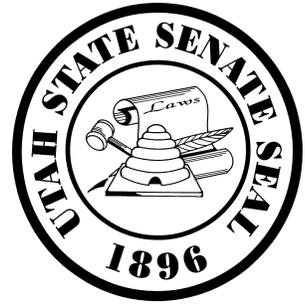




Fiscal Note

H.B. 107

2026 General Session
 Vehicle Sales Tax Amendments
 by Teuscher, Jordan D.



General, Income Tax, and Uniform School Funds

JR4-4-101

| | Ongoing | One-time | Total |
|----------------------------|----------------|-------------|----------------|
| Net GF/ITF/USF (rev.-exp.) | \$(23,788,000) | \$1,843,800 | \$(21,944,200) |

State Government

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

| Revenues | FY 2026 | FY 2027 | FY 2028 |
|--|------------|-----------------------|-----------------------|
| Transportation Investment Fund of 2005 | \$0 | \$(9,436,000) | \$(9,436,000) |
| Transportation Investment Fund of 2005, One-time | \$0 | \$793,000 | \$0 |
| Restricted Accounts (FN Only) | \$0 | \$(2,464,000) | \$(2,464,000) |
| Restricted Accounts (FN Only), One-time | \$0 | \$207,000 | \$0 |
| General Fund | \$0 | \$(23,000,000) | \$(23,000,000) |
| General Fund, One-time | \$0 | \$1,900,000 | \$0 |
| Total Revenues | \$0 | \$(32,000,000) | \$(34,900,000) |

Enactment of this legislation would exempt the sales price of the lower priced motor vehicle from sales tax when a person replaces a motor vehicle through separate transactions. The creation of this sales tax exemption is estimated to reduce state sales tax revenue to the General Fund by approximately \$21.1 million in FY 2027 and \$23.0 million annually thereafter and reduce aggregate state sales tax earmarks by approximately \$10.9 million in FY 2027 and \$11.9 million annually thereafter.

| Expenditures | FY 2026 | FY 2027 | FY 2028 |
|--|-----------------|--------------------|--------------------|
| State Tax Commission Administrative Charge Account (GFR) | \$0 | \$337,800 | \$337,800 |
| State Tax Commission Administrative Charge Account (GFR), One-time | \$24,100 | \$0 | \$0 |
| General Fund | \$0 | \$788,000 | \$788,000 |
| General Fund, One-time | \$56,200 | \$0 | \$0 |
| Total Expenditures | \$80,300 | \$1,125,800 | \$1,125,800 |

Enactment of this legislation could cost the Tax Commission \$788,000 ongoing from the General Fund beginning in FY 2027 and \$337,800 ongoing from the State Tax Commission Administrative Charge Account beginning in FY 2027 to implement the bill's provisions. Enactment of this legislation could

also cost the Tax Commission \$56,200 one-time from the General Fund in FY 2026 and \$24,100 one-time from the State Tax Commission Administrative Charge Account to update tax systems.

| | <i>FY 2026</i> | <i>FY 2027</i> | <i>FY 2028</i> |
|----------------------|-------------------|-----------------------|-----------------------|
| Net All Funds | <u>\$(80,300)</u> | <u>\$(33,125,800)</u> | <u>\$(36,025,800)</u> |

Local Government

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

Enactment of this legislation would exempt the sales price of the lower priced motor vehicle from sales tax when a person replaces a motor vehicle through separate transactions. The creation of this sales tax exemption is estimated to reduce local sales tax revenues, in aggregate, by approximately \$16.8 million in FY 2027 and \$18.4 million annually thereafter.

Individuals & Businesses

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

Enactment of this legislation could reduce sales tax liability for businesses and individuals, in aggregate, by an estimated \$48.8 million in FY 2027 and \$53.3 million annually thereafter as a result of exemptions for motor vehicles replaced through separate transactions; actual individual impacts will vary.

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 explanations 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 explanation is not an appropriation. The Legislature decides appropriations separately.