



# Utah's Budget, FY 2026-2027

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Executive Appropriations Committee

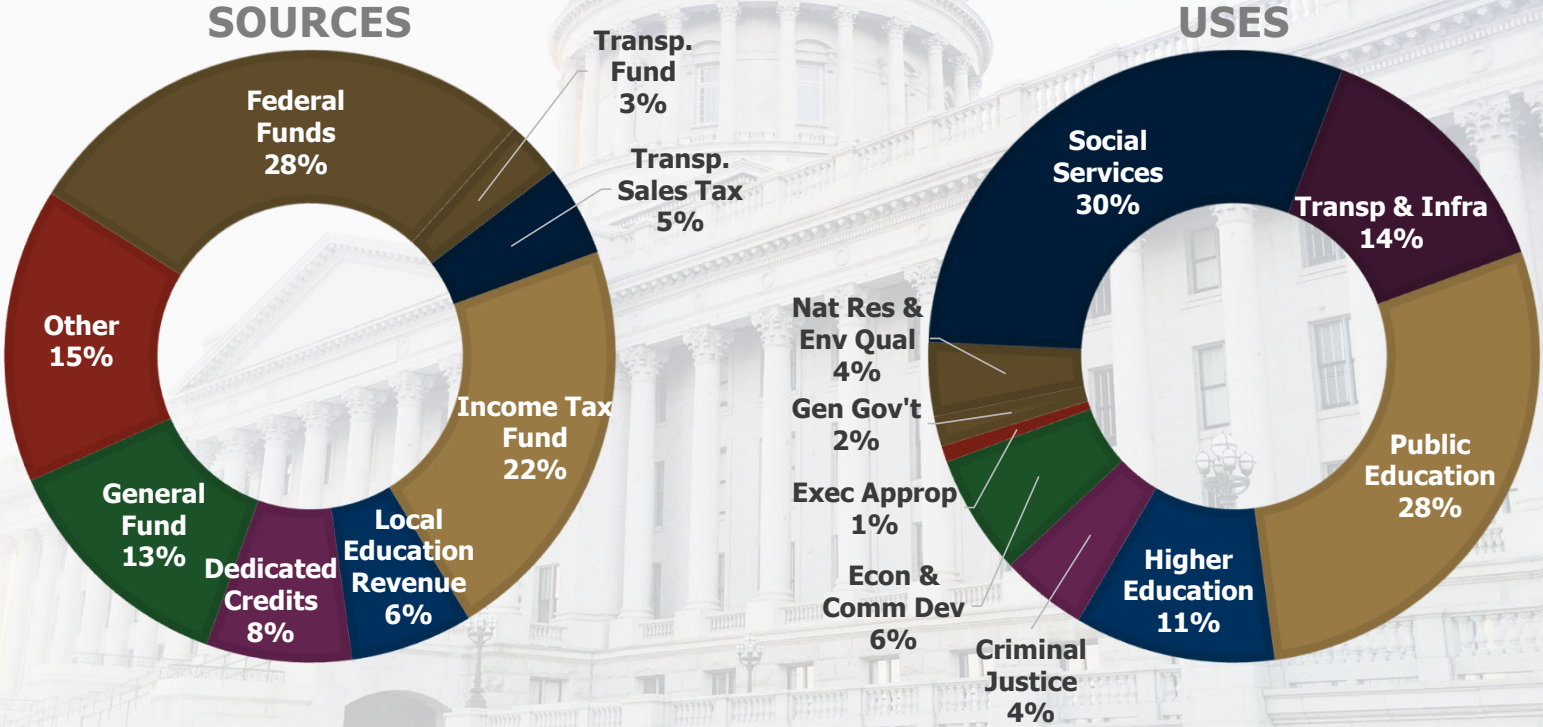
May 19, 2026

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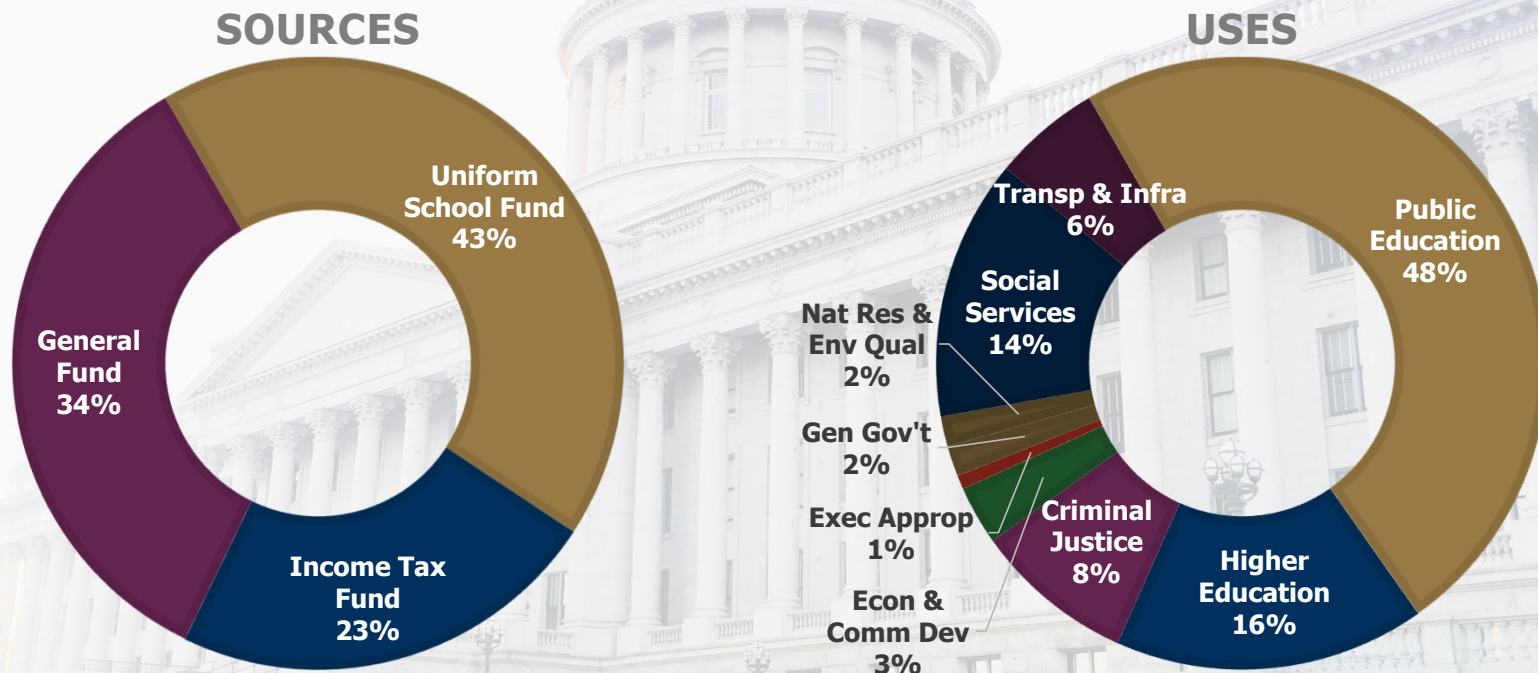
1. Overview
2. General and Income Tax (GF/ITF) Revenue
3. GF/ITF Budget Priorities
4. Long-Term Fiscal Health
5. Budget Process Changes



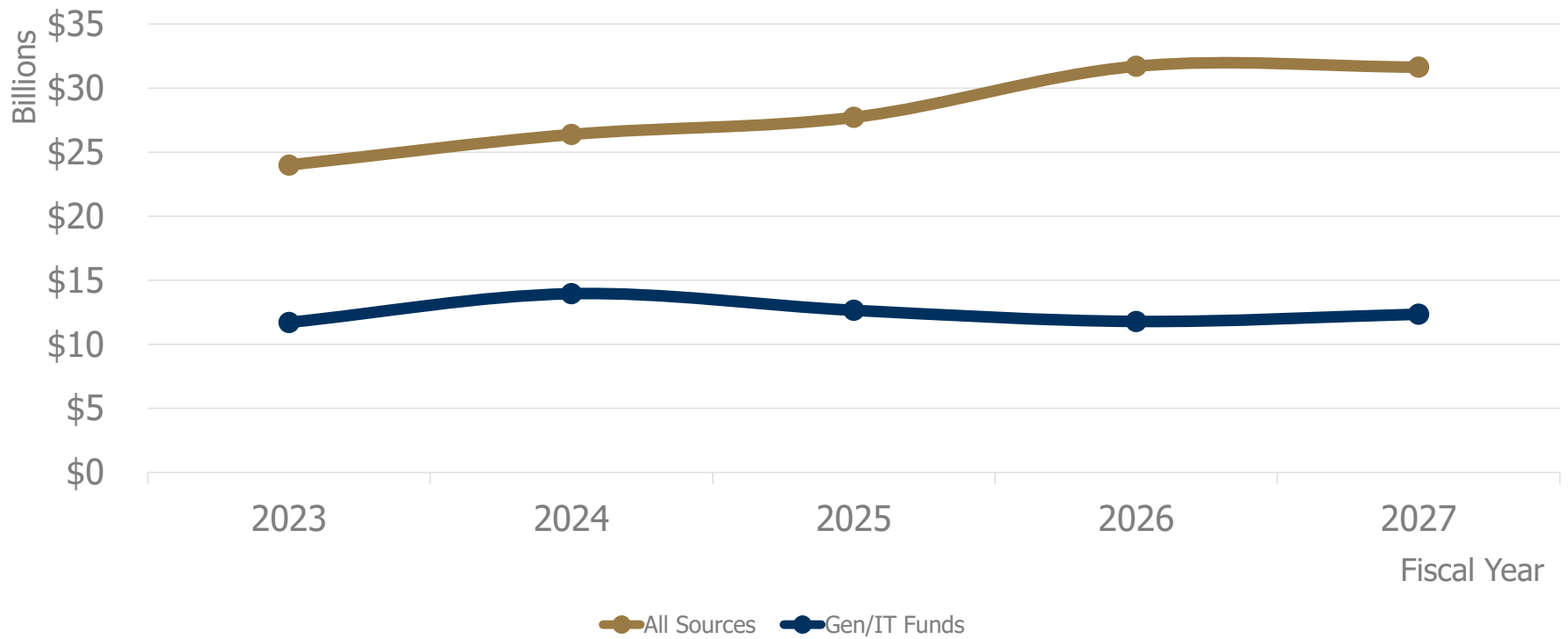
# All Sources - \$31.6 Billion (-0.2% YoY)



# Discretionary - \$12.4 Billion (+2.3% YoY)



# Budget Change Over Time





Part 2

# GF/ITF Revenue

# GF/ITF/USF Revenue Estimates

May 2026 (in Billions)*	FY26	FY27
General Fund	\$4.0	\$4.1
Income Tax Fund	\$7.6	\$7.8
Total	\$11.6	\$11.9

\*Not including:

- \$0.27 billion FY 2025 budget surplus
- (\$0.003 billion) per year econ dev incentives
- \$0.36 billion FY 2026 and \$0.51 billion FY 2027 beginning fund balances
- \$0.09 billion FY 2026 and \$0.02 billion FY 2027 appropriated transfers

- \$184 million one-time and \$362 million ongoing available in December after accounting for HR 1 (OBBBA) impacts
- Base spending and set-asides brought available amounts to zero in December
- February revenue rose \$125 million one-time (1.1%) and \$88 million ongoing (0.7%)



# Reductions and Reallocations

- (\$173.9 million) ongoing and (\$125.0) million one-time in reductions and funding sweeps
- (\$298.9 million) in combined offsets equal to 2.6 percent of the \$11.5 billion FY 2027 base budget
- Reductions by subcommittee ranged from 1.0 in Public Education to 16.5 percent in Economic and Community Development
- All offsets were reallocated to other higher priority spending items



# Major Tax Changes

- H.R. 1, “**One Big Beautiful Bill Act**” adjusted federal income tax provisions that impact Utah revenue. (\$201.3 million) ongoing, (\$313.8 m) one-time.
- S.B. 60, “**Income Tax Rate Amendments**” reduced state income and corporate tax rates from 4.5 percent to 4.45 percent. (\$101.0 million) ongoing, (\$1.3 million) one-time in FY 2026 and (\$22.0 million) one-time in FY 2027.
- H.B. 190, “**Child Care Business Credit**” expanded tax credits to off-site childcare facilities and increased the amounts employers can claim. (\$2.9 million) ongoing offset by \$0.3 million one-time.
- H.B. 290, “**Child Tax Credit Amendments**” expanded eligibility for the child tax credit by increasing income-based phase-out thresholds. (\$7.1 million).
- H.B. 337, “**Nicotine Product Tax Amendments**” increased taxes on cigarettes & other nicotine products. \$17.1 million ongoing offset by (\$1.0 million) one-time.
- H.B. 575, “**Fuel Tax and Supply Amendments**” reduced the state gas tax by 6 cents per gallon for six months. (\$40.08 million) one-time.





Part 3

# GF/ITF Funding Highlights

# Law and Order

- \$125.0 million to support the design and construction of new prison space at the Central Utah Correctional Facility in Gunnison
- \$8.2 million ongoing and \$4.3 million one-time for judicial reforms including additional judgeships, increased transparency, and creation of a Constitutional Court
- \$5.0 million in restricted funds to increase state highway patrol trooper levels to patrol increased state, federal highway roads, and lanes
- \$1.1 million for indigent appellate defense attorneys and grants to rural areas



# Water

- \$30.0 million one-time from the Long-term Capital Projects Fund to purchase US Magnesium's property, including their roughly 144,000 acre-feet water right portfolio, for the benefit of the Great Salt Lake
- \$5.0 million one-time for litigation concerning the state's interests in water, including conservation, water rights, and development of water resources
- \$2.5 million one-time to develop a pilot project to extract water from confined saline aquifers as a source to augment alluvial freshwater aquifers
- \$2.0 million one-time and \$2.0 million ongoing to continue drone-based cloud seeding



# Education

- \$191,363,200 to increase the WPU Value by 4.2 percent, changing the WPU Value from \$4,674 in FY 2026 to \$4,870 in FY 2027 for statutory inflationary adjustments;
- \$24.8 million ongoing from the Uniform School Fund to increase the student-based weightings that generate additional WPUs to provide services to At-Risk students;
- \$16.6 million to the higher education Performance Funding Restricted Account, of which \$10.6 million was allocated to institutions based on their performance metrics
- \$7.0 million to technical colleges to increase instructional capacity
- \$50.0 million one-time for Higher Education research initiatives



# Buildings and Roads

- \$65.0 million one-time for Convergence Hall at the Point, bringing total state funding for the project to \$150.0 million
- \$30.0 million one-time for renovations to prepare the new Ogden Multi-Agency building for tenants
- \$35.0 million one-time for the purchase of the former Franklin Covey headquarters in West Valley City plus an additional \$7.0 million one-time for renovations;
- \$11.9 million one-time to the B & C Roads program for county roads and city streets to offset a reduction in motor fuel tax



# Housing and Homelessness

- \$100 million one-time from the Transportation Infrastructure General Fund Support sub-fund to seed a revolving loan program to support creation of affordable housing;
- \$17.6 million ongoing and \$26.1 million one-time for homelessness including shelter and housing, high-utilizers, mental and behavioral health services, phase II investments, and local shelter support;
- \$10.0 million one-time to provide a \$20,000 loan to eligible first-time homebuyers purchasing a newly constructed home in the state of Utah



# Health and Safety-net Services

- \$100 million per year for up to five years from federal funds for the Rural Health Transformation Program
- (\$30 million) one-time from the General Fund in FY 2026 and (\$27 million) ongoing plus \$4.0 million one-time from the General Fund in FY 2027 Medicaid caseload and inflation
- \$16.9 million ongoing offset by (\$0.3 million) to increase provider rates in services for individuals with a disability, foster care, home and community based-services, home health, nursing homes, personal care, and private duty nursing



# Economic Development

- \$1.7 million ongoing and \$3.4 million one-time for targeted industry grants
- \$5.0 million one-time from the General Fund and \$5.0 million one-time from various restricted accounts for the Pioneer Trail project in downtown Salt Lake City
- \$2.0 million one-time to the Utah Sports Commission
- \$2.0 million ongoing for the authorization of film tax credits in rural areas of the state





Part 5

# Long-term Fiscal Health

# #1 State for Fiscal Stability

- Maxed-out Income Tax rainy-day fund automatic deposits at the end of FY 2025 after depositing \$45.8 million from surplus
- Added another \$3.5 million from surplus to the General rainy-day fund
- Deposited \$36.2 million into the new State Sovereignty fund
- Restored \$30.0 million in higher education working rainy day funds for FY 2027
- Pre-funded all remaining building GO debt and paid-off \$441.1 million in total GO bonds over two years
- Ended with a \$21 million structural surplus going into FY 2028



A photograph of a natural rock arch made of reddish-brown sandstone. The arch frames a view of a vast, snow-covered landscape with rolling hills and distant mountains under a blue sky with light clouds. The foreground is a sandy, reddish-brown rock surface.

**"The Beehive State's most recent triumph? Sitting atop the Best States rankings from U.S. News – for the third year in a row."**

- U.S. News and World Report  
May 6, 2025



Part 6

# Budget Process/Policy

# HB 15 Medicaid Amendments

- If the Medicaid expansion FMAP rate falls below 90%:
  - Sunsets Medicaid expansion on the day after the Legislature adjourns from general session after the rate falls
  - Requires DHHS to end certain programs that would lead to a reduction in federal matching funds for Medicaid expansion
  - Requires DHHS to create a proposal to maintain Medicaid expansion within projected funding



# HB 20 Correctional Facility Capacity

- Creates the Corrections Facility Expansion Restricted Account
- The account consists of money appropriated for new legislation impacting the Department of Corrections for:
  - Any capital facilities costs
  - One-time savings in the first or second year from delayed fiscal impacts of prison population increases
  - Interest
- Money in the account may be used for expanding or constructing state correctional facilities



# HB 249 Federal Funds Modifications

- Directs LFA to submit to the Federalism Commission the portions of each budget stress test related to federal funds
- Requires the commission to review, and allows it to make recommendations, regarding those federal funds
- Requires Utah State University to develop a data visualization of the state's federal funds and model economic scenarios to inform federal funds contingency planning



# HB 318 Agency Fee Amendments

- Requires ISF and fee agencies to report rate and fee information to GOPB and LFA, before and after implementation:
  - Amount of the rate/fee
  - Estimated total annual revenue
  - The account into which revenue will go
  - Estimated quantity
  - Estimated costs related to the rate/fee
  - Whether the rate/fee is intended to cover all costs and why/why not
  - For changed rates/fees, the % change and reasons
  - Market analysis for ISF rate changes



# HB 342 Federal Grant Process

- Increases the approval thresholds for new federal funds requests
  - Low: \$0-\$5M; Medium: \$5-\$25M; High: \$25M-\$100M; Ultra High: 100M+
- For ultra high-dollar federal funds requests, requires the agency to submit the request to EAC before requesting from the federal government, and to the full Legislature within 120 days
- Requires the President and Speaker to establish a legislative oversight committee for each approved ultra high-dollar request



# HB 513 Attorney General Funding

- Beginning FY 2028, requires the AG to bill agencies based on actual time spent and established rates
- Requires the AG and each agency to annually agree on a legal services retainer, include it in the governor's budget, and formalize expectations through a service-level agreement after legislative appropriation
- Creates the Legal Services Retainer Fund, into which agencies transfer their retainers and from which the AG is paid for legal services
- Requires agencies to use their own budget to pay for any services that exceed the agency's balance in the Retainer Fund
- Creates the Legal Services and Litigation Program to defend the state



# HB 545 Budgetary Modifications

- Repeals certain accounts/funds
- Renames or adjusts certain accounts/funds
- For a direct award grant, prohibits use of grant funds to administer the program unless approved in intent language
- Modifies reporting requirements of competitive grants
- Clarifies the authority of the State Auditor
- Amends administration of the Industrial Assistance Account
- Creates the Energy Development Infrastructure (Loan) Fund



# SB 151 Public Safety Funding

- Allows Transportation Investment Fund money to be used for operations and enforcement on state highways built with TIF funding



# SB 216 Higher Ed Perf & Enroll Funding

- Revises higher education performance funding by updating performance metrics and goals to reflect workforce outcomes and institutional missions
- Establishes a new enrollment-based funding model that ties funding to instructional cost levels across degree-granting institutions and technical colleges
- Sets transition and sunset provisions for implementing the updated funding framework



# SB 229 State Employee Benefits

- Establishes a paid time off (PTO) program to replace annual and sick leave for new state employees or current employees who choose to participate
- Changes the 401(k) match available to PTO participating employees by changing the match rate (100% for first \$26 and 50% for any amount above \$26) and increasing the maximum employer contribution (2% of salary)
- Requires each agency to establish a leave bank program

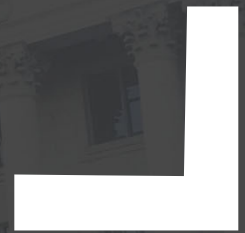


# SB 288 Medicaid Provider Amendments

- Directs DHHS to establish and apply performance measures to evaluate Medicaid providers
- Requires implementation of a closed-loop referral system to better coordinate health-related social needs care for Medicaid-eligible individuals
- Appropriates funding to increase targeted Medicaid provider reimbursement rates



Questions?



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