STATE FUNDING FOR EDUCATION
History of the Income Tax & State Funds Used to Appropriate Revenue

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History of Income Tax in Utah
1930s to Today | Timeline of Creation & Use Provisions

Creation
- 1929 Study & 1930 Special Session
  - Tax Revision Commission & Legislative Tax Committee
  - Recommended Constitutional Amendment Implementing Tax on Income
  - Constitutional Amendment Placed to Voters
- Income Tax Act of 1931
  - Implemented the Income Tax
  - To be “Levied, Collected, & Paid Each Year”

Use
- Beginning: 1930
  - 75% of Income Tax to “District School Fund”
  - 25% to State General Fund
- Middle Years: 1931 to 1995
  - 1938 Creation of the Uniform School Fund
  - 1948 100% of Income Tax to K-12 Education
  - Early 1990s Attorney General Opinion
- Today: 1996
  - 1996 Constitutional Amendment
    - Income Tax to Support the Public and Higher Education Systems
Education Funds in Utah
Income Tax | Uniform School Fund

**Creation**
- 1938 Constitutional Amendment
  - Article X, Section 5
  - Broad-equalization Fund for Elementary & Secondary Schools
  - Accounts for All Corporate & Individual Income Tax Revenue
- Restricted to K-12 Education

**Post-Education Fund**
- Restricted Special Revenue Fund within the Education Fund
  - Appropriated to the Basic School Program
  - Receives Revenue From Multiple Sources
    - Unclaimed Property (Escheats)
    - Tax on Radioactive Waste Facilities
    - Basic Levy Revenue in Excess of Cost (Recapture)
    - Other Restricted Sources

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**Uniform School Fund: Major Revenue Sources**

FY 2019 Estimate
$32.3 Million

Recapture Not Included in Revenue Estimate
- FY18 Estimate = $3.4 Million

Unclaimed Property,
$26,700,000, 83%

Radioactive Waste Tax,
$5,600,000, 17%
Education Funds in Utah
Income Tax | Education Fund

Need for Education Fund
- Simplify Appropriations
  - Appropriate Directly to Both Public & Higher Education
  - Higher Education: “Capture” Income Tax Before Deposit into Uniform School Fund
  - Public Education: Eliminate Transfer from Education Fund to Uniform School Fund
- Education Rainy Day Fund

Creation
- 2006 Special Revenue Fund Created
  - Accounts for All Corporate & Individual Income Tax Revenue
  - Use Restricted to Support Public & Higher Education
  - Other State Agencies (in Support of PED or HED)
    - Tax Commission
    - Capital Facilities & Debt Service
    - Corrections

Education Fund: Major Revenue Sources
FY 2019 Estimate
$4.5 Billion

- Individual Income Tax, $4,128,420,000, 92%
- Corporate Franchise Tax, $359,151,000, 8%
- Mineral Production/Other, $21,611,000, 0%
<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Public Education</th>
<th>Higher Education</th>
<th>Other</th>
<th>Total</th>
<th>Higher Ed as % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2,599,935,408</td>
<td>761,426,700</td>
<td>128,084,300</td>
<td>116,823,700</td>
<td>3,606,270,108 (24.7%)</td>
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<tr>
<td>2009</td>
<td>2,453,559,086</td>
<td>272,469,800</td>
<td>72,432,400</td>
<td>20,470,700</td>
<td>2,818,931,986 (12.2%)</td>
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<tr>
<td>2010</td>
<td>2,297,225,986</td>
<td>255,562,400</td>
<td>40,932,400</td>
<td>36,625,200</td>
<td>2,630,345,986 (11.3%)</td>
</tr>
<tr>
<td>2011</td>
<td>2,333,350,000</td>
<td>236,639,000</td>
<td>47,432,400</td>
<td>36,803,000</td>
<td>2,654,224,000 (10.7%)</td>
</tr>
<tr>
<td>2012</td>
<td>2,419,433,000</td>
<td>252,159,000</td>
<td>38,736,000</td>
<td>36,164,000</td>
<td>2,746,492,000 (10.6%)</td>
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<td>2013</td>
<td>2,542,386,000</td>
<td>431,552,000</td>
<td>80,411,000</td>
<td>37,711,000</td>
<td>3,092,060,000 (16.6%)</td>
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<td>2014</td>
<td>2,663,650,000</td>
<td>427,235,000</td>
<td>97,301,000</td>
<td>39,081,000</td>
<td>3,227,267,000 (16.3%)</td>
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<td>2015</td>
<td>2,781,140,000</td>
<td>534,917,000</td>
<td>169,597,000</td>
<td>48,258,000</td>
<td>3,533,912,000 (19.9%)</td>
</tr>
<tr>
<td>2016</td>
<td>2,955,203,000</td>
<td>717,309,000</td>
<td>209,911,000</td>
<td>43,217,000</td>
<td>3,925,640,000 (23.6%)</td>
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<td>2017</td>
<td>3,163,828,000</td>
<td>644,698,000</td>
<td>170,162,000</td>
<td>44,538,000</td>
<td>4,023,226,000 (20.3%)</td>
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<td>2018</td>
<td>3,366,665,000</td>
<td>769,997,000</td>
<td>124,222,000</td>
<td>22,222,000</td>
<td>4,283,106,000 (20.9%)</td>
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<td>2019</td>
<td>3,576,021,300</td>
<td>814,920,000</td>
<td>199,574,000</td>
<td>22,701,000</td>
<td>4,613,216,300 (22.0%)</td>
</tr>
</tbody>
</table>

**Education Fund in Higher Education**

**1995 to 2019**
Appropriations: Education Fund & Uniform School Fund

FY 2019 Appropriated
$4.6 Billion

Includes the Following Restricted Accounts:
- Minimum Basic Growth
- Local Levy Growth
- Teacher & Student Success

Public Education, $3,576,021,300, 78%
Higher Education, $1,014,494,000, 22%
Tax Commission & Other, $22,701,000, 0%

QUESTIONS?