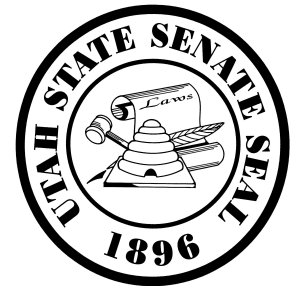




## Fiscal Note

### H.B. 441

2019 General Session  
Tax Equalization and Reduction Act  
by Quinn, T.



#### General, Education, and Uniform School Funds

JR4-5-101

	Ongoing	One-time	Total
Net GF/EF/USF (rev.-exp.)	\$(92,291,400)	\$164,378,600	\$72,087,200

#### State Government

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

Revenues	FY 2019	FY 2020	FY 2021
General Fund	\$0	\$251,353,000	\$251,353,000
General Fund, One-Time	\$0	\$(76,490,000)	\$62,624,000
Education Fund	\$0	\$(341,292,000)	\$(341,292,000)
Education Fund, One-Time	\$0	\$241,559,000	\$17,256,000
New Account Created By Legislation	\$0	\$66,491,000	\$184,433,000
Restricted Accounts and Funds	\$0	\$55,220,000	\$77,598,000
<b>Total Revenues</b>	<b>\$0</b>	<b>\$196,841,000</b>	<b>\$251,972,000</b>

Enactment of this bill may increase sales tax revenue by \$230,083,000 in FY 2020, \$323,325,000 in FY 2021, and \$231,169,000 in FY 2022. The bill may also increase revenue to the General Fund from the new real estate transfer tax by \$17,250,000 in FY 2021 and \$19,565,000 in FY 2022. Lastly, the bill may increase revenue to the General Fund from the new health insurance premium tax by \$51,000,000 in FY 2021 and \$56,100,000 in FY 2022. Of the total sales tax increase 76% accrues to the General Fund and 24% accrues to earmarked sales tax. The bill may decrease revenue to the Education Fund by \$99,733,000 in FY 2020, \$324,036,000 in FY 2021 and \$341,292,000 in FY 2022. Enactment of this legislation creates the Sales and Use Tax Base Expansion Restricted Account. Finance will deposit into the account amounts of local sales tax revenue that exceed estimated baseline revenue. Currently, local funds potentially accruing to the account from local options rates are estimated at \$66,484,000 for FY 2020, \$184,426,000 for FY 2021 and \$257,093,000 for FY 2022. Funds will be utilized to implement hold harmless distributions as provided in the legislation.

Expenditures	FY 2019	FY 2020	FY 2021
General Fund	\$0	\$2,352,400	\$2,352,400
General Fund, One-Time	\$70,200	\$620,200	\$0
<b>Total Expenditures</b>	<b>\$70,200</b>	<b>\$2,972,600</b>	<b>\$2,352,400</b>

Enactment of this legislation could cost the Tax Commission \$2,352,400 ongoing from the General Fund, plus \$70,200 one-time in FY 2019 and \$620,200 one-time in FY 2021 for programming, staff and legal support, and the mailing of Tax Bulletins.

	<i>FY 2019</i>	<i>FY 2020</i>	<i>FY 2021</i>
<b>Net All Funds</b>	<b><u>\$(70,200)</u></b>	<b><u>\$193,868,400</u></b>	<b><u>\$249,619,600</u></b>

### **Local Government**

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

Enactment of this bill may increase or decrease revenue to local governments over what otherwise would be the case. The effect on each local government depends upon the amount of services performed in an area relative to all other local governments and inflation. Distributions from the Sales and Use Tax Base Expansion Restricted Account created in this legislation will hold-harmless local governments negatively impacted by sales tax base shifts.

### **Individuals & Businesses**

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

Enactment of this bill may increase the sales tax burden of individuals and businesses by \$230,083,000 in FY 2020, \$323,325,000 in FY 2021, and \$231,169,000 in FY 2022 when fully implemented. Individual income tax filers may see a decrease in income tax burden of \$92,248,000 in FY 2020, \$300,310,000 in FY 2021 and \$316,371,000 in FY 2022. Corporate tax filers may see a tax burden reduction of \$7,484,000 in FY 2019, \$23,726,000 in FY 2021 and \$24,921,000 in FY 2022. A newly implemented real estate transfer tax may increase the tax burden on Individuals and businesses by \$17,250,000 in FY 2021 and \$19,565,000 in FY 2022. Health insurance businesses may see a tax increase of \$51,000,000 in FY 2021 and \$56,100,000 in FY 2022. In addition to the above, individuals and businesses could pay additional local sales taxes equalling \$66,484,000 in FY 2020, \$184,426,000 in FY 2021, and \$257,093,000 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.