



Fiscal Note

H.B. 304

2019 General Session
Fossil Fuels Tax Amendments
by Briscoe, J.



General, Education, and Uniform School Funds

JR4-5-101

	Ongoing	One-time	Total
Net GF/EF/USF (rev.-exp.)	\$(19,832,400)	\$19,832,400	\$0

State Government

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

Revenues	FY 2019	FY 2020	FY 2021
General Fund	\$0	\$0	\$0
General Fund, One-Time	\$0	\$0	\$0
Education Fund	\$0	\$(19,138,000)	\$(19,138,000)
Education Fund, One-Time	\$0	\$19,138,000	\$31,088,000
Transportation Investment Fund of 2005	\$0	\$0	\$66,704,000
Aeronautics Restricted Account	\$0	\$0	\$9,371,000
New Account Created By Legislation	\$0	\$0	\$199,972,000
Restricted Accounts and Funds	\$0	\$0	\$(20,800,000)
Total Revenues	\$0	\$0	\$267,197,000

Enactment of this legislation could reduce state sales tax on food by \$58.8 million in FY 2021 and by \$147.4 million in FY 2022. Enactment of this legislation could also reduce state sales tax from residential fuel by \$15.5 million in FY 2021 and \$38.8 million when fully implemented in FY 2022. The bill eliminates the state sales tax on commercial fuel for an estimated reduction in state sales tax revenue of \$12.1 million in FY 2021 and \$30.4 million in FY 2022. The total reduction to the state sales tax is estimated at \$86.4 million in FY 2021 and \$216.6 million in FY 2022. Of the FY 2022 total, \$164.4 million is General Fund and \$52.2 million is earmarked sales tax revenue. An estimated \$65.5 million is expected to be transferred to the General Fund as a result of the carbon tax in the bill in FY 2021 and \$164.4 million in FY 2022. The bill implements an earned income tax credit of \$46.1 million in FY 2022, reducing this revenue from the Education Fund. This amount is transferred to the Education Fund from the newly created fund by the amount of the tax credit. The bill may reduce revenue to the Education Fund by \$17.7 million beginning in FY 2022 from the retirement tax credit provision. The bill implements a mining/manufacturing tax credit of \$14.8 million beginning in FY 2022. Any credit taken is covered by a transfer from revenue generated by the carbon tax. An estimated \$9.3 million could be deposited in the Aeronautics Restricted Account in FY 2021 and \$24.4 million in FY 2022 from the Carbon Tax provided in the bill. The bill transfers \$5 million annually beginning in FY 2022 from the newly created fund to the Governor's Office of Economic Development; \$3 million to the Division of Air Quality; and \$42 million to the Department of Environmental Quality. Lastly, the bill may

increase revenue to the Transportation Investment Fund by \$66.8 million in FY 2021 and \$5.1 million ongoing beginning in FY 2022.

Expenditures	<i>FY 2019</i>	<i>FY 2020</i>	<i>FY 2021</i>
General Fund	\$0	\$694,400	\$694,400
General Fund, One-Time	\$0	\$(694,400)	\$502,200
Total Expenditures	\$0	\$0	\$1,196,600

Enactment of this legislation could cost the Department of Environmental Quality \$347,200 in FY 2021 and \$694,400 ongoing beginning in FY 2022 from the General Fund to administer the carbon tax certification program. Tax Commission costs for one-time programming are estimated at \$800,000 from the General Fund in FY 2021. An additional one-time cost of \$49,400 in FY 2021 is estimated to inform sales tax accounts of the sales tax rate change.

	<i>FY 2019</i>	<i>FY 2020</i>	<i>FY 2021</i>
Net All Funds	\$0	\$0	\$266,000,400

Local Government

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

Enactment of this legislation likely will not result in direct, measurable costs for local governments.

Individuals & Businesses

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

Enactment of this legislation could reduce costs for those paying sales tax on food by \$58.8 million in FY 2021 and by \$147.4 million in FY 2022 million. Enactment of this legislation could also reduce costs paid on residential fuel by \$15.5 million in FY 2021 and \$38.8 million in FY 2022. The bill eliminates the state sales tax on commercial fuel for an estimated savings on commercial sales tax of \$12.1 million in FY 2021 and \$30.4 million in FY 2022. The bill reduces income tax liability by \$17.7 million beginning in FY 2022 through an expanded retirement tax credit. The bill also reduces income tax liability by \$46.1 million beginning in FY 2022 through a new earned income tax credit. Additionally, the bill reduces individual/corporate tax liability by \$14.8 million in FY 2022 and \$44.9 million ongoing beginning in FY 2023 through a new mining/manufacturing tax credit. The carbon tax authorized in the bill could cost taxpayers \$265.5 million in FY 2021 and \$677.0 million in FY 2022.

Regulatory Impact

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

Enactment of this legislation could result in a large increase in 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.