



Fiscal Note

H.B. 172

2023 General Session
Food Sales Tax Modifications
by Lesser, R.



General, Income Tax, and Uniform School Funds

JR4-4-101

	Ongoing	One-time	Total
Net GF/ITF/USF (rev.-exp.)	\$(150,500,000)	\$24,400,000	\$(126,100,000)

State Government

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

Revenues	FY 2023	FY 2024	FY 2025
General Fund	\$0	\$(150,500,000)	\$(150,500,000)
General Fund, One-time	\$0	\$24,400,000	\$0
Transportation Investment Fund of 2005	\$0	\$(33,300,000)	\$(39,700,000)
Medicaid Expansion Fund	\$0	\$200,000	\$300,000
Restricted Accounts (FN Only)	\$0	\$(1,608,000)	\$(1,900,000)
Total Revenues	\$0	\$(160,808,000)	\$(191,800,000)

Enactment of this legislation could reduce state sales tax revenue by approximately \$160.8 million in FY 2024 and \$191.8 million ongoing beginning in FY 2025. The impact is split between the General Fund, with a decrease of \$126.1 million in FY 2024 and \$150.5 million ongoing beginning in FY 2025, and sales tax earmarks, with an aggregate decrease of \$34.7 million in FY 2024 and \$41.3 million ongoing beginning in FY 2025.

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
Net All Funds	\$0	\$(160,808,000)	\$(191,800,000)

Local Government

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

Enactment of this legislation could increase local sales tax revenue by approximately \$1.9 million in FY 2024 and \$2.3 million in FY 2025 as a result of removing candy from the definition of food.

Individuals & Businesses

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

In aggregate, the changes in this bill are estimated to decrease sales tax liability for taxpayers by approximately \$158.9 million in FY 2024 and \$189.5 million in FY 2025. Impacts will vary by household depending on the total expenditures on food and food ingredients. A household that spends \$6,000 annually on food/food ingredients could see tax savings of approximately \$105 per year. Enactment of this bill would also impact taxpayers' sales tax liability on candy and food and food ingredients purchases. Households would also see a tax increase equal to \$4.25 per \$100 spent on candy due to this bill.

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.