



Fiscal Note

H.B. 405

2026 General Session
State Purchasing Reserve Funding
by Ivory, Ken



General, Income Tax, and Uniform School Funds

JR4-4-101

	Ongoing	One-time	Total
Net GF/ITF/USF (rev.-exp.)	\$(878,100)	\$(30,900)	\$(909,000)

State Government

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

Revenues	FY 2026	FY 2027	FY 2028
Restricted Accounts (FN Only)	\$0	\$3,177,200	\$3,177,200
Dedicated Credits Revenue	\$0	\$(1,450,000)	\$(1,450,000)
Commerce Service Account	\$0	\$9,400	\$9,400
General Fund	\$0	\$(71,200)	\$(71,200)
Income Tax Fund	\$0	\$(127,900)	\$(127,900)
Liquor Control Fund	\$0	\$12,500	\$12,500
Total Revenues	\$0	\$1,550,000	\$1,550,000

The bill could increase dedicated credits to the new account created in this bill by around \$2 million ongoing and divert another \$1 million of ongoing Dedicated Credits in FY 2027 from the Division of Purchasing and General Services to the new fund.

Enactment of this legislation could also reduce revenue collected by the Division of Purchasing and General Service by \$450,000 ongoing beginning in FY 2027 for federal government refunds of reserves in excess of the federal 60 days limit.

Enactment of this legislation could increase revenue to the State Treasurer Investment Management Account to the State Treasurer by \$177,200 ongoing beginning in FY 2027 and reduce investment earnings deposited into the General Fund by \$49,300 ongoing and into the Income Tax Fund by \$127,900 ongoing beginning in FY 2027 due to the investment earnings used for admin costs.

Should the increased vendor fee result in higher purchasing costs, enactment of this legislation could reduce the year-end transfer from the Commerce Service Account to the General Fund by \$9,400 ongoing beginning in FY 2027 and reduce the year-end transfer from the Liquor Control Fund to the General Fund by \$12,500 ongoing beginning in FY 2027 due to higher costs at Commerce and Alcholic Beverage Services and assuming the cost of the new fee is split 50/50 between producer and consumer.

Expenditures	FY 2026	FY 2027	FY 2028
Transportation Fund	\$0	\$200,000	\$200,000
Other Financing Sources	\$0	\$159,600	\$159,600
Restricted Accounts (FN Only)	\$0	\$177,200	\$177,200

Commerce Service Account	\$0	\$9,400	\$9,400
General Fund	\$0	\$679,000	\$679,000
General Fund, One-time	\$30,900	\$0	\$0
Liquor Control Fund	\$0	\$12,500	\$12,500
Total Expenditures	\$30,900	\$1,237,700	\$1,237,700

To the extent that higher vendor fees lead to higher procurement costs, enactment of this bill could cost the Department of Workforce Service \$8,600 ongoing from the General Fund and \$23,400 ongoing in Federal Funds beginning in FY 2027, the Utah Department of Transportation \$200,000 ongoing from the General Fund beginning in FY 2027, the Department of Natural Resources \$84,600 ongoing from the General Fund beginning in FY 2027, the Department of Alcohol Beverage Services \$12,500 from the Liquor Control Fund ongoing beginning in FY 2027, the Department of Commerce \$9,400 ongoing from the Commerce Service Account beginning in FY 2027, the Department of Public Safety \$66,300 ongoing from the General Fund beginning in FY 2027, the Department of Corrections \$91,400 ongoing from the General Fund beginning in FY 2027, and the Utah National Guard \$184,500 ongoing from the General Fund beginning in FY 2027. The enactment of this legislation could increase the costs to the Department of Health and Human Services and other smaller agencies, the aggregate impact of which is assumed to be around \$319,300 ongoing beginning in FY 2027 from various sources, about half of which would be General Fund. All these costs are due to the increase in the procurement administrative fee to 1% and assume the fee is split 50/50 between consumer and producer.

Enactment of this legislation could cost the State Treasurer \$177,200 ongoing from the State Treasurer Investment Account beginning in FY 2027 for staff support and administration fees as they manage the buying and selling of precious metals for this newly created fund.

The bill could cost the Division of Finance \$900 one-time from the General Fund in FY 2026 and \$1,900 ongoing from the General Fund beginning in FY 2027 to create the new fund as well as monitor and perform the monthly reconciliation on the fund. This bill could also cost the Division of Purchasing and General Services \$150,000 ongoing from the General Fund beginning in FY 2027 and \$30,000 one-time from the General Fund in FY 2026 for staff support and system changes to track contracts and federal vendor participation.

	FY 2026	FY 2027	FY 2028
Net All Funds	<u>\$(30,900)</u>	<u>\$312,300</u>	<u>\$312,300</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)

Vendors doing business with the state could pay up to \$1 million more per year in procurement fees, assuming the higher fee imposed by this legislation is split 50/50 between producer and consumer.

Regulatory Impact

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

Enactment of this legislation could result in a small increase in the regulatory burden for Utah residents or businesses.

This bill creates a new program or significantly expands an existing program.

For a list of questions lawmakers might ask to improve accountability for the proposed program, please see: <https://budget.utah.gov/newprogram>

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.