

FISCAL NOTE

H.B. 282 1st Sub. (Buff)

SHORT TITLE: Sales and Use Tax and Income Tax Amendments

SPONSOR: McIff, K.

2011 GENERAL SESSION, STATE OF UTAH

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

This bill increases General Fund revenue to by \$15,631,600 in FY 2012 and \$10,491,800 in FY 2013. Due to the 5% nonrefundable Earned Income Tax Credit (EITC), this bill decreases revenue to the Education Fund by \$13,500,000 in FY 2012 and \$14,269,500 in FY 2013. The bill authorizes a transfer to the Education Fund from the General Fund in an amount equal to the EITC revenue impact.

STATE BUDGET DETAIL TABLE

	FY 2011	FY 2012	FY 2013
Revenue:			
General Fund	\$0	\$10,491,800	\$10,491,800
General Fund, One-Time	\$0	\$5,139,800	\$0
Education Fund	\$0	(\$14,269,500)	(\$14,269,500)
Education Fund, One-Time	\$0	\$769,500	\$0
Total Revenue	\$0	\$2,131,600	(\$3,777,700)
Expenditure:			
General Fund	\$0	(\$14,269,500)	(\$14,269,500)
General Fund, One-Time	\$0	\$769,500	\$0
Education Fund	\$0	\$14,269,500	\$14,269,500
Education Fund, One-Time	\$0	(\$769,500)	\$0
Total Expenditure	\$0	\$0	\$0
Net Impact, All Funds (Rev.-Exp.)	\$0	\$2,131,600	(\$3,777,700)
Net Impact, General/Education Funds	\$0	\$2,131,600	(\$3,777,700)

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

Certain local entities that saw an increase in revenue from the bifurcation of the food/nonfood bases will not see an increase in revenue. Local governments that saw a decrease in revenue from the food/nonfood base bifurcation are expected to see an increase in sales tax revenue of \$17.6 million in FY 2012 and \$18.8 million in FY 2013.

DIRECT EXPENDITURES BY UTAH RESIDENTS AND BUSINESSES (UCA 36-12-13(2)(d))

By decreasing the general sales tax rate and increasing the food tax rate, this bill shifts the tax burden from non-food purchases to food purchases. About 180,000 individuals qualifying for the federal EITC will now qualify for a nonrefundable state EITC equal to 5% of the federal EITC, reducing income tax liability by \$13,500,000 in FY 2012 and \$14,269,500 in FY 2013. Businesses are expected to see a decrease in the cost of complying with the sales tax statute by a minimum of \$1,000,000 annually.