

S.B. 223 2nd Sub. (Salmon) - Tax Amendments - As Amended

Fiscal Note

2007 General Session
State of Utah

State Impact

Enactment of this bill would result in an Education Fund loss of the following estimated amounts:

	FY 2008	FY 2009
Income Tax Reform provisions	(\$27,175,000)	(\$108,700,000)
Research and Development Tax Credits		(\$ 14,500,000)
Renewable Energy Corporate Credits	(\$688,200)	(\$2,326,700)
 Total Education Fund	 (\$27,863,200)	 (\$125,526,700)

There is also an estimated loss to the General Fund Resulting from the following provisions:

Dental Prosthesis Sales Tax Exemption	(\$ 915,700)	(\$ 1,886,400)
Non-Oil and Gas Mining Exemption	(\$ 2,431,000)	(\$ 5,013,000)
Cable Equalization	(\$ 2,384,000)	(\$ 5,006,500)
Renewable Energy	(\$ 644,000)	(\$ 644,000)
State Sales Tax Reduction 4.75% to 4.65%	(\$19,642,800)	(\$40,857,000)
Food Tax Reduction 2.75% to 1.75%	(\$19,427,000)	(\$40,408,200)
 Total General Fund	 (\$45,444,500)	 (\$ 93,815,100)
 Grand Total	 (\$73,307,700)	 (\$219,341,800)

Enactment of the bill will also appropriate \$277,500 General Fund in FY 2008 and \$555,000 General Fund in FY 2009 to the Rural Health Care Facilities Fund, a new General Fund restricted account created in this bill. The transfer of General Fund resources into the restricted account will reduce the spending cap by the amount of the transfer.

	<u>FY 2007</u> <u>Approp.</u>	<u>FY 2008</u> <u>Approp.</u>	<u>FY 2009</u> <u>Approp.</u>	<u>FY 2007</u> <u>Revenue</u>	<u>FY 2008</u> <u>Revenue</u>	<u>FY 2009</u> <u>Revenue</u>
General Fund	\$0	\$277,500	\$555,000	\$0	(\$45,444,500)	(\$93,815,100)
Education Fund	\$0	\$0	\$0	\$0	(\$27,863,200)	(\$125,526,700)
 Total	 \$0	 \$277,500	 \$555,000	 \$0	 (\$73,307,700)	 (\$219,341,800)

S.B. 223 2nd Sub. (Salmon) - Tax Amendments - As Amended

Fiscal Note

2007 General Session

State of Utah

Individual, Business and/or Local Impact

Enactment of this bill would provide for the removal of the tax on food for the local special option taxes. The bill however authorizes an increase in local transit tax rate which would lead to a net increase in local restricted revenues of \$263,200 in FY 2008 and \$547,500 in FY 2009.

The average benefit from the reduction in the food tax would be \$44 per person and the average impact from the general state sales tax reduction would be approximately \$10. Individuals who purchase renewable energy systems, dental prosthesis, or multi-channel video or audio services will receive additional tax reductions.

Businesses would receive a benefit of approximately \$16,342,800 from the state sales tax reduction. They will also receive a \$14,500,000 benefit from the Research and Development Credit, a \$2,326,700 benefit from the renewable energy credit, and a \$5,013,000 benefit from the mining exemption.

The individual income tax reform provisions of the bill will result in a tax reduction to approximately 89% of the taxpayers and an increase to approximately 11% of the taxpayers based on the provisions of the bill.