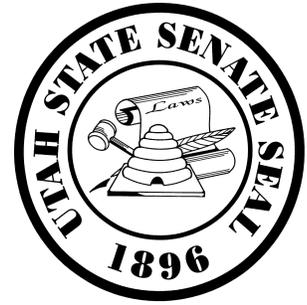




Fiscal Note
3rd Sub. H.B. 507 (Cherry)
 2026 General Session
 State Coordination of Regional and
 Local Economic Development Projects
 Amendments
 by Roberts, Calvin
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General, Income Tax, and Uniform School Funds

JR4-4-101

	Ongoing	One-time	Total
Net GF/ITF/USF (rev.-exp.)	\$(182,000)	\$(189,200)	\$(371,200)

State Government

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

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

Enactment of this legislation could increase administrative fee revenue to the Tax Commission by 0.80% of gross county energy excise tax revenue ongoing; the aggregate amount of these administrative fee revenues from county energy excise tax is unknown.

To the extent counties levy an energy excise tax of up to 6% on the delivered value of energy to a large load data center, enactment of this legislation could increase energy excise tax revenue to the State Reinvestment Restricted by 10% of revenues after deducting the 0.8% Tax Commission's administrative charge fee; the aggregate amount of energy excise tax revenue to the State Reinvestment Restricted Account revenue is unknown.

To the extent a public infrastructure district levies an energy excise tax of up to 4% on the delivered value of energy within the district, enactment of this legislation could increase energy tax revenue to a public infrastructure district by an unknown amount to serve as security for bonds issued.

To the extent that property tax differential occurs within a Utah Inland Port Authority project area adopted after September 30, 2026, enactment of this legislation could increase contributions to the State Reinvestment Restricted Account by an unknown amount ongoing beginning in FY 2027 from Utah Inland Port Authority tax increment revenue being contributed; the aggregate amount is unknown. To the extent that private entities rely on Utah Inland Port Authority funding or remediated land for development, this bill could increase contributions to the State Reinvestment Restricted Account as a flat amount or percentage of profits paid to the Utah Inland Port Authority.

To the extent the increment authorization committee authorizes increments for a regionally significant development zone, enactment of this legislation could increase contribution revenue to the State Reinvestment Restricted Account by an unknown amount ongoing beginning in FY 2027 from a regionally significant development zone where the increment financing committee authorized a contribution rate of 5% to 25% of property tax increment received. The aggregate amount of these contributed revenues to the account is unknown.

To the extent that bonds are issued by an infrastructure financing district or community reinvestment agency for a regionally significant development zone, enactment of this legislation could result in

forgone revenue to the Income Tax Fund to the extent interest on the bonds and income from the bonds would otherwise be taxable, and to the extent investors in these bonds would otherwise have invested in taxable securities. The aggregate impact is unknown and would be dependent on the amount of bonds issued, bond terms, interest rates, when the bonds are bought and sold, and other factors.

To the extent a subsidiary district or public infrastructure district intends to issue bonds subject to the Local Government Bonding Act (Title 11 Chapter 14), enactment of this legislation could increase these districts' administrative costs by an unknown amount for voter notification pamphlets and other election costs. The aggregate amount of these costs is unknown based on the number of voters located in areas eligible to participate in these elections.

To the extent a subsidiary district levies a property tax to pay for a bond, the district could receive an unknown amount of property tax revenues, which are allowed to cover the bond costs, which could consist of debt service and any administrative costs. The aggregate amount of these property tax revenues is unknown as they are subject to the amount of the bond and applicable rates at bond issuance.

Expenditures	<i>FY 2026</i>	<i>FY 2027</i>	<i>FY 2028</i>
State Tax Commission Administrative Charge Account (GFR)	\$0	\$212,200	\$212,200
State Tax Commission Administrative Charge Account (GFR), One-time	\$39,400	\$31,000	\$0
General Fund	\$0	\$182,000	\$182,000
General Fund, One-time	\$25,900	\$155,500	\$140,000
Income Tax Fund, One-time	\$0	\$7,800	\$0
Total Expenditures	\$65,300	\$588,500	\$534,200

Enactment of this legislation could cost the Governor's Office of Economic Opportunity \$172,300 ongoing from beginning in FY 2027, \$25,000 one-time in FY 2026, and \$140,000 one-time in FY 2027 and FY 2028 from the General Fund for personnel and support costs.

Enactment of this legislation could cost the Tax Commission \$212,200 ongoing beginning in FY 2027, \$39,400 one-time in FY 2026, and \$38,800 one-time in FY 2027 from the State Tax Commission Administrative Charge Account as well as \$7,800 one-time in FY 2027 from the Income Tax Fund for personnel services.

Enactment of this legislation could cost the Department of Government Operations \$1,900 ongoing beginning in FY 2027 and \$900 one-time in FY 2026 from the General Fund for account creation and maintenance.

Enactment of this legislation could cost the Senate \$1,000, the House of Representatives \$1,000, and the Office of the Legislative Fiscal Analyst \$5,800, all ongoing from the General Fund beginning in FY 2027, for reimbursement of members of increment authorization committees and staff support. The Office of the Legislative Fiscal Analyst can absorb the \$5,800 cost.

Enactment of this legislation could also cost the Senate \$500, the House of Representatives \$1,000, and the Office of Legislative Research and General Counsel \$14,000, all one-time from the General

Fund in FY 2027, for personnel services associated with the new working group. The Office of Legislative Research and General Counsel can absorb the \$14,000 cost.

	<i>FY 2026</i>	<i>FY 2027</i>	<i>FY 2028</i>
Net All Funds	<u>\$(65,300)</u>	<u>\$(588,500)</u>	<u>\$(534,200)</u>

Local Government

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

To the extent that property tax differential occurs within a Utah Inland Port Authority project area adopted after September 30, 2026, this bill may result in forgone tax differential revenue of 1% to 5% to Utah Inland Port Authority from contributions to the State Reinvestment Restricted Account. To the extent that private entities rely on Utah Inland Port Authority funding or remediated land for development, this bill may result in forgone revenue as a flat amount or percentage of profits paid to the Utah Inland Port Authority from contributions to the State Reinvestment Restricted Account.

To the extent a county levies an energy excise tax of up to 6% on the delivered value of energy to a large load consumer or qualified data center, enactment of this legislation could increase excise tax revenue to a county by 90% of the excise tax revenue generated. Enactment of this legislation could reduce counties' portion of energy excise tax revenue by 0.8% ongoing for the Tax Commission's administrative charge. The aggregate amount of these revenues and any corresponding allowable costs is unknown.

To the extent a public infrastructure district levies an energy excise tax of up to 4% on the delivered value of energy within the district, enactment of this legislation could increase energy tax revenue to a public infrastructure district by an unknown amount to serve as security for bonds issued.

To the extent the increment authorizing committee authorizes increments for a regionally significant development zone, enactment of this legislation could increase increment revenue from property taxes to a community reinvestment agency managing the zone, while other taxing entities forgo up to 70% of the increment property taxes and up to 100% personal property tax revenue; the aggregate amount of these revenues is unknown.

To the extent a creating entity proposes a regionally significant development zone, enactment of this legislation could cost a creating entity an unknown amount one-time per zone proposal to analyze the proposal's impact, and if authorized, track and report on revenue collections; the aggregate amount of these costs is unknown.

To the extent a creating entity approves a regionally significant development zone, enactment of this legislation could cost a community redevelopment agency an unknown ongoing amount from regionally significant development zone funds for administration, reporting, financing, audit services, development, reimbursements, financing district cost, and remittance of tax increment to the State Reinvestment Restricted Account; the aggregate amount of these costs is unknown.

To the extent that a public infrastructure district is dissolved, revenues and costs could increase to its creating entity as project assets that were developed and maintained are transferred from the public infrastructure district; the aggregate impact of these transfers is unknown.

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To the extent a county levies an energy excise tax, this bill could cost a large load data center up to an additional 6% on the delivered value of energy received. This amount could be reduced by the amount of a municipal energy sales and use tax levied by a regional economic development authority.

To the extent a public infrastructure district levies an energy tax, this bill could cost consumers an additional 4% on the delivered value of energy received within the district. The aggregate amount of the energy taxes paid is an unknown amount as the delivered value is unknown.

To the extent a county levies an energy excise tax and recruits a large load data center, this bill could increase business incentives to a large load data center up to 80% of the revenue generated by a county's energy excise tax. To the extent a municipality levies the municipal energy tax and recruits a large load data center, this bill could increase business incentives to a large load data center up to 80% of the revenue generated by the municipal energy tax for that municipality. The aggregate amount of awarded business incentives is unknown.

To the extent a subsidiary district levies a property tax to pay debt service costs, enactment of this legislation could cost property owners an unknown amount on the taxable value of their property. As the levy is limited to a maximum rate that is 0.005 higher, property taxes paid could be up to a maximum of \$500 per \$100,000 of taxable value. The aggregate amount of property taxes paid is unknown as it is subject to the value of bonds issued and taxable value of property affected.

To the extent that bonds are issued by an infrastructure financing district, their subsidiary district, or community reinvestment agency for a regionally significant development zone, and to the extent that investors invest in these bonds, enactment of this legislation exempts bonds issued by the agency from state taxes, with the exception of the corporate franchise tax, and could result in investors paying less tax on their investment. The aggregate impact is unknown and would depend on the amount of bonds issued, bond terms, interest rates, when the bonds are bought and sold, and other factors.

To the extent that a real property owner incurred financial burden from a public infrastructure district being dissolved, enactment of this legislation could distribute a portion of district assets to these real property owners; the aggregate value of these asset transfers to real property owners is unknown.

To the extent that additional property is included in a housing and transit reinvestment zone, enactment of this legislation could reduce the amount of increment that is included in certified taxable values, which could increase the property tax rates in the area and increase the property taxes paid by other property owners. The aggregate amount of this impact is unknown.

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.

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.