



**Fiscal Note**  
**H.B. 403**  
2018 General Session  
Tax Modifications  
by Briscoe, J.



***General, Education, and Uniform School Funds***

JR4-5-101

	Ongoing	One-time	Total
Net GF/EF/USF (rev.-exp.)	\$372,305,900	\$(373,117,700)	\$(811,800)

**State Government**

UCA 36-12-13(2)(b)

Enactment of this legislation could reduce state sales tax from food by \$55.6 million in FY 2020 and by \$139.7 million in FY 2021 under a full year of collections. Enactment of this legislation could also reduce state sales tax from residential fuel by \$15.0 million in FY 2020 and \$37.7 million when fully implemented in FY 2021. The bill eliminates the state sales tax on commercial fuel for an estimated reduction in state sales tax revenue of \$13.5 million in FY 2020 and \$33.8 million in FY 2021. The bill expands the manufacturing sales tax exemptions resulting in an estimated loss of state sales tax revenue of \$24.0 million in FY 2020 and \$60.1 million in FY 2021. The total reduction to the state sales tax is estimated at \$108.2 million in FY 2020 and \$271.2 million in FY 2021. Of the FY 2021 total \$213.3 million is General Fund and \$57.9 million is earmarked sales tax revenue. An estimated \$250.0 million is expected to be transferred to the General Fund as a result of the carbon tax in the bill in FY 2020 and \$683.6 million in FY 2021. The bill implements an earned income tax credit for intergenerational poverty estimated at a loss of \$46.3 million from the Education Fund in FY 2021 and a mining/manufacturing tax credit estimated at a loss of \$22.3 million in FY 2020 and a loss of \$97.9 million from the Education Fund in FY 2021. The total loss to the Education Fund is estimated at \$22.3 for FY 2020 and \$144.2 million for FY 2021. An estimated \$46.3 million is expected to be transferred to the Education Fund beginning in FY 2021 as a result of the carbon tax in the bill to cover the cost of the earned income tax credits.

<b>Revenues</b>	<i>FY 2018</i>	<i>FY 2019</i>	<i>FY 2020</i>
General Fund	\$0	\$470,238,100	\$470,238,100
General Fund, One-Time	\$0	\$(470,238,100)	\$(305,927,600)
Education Fund	\$0	\$(97,861,300)	\$(97,861,300)
Education Fund, One-Time	\$0	\$97,861,300	\$121,866,300
Restricted Accounts and Funds	\$0	\$0	\$(22,493,500)
<b>Total Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$165,822,000</b>

Enactment of this legislation could cost the Department of Environmental Quality \$59,100 from the General Fund annually beginning in FY 2020 to administer the carbon tax certification program. Costs to the Department of Workforce Services could be \$11,800 from the General Fund annually to administer the intergenerational poverty tax credits. Tax Commission costs for one-time programming are estimated at \$800,000 from the General Fund in FY 2019. An additional one-time cost of \$45,000 in FY 2021 is estimated to inform sales tax accounts of the sales tax rate change.

<b>Expenditures</b>	<i>FY 2018</i>	<i>FY 2019</i>	<i>FY 2020</i>
General Fund	\$0	\$70,900	\$70,900
General Fund, One-Time	\$0	\$740,900	\$45,000
<b>Total Expenditures</b>	<b>\$0</b>	<b>\$811,800</b>	<b>\$115,900</b>

<b>Net All Funds</b>	<b>\$0</b>	<b>\$(811,800)</b>	<b>\$165,706,100</b>
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**Local Government**

UCA 36-12-13(2)(c)

Enactment of this bill could reduce locally imposed sales and use tax revenues by approximately \$10.7 million in FY 2019 (partial year impact) and \$26.8 million in FY 2020.

Enactment of this legislation could reduce costs for those paying sales tax from food by \$55.6 million in FY 2020 and by \$139.7 million in FY 2021 in the aggregate under a full year of collections. Enactment of this legislation could also reduce costs paid via state sales tax from residential fuel by \$15.0 million in FY 2020 and \$37.7 million in FY 2021. The bill eliminates the state sales tax on commercial fuel for an estimated savings on commercial sales tax revenue of \$13.5 million in FY 2020 and \$33.8 million in FY 2021. The bill expands the manufacturing sales tax exemptions resulting in an estimated cost saving for taxpayers of \$34.6 million in FY 2020 and \$86.8 million in FY 2021. The bill implements an earned income tax credit for intergenerational poverty estimated at savings of \$46.3 million taxpayers in FY 2021 and a mining/manufacturing tax credit estimated at savings to taxpayers of \$22.3 million in FY 2020 and \$97.9 million in FY 2021. The carbon tax authorized in the bill could cost taxpayers in the aggregate \$268 million in FY 2020 and \$712 million in FY 2021.

**Regulatory Impact**

UCA 36-12-13(2)(e)

Enactment of this legislation likely will not change the regulatory burden for Utah residents or businesses.

**Performance Note**

JR4-2-404

No performance note required for this bill

**Notes on Notes**

Fiscal notes estimate the direct costs or revenues of enacting a bill. The Legislature uses them to balance the budget. They do not measure a bill's benefits or non-fiscal impacts like opportunity costs, wait times, or inconvenience. A fiscal note is not an appropriation. The Legislature decides appropriations separately.