



Fiscal Note
H.B. 403 1st Sub. (Buff)
2018 General Session
Tax Modifications
by Briscoe, J. (Briscoe, Joel.)



General, Education, and Uniform School Funds

JR4-5-101

	Ongoing	One-time	Total
Net GF/EF/USF (rev.-exp.)	\$150,695,664	\$(151,507,464)	\$(811,800)

State Government

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

Enactment of this legislation could reduce state sales tax from food by \$55.6 million in FY 2020 and by \$139.7 in FY 2021 million under a full year of collections. Enactment of this legislation could also reduce state sales tax from residential fuel by \$15.0 million in FY 2020 and \$37.7 million when fully implemented in FY 2021. The bill eliminates the state sales tax on commercial fuel for an estimated reduction in state sales tax revenue of \$13.5 million in FY 2020 and \$33.8 million in FY 2021. The bill expands the manufacturing sales tax exemptions resulting in an estimated loss of state sales tax revenue of \$24.0 million in FY 2020 and \$60.1 million in FY 2021. The total reduction to the state sales tax is estimated at \$108.2 million in FY 2020 and \$271.2 million in FY 2021. Of the FY 2021 total \$213.3 million is General Fund and \$57.9 million is earmarked sales tax revenue. An estimated \$236.5 million is expected to be transferred to the General Fund as a result of the carbon tax in the bill in FY 2020 and \$513.3 million in FY 2021. The bill implements an earned income tax credit for intergenerational poverty estimated at a loss of \$46.3 million from the Education Fund in FY 2021 and a mining/manufacturing tax credit estimated at a loss of \$22.3 million in FY 2020 and a loss of \$97.9 million from the Education Fund in FY 2021. The total loss to the Education Fund is estimated at \$22.3 for FY 2020 and \$144.2 million for FY 2021. An estimated \$22.3 million in FY 2020 and \$144.2 million in FY 2021 is expected to be transferred to the Education Fund as a result of the carbon tax in the bill to cover the cost of the manufacturing, mining and earned income tax credits. An estimated \$9.2 million could be deposited in the Aeronautics Restricted Account in FY 2020 and \$23.9 million in FY 2021 from the Carbon Tax provided in the bill.

Revenues	<i>FY 2018</i>	<i>FY 2019</i>	<i>FY 2020</i>
General Fund	\$0	\$150,811,564	\$150,811,564
General Fund, One-Time	\$0	\$(150,811,564)	\$0
Transportation Fund	\$0	\$9,154,273	\$9,154,273
Transportation Fund, One-Time	\$0	\$(9,154,273)	\$0
Restricted Accounts and Funds	\$0	\$0	\$(22,493,460)
Total Revenues	\$0	\$0	\$137,472,377

Enactment of this legislation could cost the Department of Environmental Quality \$59,100 from the General Fund annually beginning in FY 2020 to administer the carbon tax certification program. Costs to the Department of Workforce Services could be \$11,800 from the General Fund annually to administer the intergenerational poverty tax credits. Tax Commission costs for one-time programming are estimated at \$800,000 from the General Fund in FY 2019. An additional one-time cost of \$45,000 in FY 2020 is estimated to inform sales tax accounts of the sales tax rate change.

Expenditures	<i>FY 2018</i>	<i>FY 2019</i>	<i>FY 2020</i>
General Fund	\$0	\$115,900	\$115,900
General Fund, One-Time	\$0	\$695,900	\$0
Total Expenditures	\$0	\$811,800	\$115,900

Net All Funds	\$0	\$(811,800)	\$137,356,477
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Local Government

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

Enactment of this bill could reduce locally imposed sales and use tax revenues by approximately \$10.7 million in FY 2019 (partial year impact) and \$26.8 million in FY 2020.

Individuals & Businesses

UCA 36-12-13(2)(d)

Enactment of this legislation could reduce costs for those paying sales tax from food by \$55.6 million in FY 2020 and by \$139.7 million in FY 2021 in the aggregate under a full year of collections. Enactment of this legislation could also reduce costs paid via state sales tax from residential fuel by \$15.0 million in FY 2020 and \$37.7 million in FY 2021. The bill eliminates the state sales tax on commercial fuel for an estimated savings on commercial sales tax revenue of \$13.5 million in FY 2020 and \$33.8 million in FY 2021. The bill expands the manufacturing sales tax exemptions resulting in an estimated cost saving for taxpayers of \$34.6 million in FY 2020 and \$86.8 million in FY 2021. The bill implements an earned income tax credit for intergenerational poverty estimated at savings of \$46.3 million taxpayers in FY 2021 and a mining/manufacturing tax credit estimated at savings to taxpayers of \$22.3 million in FY 2020 and \$97.9 million in FY 2021. The carbon tax authorized in the bill could cost taxpayers in the aggregate \$268 million in FY 2020 and \$681.4 million in FY 2021.

Regulatory Impact

UCA 36-12-13(2)(e)

Enactment of this legislation likely will not change the regulatory burden for Utah residents or businesses.

Performance Note

JR4-2-404

No performance note required for this bill

Notes on Notes

Fiscal notes estimate the direct costs or revenues of enacting a bill. The Legislature uses them to balance the budget. They do not measure a bill's benefits or non-fiscal impacts like opportunity costs, wait times, or inconvenience. A fiscal note is not an appropriation. The Legislature decides appropriations separately.