



Fiscal Note
2nd Sub. H.B. 107 (Gray)
 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.)	\$(757,700)	\$515,900	\$(241,800)

State Government

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

Revenues	FY 2026	FY 2027	FY 2028
Uninsured Motorist I.D.	\$0	\$(400,000)	\$(400,000)
Uninsured Motorist I.D., One-time	\$(60,000)	\$0	\$0
Restricted Accounts (FN Only)	\$0	\$6,450,000	\$6,450,000
Restricted Accounts (FN Only), One-time	\$4,098,000	\$21,200,000	\$9,400,000
General Fund	\$0	\$1,200,000	\$1,200,000
General Fund, One-time	\$0	\$(1,200,000)	\$600,000
Income Tax Fund	\$0	\$(1,200,000)	\$(1,200,000)
Income Tax Fund, One-time	\$0	\$1,200,000	\$(600,000)
Total Revenues	\$4,038,000	\$27,250,000	\$15,450,000

Enactment of this legislation would create a new nonrefundable income tax credit for an amount calculated on the sales taxes paid on the sales price of the lower priced motor vehicle when a person replaces a motor vehicle through separate transactions. This credit is estimated to reduce Income Tax Fund revenue by approximately -\$1.8 million in FY 2028 and -\$1.2 million annually thereafter with an equivalent increase in General Fund revenue each year resulting from transfers from the Motor Vehicle Sales Tax Restricted Account, which would result in an equivalent decrease in funds to that account. Enactment of this legislation could increase total out-of-state vehicle registration penalty revenue and shift that revenue from the Uninsured Motorist Identification Restricted Account to the Motor Vehicle Sales Tax Restricted Account, resulting in a decrease of approximately \$60,000 in FY 2026 and \$400,000 from the Uninsured Motorist Identification Restricted Account beginning in FY 2027 and an increase of approximately \$98,000 in FY 2026 and \$650,000 to the Motor Vehicle Sales Tax Restricted Account beginning in FY 2027. Enactment of this legislation could increase revenue to the Motor Vehicle Sales Tax Restricted Account by an estimated \$4 million in FY 2026, \$27 million in FY 2027, and \$17 million in FY 2028 resulting from new late registration penalties.

Expenditures	FY 2026	FY 2027	FY 2028
General Fund	\$0	\$75,100	\$75,100
General Fund, One-time	\$900	\$51,700	\$0
Income Tax Fund	\$0	\$682,600	\$682,600
Income Tax Fund, One-time	\$0	\$(568,500)	\$10,000

Total Expenditures	\$900	\$240,900	\$767,700
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Enactment of this legislation could cost the Tax Commission \$124,900 one-time from the General Fund in FY 2027 and \$75,100 ongoing from the General Fund beginning in FY 2028 and \$114,100 one-time from the Income Tax Fund in FY 2027, \$10,000 one-time from the Income Tax Fund in FY 2028, and \$682,600 ongoing from the Income Tax Fund beginning in FY 2028 for updates to tax systems, forms, and processes and for ongoing support and compliance services. Enactment of this legislation could also cost the Division of Finance from the \$900 one-time from the General Fund in FY 2026 and \$1,900 ongoing from the General Fund beginning in FY 2027 to create and maintain the new Motor Vehicle Sales Tax Restricted Account.

	<i>FY 2026</i>	<i>FY 2027</i>	<i>FY 2028</i>
Net All Funds	<u>\$4,037,100</u>	<u>\$27,009,100</u>	<u>\$14,682,300</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 income tax liability for businesses and individuals, in aggregate, by an estimated \$1.8 million in FY 2028 and \$1.3 million annually thereafter as a result of income tax credits calculated on an amount of sales taxes paid on motor vehicles replaced through separate transactions. Enactment of this legislation could increase penalties paid by resident businesses and individuals with out-of-state registration, in aggregate, by an estimated \$38,000 in FY 2026 and \$250,000 annually beginning in FY 2027. Enactment of this legislation could increase fees paid by businesses and individuals with vehicle registration more than 30 days overdue, in aggregate, by an estimated \$4 million in FY 2026, \$27 million in FY 2027, and \$17 million in FY 2028. 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.