



**Fiscal Note**  
**H.B. 54 2nd Sub. (Gray)**  
 2023 General Session  
 Tax Revisions  
 by Eliason, S. (McCay, Daniel.)



**General, Income Tax, and Uniform School Funds**

JR4-4-101

|                            | Ongoing          | One-time      | Total            |
|----------------------------|------------------|---------------|------------------|
| Net GF/ITF/USF (rev.-exp.) | \$ (561,800,000) | \$ 79,730,000 | \$ (482,070,000) |

**State Government**

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

| Revenues                               | FY 2023               | FY 2024                 | FY 2025                 |
|--|-----------------------|-------------------------|-------------------------|
| General Fund                           | \$ 0                  | \$ (165,000,000)        | \$ (165,000,000)        |
| General Fund, One-time                 | \$ 0                  | \$ 165,000,000          | \$ 99,000,000           |
| Income Tax Fund                        | \$ 0                  | \$ (396,800,000)        | \$ (396,800,000)        |
| Income Tax Fund, One-time              | \$ (6,670,000)        | \$ (78,600,000)         | \$ 0                    |
| Transportation Investment Fund of 2005 | \$ 0                  | \$ 0                    | \$ (17,000,000)         |
| Restricted Accounts (FN Only)          | \$ 0                  | \$ 0                    | \$ (800,000)            |
| <b>Total Revenues</b>                  | <b>\$ (6,670,000)</b> | <b>\$ (475,400,000)</b> | <b>\$ (480,600,000)</b> |

Enactment of this bill may reduce Income Tax Fund revenues by an estimated \$6,670,000 in FY 2023; \$475,400,000 in FY 2024; and \$396,800,000 in FY 2025.

Should this bill be enacted and if the amendment to the Utah Constitution proposed by S.J.R. 10 passes the Legislature and is approved by a majority of those voting on it at the next regular general election, then the state sales tax rate of 1.75% on food and food ingredients would be removed beginning January 1, 2025. Should both conditions be met, it is estimated that this change would reduce state sales tax revenue by approximately \$83.8 million in FY 2025 and \$211.1 million ongoing beginning in FY 2026. Decreases in sales tax revenues due to this change would impact the General Fund and earmarks to the Transportation Investment Fund and the Outdoor Adventure Infrastructure Restricted Account.

| Expenditures       | FY 2023 | FY 2024 | FY 2025 |
|--------------------|---------|---------|---------|
| Total Expenditures | \$ 0    | \$ 0    | \$ 0    |

Enactment of this legislation likely will not materially impact state expenditures.

|                      | FY 2023               | FY 2024                 | FY 2025                 |
|----------------------|-----------------------|-------------------------|-------------------------|
| <b>Net All Funds</b> | <b>\$ (6,670,000)</b> | <b>\$ (475,400,000)</b> | <b>\$ (480,600,000)</b> |

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**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)(c)

This bill will reduce income taxes for individuals and businesses by an estimated \$6,670,000 in FY 2023, \$475,400,000 in FY 2024, and \$396,800,000 in FY 2025 in aggregate. Taxpayer impacts will vary based on each taxpayer's individual circumstances.

Should this bill be enacted and if the amendment to the Utah Constitution proposed by S.J.R. 10 passes the Legislature and is approved by a majority of those voting on it at the next regular general election, then the state sales tax rate of 1.75% on food and food ingredients would be removed beginning January 1, 2025. Under this change, a household that spends \$6,000 annually on food/ food ingredients would see tax savings of approximately \$105 per year. In total, it is estimated that this change would decrease sales tax liability for taxpayers by approximately \$83.8 million in FY 2025 and \$211.1 million in FY 2026. Impacts would vary by household depending on the amount of expenditures on food and food ingredients.

**Regulatory Impact**

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

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

**Performance Evaluation**

JR1-4-601

This bill does not create a new program or significantly expand an existing program.

**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.