

# LOCAL TRANSPORTATION FUNDING

Where did we come from?

Why are we here?

Where are we going (in the 2015 legislative session)?

UTAH LEAGUE OF CITIES AND TOWNS LEGISLATIVE POLICY COMMITTEE BRIEFING  
JANUARY 12, 2015

# LOCAL TRANSPORTATION FUNDING

- **Motor fuel tax (B&C): 24.5 cents**
  - Last increased in 1997 (5 cents)
  - Increased 10 times since 1923
- Cities and counties receive 30% of the B&C Fund which is distributed per a road lane mile formula
- **B&C Fund only covers approximately 40% of local transportation expenditures on transportation\***
- Locals use general funds to cover transportation needs
- **Local option sales tax for cities/towns: 1 cent**
  - Last increased in 1982-83 (quarter cent; fully phased in by 1998)

\*Based on ULCT analysis of FY 2011 transportation expenditures in all 244 cities & towns according to the Utah State Auditor's UT-2 form

# LOCAL TRANSPORTATION FUNDING (Counties/UTA)

## Counties:

- Motor fuel tax/B&C (similar B&C revenue shortfall as cities/towns)
- Urban counties have authority for up to three quarter cents of sales tax for transit
  - Only 1 county has imposed all 3 quarters for transit (SL Co) BUT
  - Salt Lake Coty uses quarter of the 3<sup>rd</sup> quarter for road projects

## Transit (UTA):

- 67% of UTA revenue comes from county imposed sales tax
- Other cities outside of UTA district that have transit districts may impose sales tax (Logan, Park City, St. George, Vernal)

# 2011 (1<sup>st</sup> qtr): UTAH 7 BYU 3



# 2011 (4<sup>th</sup> qtr): UTAH 54 BYU 10



# WHAT'S OUT THERE (as of Jan 12)

- ULCT PROPOSAL
- HOUSE SPEAKER/HOUSE TRANSPORTATION CHAIR
- HOUSE MEMBERSHIP
- SENATE LEADERSHIP
- SENATE MEMBERSHIP
- COUNTIES/UTA/UDOT

# 1) ULCT PROPOSAL (General Membership)

## **A) Quarter cent local option sales tax for CITIES/TOWNS dedicated to transportation:**

- Imposed by city/town councils within 2 years
- Distributed via the current 50/50 formula (pop./point of sale)

## **B) Expand definition of “transportation” to include:**

- Roads (O&M, construction, etc.)
- Sidewalks/pedestrian infrastructure/trails/bike paths
- Transit/connectivity

## **C) Cities/towns partner with county/transit dist to address regional needs**

## **D) Motor fuel tax TBD**

# 2) HOUSE SPEAKER/TRANS. CHAIR\*

## **A) Quarter cent local option dedicated to transportation**

- Broad definition
- Authorized at county level
- Approved by voters
- Allocation formula necessary for cities, counties, and UTA
  - Request to ULCT to work with UAC & UTA to determine allocation

## **B) Modify motor fuel tax to a portion of cents & portion of sales tax**

- Today's 24.5 cents would become 12.25 cents plus a sales tax equivalent
- Cities, towns, counties, and state all participate

## **C) Increase vehicle registration fees, particularly alt. fueled cars**

- Cities may or may not receive additional revenue
- Groundwork for future VMT fee

# 3) HOUSE MEMBERSHIP\*



- Recognition of the local need
- Momentum growing for some type of local option sales tax dedicated to transportation
- Momentum growing to address gas tax

# 4) SENATE LEADERSHIP\*

## **A) .0015 Local option sales tax dedicated to transportation**

- Quarter cent still a possibility
- TBD City or county imposed
- TBD Voter approval
- TBD allocation between cities, counties, and transit

## **B1) Increase in motor fuel tax of 5 cents OR**

- Cities, towns, counties, and state participate

## **B2) Increase in motor fuel tax of 10 cents**

- Cities, towns, counties, and state participate

## **C) Increase in vehicle registration for alt. fueled vehicles**

# 5) SENATE MEMBERSHIP\*



- Recognition of the local need
- Momentum growing for some type of local option sales tax dedicated to transportation
- Momentum growing to address gas tax

## 6) Utah Association of Counties (UAC), Utah Transit Authority (UTA), Utah Dept. of Transportation (UDOT)\*



- No stated preference in 2015
- Deferring to legislature to determine specific local funding mechanisms
- UAC/UTA are willing to work with ULCT to determine revenue allocation of whatever local mechanism the legislature adopts

\*Based on numerous conversations between UAC, UTA, UDOT, and ULCT staff and representatives as of January 12, 2015

# 1<sup>st</sup> QUARTER SCOREBOARD

	Sales Tax	Imposed by:	Sales tax Allocation	Motor fuel	Car reg
ULCT	.0025	City/town	Cities determine	Support	Support
House leaders	.0025	County; voter approved	Cities, transit, counties	½ cents, ½ sales tax	Increase, TBD
Sen leaders	.0015	TBD	TBD	5 or 10 cents	Increase, TBD
House, Senate	TBD	TBD	TBD	TBD	TBD
UAC/UTA/UDOT	Support	County	Cities, transit, counties	Support	Support

# 1<sup>st</sup> QUARTER SCOREBOARD

## SALES TAX DATA

FY 2014	Cities	Counties	Total
1% local option	\$437 mill	\$52 mill	\$489 mill
.0025 tax	\$109 mill	\$13 mill	\$122 mill
.0015 tax	\$65 mill	\$8 mill	\$73 mill

### KEY ISSUES:

- 1) Who should impose the local option?
- 2) How should the local option be allocated, if at all, between cities, counties, and transit?

# 1<sup>st</sup> QUARTER SCOREBOARD

## MOTOR FUEL TAX/B&C

FY 2014	Cities	Counties	Total
B&C distribution	\$79.5 mill	\$44.7 mill	\$124.2 mill
5 cent increase	\$14 mill	\$7.9 mill	\$21.9 mill
10 cent increase	\$28 mill	\$15.8 mill	\$43.8 mill

### KEY ISSUES:

- 1) How much of an increase?
- 2) Should there be an inflation component?
- 3) What is the future of the gas tax? (VMT)

# 1<sup>st</sup> QUARTER SCOREBOARD

- What have you heard?
- Your feedback?
- Three more quarters to go... and maybe even overtime
- Let us know:
  - Ken Bullock, [kbullock@ulct.org](mailto:kbullock@ulct.org)
  - Cameron Diehl, [cdiehl@ulct.org](mailto:cdiehl@ulct.org)