

An aerial, high-angle photograph of a city street intersection. The scene is captured in a cool, blue-green color palette. Several cars are visible, including a dark SUV on the left and a dark sedan on the right. Pedestrians are walking across the crosswalks. A large tree is on the left side, and a utility vehicle is partially visible in the bottom right corner. The text 'How Do We Pay for the Roads We All Use?' is overlaid in large white font across the center of the image.

# How Do We Pay for the Roads We All Use?

Residents, businesses, and visitors rely daily on city roads, but traditional funding sources are becoming less reliable.

## INTRODUCING UTAH HOUSE BILL 425 (HB 425)



Karen Peterson

HB 425 creates a new pathway for cities to fund roads through regulated transportation utility fees.

### Fee vs Tax

- TUF: City fee for road services (paid by users)
- Tax: General funding (paid by property owners)



## WHAT HB 425 DOES

- PROVIDES A PROCESS FOR CITIES TO IMPLEMENT A TUF (GUARD RAILS)
- CREATES DEDICATED FUNDING FOR ROADS

## WHAT IS A TUF

- USER-BASED FEE FOR TRANSPORTATION
- MUST BE REASONABLE + TIED TO USE

## USES

- PLANNING, CONSTRUCTION, MAINTENANCE
- REPAIR AND INFRASTRUCTURE UPGRADES

## KEY REQUIREMENTS

- FEE MUST MATCH SERVICE/BENEFIT
- CAN FUND MULTIPLE STREETS

## WHY IT MATTERS

- STABLE, RELIABLE FUNDING
- FAIR - USERS PAY THEIR SHARE





# IMPLEMENTATION REQUIREMENTS

Implementing HB425 transportation utility fees requires planning and some upfront work. Cities must conduct studies, adopt ordinances, and setup tracking systems. While there are initial costs TUF provides a reliable, long-term funding source for road maintenance, making it a strong option for cities with funding gaps.

# TRANSPORTATION UTILITY FEE STUDY REQUIREMENTS

## CITY MUST CONDUCT A TUF STUDY

- Determine and provide a reasonable estimate of need for a new transportation facility
- Identify existing funding sources and explain why they are inadequate to cover need
- Determine whether and explain how the proposed TUF is reasonably related to the services provided to, benefits received by, or need created by those paying the TUF

## STUDY MUST BE POSTED ON CITY'S WEBSITE

## PROPERTY VALUE RESTRICTIONS (FMV Not Allowed)

- City may not utilize a study or fee calculation that takes into account Fair Market Value (FMV) of property owned by a TUF payer but may utilize a study or fee calculation that takes into account property size only if it used to determine trip generation, vehicle type, or traffic counts

### Rates

City shall establish different rates with a TUF for different classifications of users if the rates and classifications have a reasonable basis

### Classifications

Classifications of users shall at minimum include:

- Residential users
- Commercial users
- Other users

### Public Hearing

City must provide notice for and hold a public hearing before imposing or increasing a TUF by ordinance

### Appeal Rights

Ordinance must establish an appeals process to challenge an assigned users classification

### Dedicated Revenue

City must establish a dedication transportation fund to deposit TUF revenue

### Annual Reviews

Required yearly review of the TUF and prepare a written report to be submitted to the state auditor

### Expiration

A TUF expires 10 years after the effective date of the ordinance imposing it

# Additional Requirements

# WHY IT'S NEEDED?

- STREETS AND TRAFFIC ARE THE #1 COMPLAINT
- THE CITY FACES A GROWING ANNUAL MAINTENANCE BURDEN
- CURRENT COSTS ARE SUBSIDIZED BY OTHER FUNDS (NOT SUSTAINABLE)
- TUF ENSURES THAT THE COST IS PAID BY THOSE USING THE FACILITIES





# WHY NOW?

OVER THE LAST 20 - 30 YEARS

- WE ARE BUYING LESS FUEL
- ROADWAY MAINTENANCE COSTS HAVE INCREASED SIGNIFICANTLY
- FUEL TAX IS NOT INCREASING



- We have been developing a framework to enact a TUF for several years
  - We have ensured it aligns with current legislation and requirements
- We have identified clear funding priorities, with a focus on maintaining our streets
  - We will be reducing reliance on subsidies from other City budgets

## PREPARATION & STRATEGY

TUF Revenue Target		Residential Zoning			Com. Zoning	All Zoning		
\$1,000,000								
AADT		Residential Units	Churches and Schools	Total Units	Units	Units	Yearly Cost per Unit	Monthly Cost per Unit
Min	Max							
0	100	13,568	3	13,571	641	14,212	\$ 45.00	\$ 3.75
101	300	0	29	29	148	177	\$ 363.31	\$ 30.28
301	600	0	0	0	52	52	\$ 655.58	\$ 54.63
601	99999999	0	15	15	87	102	\$ 2,566.27	\$ 213.86

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0	100	13,568	3	13,571	641	14,212	\$ 67.53	\$ 5.63
101	300	0	29	29	148	177	\$ 544.97	\$ 45.41
301	600	0	0	0	52	52	\$ 983.37	\$ 81.95
601	99999999	0	15	15	87	102	\$ 3,849.40	\$ 320.78

# PREPARATION & STRATEGY