

## SB 2001 – 2019 TAX CUTS AND TAX REFORM BILL

**ISSUE 1 - CHANGE:** Our economy is changing, going from goods based to services based.

**Question:** When did you last buy a music CD? DVD? You paid sales tax each time.

When did you last download music or rent a movie online? You paid *no* sales tax each time.

**ISSUE 2 - GROWTH:** In 1997 \$0 of General Fund money went to roads, state funding was from gas tax. In 2019 we spent **\$632 MILLION** of the General Fund on roads in addition to state gas tax funding.

**RESULT:** The General (Sales Tax) Fund is short by \$600+ Million and is overwhelmed by demands that outstrip revenue growth; while the Education (Income Tax) Fund is growing at 10X the pace of the General Fund because of the strong economy.

**SOLUTION:** Shift \$ from Income Tax Fund to General Fund - Cut Income Tax/increase Sales Tax

**SB 2001:** *Reduced* Income Taxes collected by the State of Utah by **\$639 MILLION**

*Increased* Sales Taxes collected by the State of Utah by **\$479 MILLION**

THIS RESULTS IN A NET OF **\$160 MILLION LESS IN TAXES COLLECTED BY THE STATE EACH YEAR**

### WHAT MAKES UP THESE REDUCTIONS AND INCREASES?

#### INCOME TAX FUND REDUCTIONS:

Income Tax Rate drops from 4.95% to 4.66% – **\$348 MM** less taxes paid by Utahns

Dependent Exemption increase from \$565 to \$2500/dependent – **\$132 MM** less taxes paid by Utahns

Social Security Income Credit increases – **\$18 MM** less taxes paid by Utahns

Utah Earned Income Credit for low income created – **\$6 MM** less taxes paid by Utahns

Grocery Sales Tax Credit created – **\$135 MM** less taxes paid by, or cash refunded to, Utahns

**\$639 MILLION LESS TAXES PAID BY UTAHNS**

#### GENERAL FUND REDUCTION AND INCREASES:

Feminine Hygiene Products exempted from sales tax – **\$5 MM** less taxes paid by Utahns

Tax on Unprepared Groceries 1.75% to 4.85% – **\$250 MM** more tax paid by Utahns & Visitors/Tourists\*

Sales/Excise Tax on Gas/Diesel\*\* – **\$170 MM** more taxes paid by Utahns & Visitors/Tourists\*

Motor Vehicle Rental Tax increased – **\$4.5 MM** more taxes paid by Utahns & Visitors/Tourists\*

Repeal Some Sales Tax Exemptions\*\*\* – **\$16 MM** more taxes paid by Utahns

Sales Tax on Additional Services\*\*\*\* – **\$43 MM** more taxes paid by Utahns & Visitors/Tourists\*

**\$431 MILLION MORE TAXES PAID BY UTAHNS**

**\$48 MILLION MORE TAXES PAID BY VISITORS/TOURISTS**

\*Utah Fiscal Analyst: Approximately \$48 Million of the food, gas and services sales tax increase is paid by visitors and tourists

\*\*Diesel excise tax will be 6¢ on 4/1/2020 and 10¢ on 1/1/2022

\*\*\*Repealed exemption items now subject to sales tax [\$16 million in restored taxes] include: ski resort electricity; vehicles used at sporting events; admission to college athletic events; off campus textbook purchases; car washes, vending machines, cleaning services and games except when sold through coin-operated machines; railroad engine fuel; certain database uses.

\*\*\*\*Additional services that will now be taxed [\$43 million in new taxes] are: installation of tangible personal property when part of a taxable sale; pet boarding, grooming and daycare; personal transportation services, including ride sharing and sightseeing services; towing services; parking lots and garages; dating services; identity theft protection services; streaming media services; shipping and handling; and electronic security monitoring. [THAT'S ALL FOLKS]

**ADDITIONALLY:** In 2020 there will be **\$60 Million** in 2019 dependent exemption rebates, and **\$12 Million** in 2020 grocery sales tax rebates. **\$72 Million** more of our money in our pockets.

**SUMMARY:** Utah will put **\$639 Million** in the *right pocket* of its citizens, and take **\$431 Million** out of the *left pocket* and **\$48 Million** out of *Visitors & Tourists pockets*. **Utahns** come out *ahead* **\$208 Million** each year (**\$280 Million** in 2020 with the additional rebates). We continue to fund our roads, and 84% of Utahns get a tax break.