



UTAH HOUSE BILL 362 (2015)

Title of Bill: HB 362, Transportation Infrastructure Funding

Purpose: A bill to increase the state gas tax by 5 cents-per-gallon and create a 12 percent tax on the average wholesale price of fuel, to replace the state’s flat gas tax once the price of fuel reaches \$2.45 per gallon.

Status of Amendment: Signed into law March 27, 2015.

House Bill 362 (2015) Signed into law: March 27, 2015		
	House	Senate
FOR	129	42
AGAINST	41	12

History

State Gas Tax

Between 1978 and 1987, Utah increased the state fuel tax four times, bringing the amount from 7 cents-per-gallon to 19 cents-per-gallon. Before House Bill (HB) 362, Utah’s flat excise tax on gasoline was last raised 18 years prior (in 1997) to 24.5 cents-per-gallon.

Need

During the campaign to pass HB 362, several factors demonstrating the urgent need for transportation funding were discussed, including loss of purchasing power due to inflation, the need for a more sustainable transportation-funding source, a backlog of projects, projected growth in state population that would challenge the current infrastructureⁱ, and a transportation funding shortfall that would continue to grow over time unless addressed. A state budget shortfall was also listed as a cause for the decreased revenue going towards roads and bridges.ⁱⁱ

Funding forecasts identified an \$11.3 billion revenue gap over 30 years.ⁱⁱⁱ

Previous Attempt

In the previous legislative session, lawmakers attempted to pass House Bill 388 (2014)—“Amendments to Transportation Funding” legislation—which would have permitted local government elections to increase the sales tax by a quarter-cent per each \$1 purchase to support mass transit funding. If local elections successfully passed this type of funding measure, by 2016, the local governments could potentially raise \$91.5 million annually.

Although this bill passed overwhelmingly in the House, the bill died in the Senate. This bill largely failed when several senators believed that this bill was essentially an “election-year tax increase.” Senator Stevenson said that “a lot of senators viewed it as a tax increase... our caucus had taken an early position that we didn’t want to pass out any tax increases this year. It’s an election year.”^{iv}

Summary of Legislation

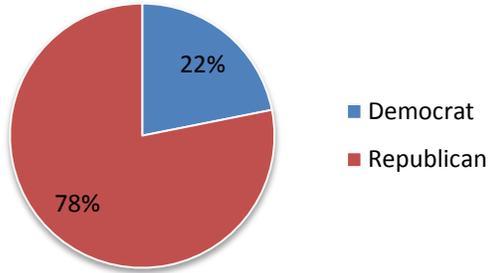
In the beginning of March 2015, both the Utah House and Senate passed competing bills to increase the state gas tax.

The Senate voted 20-5 on March 9 to approve Senate Bill (SB) 160, which would increase the state gas tax by 6 cents-per-gallon by July 2015, with an additional 3 cents-per-gallon phased in gradually over the next four years. A Fiscal Note issued March 9 estimated SB 160 would increase the Transportation Fund by \$54.218 million in FY 2016 and \$77.954 million in FY 2017. Additionally, funding to local governments for ‘Class B’ and ‘Class C’ roads was estimated at \$16.265 million in FY 2016 and \$23.386 million in FY 2017.

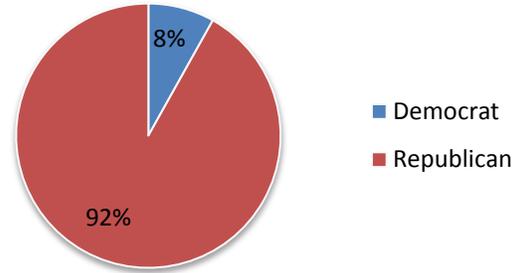
On the same day, the House passed its own measure—HB 362—to increase the state gas tax with a vote of 51-22. As passed that day, HB 362 would replace the state’s 24.5 cents-per-gallon flat gasoline tax with a 10 percent tax on the average price of wholesale fuel. Limits on the variable-rate tax would be put in place preventing the tax from enacting until the wholesale price of gas reaches \$2.45 per gallon, or increasing more than 40 cents-per-gallon. HB 362 would also authorize a 1/4-cent local option sales and use tax for counties to fund highways and public transit.

After passing competing bills, the House and Senate convened a conference committee to negotiate a deal between the two. On March 12, lawmakers reached a compromise that combined aspects of both bills. SB 160 was absorbed by HB 362, and the Senate voted 20-8 to approve the bill, followed closely by the House’s vote of 44-29.

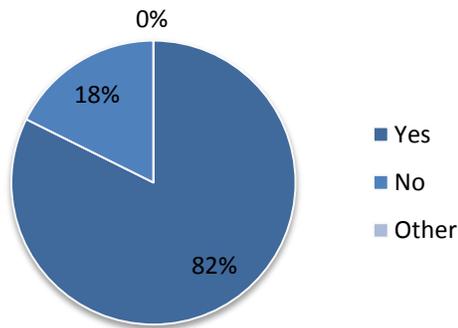
Legislators Voting for HB 362



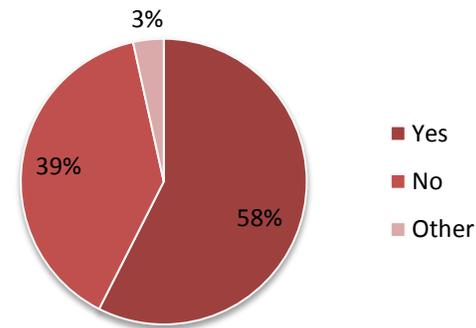
Legislators Voting Against HB 362



Democrat Votes



Republican Votes



Legislature Make-Up

At the time of bill passage, Utah's Governor was Gary Herbert (Republican), and the legislature was majority Republican.

- There are 17 Democrats within the legislature, five of which are in the Senate and 12 in the House.
 - In the Senate, all five Democrats voted in favor of HB 362.
 - In the House, nine Democrats voted for HB 362 and three opposed it. One Republican in the Senate did not cast a vote.
- There are 87 Republicans within the legislature, 24 of which are in the Senate and 63 in the House.
 - In the Senate, 15 Republicans voted in favor of HB 362 and eight opposed it. One Republican in the Senate did not cast a vote.

- In the House, 35 Republicans voted for HB 362, and 26 opposed it. Two Republicans in the House did not cast a vote.

Legislation

Governor Herbert on March 27 signed into law HB 362 to increase the state gas tax by 5 cents-per-gallon, create a 12 percent tax on the statewide average wholesale price of motor fuel to replace the flat gas tax in the future, and permit counties to seek voter approval for a 1/4-cent sales and use tax increase for local transportation projects.

The flat state gas tax increase to 29.5 cents-per-gallon will go into effect on Jan. 1, 2016. The 12 percent tax on the wholesale price of gasoline will not be enacted until the wholesale price reaches \$2.45 per gallon, a point which lawmakers do not expect to occur for another 6-10 years. Once enacted, it will replace the flat state gas tax going forward. Limitations were put in place to prevent the tax from collecting less than 29 cents-per-gallon or increasing more than 40 cents-per-gallon. The state gas tax was last raised in 1997.

Upon signing the bill, Gov. Herbert stated, “A strong transportation infrastructure has played a critical role in our economic growth and it will continue to do so thanks to this bill. This session we took the necessary steps to address the discrepancy between the funds we have set aside for transportation and the funds we will need to support our growing population and keep commerce flowing through our state for decades to come.”^v

Supporters

Arguments:

- By investing \$11.3 billion over 25 years, 182,618 new jobs would be created, and the state would see a 1.94 return on investment in non-construction GDP.
- Improved transportation infrastructure will attract business and improve market access.
- Alleviating congestion will cut down on car emissions,^{vi} as well as save drivers one full day and \$250 per year.
- Enhances local ability to raise money for transportation funding.
- Gas tax increase will give the Utah Department of Transportation the ability to address rural transportation needs, as well as mass transit and pedestrian and bicycling infrastructure.

Key Players:

Bill Sponsors

- Senator Alvin B. Jackson (Republican- District 14)
- Representative Johnny Anderson (Republican- District 34)

Utah Transportation Coalition

The Utah Transportation Coalition consists of five partners and 50 members from construction industry and business organizations throughout the state, as well as 34 contributors. The coalition had active social media campaigns on all platforms (including Twitter, Flickr, and Pinterest) and was heavily involved in advocating for transportation funding through press conferences and in news articles. The coalition also generated reports and studies in order to further educate the public and legislators.

Partners:

- Utah League of Cities and Towns
- Salt Lake Chamber of Commerce
- Utah Association of Counties
- Utah Department of Transportation
- UTA

Abby Albrecht, with the Utah Transportation Coalition: "If we wait it will be broken, it can be broken. Our infrastructure is in relatively good condition right now, but if we continue to wait and continue to let them get into disrepair, we'll pay for it in the long run."^{vii}

The Utah Transportation Coalition also emphasized improvements in air quality, economic development, and quality of life.^{viii}

Marketing Materials:

- [Executive Summary: Cumulative Economic Value of Implementing Utah’s Unified Transportation Plan](#)
- [Local news television panel](#)
- [Press conference](#)
- Branding Toolkit: The Utah Transportation Coalition assembled a branding toolkit, complete with infographs for social media use, in order to raise

UTAH TRANSPORTATION COALITION | **UTAH LEAGUE OF CITIES AND TOWNS** | **UTAH ASSOCIATION OF COUNTIES**

You Are Invited!

SHOW YOUR SUPPORT FOR UTAH'S TRANSPORTATION NEED

Demonstrate our unified voice to address transportation funding across the state and in your community. Your presence is requested at a Salt Lake Chamber Utah Transportation Coalition educational campaign press launch in your area to raise public awareness of transportation needs:

Farmington Monday, Nov. 17 10:30 a.m. UTA FrontRunner Park 'n Ride	St. George Tuesday, Nov. 18 10:30 a.m. Confluence Trailhead (South of the Dixie Center, 1835 S Convention Center Drive)	Vernal Friday, Nov. 21 11 a.m. Vernal City Hall 374 East Main Street
--	---	---

Send your photo and reasons for how transportation funding could improve your community to Nicole Martin nmartin@sandy.utah.gov and we will share it in the press materials. For more information, contact Abby.Albrecht@gcinc.com.

Tune into the events and spread the word. Follow us @utranscoalition and repost on your social media via #dontdelayUT.

Figure 1 Grassroots campaigning.

awareness of the state's need for increased transportation funding. (See below for images)

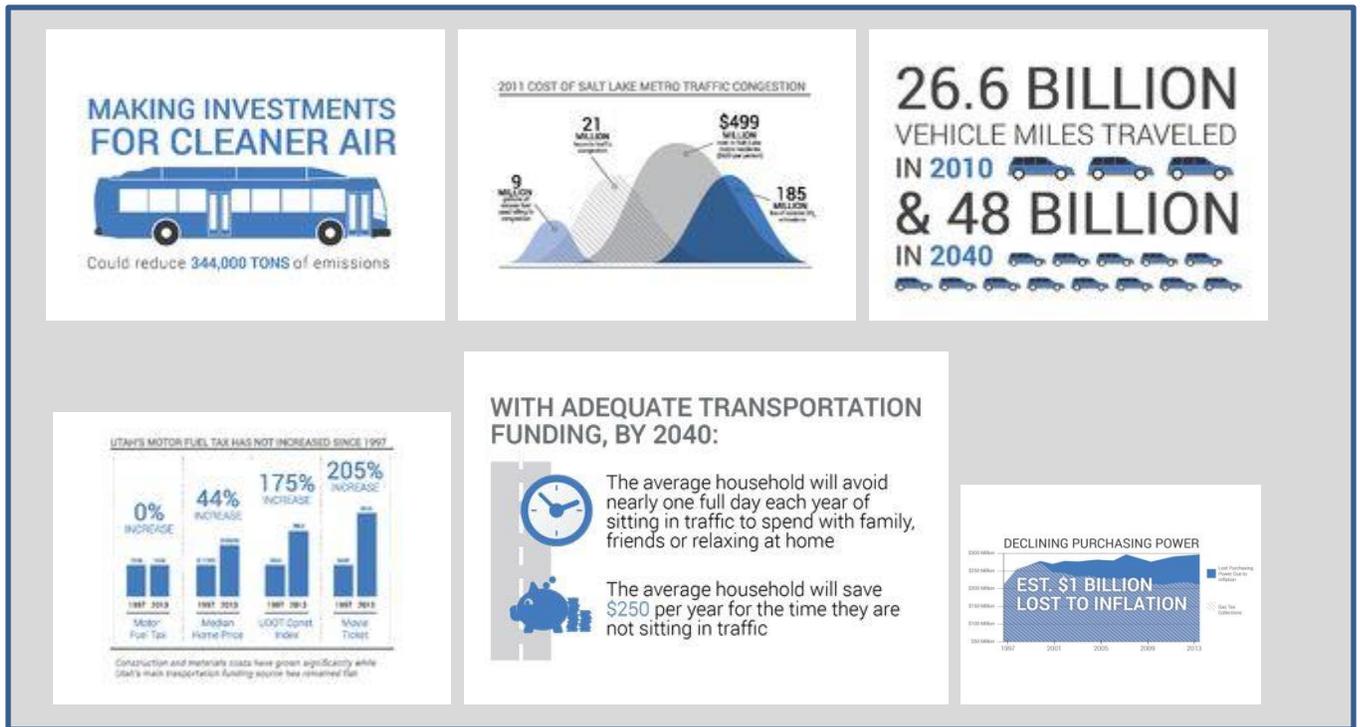


Figure 2 Images from the UTAH TRANSPORTATION COALITION Pinterest Page. For more images, visit: <https://www.pinterest.com/sandycityutah/utah-transportation-coalition/>

Governor Gary Herbert (R)

Governor Gary Herbert (R) included transportation funding in his list of 2015 priorities and appealed to lawmakers to find a long-term funding solution for the state's roads and bridges. When indicating his support of the compromise, Governor Herbert stated:

"Having a five cent increase in gasoline tax so we can have some instant infusion of money into our needs for roads is a good thing. Having a sales tax that will grow as we have an expansion in the economy to address our growth pressures is also a good thing."^{ix}

Polling:

A Dan Jones & Associates survey has found a majority of Utah voters support some form of fuel tax increase to fund road construction and maintenance. The March poll, conducted on behalf of Utah Policy, surveyed 406 registered voters over a three-day period, with a margin of error of +/- 4.86 percent. While 33 percent were opposed to a gas tax increase (a decrease from a poll conducted at the beginning of the year, which showed 37 percent opposed), 28 percent supported a 10 cents-per-gallon increase, 19 percent preferred to adopt a new formula with a sales tax for the state's gas tax, and 8

percent wanted a ‘different kind of fuel tax increase’. In total, 55 percent of respondents were in favor of some sort of state gas tax increase.^x

Opponents

Arguments:

- Taxes already too high within the state, especially in Salt Lake City, where the increase had the potential to push the sales tax above 7 percent.
- Local option sales tax is unfair to non-drivers and an extra tax burden.

Key Players:

Americans for Prosperity

While the Utah chapter of Americans for Prosperity did not launch until May 2015^{xi}, state director Evelyn Everton came out strongly against the quarter-cent local sales tax permitted in HB 362. In a statement, Everton said:

“We are disappointed to hear that county commissions would even consider allowing a sales tax hike to move forward. As responsible legislators, county officials should be working to protect their constituents from harmful legislation like the ‘local sales tax option.

If approved, the new tax would increase the price of nearly everything that families need.

Even worse? Almost half the funding would go to the wasteful Utah Transit Authority -- where it’s common practice to use taxpayer dollars to award massive executive bonuses.”^{xii}

Utah Taxpayers Association

Vice-President Bill Hesterman:

“We are disappointed by the Governor’s actions. He could have protected Utahns from higher taxes but decided to increase the tax burden on the state’s families and businesses. Taxpayers produced \$700 million in surplus revenue this year for the state government. To think such tax increases right now are necessary begs the question if the governor and the legislature really were as fiscally responsible in creating the state budget as they claimed to have been.”^{xiii}

Like Americans for Prosperity, the Utah Taxpayers Association also strongly opposed the local option sales tax.

“Your Taxpayers Association opposes the use of a local option general sales tax to fund transportation. This practice moves away from user fees and is unsound tax policy. A general sales tax on all goods and services is not directly connected to transportation system use. Transportation costs are already embedded in the current price of goods and services. Those who use the roads should pay for the roads directly. Using general taxes for specific uses moves away from a user fee.”^{xiv}

Why did it succeed?

Bipartisan Support

A majority of both Democrat and Republican support was essential in passing these bills quickly and efficiently.

Governor as a Champion

Governor Herbert’s support for a transportation funding increase was crucial in generating legislative support after a failed initiative in the prior year.

Active grassroots mobilization and effective communications emphasizing job creation and economic benefits.

The Utah Transportation Coalition had been working on a multi-year campaign to support a transportation funding increase, and had generated a large amount of research and studies in order to substantiate the need for additional revenue. The coalition also launched an effective marketing campaign that encompassed both social and traditional media outlets.

National Momentum

Utah lawmakers were the second state legislature in 2015—preceded by Iowa on February 24—to increase taxes on motor fuel in order to support needed transportation investments. South Dakota approved their own bill a day later, and was soon followed by Georgia, Idaho, Nebraska and Washington state.

In 2013, six states had approved modifications to their motor fuel taxes to raise revenue for transportation funding, followed by two additional states in 2014.

ARTBA Contact:

Carolyn Kramer

Transportation Investment Advocacy Center Manager

202-289-4434

ckramer@artba.org

About the Transportation Investment Advocacy Center

The Transportation Investment Advocacy Center™ (TIAC) is a first-of-its kind, dynamic education program and internet-based information resource designed to help private citizens, legislators, organizations and businesses successfully grow transportation investment at the state and local levels through the legislative and ballot initiative processes.

The TIAC website, www.transportationinvestment.org, was created so transportation investment advocates do not have to “re-invent the wheel” to mount successful campaigns. It exists to put in one place—and promote the sharing of—strategies... sample political and communications tools... legislative and ballot initiative language... and information on where to obtain professional campaign advice, research and help. To subscribe to at no cost—and receive via email—the regularly updated TIAC blog, visit the website.

In addition to the website, the TIAC program includes an annual workshop in Washington, D.C., and ongoing webinars for transportation investment advocates featuring case studies, best practices, and the latest in political and media strategies. State and local chamber of commerce executives, state legislators, state and local transportation officials, “Better Roads & Transportation” group members, industry and labor executives, and leaders of state and local chapters of national organizations who have an interest in transportation development programs are welcomed to participate.

The TIAC is a project of the American Road and Transportation Builders Association’s “Transportation Makes America Work!”™ (TMAW) program (www.tmaw.org) and funded through voluntary contributions and sponsorships. To become a sponsor or to make a contribution, visit the ARTBA store or contact TIAC Manager Carolyn Kramer at ckramer@artba.org or 202-289-4434. Also contact Ms. Kramer if you have questions or comments about any reports or case studies published through the TIAC.

Appendix

I. Breakdown of votes for Utah House Bill 362 (2015)

SENATE

Senators who voted in favor of HB 362:

Adams, J. S. (Republican- District 22)
Harper, W. (Republican- District 6)
Mayne, K. (Democrat- District 5)
Stevenson, J. (Republican- District 21)
Bramble, C. (Republican- District 16)
Hinkins, D. (Republican- District 27)
Millner, A. (Republican- District 18)
Urquhart, S. (Republican- District 29)
Dabakis, J. (Democrat- District 2)
Iwamoto, J. (Democrat- District 4)

Niederhauser, W. (Republican- District 9)
Van Tassell, K. (Republican- District 26)
Davis, G. (Democrat- District 3)
Jackson, A. (Republican- District 14)
Okerlund, R. (Republican- District 24)
Vickers, E. (Republican- District 28)
Escamilla, L. (Democrat- District 1)
Knudson, P. (Republican- District 17)
Shiozawa, B. (Republican- District 8)
Weiler, T. (Republican- District 23)

Senators who voted against HB 362:

Dayton, M. (Republican- District 15)
Osmond, A. (Republican- District 10)
Henderson, D. (Republican- District 7)
Stephenson, H. (Republican- District 11)

Hillyard, L. (Republican- District 25)
Thatcher, D. (Republican- District 12)
Jenkins, S. (Republican- District 20)
Madsen, M. (Republican- District 13)

Other Senators:

Christensen, A. (Republican- District 19)

House

Representatives who voted in favor of HB 362:

Anderson, Johnny (Republican- District 34)
Christofferson, K. (Republican- District 56)
DiCaro, S. (Republican- District 31)
Handy, S. (Republican- District 16)
King, Brian S. (Democrat- District 28)
Nelson, M. (Republican- District 68)
Poulson, M. (Democrat- District 46)
Sagers, D. (Republican- District 21)
Ward, R. (Republican- District 19)
Arent, P. (Democrat- District 36)
Coleman, K. (Republican- District 42)
Draxler, J. (Republican- District 3)
Hawkes, T. (Republican- District 18)
Last, B. (Republican- District 71)
Noel, M. (Republican- District 73)
Powell, K. (Republican- District 54)

Schultz, M. (Republican- District 12)
Westwood, J. (Republican- District 72)
Briscoe, J. (Democrat- District 25)
Cutler, B. R. (Republican- District 44)
Edwards, R. (Republican- District 20)
Hughes, G. (Republican- District 51)
McCliff, K. (Republican- District 70)
Oda, C. (Republican- District 14)
Ray, P. (Republican- District 13)
Snow, V. L. (Republican- District 74)
Wheatley, M. (Democrat- District 35)
Chavez-Houck, R. (Democrat- District 24)
Daw, B. (Republican- District 60)
Froerer, G. (Republican- District 8)
Ipson, D. (Republican- District 75)
Miller, J. (Democrat- District 40)

Perry, L. (Republican- District 29)
Redd, E. (Republican- District 4)
Spendlove, R. (Republican- District 49)
Wilson, B. (Republican- District 15)
Christensen, L. (Republican- District 32)
Dee, B. (Republican- District 11)

Hall, C. (Republican- District 33)
Ivory, K. (Republican- District 47)
Moss, C. (Democrat- District 37)
Pitcher, D. (Republican- District 10)
Romero, A. (Democrat- District 26)
Tanner, E. (Republican- District 43)

Representatives who voted against HB 362:

Anderegg, J. (Republican- District 6)
Cox, J. (Republican- District 58)
Fawson, J. (Republican- District 7)
King, Brad (Democrat- District 69)
Peterson, J. (Republican- District 9)
Stanard, J. (Republican- District 62)
Barlow, S. (Republican- District 17)
Cunningham, R. (Republican- District 50)
Grover, K. (Republican- District 61)
Knotwell, J. (Republican- District 52)
Peterson, V. (Republican- District 59)
Stratton, K. (Republican- District 48)
Brown, M. (Republican- District 53)
Duckworth, S. (Democrat- District 22)
Hollins, S. (Democrat- District 23)

Lifferth, D. (Republican- District 2)
Roberts, M. (Republican- District 67)
Thurston, N. (Republican- District 64)
Chew, S. (Republican- District 55)
Dunnigan, J. (Republican- District 39)
Hutchings, E. (Republican- District 38)
McCay, D. (Republican- District 41)
Sandall, S. (Republican- District 1)
Webb, R. C. (Republican- District 5)
Cox, F. (Republican- District 30)
Eliason, S. (Republican- District 45)
Kennedy, M. (Republican- District 27)
McKell, M. (Republican- District 66)
Sanpei, D. (Republican- District 63)

Other Representatives:

Gibson, F. (Republican- District 65)

Greene, B. (Republican- District 57)

-
- ⁱ Utah's Unified Transportation Plan 2011-2040
http://www.wfrc.org/new_wfrc/UnifiedPlan/Unified%20Plan%20Booklet%20Web%20Version%20Final%206%20Aug.%202013.pdf
- ⁱⁱ "THE FUTURE OF HIGHWAY FUNDING", Utah Legislature Briefing Paper, September 2002.
<http://le.utah.gov/lrgc/briefings/hwyfunding.pdf>
- ⁱⁱⁱ Governor's Transportation Summit - Transportation Interim Committee presentation, by Representative Johnny Anderson, November 5 2013.
<http://www.slideshare.net/UtahDOT/transportation-interim-committee-presentation>
- ^{iv} "MINUTES OF THE HOUSE TRANSPORTATION STANDING COMMITTEE", February 26 2014.
<http://le.utah.gov/~2014/minutes/HTRA0226.pdf>
- ^v "Governor takes action on 59 bills including investments in transportation, education equalization" Press Release from Gov Gary Herbert, March 27 2015.
http://www.utah.gov/governor/news_media/article.html?article=20150327-2
- ^{vi} Making Transportation Investments for Cleaner Air Website
<http://choices4cleanair.com/>
- ^{vii} "Utah Transportation Coalition rallies at Utah State Capitol", February 25 2015.
<http://www.good4utah.com/story/d/story/utah-transportation-coalition-rallies-at-utah-stat/67550/YBwrlWgF50Gq4LiH2qR8-w>
- ^{viii} "3 benefits of a well-functioning transportation system", By Utah Transportation Coalition. February 4th, 2015 @ 2:03pm
<http://www.ksl.com/?nid=1268&sid=33125797>
- ^{ix} "The Legislature sought to address projected \$11.3 billion shortfall for key road projects through 2040" by Lee Davidson for the *Salt Lake Tribune*, March 13 2015.
<http://www.sltrib.com/news/2280615-155/utah-legislature-compromise-increase-in-gas>
- ^x "Poll: Utahns Split on Gas Tax Hike", by Bob Bernick for *Utah Policy*, February 3 2015.
<http://utahpolicy.com/index.php/features/today-at-utah-policy/4692-poll-utahns-split-on-gas-tax-hike>
- ^{xi} "Koch brothers group launches Utah chapter" by Lisa Riley Roche, *Deseret News*, May 18 2015.
<http://www.deseretnews.com/article/865628975/Koch-brothers-group-launches-Utah-chapter.html?pg=all>
- ^{xii} "Group fights proposed tax increase for transportation" by Bryon Saxton, *Standard Examiner*, June 29 2015.
<http://www.standard.net/Government/2015/06/29/Group-organizes-to-fight-proposed-sales-tax-increase.html>
- ^{xiii} "Governor Herbert signs tax hikes into law" by Ben Winslow, *Fox Salt Lake City*, March 27 2015.
<http://fox13now.com/2015/03/27/governor-herbert-signs-tax-hikes-into-law/>
- ^{xiv} "What Will Happen to Utah's Gas Tax?", *The Utah Taxpayer*, Volume 40 Issue 3, March 2015.
<http://www.utahtaxpayers.org/wp-content/uploads/2015/03/March-Newsletter-Reduced.pdf>