Utah Counties

State Summary of Transportation Funding and Finance

## **Transportation and Financial Authority:**

Counties have authority to:

• Levy special purpose local option taxes. A county may levy a public transportation system sales and use taxes (special purpose local option tax) pursuant to the approval of a majority of qualified voters in an election. This tax has base rate of 0.25% or 0.3% depending on the county plus with the option of adding an additional 0.25%, available to any county.

• Levy a motor vehicle rental tax. The county must use all the revenues from the tax for the promotion of tourism or the construction and maintenance of airport, and/or tourist facilities.

• Levy a tax on motor vehicles at a rate of $10 per registration of a motor vehicle within the county. The county must use the proceeds from this tax for highway planning, acquisition of property for highways, and maintenance of existing highways.

• Grant franchises over public roads for a period no longer than 50 years for any public lawful purpose, including toll roads, ferries, and bridges when county funds are not sufficient to otherwise maintain the road. Counties have similar powers to construct and operate airports.

Counties do not have authority to:

• Levy franchise taxes or fees.

• Charge any noteworthy fees not already listed

Mandated/Authorized Transportation Services:

• A county may lay out, plan, construct, control, and manage all public roads, bridges, sidewalks and ferries in the unincorporated parts of the county.

• Counties have similar powers to construct and operate airports.

## **Funding Sources for County Transportation Projects:**

• Local Transportation Corridor Preservation Fund Amendments:

○ A county highway authority could use funds from the Local Transportation Corridor Preservation fund for countywide transportation planning if the county’s planning focuses outside the boundaries of a metropolitan planning organization.

○ Additionally, it allows a county to use the funds generated from a local option highway construction and transportation corridor preservation fee as a revolving loan fund.

• Pay-As-You-Go: A county spends money on capital projects as it is collected. As a result the county will avoid having to pay interest or other financing costs, but the county may not be able to complete a project for several years and the cost of the project may increase due to construction inflation costs.

• Save Up and Set Aside: A county saves up money over a period of time and builds a new facility when sufficient money has been collected and saved. This method avoids interest costs (in fact the county will earn interest on the saved money), but construction costs may be affected by inflation over time.

• Grants: Counties may qualify for money for capital improvements from grants that do not require repayment.

• Debt Financing. Counties can pledge their revenues and other resources to borrow money by issuing tax-exempt municipal bonds. Interest must be paid over the life of the bonds. Types of debt include General Obligation (G.O.) Bonds, Revenue Bonds (Enterprise Fund), Sales and Excise Tax Revenue Bonds, Tax Increment Bonds, and Special Assessment Bonds.

## **Challenges in Funding and Financing Transportation Projects:**

## **Innovative Solutions to Funding and Financing Challenges:**