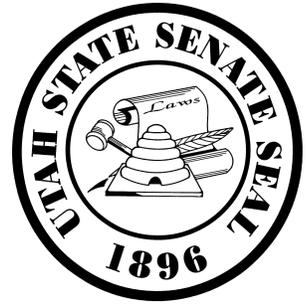




Fiscal Note
2nd Sub. H.B. 231 (Gray)
 2026 General Session
 Restaurant Tax Repeal Amendments
 by Thurston, Norman K



General, Income Tax, and Uniform School Funds

JR4-4-101

	Ongoing	One-time	Total
Net GF/ITF/USF (rev.-exp.)	\$0	\$0	\$0

State Government

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

Revenues	FY 2026	FY 2027	FY 2028
Total Revenues	\$0	\$0	\$0

Enactment of this legislation likely will not materially impact state revenue.

Expenditures	FY 2026	FY 2027	FY 2028
State Tax Commission	\$0	\$46,500	\$0
Administrative Charge Account (GFR), One-time			
Total Expenditures	\$0	\$46,500	\$0

Enactment of this legislation could cost the Tax Commission \$46,500 one-time in FY 2027 from the State Tax Commission Administrative Charge Account for programming and system testing.

	FY 2026	FY 2027	FY 2028
Net All Funds	\$0	\$(46,500)	\$0

Local Government

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

Beginning October 1, 2026, this bill replaces the restaurant tax with a tax on taxable transactions—excluding food and food ingredients—at a rate estimated to generate an equivalent amount of revenue. Revenue from the new tax would roughly offset the revenue of the repealed restaurant tax. However, the tax rate is rounded up to two decimal places (as a percentage) which may generate more revenue. Actual impacts will depend on the final rounded rate, the timing of adoption, and relative growth trends between the two tax bases. Using the FY 2025 taxable sales data generates approximately \$6.4 million more in total local government revenue.

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Individuals & Businesses

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

Beginning October 1, 2026, this bill replaces the restaurant tax with a tax on taxable transactions—excluding food and food ingredients—at a rate estimated to generate an equivalent amount of revenue. Revenue from the new tax would roughly offset the revenue of the repealed restaurant tax. However, the tax rate is rounded up to two decimal places (as a percentage) which may generate more revenue. Using the FY 2025 taxable sales data costs individuals and businesses approximately \$6.4 million more in taxes.

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.