

May 22, 2020

The Honorable Gary Herbert
Governor of the State of Utah
350 S. State Street
Salt Lake City, UT 84103

The Honorable Stuart Adams
President of the Utah Senate
350 S. State Street
Salt Lake City, UT 84103

The Honorable Brad Wilson
Speaker of the Utah House of Representatives
350 S. State Street
Salt Lake City, UT 84103

RE: Transportation Funding and the B&C Road Allocation

Governor Herbert, President Adams and Speaker Wilson:

First, thank you for your leadership during this unprecedented crisis that is facing the nation. We have appreciated the collaborative approach that has been taken between the state, counties, cities, and the business community. Like you, as state and local leaders, we are working diligently to ensure the fiscal conditions of our counties and cities are maintained, to the greatest extent possible, in the unforeseen economic dip that we are all experiencing. As you know, the legislature has not afforded local government the same revenue flexibility as the state, placing statutory restrictions on local governments' ability to amass rainy day funds or ability to leverage new revenue sources in an effort to maintain critical services during this time.

One of the areas where we are experiencing the largest impact is our ability to maintain and operate our transportation infrastructure. Like the state, local governments are dependent upon motor fuel tax receipts in order to pay for our transportation infrastructure. As we enter the construction season, we are quite concerned that the anticipated motor fuel tax receipts will not be adequate to meet the basic maintenance needs in our communities, let alone continue our planned capital improvements. With automobile travel down approximately 40% due to COVID-19, we are anticipating a corresponding reduction in motor fuel tax receipts, which will decimate many of our local efforts to maintain and improve local road networks. The reduction in motor fuel taxes is compounded by the reduction in sales taxes at all levels. Today, Utah's local governments own and maintain nearly 36,000 miles of road, accounting for approximately 75% of all lane miles in Utah. Without adequate motor fuel tax receipts, nearly all jurisdictions will be faced with reducing maintenance efforts, potentially delaying capital projects, and cutting critical construction-based workforce.

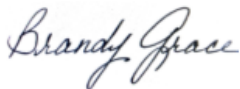
The Utah Department of Transportation and Utah's Metropolitan Planning Organizations (MPOs) estimate that deferred maintenance can result in over 10x increase in cost for future repairs or reconstruction of the same piece of infrastructure. Couple the increased cost of deferred maintenance, with the loss in workforce that is supported with the local portion of motor fuel tax, and we are concerned about the long-term and compounding consequences of this pandemic – on local governments and the Utah economy as a whole.

Many cities and counties are anticipating deferring capital improvement projects in light of revenue declines and the need to focus their revenues on continuation of essential services (police, fire, health care, etc.). This will have a negative economic impact as construction jobs will be idled or lost. And the inverse is also true: continuing to invest in planned capital improvement projects – at the state and local level – is a great way to continue economic activity in Utah.

While we all would prefer to “pay as we go” for infrastructure needs, this unprecedented pandemic will require an unprecedented collaborative effort to address diminished revenue. With that being said, we are seeking a partnership with the state to address this need. We would ask that the executive and legislative branch work with us, as local partners, to consider approaches – including the potential for statewide bonding – in the area of transportation infrastructure that would be used to backfill the loss in motor fuel tax that is being experienced by the state and in the local B&C transportation allocation. This would be used exclusively to carryout existing maintenance and operational needs and make capital improvements related to the local transportation network. Not only will this help ensure critical employment for contractors in many areas of the state, but would also help ensure that the cost of deferred maintenance does not further compound the impacts of the COVID-19 pandemic. Our intention is not to negatively impact current or future state transportation projects or revenues, which are essential to continue for Utah’s mobility and economy, but rather to provide assistance to local governments so their capital investment programs can also be sustained.

Recognizing that additional special sessions are likely, we want to collaborate with state leaders and other stakeholders to seek to come up with plans to keep existing projects “funded” and the work scheduled for this construction season. Please let us know if you are interested in and support this approach. We look forward to the collaboration. Thank you again for all you are doing for our great state.

Appreciatively,



Brandy Grace, CEO
Utah Association of Counties



Andrew Jackson, Executive Director
Mountainland Association of Governments



Cameron Diehl, Executive Director
Utah League of Cities and Towns



Myron Lee, Director
Dixie Metropolitan Planning Organization



Andrew Gruber, Executive Director
Wasatch Front Regional Council