the transfer under Subsection (4)(d), the
946 payment under Subsection (4)(e), and the transfer under Subsection (4)(g)(i) has been made, to
947 annually transfer \$2,000,000 to a public transit district in a county of the first class to fund a
948 system for public transit;

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

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

955 (ii) to fund parking facilities in a county of the first class that facilitate significant

956 economic development and recreation and tourism within the state;

957 (j) for the 2018-19 fiscal year only, after the department has verified that the amount
958 required under Subsection 72-2-121.3(4)(c) is available in the fund and after the transfer under
959 Subsection (4)(d), the payment under Subsection (4)(e), and the transfers under Subsections
960 (4)(g), (h), and (i) have been made, to transfer \$12,000,000 to the department to distribute for
961 the following projects:

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

963 (ii) \$1,000,000 to Herriman for highway improvements to Herriman Boulevard from
964 6800 West to 7300 West;

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

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

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

970 (vi) \$1,000,000 to Draper for highway improvements to Lone Peak Parkway from
971 11400 South to 12300 South;

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

973 (viii) \$900,000 to South Jordan City for right-of-way acquisition and improvements to
974 10200 South from 2700 West to 3200 West;

975 (ix) \$1,000,000 to West Jordan for highway improvements to 8600 South near
976 Mountain View Corridor;

977 (x) \$700,000 to South Jordan right-of-way improvements to 10550 South; and

978 (xi) \$500,000 to Salt Lake County for highway improvements to 2650 South from
979 7200 West to 8000 West; and

980 (k) subject to Subsection (5), for a fiscal year beginning on or after July 1, 2021, and
981 for 15 years thereafter, to annually transfer the following amounts to the following cities, metro
982 townships, and the county of the first class for priority projects to mitigate congestion and
983 improve transportation safety:

984 (i) \$2,000,000 to Sandy;

985 (ii) \$2,000,000 to Taylorsville;

986 (iii) \$1,100,000 to Salt Lake City;

- 987 (iv) \$1,100,000 to West Jordan;
988 (v) \$1,100,000 to West Valley City;
989 (vi) \$800,000 to Herriman;
990 (vii) \$700,000 to Draper;
991 (viii) \$700,000 to Riverton;
992 (ix) \$700,000 to South Jordan;
993 (x) \$500,000 to Bluffdale;
994 (xi) \$500,000 to Midvale;
995 (xii) \$500,000 to Millcreek;
996 (xiii) \$500,000 to Murray;
997 (xiv) \$400,000 to Cottonwood Heights; and
998 (xv) \$300,000 to Holladay.

999 (5) (a) If revenue in the fund is insufficient to satisfy all of the transfers described in
1000 Subsection (4)(k), the executive director shall proportionately reduce the amounts transferred
1001 as described in Subsection (4)(k).

1002 (b) A local government entity, as that term is defined in Section [63J-1-220](#), is exempt
1003 from entering into an agreement as described in Section [63J-1-220](#) pertaining to the receipt or
1004 expenditure of any funding described in Subsection (4)(k).

1005 (c) A local government may not use revenue described in Subsection (4)(k) to supplant
1006 existing class B or class C road funds that a local government has budgeted for transportation
1007 projects.

1008 (d) (i) A municipality or county that received a transfer of funds described in
1009 Subsection (4)(j) shall submit to the department a statement of cash flow and progress
1010 pertaining to the municipality's or county's respective project described in Subsection (4)(j).

1011 (ii) After the department is satisfied that the municipality or county described in
1012 Subsection (4)(j) has made substantial progress and the expenditure of funds is programmed
1013 and imminent, the department may transfer to the same municipality or county the respective
1014 amounts described in Subsection (4)(k).

1015 (6) The revenues described in Subsections (2)(b), (c), and (d) that are deposited into the
1016 fund and bond proceeds from bonds issued under Sections [63B-16-102](#), [63B-18-402](#), and
1017 [63B-27-102](#) are considered a local matching contribution for the purposes described under

1018 Section [72-2-123](#).

1019 (7) The department may expend up to \$3,000,000 of revenue deposited into the
1020 account as described Subsection [59-12-2220](#)(11)(b) for public transit innovation grants, as
1021 provided in Part 3, Public Transit Innovation Grants.

1022 [~~7~~] (8) The additional administrative costs of the department to administer this fund
1023 shall be paid from money in the fund.

1024 [~~8~~] (9) Subject to Subsection [~~9~~] (10), and notwithstanding any statutory or other
1025 restrictions on the use or expenditure of the revenue sources deposited into this fund, the
1026 Department of Transportation may use the money in this fund for any of the purposes detailed
1027 in Subsection (4).

1028 [~~9~~] (10) Any revenue deposited into the fund as described in Subsection (2)(e) shall
1029 be used to provide funding or loans for public transit projects, operations, and supporting
1030 infrastructure in the county of the first class.

1031 Section 10. Section **72-2-124** is amended to read:

1032 **72-2-124. Transportation Investment Fund of 2005.**

1033 (1) There is created a capital projects fund entitled the Transportation Investment Fund
1034 of 2005.

1035 (2) The fund consists of money generated from the following sources:

1036 (a) any voluntary contributions received for the maintenance, construction,
1037 reconstruction, or renovation of state and federal highways;

1038 (b) appropriations made to the fund by the Legislature;

1039 (c) registration fees designated under Section [41-1a-1201](#);

1040 (d) the sales and use tax revenues deposited into the fund in accordance with Section
1041 [59-12-103](#); and

1042 (e) revenues transferred to the fund in accordance with Section [72-2-106](#).

1043 (3) (a) The fund shall earn interest.

1044 (b) All interest earned on fund money shall be deposited into the fund.

1045 (4) (a) Except as provided in Subsection (4)(b), the executive director may only use
1046 fund money to pay:

1047 (i) the costs of maintenance, construction, reconstruction, or renovation to state and
1048 federal highways prioritized by the Transportation Commission through the prioritization

- 1049 process for new transportation capacity projects adopted under Section 72-1-304;
- 1050 (ii) the costs of maintenance, construction, reconstruction, or renovation to the highway
1051 projects described in Subsections 63B-18-401(2), (3), and (4);
- 1052 (iii) principal, interest, and issuance costs of bonds authorized by Section 63B-18-401
1053 minus the costs paid from the County of the First Class Highway Projects Fund in accordance
1054 with Subsection 72-2-121(4)(e);
- 1055 (iv) for a fiscal year beginning on or after July 1, 2013, to transfer to the 2010 Salt
1056 Lake County Revenue Bond Sinking Fund created by Section 72-2-121.3 the amount certified
1057 by Salt Lake County in accordance with Subsection 72-2-121.3(4)(c) as necessary to pay the
1058 debt service on \$30,000,000 of the revenue bonds issued by Salt Lake County;
- 1059 (v) principal, interest, and issuance costs of bonds authorized by Section 63B-16-101
1060 for projects prioritized in accordance with Section 72-2-125;
- 1061 (vi) all highway general obligation bonds that are intended to be paid from revenues in
1062 the Centennial Highway Fund created by Section 72-2-118;
- 1063 (vii) for fiscal year 2015-16 only, to transfer \$25,000,000 to the County of the First
1064 Class Highway Projects Fund created in Section 72-2-121 to be used for the purposes described
1065 in Section 72-2-121;
- 1066 (viii) if a political subdivision provides a contribution equal to or greater than 40% of
1067 the costs needed for construction, reconstruction, or renovation of paved pedestrian or paved
1068 nonmotorized transportation for projects that:
- 1069 (A) mitigate traffic congestion on the state highway system;
- 1070 (B) are part of an active transportation plan approved by the department; and
- 1071 (C) are prioritized by the commission through the prioritization process for new
1072 transportation capacity projects adopted under Section 72-1-304;
- 1073 (ix) \$705,000,000 for the costs of right-of-way acquisition, construction,
1074 reconstruction, or renovation of or improvement to the following projects:
- 1075 (A) the connector road between Main Street and 1600 North in the city of Vineyard;
- 1076 (B) Geneva Road from University Parkway to 1800 South;
- 1077 (C) the SR-97 interchange at 5600 South on I-15;
- 1078 (D) two lanes on U-111 from Herriman Parkway to 11800 South;
- 1079 (E) widening I-15 between mileposts 10 and 13 and the interchange at milepost 11;

- 1080 (F) improvements to 1600 North in Orem from 1200 West to State Street;
- 1081 (G) widening I-15 between mileposts 6 and 8;
- 1082 (H) widening 1600 South from Main Street in the city of Spanish Fork to SR-51;
- 1083 (I) widening US 6 from Sheep Creek to Mill Fork between mileposts 195 and 197 in
- 1084 Spanish Fork Canyon;
- 1085 (J) I-15 northbound between mileposts 43 and 56;
- 1086 (K) a passing lane on SR-132 between mileposts 41.1 and 43.7 between mileposts 43
- 1087 and 45.1;
- 1088 (L) east Zion SR-9 improvements;
- 1089 (M) Toquerville Parkway;
- 1090 (N) an environmental study on Foothill Boulevard in the city of Saratoga Springs;
- 1091 (O) using funds allocated in this Subsection (4)(a)(ix), and other sources of funds, for
- 1092 construction of an interchange on Bangerter Highway at 13400 South; and
- 1093 (P) an environmental impact study for Kimball Junction in Summit County; and
- 1094 (x) \$28,000,000 as pass-through funds, to be distributed as necessary to pay project
- 1095 costs based upon a statement of cash flow that the local jurisdiction where the project is located
- 1096 provides to the department demonstrating the need for money for the project, for the following
- 1097 projects in the following amounts:
 - 1098 (A) \$5,000,000 for Payson Main Street repair and replacement;
 - 1099 (B) \$8,000,000 for a Bluffdale 14600 South railroad bypass;
 - 1100 (C) \$5,000,000 for improvements to 4700 South in Taylorsville; and
 - 1101 (D) \$10,000,000 for improvements to the west side frontage roads adjacent to U.S. 40
 - 1102 between mile markers 7 and 10.
- 1103 (b) The executive director may use fund money to exchange for an equal or greater
- 1104 amount of federal transportation funds to be used as provided in Subsection (4)(a).
- 1105 (5) (a) Except as provided in Subsection (5)(b), if the department receives a notice of
- 1106 ineligibility for a municipality as described in Subsection 10-9a-408(7), the executive director
- 1107 may not program fund money to a project prioritized by the commission under Section
- 1108 72-1-304, including fund money from the Transit Transportation Investment Fund, within the
- 1109 boundaries of the municipality until the department receives notification from the Housing and
- 1110 Community Development Division within the Department of Workforce Services that

1111 ineligibility under this Subsection (5) no longer applies to the municipality.

1112 (b) Within the boundaries of a municipality described in Subsection (5)(a), the
1113 executive director:

1114 (i) may program fund money in accordance with Subsection (4)(a) for a limited-access
1115 facility or interchange connecting limited-access facilities;

1116 (ii) may not program fund money for the construction, reconstruction, or renovation of
1117 an interchange on a limited-access facility;

1118 (iii) may program Transit Transportation Investment Fund money for a
1119 multi-community fixed guideway public transportation project; and

1120 (iv) may not program Transit Transportation Investment Fund money for the
1121 construction, reconstruction, or renovation of a station that is part of a fixed guideway public
1122 transportation project.

1123 (c) Subsections (5)(a) and (b) do not apply to a project programmed by the executive
1124 director before July 1, 2022, for projects prioritized by the commission under Section
1125 [72-1-304](#).

1126 (6) (a) Except as provided in Subsection (6)(b), if the department receives a notice of
1127 ineligibility for a county as described in Subsection [17-27a-408\(7\)](#), the executive director may
1128 not program fund money to a project prioritized by the commission under Section [72-1-304](#),
1129 including fund money from the Transit Transportation Investment Fund, within the boundaries
1130 of the unincorporated area of the county until the department receives notification from the
1131 Housing and Community Development Division within the Department of Workforce Services
1132 that ineligibility under this Subsection (6) no longer applies to the county.

1133 (b) Within the boundaries of the unincorporated area of a county described in
1134 Subsection (6)(a), the executive director:

1135 (i) may program fund money in accordance with Subsection (4)(a) for a limited-access
1136 facility to a project prioritized by the commission under Section [72-1-304](#);

1137 (ii) may not program fund money for the construction, reconstruction, or renovation of
1138 an interchange on a limited-access facility;

1139 (iii) may program Transit Transportation Investment Fund money for a
1140 multi-community fixed guideway public transportation project; and

1141 (iv) may not program Transit Transportation Investment Fund money for the

1142 construction, reconstruction, or renovation of a station that is part of a fixed guideway public
1143 transportation project.

1144 (c) Subsections (6)(a) and (b) do not apply to a project programmed by the executive
1145 director before July 1, 2022, for projects prioritized by the commission under Section
1146 72-1-304.

1147 (7) (a) Before bonds authorized by Section 63B-18-401 or 63B-27-101 may be issued
1148 in any fiscal year, the department and the commission shall appear before the Executive
1149 Appropriations Committee of the Legislature and present the amount of bond proceeds that the
1150 department needs to provide funding for the projects identified in Subsections 63B-18-401(2),
1151 (3), and (4) or Subsection 63B-27-101(2) for the current or next fiscal year.

1152 (b) The Executive Appropriations Committee of the Legislature shall review and
1153 comment on the amount of bond proceeds needed to fund the projects.

1154 (8) The Division of Finance shall, from money deposited into the fund, transfer the
1155 amount of funds necessary to pay principal, interest, and issuance costs of bonds authorized by
1156 Section 63B-18-401 or 63B-27-101 in the current fiscal year to the appropriate debt service or
1157 sinking fund.

1158 (9) (a) There is created in the Transportation Investment Fund of 2005 the Transit
1159 Transportation Investment Fund.

1160 (b) The fund shall be funded by:

1161 (i) contributions deposited into the fund in accordance with Section 59-12-103;

1162 (ii) appropriations into the account by the Legislature;

1163 (iii) deposits of sales and use tax increment related to a housing and transit
1164 reinvestment zone as described in Section 63N-3-610;

1165 (iv) transfers of local option sales and use tax revenue as described in Subsection
1166 59-12-2220(11)(b) or (c);

1167 (v) private contributions; and

1168 (vi) donations or grants from public or private entities.

1169 (c) (i) The fund shall earn interest.

1170 (ii) All interest earned on fund money shall be deposited into the fund.

1171 (d) Subject to Subsection (9)(e), the commission may prioritize money from the fund:

1172 (i) for public transit capital development of new capacity projects and fixed guideway

1173 capital development projects to be used as prioritized by the commission through the
1174 prioritization process adopted under Section 72-1-304; or

1175 (ii) to the department for oversight of a fixed guideway capital development project for
1176 which the department has responsibility.

1177 (e) (i) Subject to Subsections (9)(g) and (h), the commission may only prioritize money
1178 from the fund for a public transit capital development project or pedestrian or nonmotorized
1179 transportation project that provides connection to the public transit system if the public transit
1180 district or political subdivision provides funds of equal to or greater than 30% of the costs
1181 needed for the project.

1182 (ii) A public transit district or political subdivision may use money derived from a loan
1183 granted pursuant to Title 72, Chapter 2, Part 2, State Infrastructure Bank Fund, to provide all or
1184 part of the 30% requirement described in Subsection (9)(e)(i) if:

1185 (A) the loan is approved by the commission as required in Title 72, Chapter 2, Part 2,
1186 State Infrastructure Bank Fund; and

1187 (B) the proposed capital project has been prioritized by the commission pursuant to
1188 Section 72-1-303.

1189 (f) Before July 1, 2022, the department and a large public transit district shall enter into
1190 an agreement for a large public transit district to pay the department \$5,000,000 per year for 15
1191 years to be used to facilitate the purchase of zero emissions or low emissions rail engines and
1192 trainsets for regional public transit rail systems.

1193 (g) For any revenue transferred into the fund pursuant to Subsection
1194 59-12-2220(11)(b):

1195 (i) the commission may prioritize money from the fund for public transit projects,
1196 operations, or maintenance within the county of the first class; and

1197 (ii) Subsection (9)(e) does not apply.

1198 (h) For any revenue transferred into the fund pursuant to Subsection
1199 59-12-2220(11)(c):

1200 (i) the commission may prioritize public transit projects, operations, or maintenance in
1201 the county from which the revenue was generated; and

1202 (ii) Subsection (9)(e) does not apply.

1203 (i) In accordance with Part 3, Public Transit Innovation Grants, the commission may

1204 prioritize money from the fund for public transit innovation grants, as defined in Section
1205 72-2-301, for public transit capital development projects requested by a political subdivision
1206 within a public transit district.

1207 (10) (a) There is created in the Transportation Investment Fund of 2005 the
1208 Cottonwood Canyons Transportation Investment Fund.

1209 (b) The fund shall be funded by:

1210 (i) money deposited into the fund in accordance with Section 59-12-103;

1211 (ii) appropriations into the account by the Legislature;

1212 (iii) private contributions; and

1213 (iv) donations or grants from public or private entities.

1214 (c) (i) The fund shall earn interest.

1215 (ii) All interest earned on fund money shall be deposited into the fund.

1216 (d) The Legislature may appropriate money from the fund for public transit or
1217 transportation projects in the Cottonwood Canyons of Salt Lake County.

1218 (11) (a) There is created in the Transportation Investment Fund of 2005 the Active
1219 Transportation Investment Fund.

1220 (b) The fund shall be funded by:

1221 (i) money deposited into the fund in accordance with Section 59-12-103;

1222 (ii) appropriations into the account by the Legislature; and

1223 (iii) donations or grants from public or private entities.

1224 (c) (i) The fund shall earn interest.

1225 (ii) All interest earned on fund money shall be deposited into the fund.

1226 (d) The executive director may only use fund money to pay the costs needed for:

1227 (i) the planning, design, construction, maintenance, reconstruction, or renovation of
1228 paved pedestrian or paved nonmotorized trail projects that:

1229 (A) are prioritized by the commission through the prioritization process for new
1230 transportation capacity projects adopted under Section 72-1-304;

1231 (B) serve a regional purpose; and

1232 (C) are part of an active transportation plan approved by the department or the plan
1233 described in Subsection (11)(d)(ii);

1234 (ii) the development of a plan for a statewide network of paved pedestrian or paved

1235 nonmotorized trails that serve a regional purpose; and
1236 (iii) the administration of the fund, including staff and overhead costs.

1237 Section 11. Section **72-2-301** is enacted to read:

1238 **Part 3. Public Transit Innovation Grants**

1239 **72-2-301. Definitions.**

1240 As used in this part:

1241 (1) "Council of governments" means the same as that term is defined in Section
1242 17B-2a-802.

1243 (2) "Grant" means a public transit innovation grant.

1244 (3) "High growth area" means an area or municipality within a public transit district
1245 that:

1246 (a) has significantly higher population increase relative to other areas within the
1247 county; and

1248 (b) is projected to continue to have significant population growth.

1249 (4) "Public transit district" means the same as that term is defined in Section
1250 17B-2a-802.

1251 (5) (a) "Public transit innovation grant" means a grant to provide targeted pilot
1252 programs to:

1253 (i) increase public transit ridership;

1254 (ii) increase public transit service in high-growth areas within the public transit district;
1255 and

1256 (iii) work toward expanding public transit services.

1257 (b) "Public transit innovation grant" includes a grant to provide:

1258 (i) pilot bus routes and services in high-growth areas;

1259 (ii) pilot shuttle connections between fixed guideway stations and job centers,
1260 recreation and cultural facilities and attractions, or schools; and

1261 (iii) other pilot programs similar to those described in Subsections (5)(b)(i) and (ii) as
1262 coordinated between the public transit district and political subdivisions within the public
1263 transit district.

1264 Section 12. Section **72-2-302** is enacted to read:

1265 **72-2-302. Public transit innovation grant funding sources.**

1266 (1) In accordance with Section 72-2-303, the commission, in coordination with the
1267 department, may rank, prioritize, and provide public transit innovation grants with money
1268 derived from the following sources:

1269 (a) certain local option sales and use tax revenue as described in Subsection
1270 59-12-2219(11)(b); and

1271 (b) revenue deposited in accordance with Subsection 59-12-2220(11) into the County
1272 of the First Class Highway Projects Fund created in Section 72-2-121.

1273 (2) In accordance with Section 72-2-124, the department may rank and prioritize public
1274 transit innovation grants for capital development to the commission, to be funded with money
1275 derived from the Transit Transportation Investment Fund as described in Subsection
1276 72-2-124(9).

1277 Section 13. Section 72-2-303 is enacted to read:

1278 **72-2-303. Public transit innovation grants -- Administration.**

1279 (1) The commission, in consultation with the department, relevant councils of
1280 governments, metropolitan planning organizations, and public transit districts, shall develop a
1281 process for the prioritization of grant proposals that includes:

1282 (a) instructions on making and submitting a grant proposal;

1283 (b) methodology for selecting grants; and

1284 (c) methodology for awarding grants.

1285 (2) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
1286 commission shall make rules to establish the process described in Subsection (1) and as
1287 otherwise necessary to implement this part.

1288 (3) The department shall:

1289 (a) accept grant applications;

1290 (b) rank grant proposals based on the objectives and criteria established in this part;

1291 and

1292 (c) provide money to grant recipients as directed by the commission and in accordance
1293 with this part.

1294 (4) A municipality or a group of municipalities may submit a grant proposal to the
1295 department.

1296 (5) (a) A public transit innovation grant proposal shall include data, evidence, and

1297 information about:

1298 (i) how the project will advance the purposes and goals of a public transit innovation
1299 grant described in Subsection 72-2-301(5);

1300 (ii) how the proposed services will provide a direct public transit service benefit to the
1301 municipality or area;

1302 (iii) the proposed mode of public transit or purpose for the funding;

1303 (iv) the proposed operator of the service, including qualifications for any proposed
1304 operator that is not a public transit district;

1305 (v) any funds provided by the municipality or group of municipalities as part of the
1306 grant proposal;

1307 (vi) how the pilot service will improve ridership in the municipality or area; and

1308 (vii) any other information that the municipality or public transit district finds relevant.

1309 (b) A public transit innovation grant proposal may propose a term of up to three years.

1310 (c) A public transit innovation grant proposal shall include information regarding
1311 integration and coordination with existing public transit services.

1312 (6) In considering a public transit innovation grant proposal, the commission shall
1313 consider criteria including:

1314 (a) population growth within the municipality or area relative to other municipalities or
1315 areas within the same county;

1316 (b) how the proposal furthers the following objectives:

1317 (i) increasing public transit ridership in the area;

1318 (ii) improving connectivity for the first and last mile relative to other public transit
1319 services; and

1320 (iii) improving public transit connectivity in high-growth areas within the public transit
1321 district; and

1322 (c) any funds proposed to be invested by the municipality or public transit district as
1323 part of the grant proposal.

1324 (7) The grant proposal may allow for bids for a vendor or public transit district to
1325 provide or operate the proposed services.

1326 (8) Subject to available funding described in Subsection 72-2-302(1), the commission
1327 may award a public transit innovation grant to a recipient that the commission determines

1328 further the objectives described in Subsections (5) and (6).

1329 (9) (a) Subject to Subsection (9)(b), if the commission approves a grant to provide
1330 money from a local option sales and use tax described in Subsection 59-12-2219(11), a public
1331 transit district shall transfer the money to the department, and the department shall transfer the
1332 money to the grant recipient.

1333 (b) A public transit district may offset money from a local option sales and use tax
1334 described in Subsection 59-12-2219(11) with other funds available to the public transit district.

1335 (10) If the commission approves a grant to provide money as provided in Subsection
1336 72-2-121(7), the department shall transfer the money to the grant recipient.

1337 (11) Any grant funds, assets, or infrastructure acquired or improved through a public
1338 transit innovation grant under this part belong to the grant recipient.

1339 Section 14. Section **72-2-304** is enacted to read:

1340 **72-2-304. Reporting.**

1341 (1) At least annually, a recipient of a grant under this part shall provide a report to the
1342 department and the relevant public transit district.

1343 (2) The report described in Subsection (1) shall include:

1344 (a) the amount of money provided through the grant;

1345 (b) an accounting of how the grant money has been utilized;

1346 (c) the type of services provided;

1347 (d) coordination with existing public transit services;

1348 (e) ridership data relevant to the innovative public transit service, including:

1349 (i) the number of riders; and

1350 (ii) whether the ridership or targeted objectives match projections; and

1351 (f) other information as determined by the grant recipient.

1352 (3) The department shall consolidate the reports the department receives under
1353 Subsection (1) and, on or before November 1 of each year, provide the consolidated reports to
1354 the Transportation Interim Committee.

1355 (4) The department and the commission are not responsible for providing performance
1356 measures or ensuring proper use of grant funds.

1357 Section 15. **Effective date.**

1358 This bill takes effect on July 1, 2024.