



# DEPARTMENT OF TRANSPORTATION

## HIGHWAY CONSTRUCTION FUNDING SOURCES

INFRASTRUCTURE AND GENERAL GOVERNMENT  
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ISSUE BRIEF 1

### **SUMMARY**

The Legislature has been creative in the past fifteen years to develop several funding sources for highway construction at the Department of Transportation. Prior to 1995 the Department of Transportation relied almost exclusively on Transportation Funds and Federal Funds for any highway capacity increases. In 1995 Utah was facing the challenge of hosting the 2002 Winter Olympics with aging infrastructure. The legislature with cooperation of the governor developed a plan to use General Funds and increased fuel taxes to fund 41 highway projects throughout the State to address that problem. That program was called the Centennial Highway Program.

In 2005 the legislature earmarked sales taxes to be used for the Centennial Highway Program and added the Transportation Investment Fund of 2005 to receive sales taxes as well. The Critical Highway Needs Fund was established in 2008 that received \$90,000,000 dedicated General Funds and sales taxes.

The Legislature provided additional highway funding from sales taxes during the 2011 session with enactment of SB 229. That bill earmarks 30% of the growth in sales taxes after July 1, 2013 to DOT. Estimated 2013 revenue from that bill is \$60 million dollars.

Over \$8 billion dollars worth of new highway construction has been or is being built in the state since the conception of the original plan in 1995. The following information to shows the code citations for dedicated sales taxes and other funding sources used to fund highway construction in the state.

#### **Statutory Sales Tax Deposits for Transportation Purposes**

- 1 UCA 59-12-103(4)(a)(i) requires 1/16% or \$17.5 million on taxable transactions - Currently deposited into the Construction Management line item (approximately \$28.9 million)
- 2 UCA 59-12-103(7)(a) requires 1/64% on taxable transactions to be deposited into the Centennial Highway Fund (approximately \$7.2 million)
- 3 UCA 59-12-103(9)(a) requires 8.3% of revenues collected from sales taxes be deposited into the the Centennial Highway Fund (approximately \$165.2 million)
- 4 UCA 59-12-103(9)(b) requires \$90 million be deposited into the Critical Highway Needs Fund; \$90 million
- 5 UCA 59-12-103(11)(a)(i) requires .025% revenue collected from sales taxes be deposited into the Critical Highway Needs Fund (approximately \$9.8 million in FY 12 and \$10.4 million in FY 13)
- 6 UCA 59-12-103(12)(a) requires .025% revenue collected from sales taxes be deposited into the Transportation Investment Fund of 2005 (approximately \$9.8 million in FY 12 and \$10.4 million in FY 13)
- 7 UCA 59-12-103(8)(e)(i) requires an amount equal to 30% of the growth in the amount of revenues collected in the current fiscal year from the sales and use taxes described in Subsections (8)(e)(i)(A) through (D) that exceeds the amount collected from the sales and use taxes described in Subsections (8)(e)(i)(A) through (D) in the 2010-11 fiscal year

#### **General Fund Appropriations to DOT**

General Fund ongoing appropriations of \$1.5 million to the State Construction Program.

**Sales Tax Appropriations by Statutes cited above and General Fund**

<u>FY 12 Estimates</u>	<u>Millions</u>	<u>FY 13 Estimates</u>	<u>Millions</u>
1 One sixteenth	27.4	One sixteenth	28.9
2 One sixty-fourth	6.9	One sixty-fourth	7.2
3 Eight point three	156.9	Eight point three	165.2
4 \$90 million	90.0	\$90 million	90.0
5 CHNF .025	9.8	CHNF .025	10.4
6 TIF .025	9.8	TIF .025	10.4
7 30% of Growth		30% of Growth	60.0
<u>Total Sales Tax</u>	<u>300.8</u>	<u>Total Sales Tax</u>	<u>372.1</u>
<u>GF State Const</u>	<u>1.5</u>	<u>GF State Const</u>	<u>1.5</u>
<u>Total Ongoing GF</u>	<u>1.5</u>	<u>Total Ongoing GF</u>	<u>1.5</u>
<u>Total Sales Tax/GF</u>	<u>302.3</u>	<u>Total Sales Tax/GF</u>	<u>373.6</u>

**CENTENNIAL HIGHWAY PROGRAM**

	<b>FY 12</b>	<b>FY 13</b>
Transportation Funds - Gas tax	72,397	76,634
Motor Vehicle Registration	22,961	25,436
Departmental Efficiencies	6,000	6,000
<u>Net Transportation Funds Available</u>	<u>101,358</u>	<u>108,070</u>
Sales Tax Revenue (Olympics 1/64 cent)	6,857	7,233
Sales Tax Revenue (8.3% rev collected)	156,942	165,214
<u>Total Project Funds Available</u>	<u>265,157</u>	<u>280,517</u>

Note: The Legislature authorized 41 projects totaling \$3.9 billion through the CHF. Construction of CHF have been completed. The current CHF bonding indebtedness is approximately \$700 million. The cash flow generated after debt service will be available to fund projects and debt service in the TIF in future years. The Legislature authorized \$2.2 billion of bonding authority to fund the I-15 project in Utah County, a portion of Mountain View Corridor and the Southern Parkway with these funding sources, now the CHF projects have been completed.

**CRITICAL NEEDS HIGHWAY FUND**

	<b>FY 12</b>	<b>FY 13</b>
Sales Tax Revenue (\$90 million)	90,000	90,000
Sale Tax Revenue (.25%)	9,841	10,347
<u>Total Project Funds Available</u>	<u>99,841</u>	<u>100,347</u>

Note: This original revenue stream came annually through statute that transferred \$90 million from Sales Taxes to service \$1.2 billion of authorized bonding debt. The Legislature added ongoing revenue to the program during the 2008 when a .25% Sales Tax was added through enactment of HB 359 S3. 31 projects were originally identified at an estimated cost of \$1.4 billion. \$1.047

billion has been expended and the EAC authorized issuance of approximately \$1 billion in bonds of the \$1.2 billion authorized debt.

**HIGHWAY CAPACITY PROJECTS**

	FY 12	FY 13
General Fund (originally \$35 million ongoing)	1,470	1,470

Note: This revenue stream has been through ongoing General Fund appropriations. 32 projects totaling \$207.5 million were originally identified to be built with this revenue source.

**TRANSPORTATION INVESTMENT FUND PROJECTS**

	FY 12	FY 13
Sales Tax Revenue (SB 229)		59,989
Motor Vehicle Registration Fees	51,097	49,366
Sale Tax Revenue	9,841	10,347
Total Project Funds Available	60,938	119,702

Note: The original revenue stream was through ongoing General Fund appropriations. In the 2008 General Session a .25% Sales Tax was added through enactment of HB 359 S3. During the the 2009 General Session the General Fund portion was replaced with a \$20 increase in the Motor Vehicle Registrations with the enactment of SB 239. 17 projects totaling \$380 million were originally identified to be built with this revenue stream. The Legislature later authorized \$2.2 billion of bonding authority to fund the I-15 CORE project in Utah County, a portion of Mountain View Corridor and the Southern Parkway with these funding sources. Enactment of SB 229 during the 2011 session add another \$60 million to this program beginning July 1, 2013.

**Transportation Fund Revenue Sources**

<u>FY 12 Estimates</u>	<u>Millions</u>	<u>FY 13 Estimates</u>	<u>Millions</u>
Motor Fuel Tax	251.9	Motor Fuel Tax	254.9
Special Fuel Tax	106.9	Special Fuel Tax	109.1
Other	81.2	Other	83.0
<u>Total Transportation</u>		<u>Total Transportation</u>	
Funds	440.0	Funds	447.0