

SB136: Transportation Governance Amendments 0.25% Local Option Sales Tax for Transportation

OVERVIEW

Under recently adopted legislation ([SB136](#)) and action by Salt Lake County, there is an opportunity for cities to receive funding for priority transportation needs in their communities, including projects identified in [Utah's Unified Transportation Plan](#)

STATUTORY BACKGROUND

In 2015, the Legislature passed [HB362](#) which authorized the imposition of a 0.25% local option sales tax for transportation. This was the first local option for transportation since 2006 and the first local option ever with a designated portion that goes directly to cities. Every city in Salt Lake County passed a resolution in 2015 supporting the local option.

In 2018, the Legislature passed [SB136](#), which made some modifications to that local option. This included allowing the County to impose that local option by action of the County Council. SB136 has numerous other provisions, including reforming the governance of UTA, and improving the integration of land use, economic development potential, and state transportation investment.

COUNTY ACTION

In April 2018, the Salt Lake County Council passed an [ordinance](#) that would impose the 0.25% local option on October 1, 2018, if cities or towns representing 67% of Salt Lake County's population pass resolutions supporting the imposition.

CITY ACTION

Cities are now considering resolutions supporting the imposition by the County of the 0.25% local option. Under the terms of the County ordinance, these resolutions need to be adopted by June 22, 2018. The ULCT has developed a [sample resolution](#) for cities to use based on the resolution that cities passed in 2015.

ALLOCATION OF FUNDS

If the 0.25% local option is imposed on October 1, 2018, then between that date and June 30, 2019, 100% of the funds will go to the County; this will be about \$40M. Salt Lake County has indicated that about half the new revenue (~\$20M) would pay down transportation-related debt and the other half would be used for a transparent and competitive grant program to cities to fund regionally significant transportation projects. No money is statutorily allocated to UTA during this time frame.

Beginning July 1, 2019, the 0.25% will be allocated: 0.10% directly to the cities; 0.10% to UTA for transit service and projects; and 0.05% to the County. The 0.10% portion that goes to the cities would generate approximately \$2M per year for Sandy City, which would grow over time. Refer to this [revenue chart](#) for more information.

USES OF FUNDS

The 0.25% local option can be used for regionally significant transportation projects, as well as priority local needs. The local option revenue is more flexible than the gas tax because it can be used for all modes of transportation.

Cities and the County can use the funds for developing new roads or enhancing (e.g. widening) existing roads; funding active transportation, including bike and pedestrian projects; or funding transit enhancements. It can also be used for maintenance and upkeep of existing facilities.

Beginning July 1, 2019 – after the statutorily-mandated reforms to UTA have been implemented – UTA would receive funds for enhancing transit service. Voters approved Proposition 1 in Davis and Weber Counties in 2015. As a result, UTA has worked with local communities to determine priorities for enhancing service, including improving bus stops and shelters and expanding hours and frequency of service. UTA has made the same commitment to the residents of Salt Lake County.

The cities can partner in the use of their revenues from the 0.10% with neighboring cities, the County and/or with UTA to develop or improve regionally significant new transportation facilities.

Finally, the ULCT membership, including elected officials from Sandy, unanimously endorsed Resolution 2014-002 at the 2014 Annual Convention. The resolution called on the Utah State Legislature to authorize a local option sales tax that could be used for all local transportation modes and modernize the motor fuel tax. HB 362 in 2015 and SB 136 in 2018 reflect the will of the ULCT membership as stated in Resolution 2014-002.