DOES UTAH HAVE A REVENUE PROBLEM?

UTAH TAXES NOW CONFERENCE, MAY 2019
GENERATIONS IN UTAH, 2017

Note: Age topcoded at 85+
Source: U.S. Census Bureau, Vintage 2017 Population Estimates

Population

Generation Z
1,064,055
34.3%

Millenials
757,913
24.4%

Gen X
586,530
18.9%

Boomers
511,135
16.5%

Silent and Greatest
182,170
5.9%

Source: U.S. Census Bureau, Vintage 2017 Population Estimates
LONGEST SUSTAINED EXPANSION ON RECORD (JUNE 2019)

Utah job growth

Source: Bureau of Labor Statistics
CHANGING EXPENDITURE PATTERNS

U.S. Household Expenditures

1985 Household Expenditures

- Taxable: 51%
- Not Taxable: 49%

2015 Household Expenditures

- Taxable: 41%
- Not Taxable: 59%

Source: U.S. Consumer Expenditure Survey and Kem C. Gardner Policy Institute
Note: Using FY 2019 Utah sales and use tax revenue forecast
RISING HEALTH CARE COSTS

Utah Medicaid Expenditures as a Percent of General Fund

Source: Utah Governor's Office of Management and Budget
Note: Includes earmarks
AN AGING POPULATION

Utah Population 65 and Over

Source: Kem C. Gardner Policy Institute 2015-2065 State and County Projections
UTAH CENTENARIANS (ESTIMATED AND PROJECTED)

<table>
<thead>
<tr>
<th>Population</th>
<th>2015 estimate</th>
<th>2065 projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,000</td>
<td>340</td>
<td>6,800</td>
</tr>
<tr>
<td>7,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4,000</td>
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<td>3,000</td>
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</tr>
<tr>
<td>1,000</td>
<td></td>
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</tbody>
</table>

Source: Kem C. Gardner Policy Institute 2015-2065 State and County Projections
Source: Kem C. Gardner Policy Institute analysis of U.S. Census Bureau Decennial Census data and Kem C. Gardner Policy Institute

Note: Dependency Ratios are computed as the number of nonworking age persons per 100 working age (18-64 year old) persons in the population. Youth are less than 18 years old and retirement age is 65 years and older.
TOTAL STATE EXPENDITURES GROWING FASTER THAN POPULATION AND INFLATION COMBINED

Real Per-capita Total State Expenditures

GF/EF Appropriations Limitation

- Subjected spending limited to 1985 expenditures adjusted for population growth and inflation
- Subjected spending excludes capital construction (roads/bldgs.), debt service, and public education

Source: Utah Code Annotated Chapter 63J-3-101

<table>
<thead>
<tr>
<th></th>
<th>FY 1998</th>
<th>FY 1999</th>
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<tbody>
<tr>
<td>Limit</td>
<td>$3,738,255,000</td>
<td>$3,897,490,000</td>
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<td>Amount Subject</td>
<td>-$3,097,841,000</td>
<td>-$3,270,368,000</td>
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<tr>
<td>Amt Under Limit</td>
<td>$640,414,000</td>
<td>$627,122,000</td>
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</table>

Source: Governor’s Office of Management and Budget, April 23, 2018.
ECONOMY, INCOME, CONSUMPTION, AND TAXABLE SALES

Sources:
### State Income and Sales Taxes

#### Differential Growth Rates (in Millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales Tax Revenue</th>
<th>Income Tax Revenue</th>
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<tbody>
<tr>
<td>1970</td>
<td>$0</td>
<td>$500</td>
</tr>
<tr>
<td>1972</td>
<td>$20,000</td>
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</tr>
<tr>
<td>1974</td>
<td>$40,000</td>
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<tr>
<td>1976</td>
<td>$60,000</td>
<td>$60,000</td>
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<td>1978</td>
<td>$80,000</td>
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<td>1980</td>
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<td>1984</td>
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</tr>
<tr>
<td>1990</td>
<td>$200,000</td>
<td>$200,000</td>
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</tbody>
</table>


GAS TAX IS SLOWLY DYING
AUTO-RELATED SALES TAX A TEMPORARY BRIDGE TO LONG-TERM FUNDING SOURCE

Transportation Funding Sources

Utah GDP

Source: Office of the State Auditor

SALES TAX BASE AS PROPORTION OF PERSONAL INCOME

- Historical trend is downward
- Future is uncertain

Sources:
2018: Office of the State Auditor
INCREASINGLY FUNDING HED WITH INCOME TAX TO CLOSE THE GAP

Sources: FY 1997-2018: Governor’s Office of Management and Budget.