

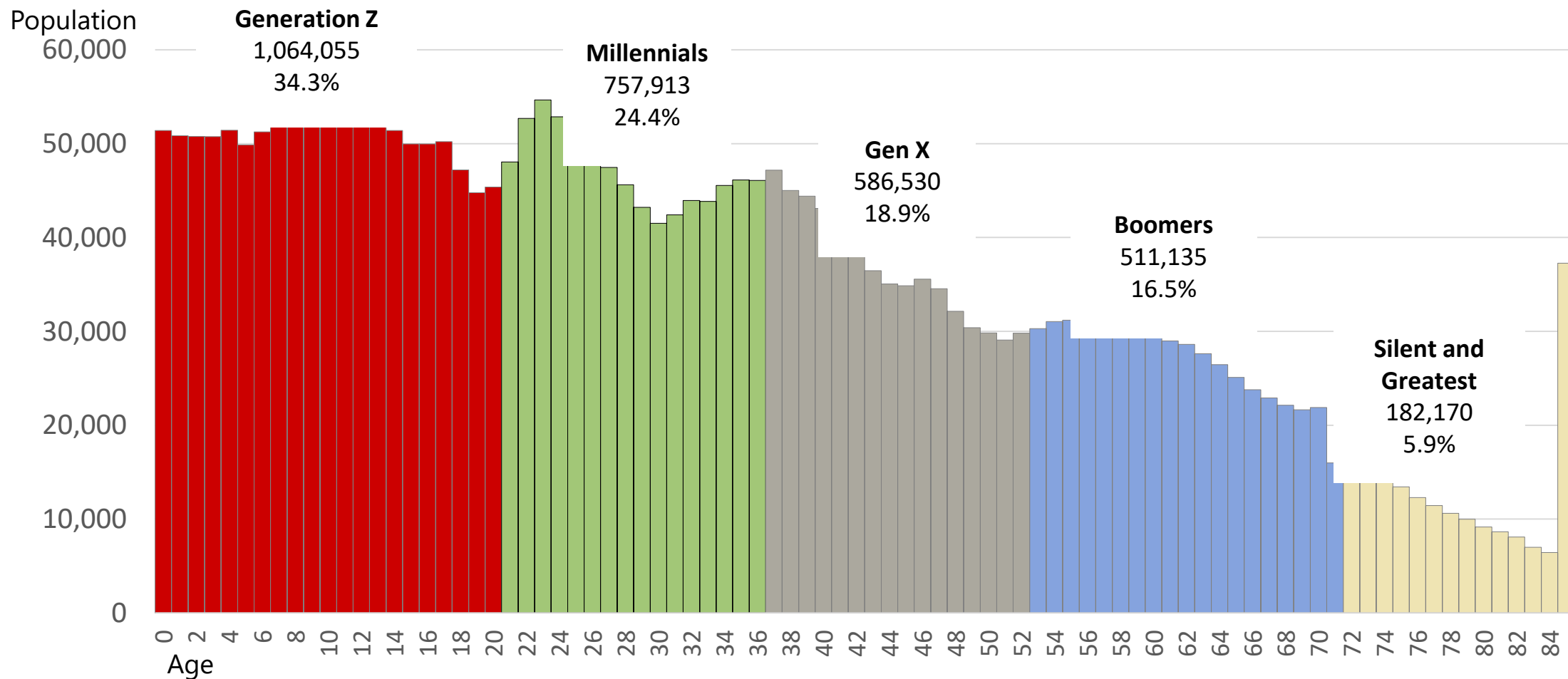


DOES UTAH HAVE A REVENUE PROBLEM?

UTAH TAXES NOW CONFERENCE, MAY 2019

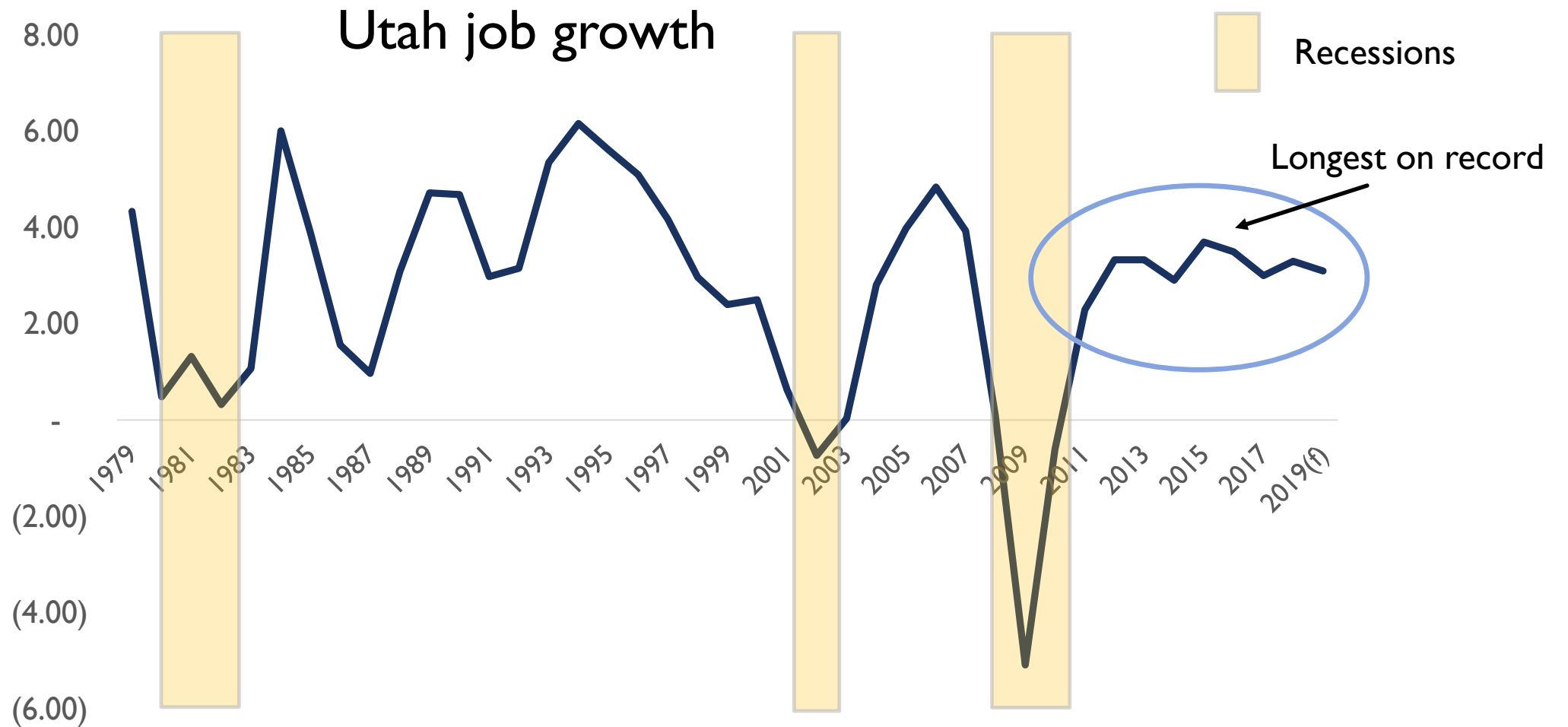


GENERATIONS IN UTAH, 2017



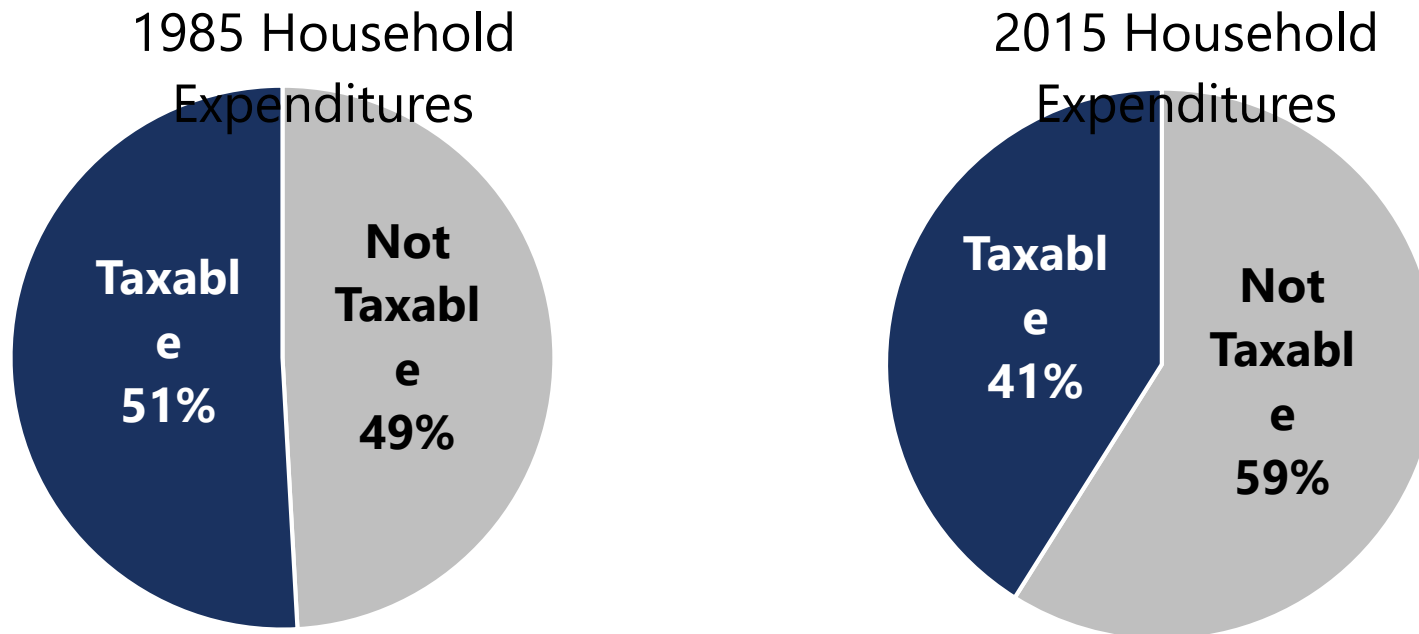
Note: Age topcoded at 85+
Source: U.S. Census Bureau, Vintage 2017 Population Estimates

LONGEST SUSTAINED EXPANSION ON RECORD (JUNE 2019)



CHANGING EXPENDITURE PATTERNS

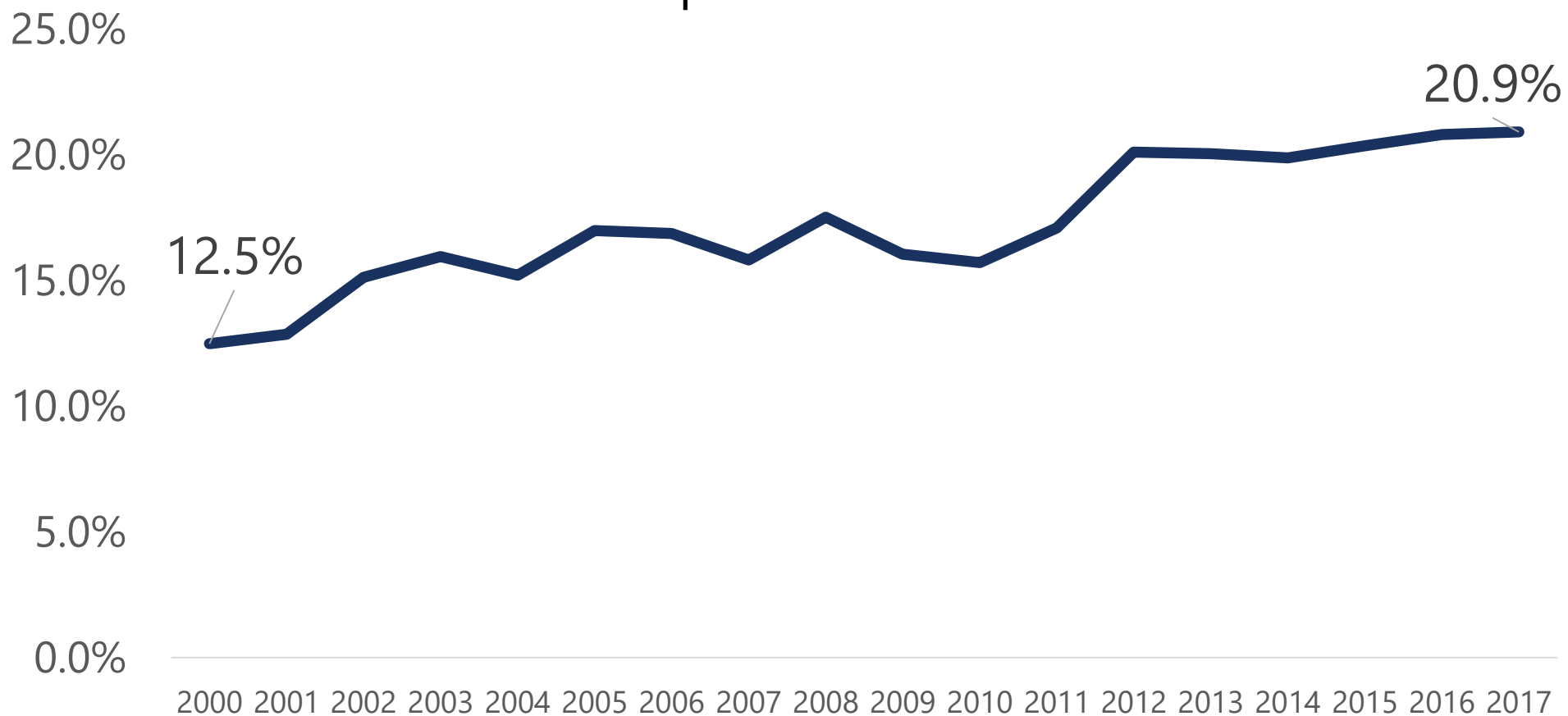
U.S. Household Expenditures



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

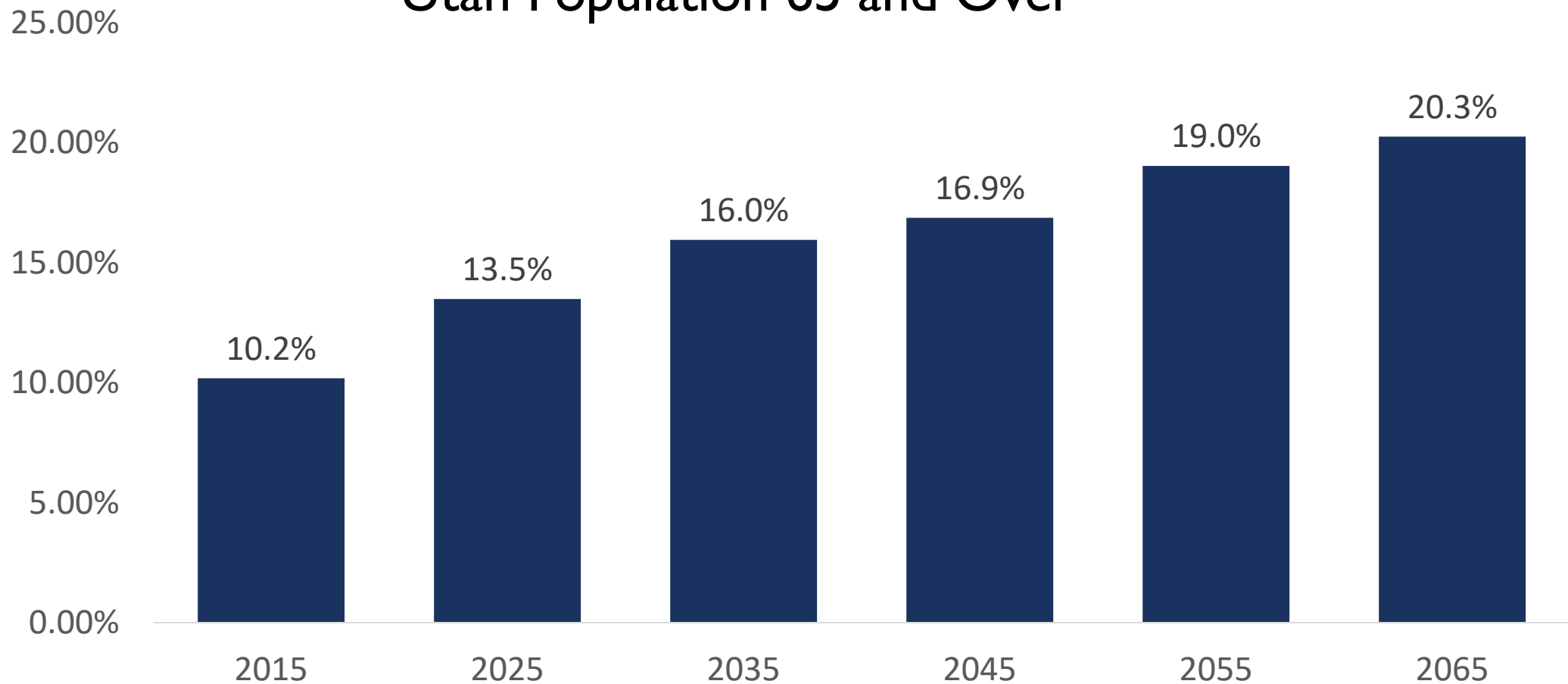
Utah Medicaid Expenditures as a Percent of General Fund



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

AN AGING POPULATION

Utah Population 65 and Over



UTAH CENTENARIANS (ESTIMATED AND PROJECTED)

Population

8,000

7,000

6,000

5,000

4,000

3,000

2,000

1,000

-

340

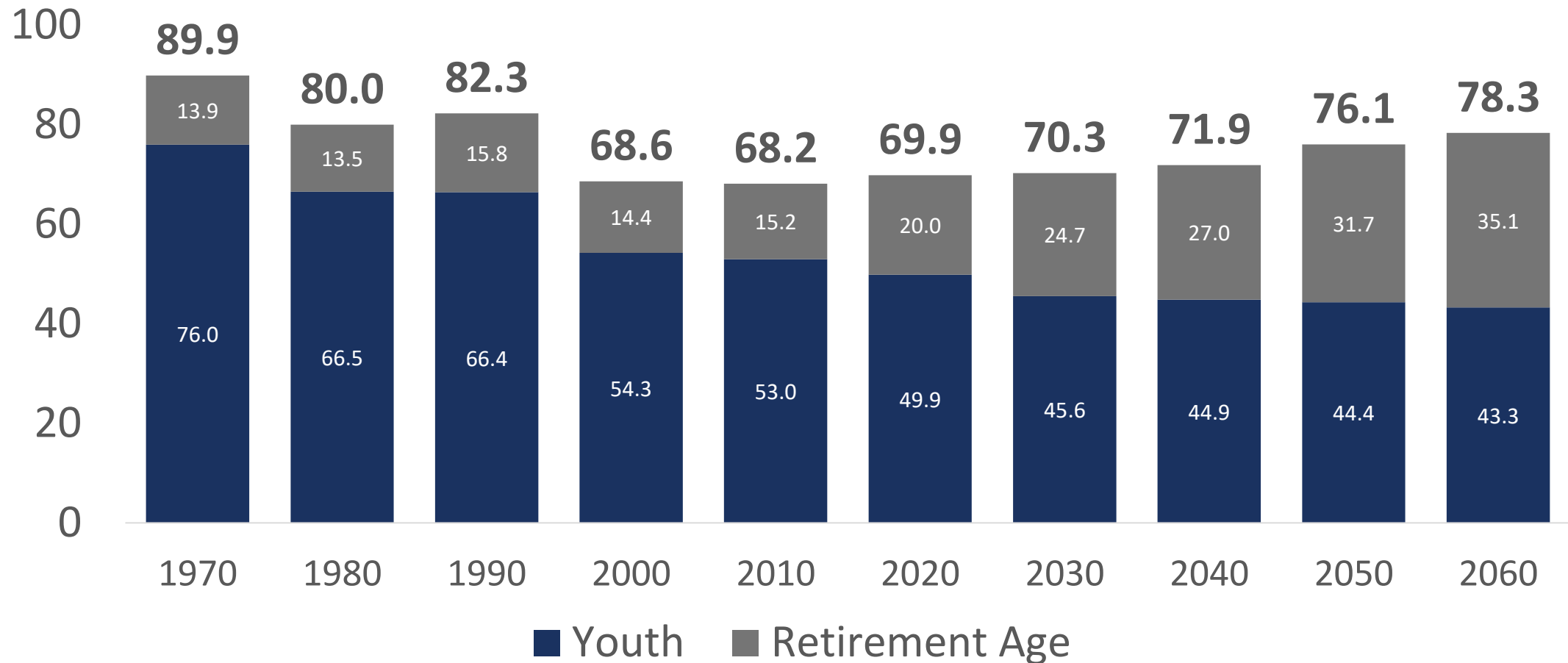
6,800

2015 estimate

2065 projected

Source: Kem C. Gardner Policy Institute 2015-2065 State and County Projections

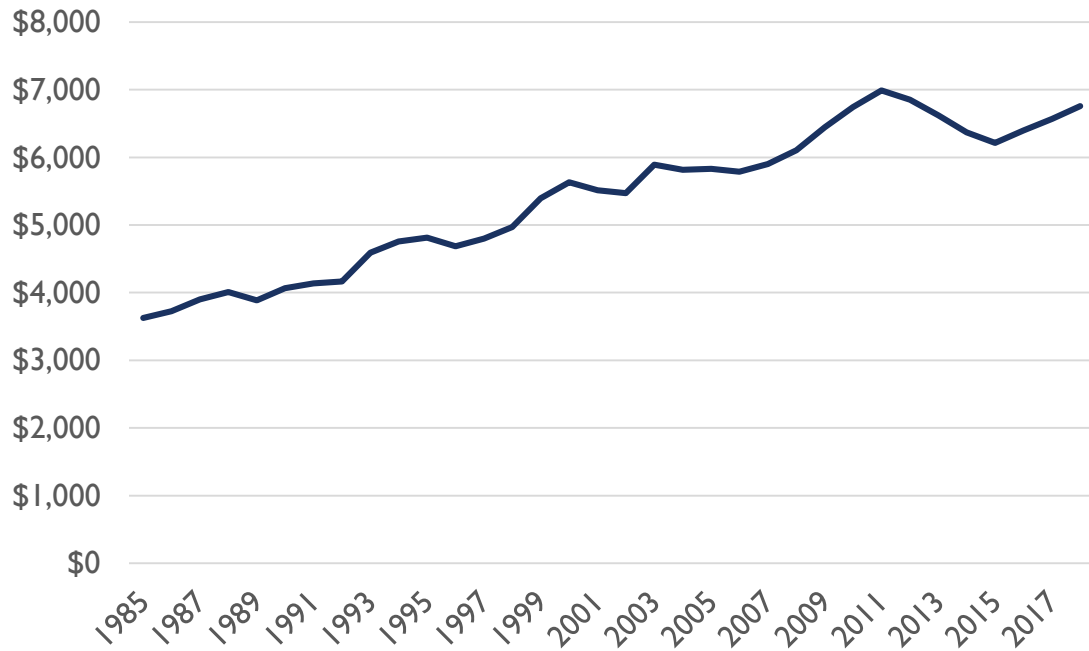
UTAH DEPENDENCY RATIOS



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



Source: Office of the State Auditor

GF/EF Appropriations Limitation

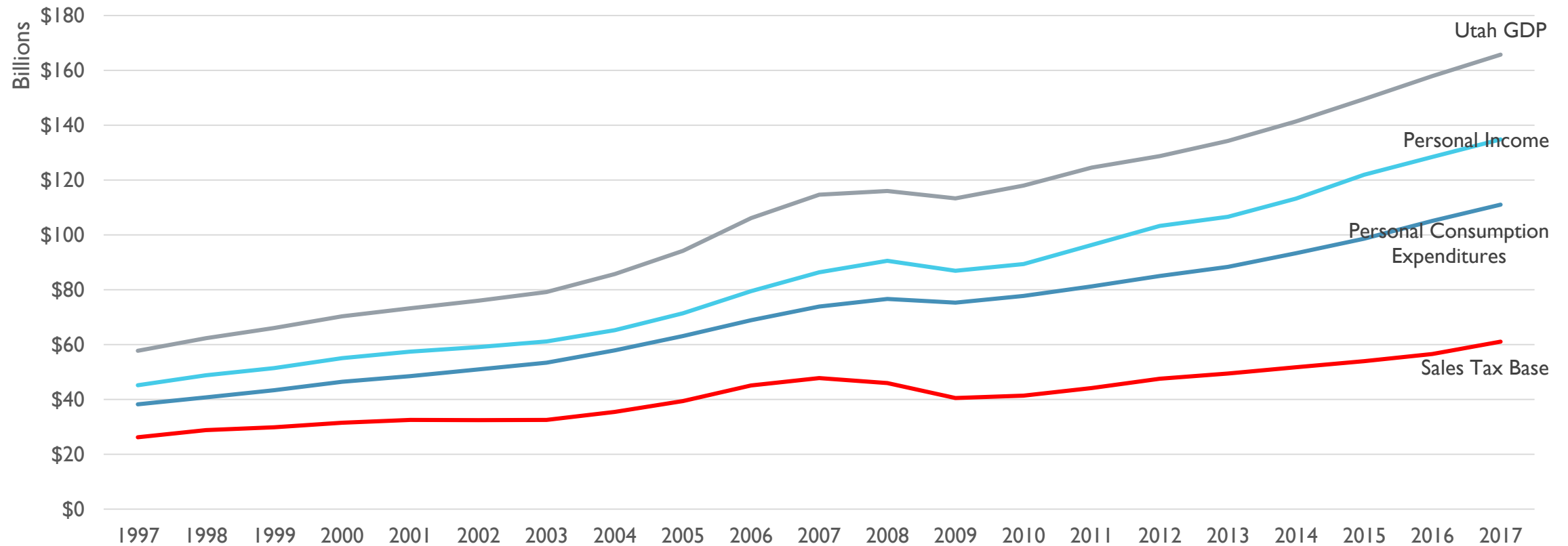
- Subjected spending limited to 1985 expenditures adjusted for population growth and inflation
- Subjected spending excludes capital construction (roads/bldgs.), debt service, and public education

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

	FY 1998	FY 1999
Limit	\$3,738,255,000	\$3,897,490,000
Amount Subject	<u>-\$3,097,841,000</u>	<u>-\$3,270,368,000</u>
Amt Under Limit	\$640,414,000	\$627,122,000

Source: Governor's Office of Management and Budget, April 23, 2018.

ECONOMY, INCOME, CONSUMPTION, AND TAXABLE SALES

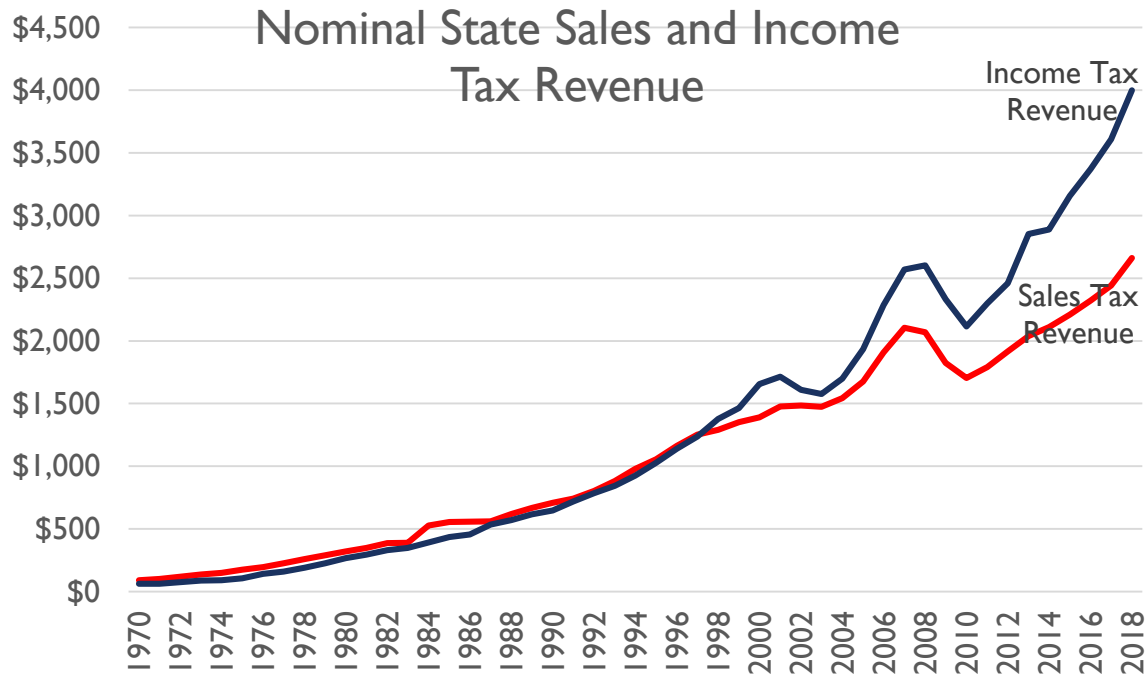


Sources:

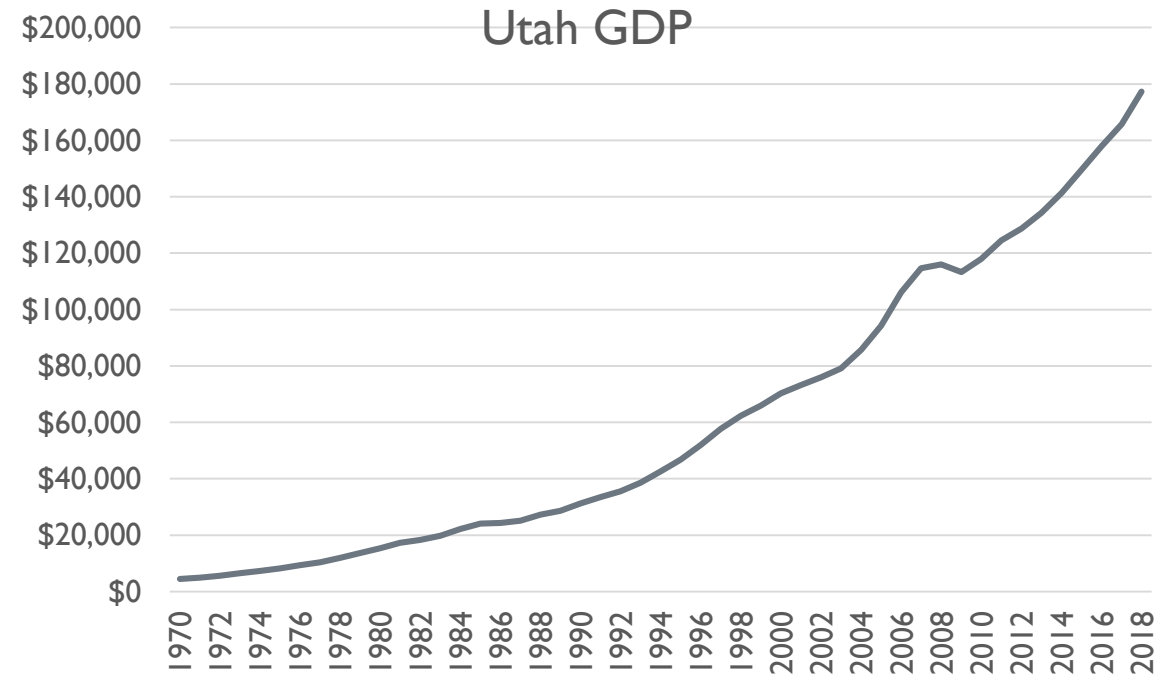
Sales Tax Base: *History of the Utah Tax Structure*; Utah Tax Commission; <https://tax.utah.gov/esu/history/history.pdf>; p. 9-10; published Dec. 2018; accessed May 2019.

All Else: Interactive Data Tables, U.S. Bureau of Economic Analysis, <https://apps.bea.gov/itable/itable.cfm?ReqID=70&step=1#reqid=70&step=1&isuri=1>; accessed May 2019.

STATE INCOME AND SALES TAXES DIFFERENTIAL GROWTH RATES (IN MILLIONS)



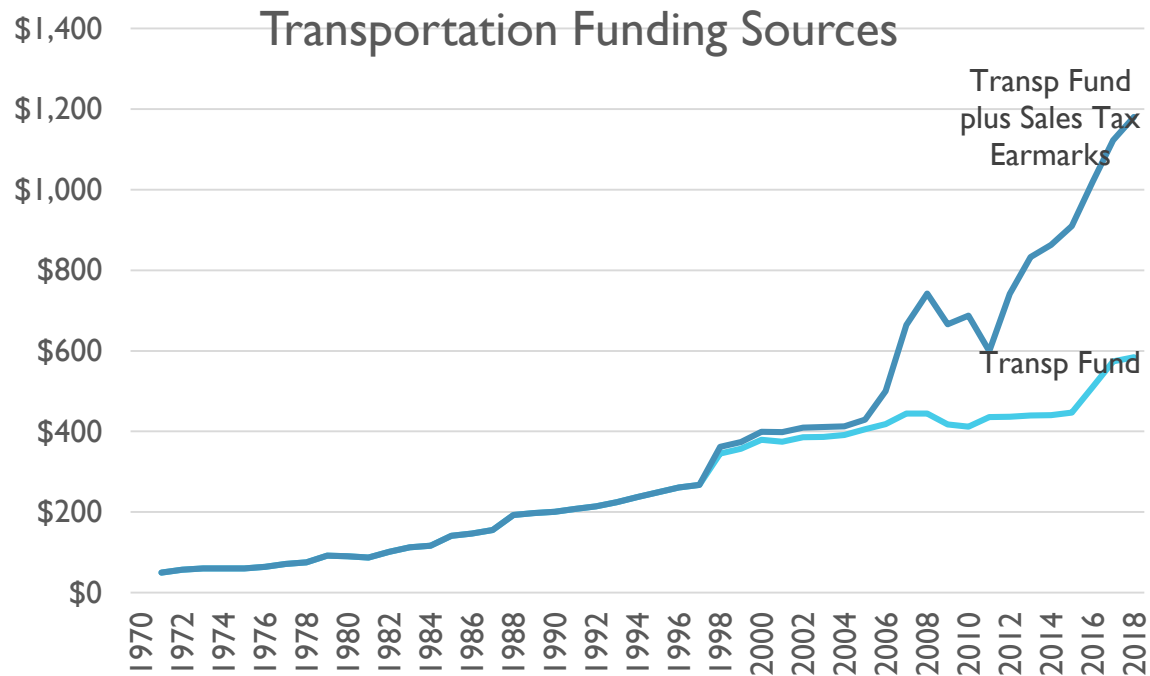
Source: *History of the Utah Tax Structure*; Utah Tax Commission; <https://tax.utah.gov/esu/history/history.pdf>; p. 9-10, 166-167; published Dec. 2018; accessed May 2019.



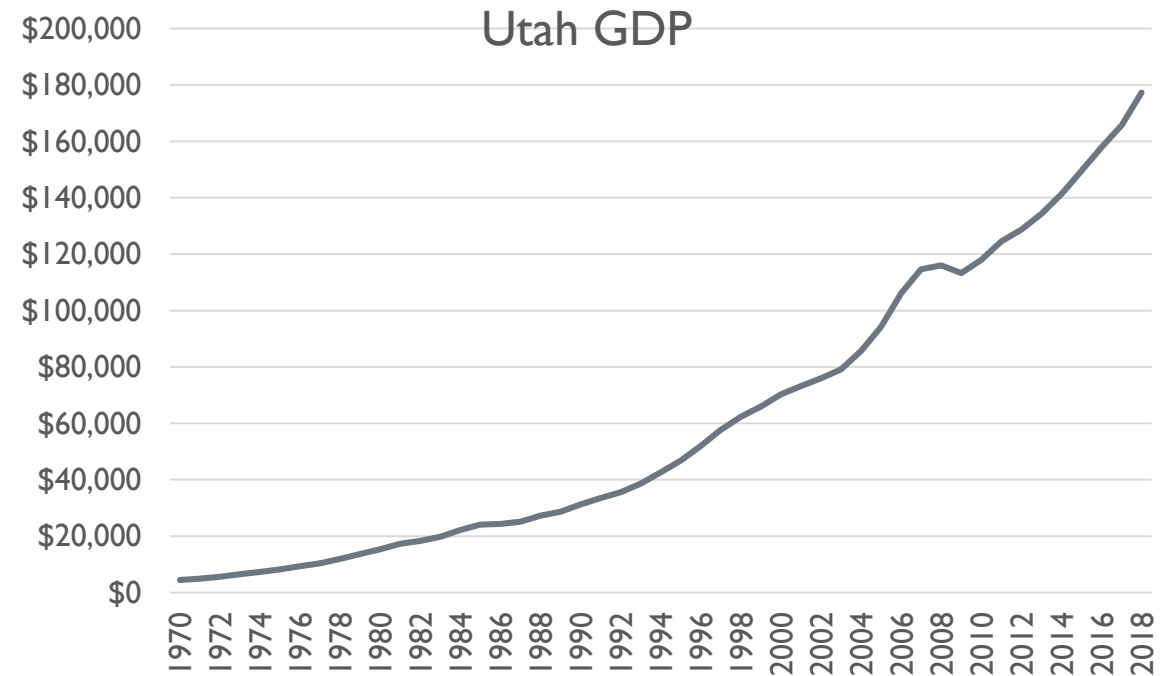
Source: Interactive Data Tables, U.S. Bureau of Economic Analysis, <https://apps.bea.gov/itable/iTable.cfm?ReqID=70&step=1#reqid=70&step=1&isuri=1>; accessed May 2019.

GAS TAX IS SLOWLY DYING

AUTO-RELATED SALES TAX A TEMPORARY BRIDGE TO LONG-TERM FUNDING SOURCE

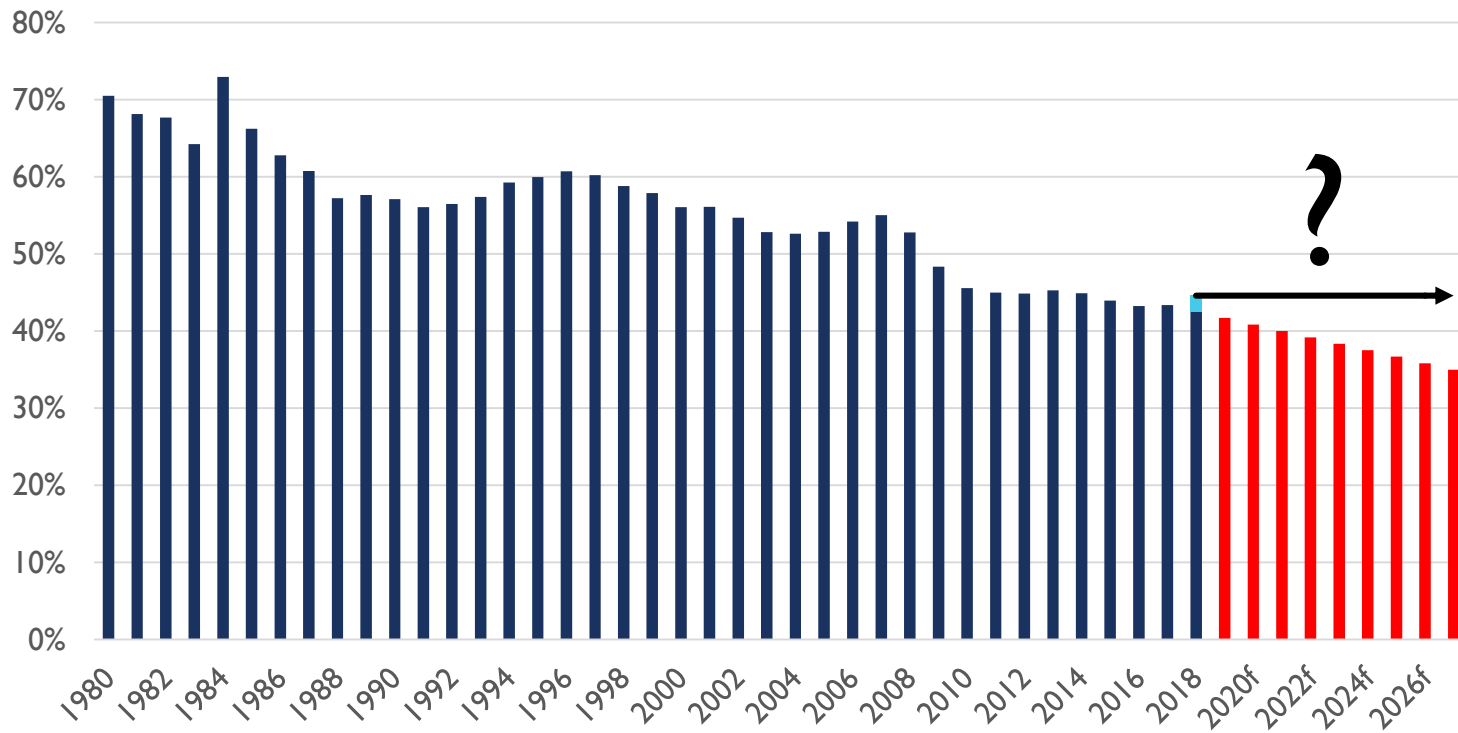


Source: Office of the State Auditor



Source: Interactive Data Tables, U.S. Bureau of Economic Analysis, <https://apps.bea.gov/itable/iTable.cfm?ReqID=70&step=1#reqid=70&step=1&isuri=1>; accessed May 2019.

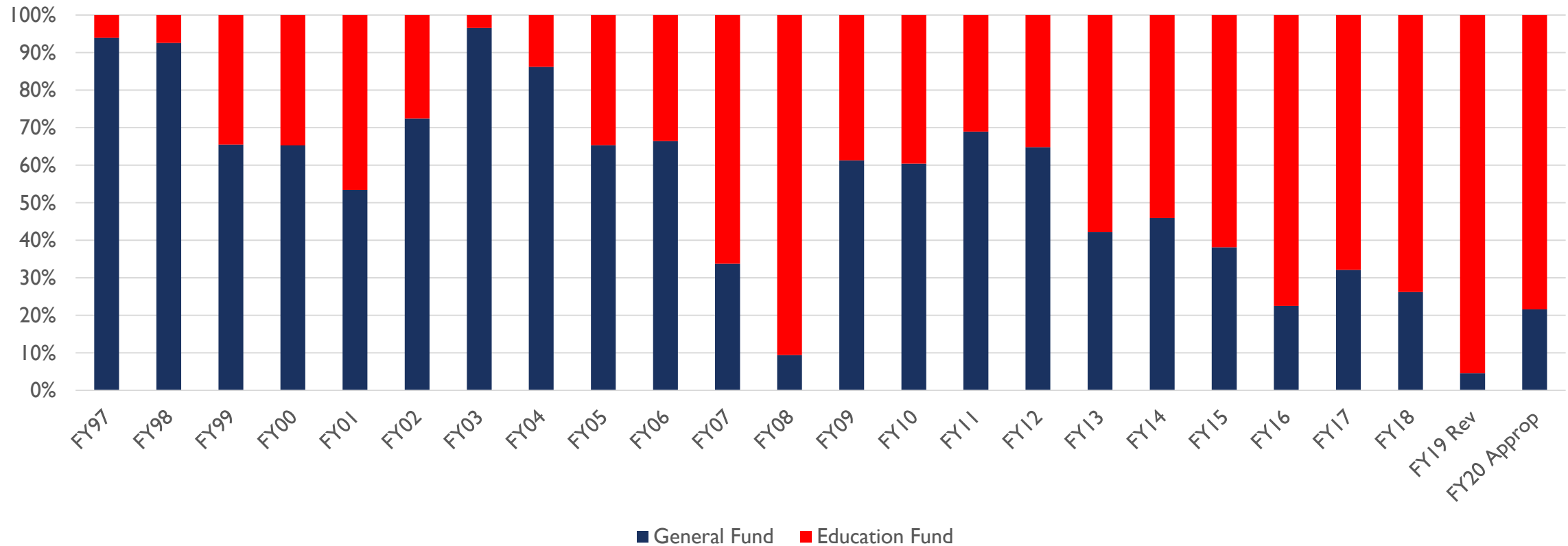
SALES TAX BASE AS PROPORTION OF PERSONAL INCOME



- Historical trend is downward
- Future is uncertain

Sources:
1980-2017, 2019-2026: Governor's Office of Management and Budget and Kem C. Gardner Policy Institute.
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.

FY 2019-2020: *Compendium of Budget Information*; Office of the Legislative Fiscal Analyst; <https://cobi.Utah.gov>; accessed May 2019.