



Fiscal Note

H.B. 514

2023 General Session
Fossil Fuels Tax Modifications
by Briscoe, J.



General, Income Tax, and Uniform School Funds

JR4-4-101

	Ongoing	One-time	Total
Net GF/ITF/USF (rev.-exp.)	\$15,997,500	\$(16,573,800)	\$(576,300)

State Government

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

Revenues	FY 2023	FY 2024	FY 2025
General Fund, One-time	\$0	\$0	\$(23,931,600)
Income Tax Fund	\$0	\$16,000,000	\$16,000,000
Income Tax Fund, One-time	\$0	\$(16,000,000)	\$(16,000,000)
Transportation Investment Fund of 2005	\$0	\$0	\$2,062,900
Aeronautics Restricted Account	\$0	\$0	\$11,886,500
Restricted Accounts (FN Only)	\$0	\$0	\$(7,557,300)
New Account Created By Bill (FN Only)	\$0	\$0	\$20,000,000
Total Revenues	\$0	\$0	\$2,460,500

Enactment of this legislation could have the following revenue effects: increase in revenue to the Aeronautics Restricted Account of \$11.9 million one time in FY 2025, \$21.4 million one time in FY 2026, and \$22.9 million ongoing beginning in FY 2027; increase in revenue to the Transportation Investment Fund of \$2.1 million one time in FY 2025, \$5.2 million one time in FY 2026, and \$5.6 million ongoing beginning in FY 2027; increase in revenue to the newly created Carbon Emissions Revenue Restricted Account of \$20.0 million one time in FY 2025; increase in pass through revenue to Utah Transit Authority of \$23.1 million one time in FY 2026 and \$43.3 million ongoing beginning in FY 2027; increase in revenue to the Air Conservation Restricted Account of \$100.0 million ongoing beginning in FY 2026; increased revenue to the Income Tax of \$16.0 million in FY 2026 and \$16.6 million in FY 2027; and decreased revenue to sales tax revenue of \$31.5 million one time in FY 2025, of which 70% is General Fund and 30% is restricted funds.

Expenditures	FY 2023	FY 2024	FY 2025
General Fund	\$0	\$2,500	\$2,500
General Fund, One-time	\$0	\$573,800	\$8,800
Income Tax Fund, One-time	\$0	\$0	\$24,700
Transportation Investment Fund of 2005	\$0	\$0	\$2,062,900
Aeronautics Airport Agency Fund	\$0	\$0	\$11,886,500

New Account Created By Bill (FN Only)	\$0	\$0	\$20,000,000
Total Expenditures	\$0	\$576,300	\$33,985,400

Enactment of this legislation could cost the Tax Commission \$2,500 ongoing from the General Fund beginning in FY 2024 and \$572,300 one-time in FY 2024 and \$8,800 one-time in FY 2025 from the General Fund to implement the systems and administer the programs. It could also cost the Tax Commission \$24,700 one-time from the Income Tax Fund in FY 2026 to update systems.

Enactment of this legislation could also cost the Department of Government Operations \$1,500 one-time to establish a restricted account. The agency has indicated that they can absorb the costs.

Enactment of this legislation could also increase expenditures for the following accounts/programs in the following amounts for statutorily approved purposes: Aeronautics Restricted Account: \$11.9 million one-time in FY 2025, \$21.4 million one-time in FY 2026, and \$22.8 million ongoing beginning in FY 2027; Transportation Investment Fund: \$2.1 million one-time in FY 2025, \$5.2 million one-time in FY 2026, and \$5.6 million ongoing beginning in FY 2027. Enactment of this legislation could also result in a one-time transfer expenditure from the newly created Carbon Emissions Revenue Restricted Account to the newly created Carbon Emissions Tax Refund Restricted Account in the amount of \$20.0 million in FY 2025.

	FY 2023	FY 2024	FY 2025
Net All Funds	<u>\$0</u>	<u>\$(576,300)</u>	<u>\$(31,524,900)</u>

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)

Enactment of this legislation could reduce state sales taxes paid by businesses and individuals; the estimated aggregate impact is a reduction of \$124.7 million in FY 2025, \$313.5 million in FY 2026, and \$327.9 million in FY 2027. Enactment of this legislation could also increase carbon emissions taxes paid by businesses and individuals; the estimated aggregate impact is an increase of \$127.2 million in FY 2025, \$529.4 million in FY 2026, and \$568.4 million in FY 2027. Enactment of this legislation could also decrease tax liability for certain individuals in the form of an Earned Income Tax Credit by \$50.4 million in FY 2026 and \$52.1 million in FY 2027. The estimated aggregate impact of all the tax changes is \$2.5 million in FY 2025, \$165.6 million in FY 2026, and \$188.4 million in FY 2027.

Regulatory Impact

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

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