

# FISCAL NOTE

S.B. 266

SHORT TITLE: Tax Revisions

SPONSOR: Valentine, J.

2013 GENERAL SESSION

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

Enactment of this bill reinstates the sales tax on food, which increases revenue to the General Fund by \$172,421,000 in FY 2014 and \$177,594,000 in FY 2015. The bill also adjusts the percentage of sales tax currently allocated to transportation, which will result in an increase in the General Fund of \$10,526,000 in FY 2014 and \$17,137,000 in FY 2015 and a corresponding reduction in the Transportation Fund. Additionally, the bill repeals the Rural Health Care Facilities appropriation, which will result in an ongoing \$218,800 reduction in General Fund expenses.

On the Education Fund side, the bill also enacts two income tax credits (5% of the federal EITC and a tiered income tax credit based on income level), which reduces revenue to the Education Fund by \$135,166,000 in FY 2015.

The Tax Commission may see one-time bulletin and notification costs of \$37,800 in FY 2014.

## STATE BUDGET DETAIL TABLE

	FY 2013	FY 2014	FY 2015
<b>Revenue:</b>			
General Fund	\$0	\$17,137,000	\$17,137,000
General Fund	\$0	\$177,594,000	\$177,594,000
General Fund, One-Time	\$0	(\$6,611,000)	\$0
General Fund, One-Time	\$0	(\$5,173,000)	\$0
Education Fund	\$0	(\$135,166,000)	(\$135,166,000)
Education Fund, One-Time	\$0	\$135,166,000	\$0
Restricted Funds	\$0	\$6,611,000	\$0
Restricted Funds	\$0	(\$17,137,000)	(\$17,137,000)
<b>Total Revenue</b>	<b>\$0</b>	<b>\$172,421,000</b>	<b>\$42,428,000</b>
<b>Expenditure:</b>			
General Fund	\$0	(\$218,800)	(\$218,800)
General Fund, One-Time	\$0	\$37,800	\$0
<b>Total Expenditure</b>	<b>\$0</b>	<b>(\$181,000)</b>	<b>(\$218,800)</b>
<b>Net Impact, All Funds (Rev.-Exp.)</b>	<b>\$0</b>	<b>\$172,602,000</b>	<b>\$42,646,800</b>
<b>Net Impact, General/Education Funds</b>	<b>\$0</b>	<b>\$183,128,000</b>	<b>\$59,783,800</b>

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

Local taxing entities may see an increase in sales tax revenue of \$22,469,000 in FY 2014 and \$23,143,000 in FY 2015.

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

Individuals and businesses will see an increase in their food tax and local sales tax of about \$194,890,000 in FY 2014 and \$200,737,000 in FY 2015. Collectively, individuals eligible for either one or both of the income tax credits will see a reduction in income tax liability that totals to \$135,166,000 in FY 2015.

## PERFORMANCE NOTE (JR 4-2-404): Not Required