

## Governmental Affairs Update January 14, 2021

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We were all ready for 2020 to end, but 2021 has certainly had a tumultuous start! Fortunately, we can have optimism for the long-desired end to the pandemic. Despite it all, the legislative process moves ahead, with the Utah Legislative session beginning next week on Tuesday, January 19, and the upcoming Presidential Inauguration on January 20.

With a hope for civility, unity, and good health for all, here is an update on state and federal legislative activities on transportation and related matters:

### State:

- Potential infrastructure investment
- Governor's recommended FY22 state budget
- Salt Lake Chamber legislative priorities

### Federal:

- Year-end appropriations and COVID relief
- Biden transition and USDOT leadership
- What to expect in 2021

## STATE

The state legislative session starts Tuesday, January 19, but according to a [statement](#) from the Legislature, at least initially all public participation will be conducted virtually, out of concern for potential protests at the Capitol as well as the COVID-19 pandemic.

### Potential infrastructure investment

The state may authorize additional bonding, principally for transportation infrastructure. This seems likely because of the historically low interest rates, a desire to stimulate the economy as we emerge from the pandemic and especially as several major capital projects wrap up including the airport, and an ongoing desire for transportation projects to accommodate growth.

While nothing is finalized, there has been discussion of bonding in the range of \$1-2 billion. Most would likely be utilized for state roads - funding UDOT road [projects](#) that have been identified through Utah's unified transportation planning process and the State Transportation Commission prioritization process. Funding would also likely be included, in the range of \$300-350M for FrontRunner strategic double tracking to allow for increased speeds and frequencies. Also being considered is funding in the range of \$100M for recreation projects, such as improvements at state parks. Active transportation projects

(bike projects that can be used for commuting, not just recreation) may also be included, which would reflect and capitalize on the huge increase in biking during the pandemic. This multimodal approach is consistent with the priorities and needs identified in [Utah's Unified Transportation Plan](#). Additional funding may also be provided for the expansion of broadband service.

We do not anticipate that state bonding would fund projects for city or county facilities, but state projects could be coordinated with local projects and funding.

As we contemplate bonding, it's important to remember that bonding is a financing tool, not new funding. Of course, bonding can be used to accelerate projects, but then debt service costs are incurred that reduce the availability of funding in the future. So it may be advantageous to bond for infrastructure, but a prudent and balanced approach is warranted to avoid boom-and-bust cycles of infrastructure investment.

The state is also anticipating new "one time" revenue to be available in FY22 in the range of \$1 billion. The Governor and legislative leaders have indicated support for using some of that funding on infrastructure investments. This approach would allow advancing important projects without adding to long-term debt obligations. The Governor's budget recommends using \$350M in one-time money for strategic double-tracking of FrontRunner. (More details on the Governor's budget recommendations are provided below.) The Governor does not recommend authorizing additional bonding. One of the merits of funding some or all of the FrontRunner project with one-time funding is that it would preserve some future funding for transit in the Transit Transportation Investment Fund (TTIF), rather than committing most or all of it in the years to come for debt service.

### **Governor's Recommended FY2022 Utah Budget**

Utah Governor Spencer Cox released his [budget recommendations](#) yesterday. Here are some of the highlights related to transportation and the work of WFRC.

- Overall emphasis on "Opportunity for All." This aligns well with the [Access to Opportunities](#) framework now being utilized by WFRC and Utah's transportation agencies.
- A call for policymakers to consider the "total transportation system," including transit and active transportation to meet growth demands on transportation (page 57)
- Support for the principles of the Wasatch Choice Regional Vision: *Ongoing efforts to link local land use and regional transportation provide a more integrated approach to reduce congestion, improve economic development, and enhance community character.* (page 62)

### **Transportation**

- \$350 million in one-time funds for double-tracking strategic sections of FrontRunner to improve speed and efficiency and improve air quality (page 55)
- \$50 million to address transportation issues in the Wasatch Canyons. (page 65)
- \$125 million for rural infrastructure, including \$50 million for expanding broadband and fiber access, \$69 million to create a new revolving loan fund for rural infrastructure, and \$6 million for electric vehicle charging stations in rural Utah. (page 55)
- No new general obligation bond authorization recommended (page 25)
- Transportation accounts for 12.9% of the recommended budget. (page 98)
- The Governor's budget recommendation includes over \$626 million in one-time state funds for capital infrastructure projects and \$1.5 billion in ongoing state cash funding for capital projects, including \$1 billion for maintaining and renovating existing infrastructure. (page 62)
- Budget assumes \$582 M in federal funding for transportation. (page 24)
- "The state needs to decrease reliance on sales taxes for transportation and increase reliance on user fees. These new revenues should allow the growth in total transportation funding to be proportionally allocated between roads and transit, based on the needs identified in the Unified Plan through 2050." (page 58)
- "Recognizing the Utah Constitution stipulates that certain transportation revenues (i.e. fuel taxes) be used for roads, the Governor recommends that transit receive a higher portion of total transportation revenues over time. With transit currently anticipated to be 33% of demand through 2050, total transportation funding should

be apportioned so that new revenue growth allows for funding allocations better aligned with Utah's Unified Transportation plans." (page 58)

### **Governor recommendations for transportation stakeholders (pg 57):**

- Consider the combined fiscal impacts of many large projects on the State's taxpayers
- Ensure that all pay their fair share to fund these growth costs and that the State carefully examine when and where it provides economic development inducements and the full costs of those inducements
- Increasingly look to user fees rather than taxes as the appropriate revenue source to fund and finance projects
- Increasingly rely on private sector and federal financing when it is available, with the State acting as a lender or financial market facilitator only when absolutely necessary, so private lenders can serve their function as lenders and the state can minimize tying up limited taxpayer funds for long periods of time
- Encourage strong local funding participation when the state participates in a local project
- Work closely with the State Treasurer in determining the appropriate time, amount, and means to pursue debt financing to maintain a prudent fiscal approach and ensure the state does not jeopardize its AAA bond rating
- Renew focus on infrastructure needs outside of the Wasatch Front by better understanding, addressing, and advocating for projects impacting our rural communities

### **Recreation and Open Space**

- \$125 million for open space and recreation, including trails and other outdoor recreation amenities throughout the state. (page 7)
- State and local entities still need to fund and develop an estimated 615 miles of new family-friendly trails to meet the state's goal of adding 1,000 miles of family-friendly trails between 2017 and 2027. (page 68)
- Remove the sunset on the Utah Outdoor Recreation Grant funding. (page 69)
- The Governor recommends increased local control of the use of local transient room taxes. (page 69)

### **Land Use and Housing**

- Utah had the second highest new private housing permits per population in the nation from January to October 2020. (page 15)
- Over the past five years, the monthly payment on a median-priced Utah home increased 43%, while median household incomes increased by only 24%. (page 59)
- The mortgage payment required to finance a median priced single-family home in Utah has now surpassed \$2,200 per month. Housing prices in the Salt Lake Metropolitan Area are more expensive than 88% of all major metropolitan areas in the United States. (page 59)
- \$1 million for technical planning assistance to high-growth emerging areas outside of MPOs and RPOs. (page 55) This is a complement to the funding being provided for technical planning assistance being provided that supports programs like the WFRC-administered [Transportation and Land Use Connection Program](#).
- Again, language that aligns with the work of WFRC and member communities: "Communities can reduce congestion and the demand for more roads by allowing market-driven housing to be developed close to economic centers and encouraging job and housing centers in appropriate locations that are closer to existing transit infrastructure. Simply changing the mix and location of housing and jobs to leverage existing infrastructure capacity will bend the cost curve of transportation and other infrastructure while decreasing the negative impacts on air quality" (page 58)

### **Salt Lake Chamber 2021 Legislative Priorities**

Earlier this week was the 2021 Utah Economic and Public Policy Summit. At that Summit several annual milestone materials were released, including:

- The [Economic Report to the Governor](#) prepared by the Utah Economic Council

- The 2021 version of [Utah Informed](#) from the Kem C. Gardner Policy Institute
- The Salt Lake Chamber of Commerce [2021 Legislative priorities](#).

Here's a Deseret News article summarizing the event, [Utah poised for economic recovery in 2021, but infrastructure remains issue, leaders say](#).

Many of the Chamber legislative priorities are consistent with the activities undertaken by WFRC, and are reflected in the [Wasatch Choice Vision](#) and [Utah's Unified Transportation Plan](#). Some examples of those Chamber priorities include:

**Transportation** (*note - WFRC and other transportation partners worked with the Salt Lake Chamber and their Transportation Coalition to advise on the development of these priorities*):

- Utah's future mobility, economy, and long-term quality of life require that we continue to invest in Utah's transportation infrastructure. Utah's population is projected to grow to over five million by 2050. This steep growth trajectory demonstrates the importance of continued strategic investment in multimodal transportation options.
- Utah's growth trajectory is largely unchanged by the pandemic. That means we still need robust and sustainable investments in a multi-modal transportation system that incorporates roads, transit, active transportation, and—more than ever—broadband, and we need to coordinate that infrastructure with local land use decisions and housing development. The priorities we invest in today will pay dividends for Utah's long-term economic strength for generations to come.
- We urge lawmakers to restore and protect ongoing and previously planned transportation funding to maintain momentum in transportation infrastructure investments, and to explore prudent use of bonding to accelerate completion of prioritized projects that support economic recovery.
- We support policies to protect Utah's supply chain and the transportation method that ensure Utah's businesses have access to needed supplies, products, and personal protective equipment.
- We support transportation policies and plans that support a high-quality of life by promoting good health, better mobility, a strong economy, and connected communities.
- We support continued investment and long-term funding solutions for Utah's multi-modal transportation network in order to maintain safety, expand capacity, and support driving, transit, and active transportation options.
- We support policies that encourage innovation and increase transportation methods, access, and options.
- We support users bearing the primary responsibility for funding Utah's transportation infrastructure, including expansion of the road usage charge program.
- We support programs that provide technical assistance to local communities as they plan for growth, specifically the connection between transportation, land use, and transit-oriented development.
- We support investments that facilitate access to recreation, including mitigating impacts on gateway communities.
- We support encouraging local governments to plan and zone for mixed-use, multi-family housing in coordination with high-capacity transportation and transit service.

#### **Housing:**

- We support programs that provide technical assistance to local communities and training for local land use officials as they plan for growth, specifically the connection between land use, property rights, economic development, and quality of life.
- We support ongoing funding for public awareness efforts regarding Utah's housing crisis and the need for positive, smart growth to address our extreme housing shortage, which has been exacerbated by the pandemic and its effects.
- We support incentivizing mixed-use developments that align with state and local transportation investments and make smart use of land that allow residents to live in walkable, accessible communities.
- We support policies that adapt local land use strategies to allow communities to address affordable housing needs.

#### **Air Quality:**



- We support increased investment in transit infrastructure and service, including double-tracking FrontRunner and expanding Trax and Bus Rapid Transit options, in order to increase ridership and reduce emissions from single-occupancy vehicle miles traveled.
- We support local governments planning and zoning for mixed-use, multi-family housing in proximity to high-capacity transit service, in order to increase walking, biking, and transit use, while at the same time reducing vehicle emissions.
- We support policies to enable strategic and practical telework policies in order to reduce commuter miles and improve air quality.

## FEDERAL

### Year-end Appropriations and COVID Relief

In the final days of 2020, the Congress passed, and the President signed into law, a massive year-end spending bill which included funding for the Federal Government through the end of the 2021 fiscal year (ending September 30, 2021) and a coronavirus relief/stimulus bill.

The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) included \$14 Billion for public transit agencies and \$10 billion for state DOTs. Utah's rural and urbanized area transit districts are expected to receive roughly \$38.8 million (most of that going to UTA) and UDOT is estimated to receive \$86.75 million from CRRSAA, with some of those funds passed through by formula to Utah's MPO's for the Surface Transportation Block Grant Program (STP). For Utah's transit agencies, the total amount of federal funds received between CRRSAA and the CARES Act (passed back in April 2020) will not be more than 75% of the agency's 2018 operating expenses.

The FY2021 Transportation, House and Urban Development (T-HUD) Appropriations Bill included \$74.65 billion for the US Department of Transportation (USDOT)—including \$48.4 billion for the Federal Highway Administration and \$13 billion for the Federal Transit Administration for FY2021. The bill also included \$641 million for STP.

### Biden Transition and USDOT Leadership

Following the riots that breached the U.S. Capitol Building, among several other senior Trump Administration officials, Transportation Secretary Elaine Chao announced her intent to resign as the head of the USDOT effective Monday, January 11. Steven Bradbury took the helm of the agency as the Acting Secretary of Transportation. Starting in 2017, Mr. Bradbury had served as the agency's general counsel and since September 2019 as the agency's Deputy Secretary.

President-Elect Joe Biden announced his intent to nominate Pete Buttigieg to be Secretary of Transportation. Buttigieg was the former Mayor of South Bend, Indiana, and former Democratic Presidential candidate. Mr. Buttigieg's top responsibility will be spearheading the Administration's efforts to implement [President's Biden's \\$1 trillion infrastructure investment plan](#) to rebuild America's crumbling infrastructure, which will prioritize clean energy and the goal of reaching net-zero emissions by 2050. President Biden has not yet announced his model agency administrator nominees—including FHWA and FTA administrators.

### What to Expect in 2021

Following the inauguration of Joe Biden next week, the Senate will be focused for a number of weeks on confirming President Biden's cabinet -- and perhaps on an impeachment trial. President-Elect Biden has made it clear that, in addition to the coronavirus response and economic stimulus legislation, a large infrastructure investment bill will be one of his Administration's first legislative priorities in 2021. With Senate Democrats taking a majority in the U.S. Senate, House and Senate Democrats have indicated that they are thinking big on infrastructure investment and tackling issues related to climate change and clean energy. Additionally, the current short-term extension of the surface transportation authorization (FAST Act) is set to expire at the end of September 2021. The surface transportation reauthorization bill will be a top priority for the Congress this year. As a reminder, here is a link to [Utah's shared transportation reauthorization](#)

[priorities](#). Congress will also actively be working on the appropriations process for FY22 in the spring and summer months.

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