A photograph of the Utah State Capitol building, featuring a large central dome and a portico with many columns. An American flag is visible on a tall pole to the right. A semi-transparent red banner is overlaid across the middle of the image.

TAX RESTRUCTURING AND EQUALIZATION



DEFINING THE PROBLEM

- Due to Utah's rapidly growing population and shifting demographics, there are increasing demands on the General Fund and other programs funded by sales tax.
- Because of shifts in the economy, growth in sales tax revenue is not keeping up with the needs of our growing state.

Sales tax is capturing a declining share of total consumption.

- Revenue silos limit the flexibility needed to address structural funding imbalances as they arise.

FACTOR #1

- A growing state places additional demands on the state General Fund.



GENERAL FUND PROGRAMS

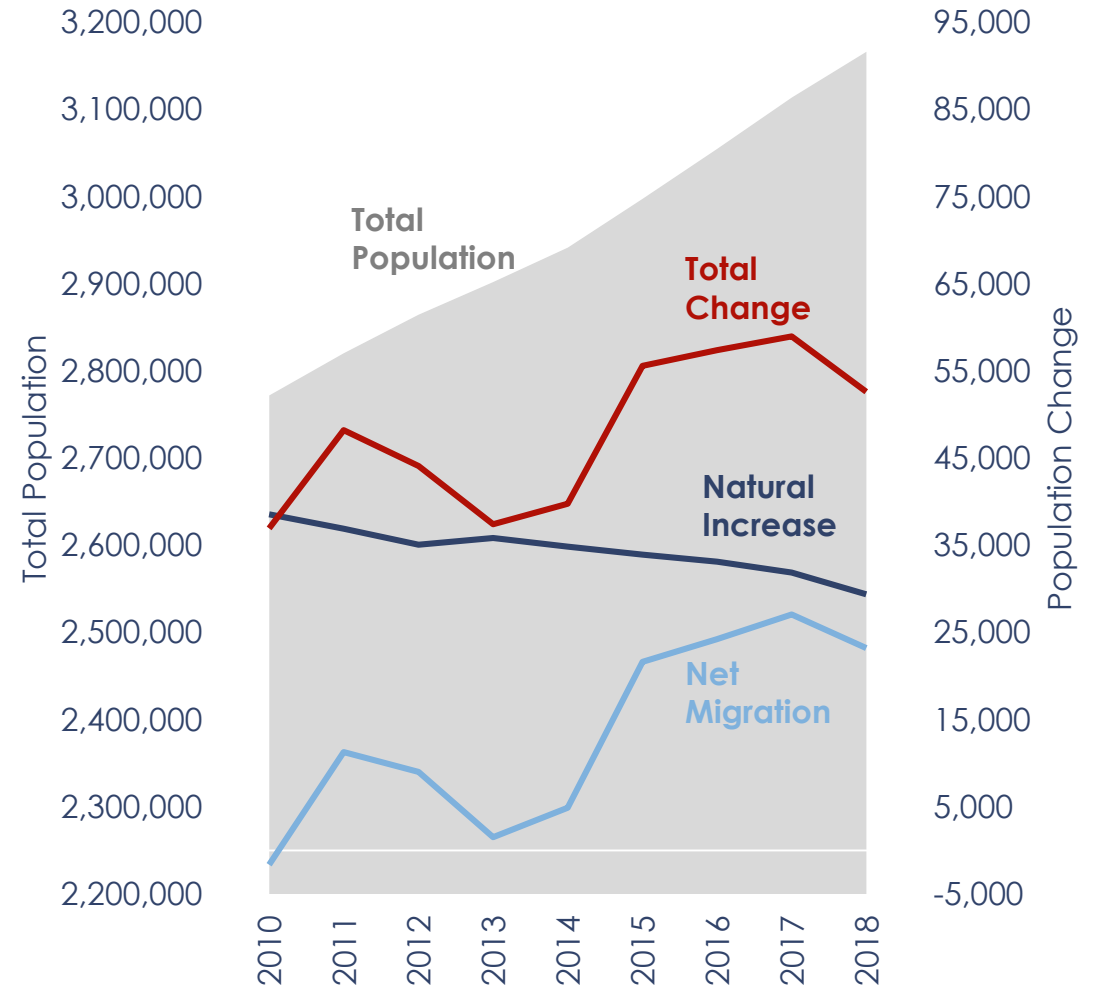
- Air Quality
- Medicaid
- Transportation*
- Public Safety
- Recreation
- Support for Children, Disabled, and Elderly
- Homelessness and Affordable Housing

*Transportation receives a portion of its funding through General Fund Revenue Earmarks



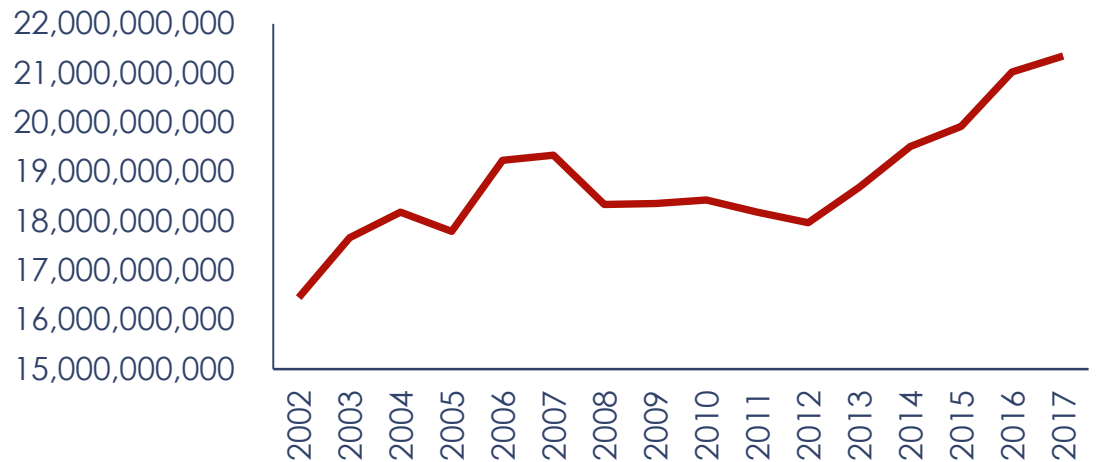
POPULATION TRENDS

- Between 2010 and 2018, Utah was the fastest growing state in the nation
- Utah grew by 14.4%, or nearly 400,000 people

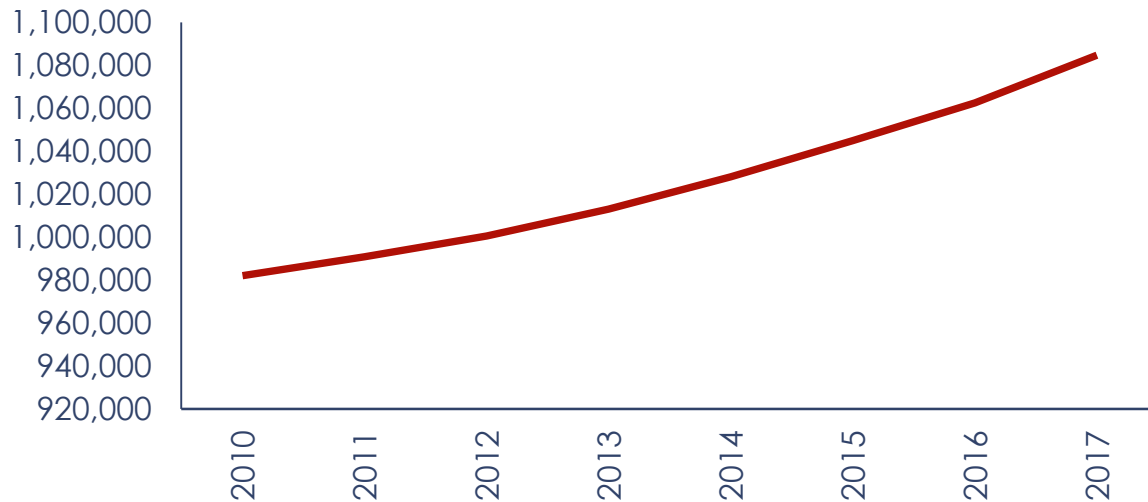


SIGNS OF SIGNIFICANT GROWTH

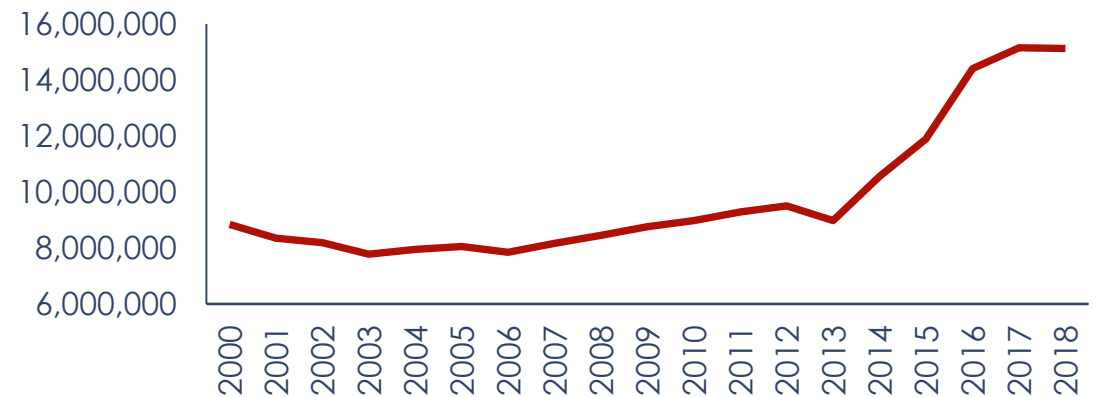
Vehicle Miles Traveled in Utah



Housing Units in Utah



Recreation Visitors to Utah's National Parks

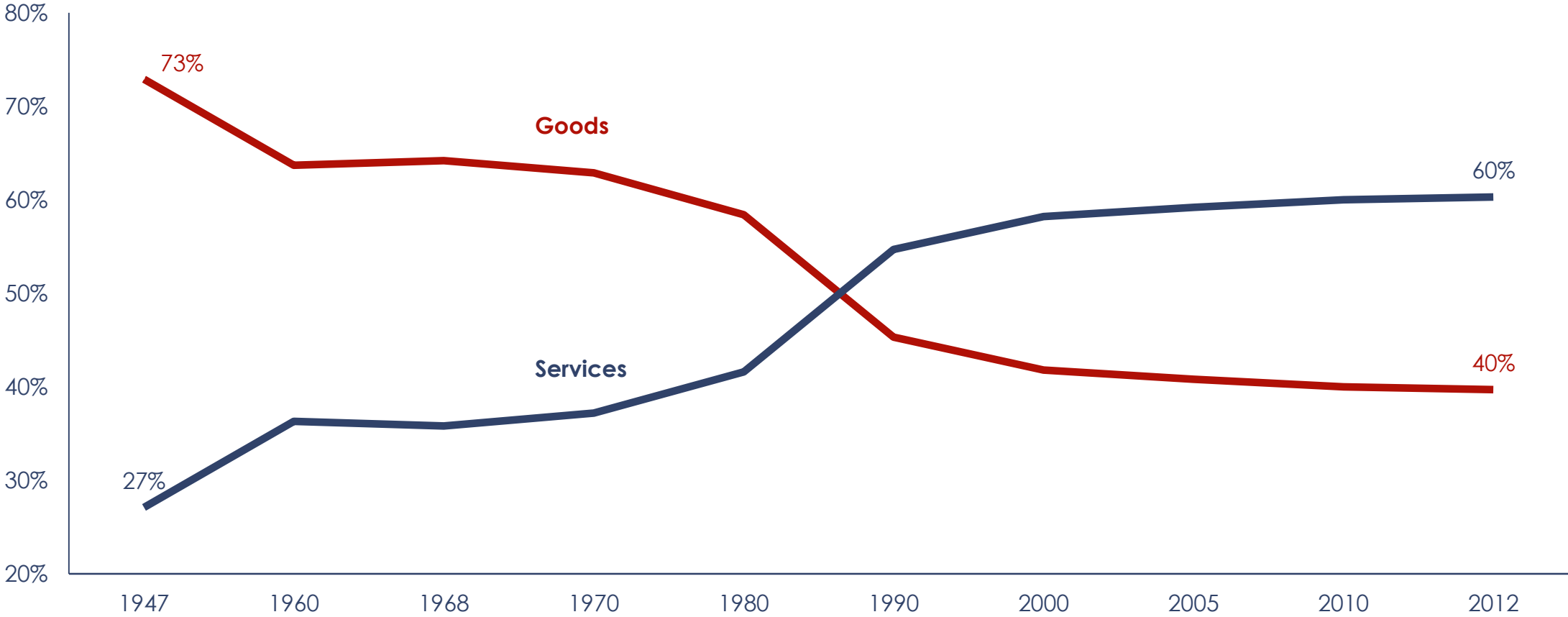


FACTOR #2

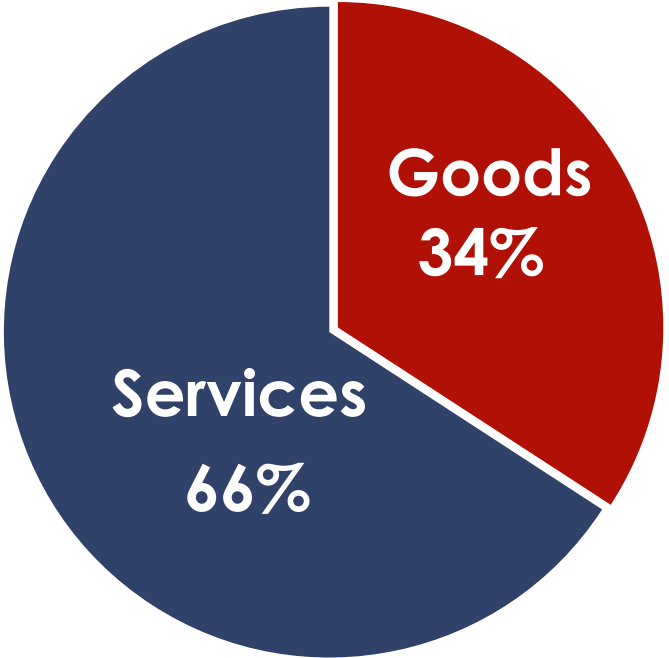
- Growth in General Fund revenue is not keeping up with the needs of our growing state.



CHANGES IN U.S. CONSUMER SPENDING PATTERNS

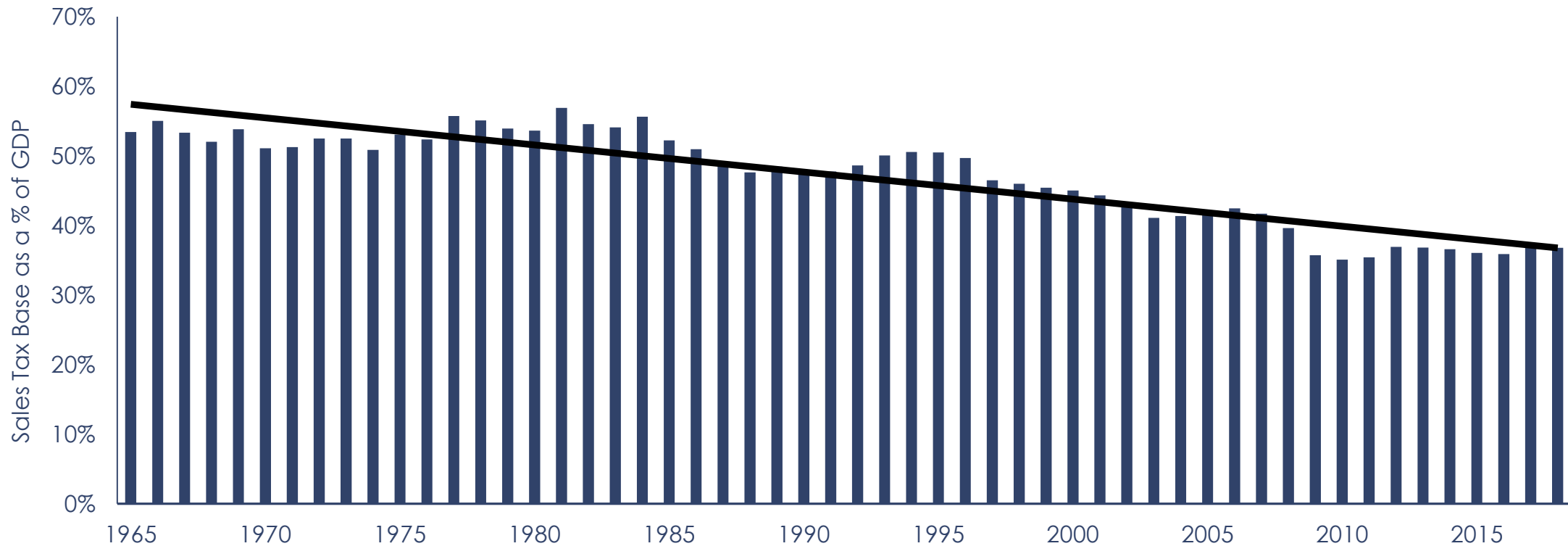


UTAH SPENDING PATTERNS

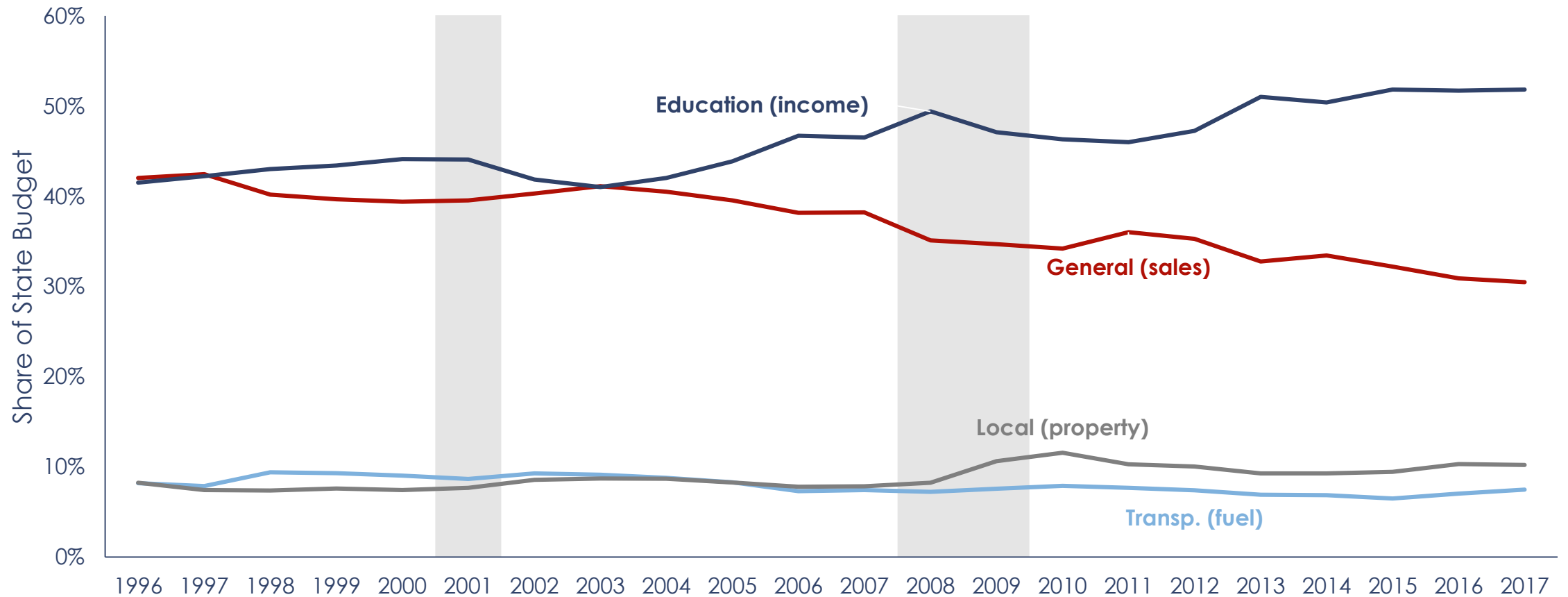


% of 2017 Personal Consumption

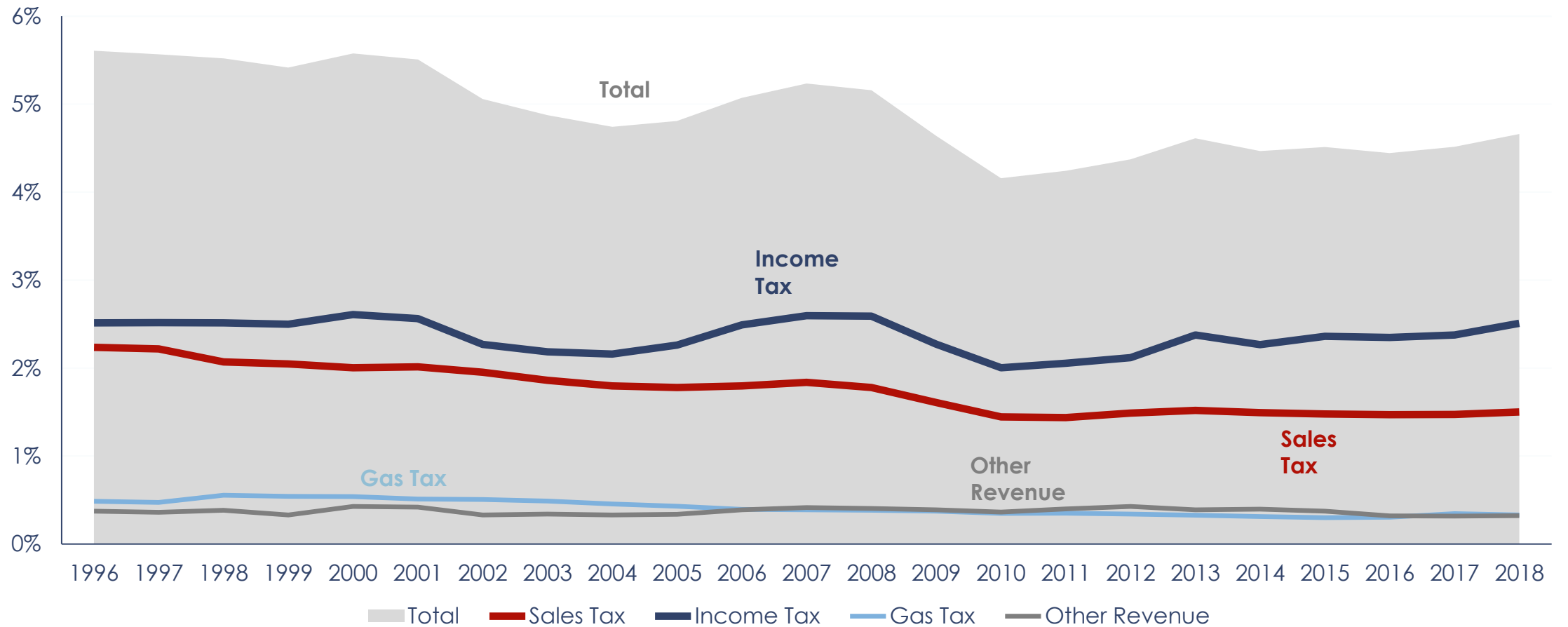
SALES TAX BASE AS A PERCENT OF THE UTAH ECONOMY



GENERAL FUND SHARE OF THE BUDGET IS DECLINING

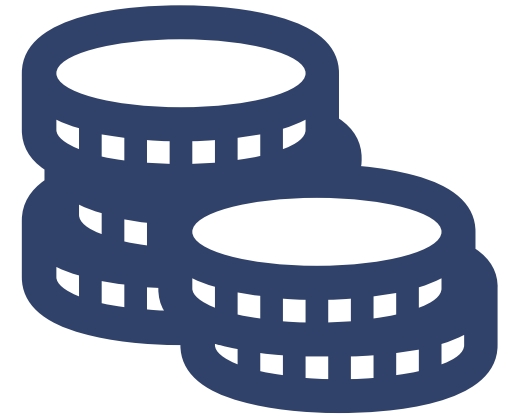
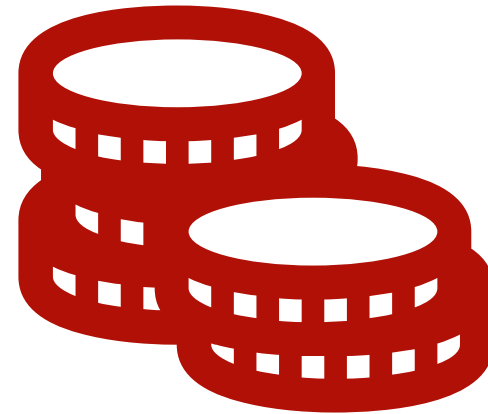


STATE REVENUE AS A PERCENT OF THE UTAH ECONOMY

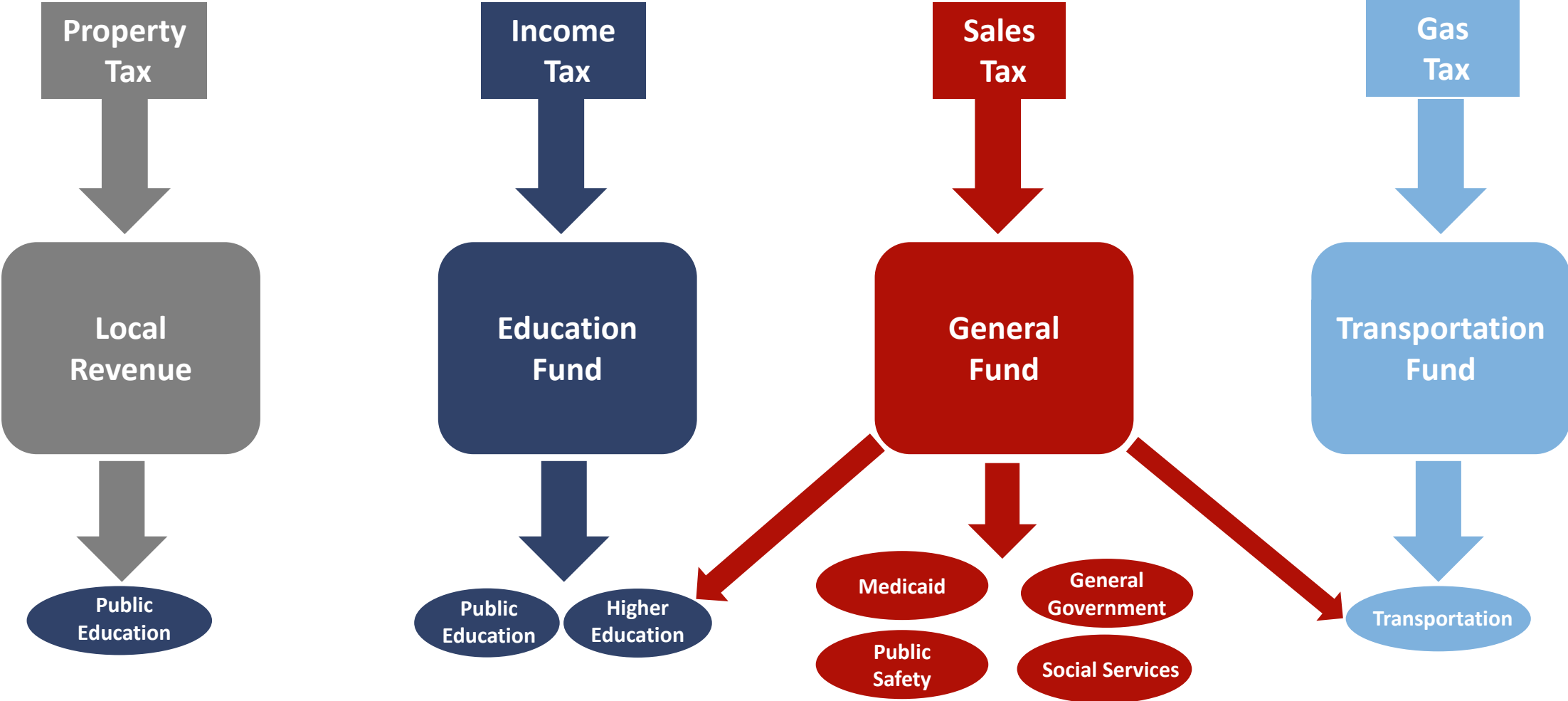


FACTOR #3

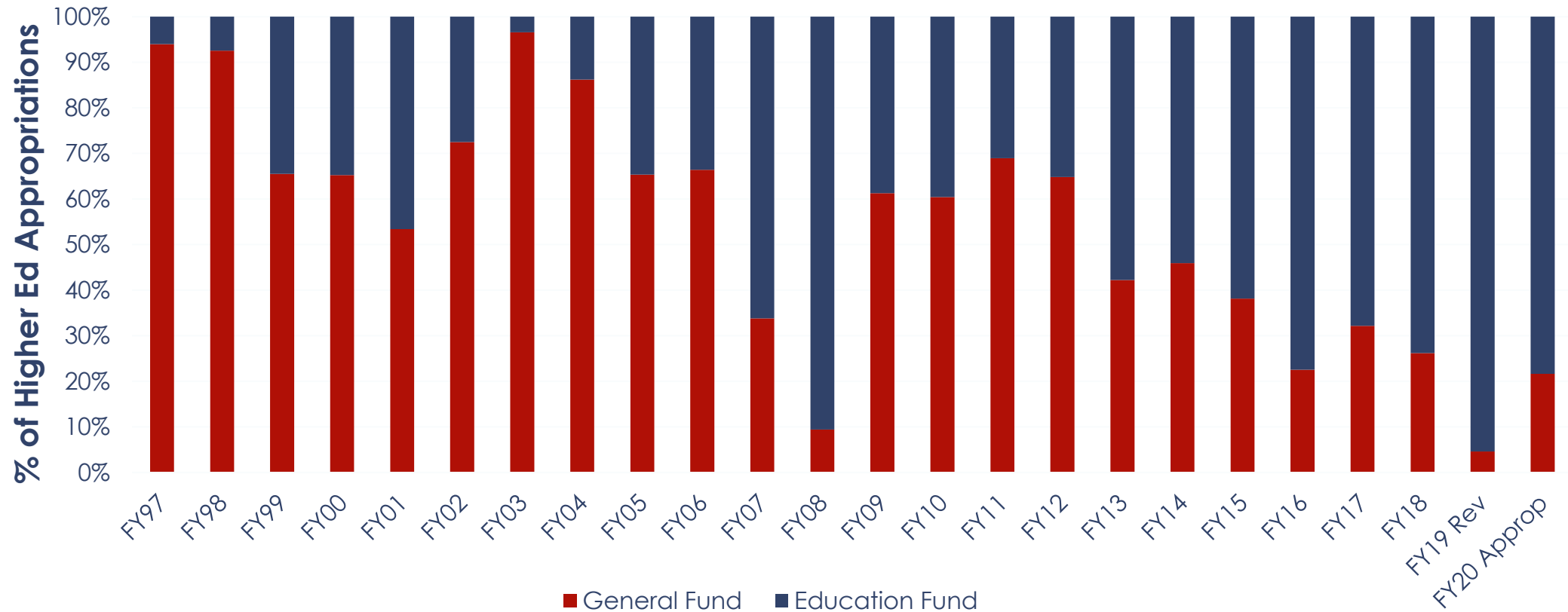
- Revenue silos limit the flexibility needed to address structural funding imbalances as they arise.



FUNDING SOURCES, OTHER THAN THE GENERAL FUND, ARE SILOED



ALMOST ALL HIGHER EDUCATION FUNDING HAS BEEN SHIFTED TO THE EDUCATION FUND



LEGISLATIVE RESPONSE



PREVIOUS EXAMPLES OF PROACTIVE PROBLEM SOLVING

Gas Tax

- Moved to a calculation based on average price per gallon, with minimum and maximum average price
- Indexed minimum average price

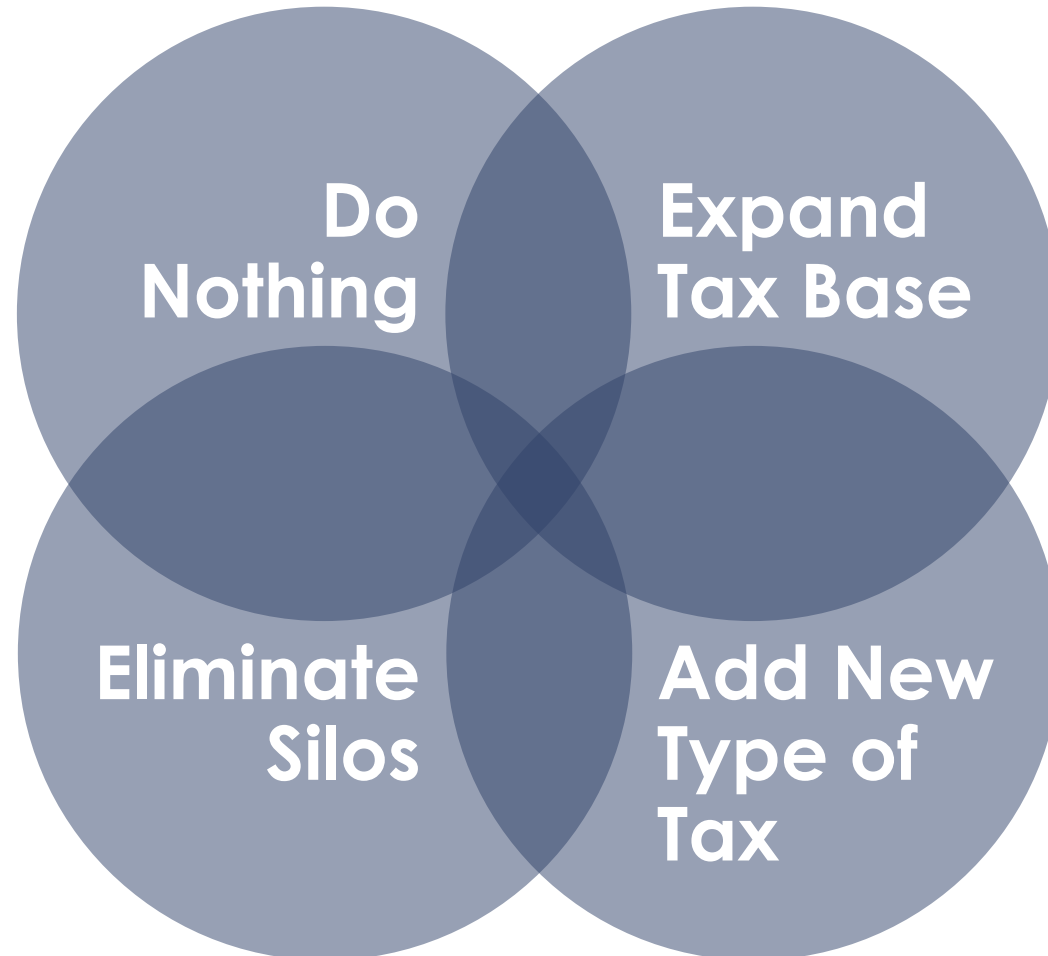
Remote Sales – Response to *Wayfair*

- Required collection by remote sellers and marketplace facilitators

Minimum Basic Tax Rate

- Set a rate floor for five years
- Established a rate calculation that holds constant the property tax share of the minimum basic program year after year

POSSIBLE SOLUTIONS





UTAH STATE

LEGISLATURE