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Utah’s state budget is facing three general challenges

We enjoy a high quality of life in our state, but we’re facing new challenges and it’s time to start planning for tomorrow. Utah’s tax structure is 80 years old. Our population is growing rapidly. Technology is changing our economy. The ways Utah has funded the state budget in the past no longer meet the needs of today. It’s a complex situation.

Population growth

Our children and our grandchildren have started having kids, plus, new families are moving to Utah. Our population has been growing rapidly, is expected to nearly double over the next 40 years and our demographics are shifting. All this growth is affecting housing affordability, creating more traffic congestion, generating air quality challenges and putting pressure on our schools, recreation areas and public safety providers.

To maintain our high quality of life, we will need to responsibly manage investments in critical government services and infrastructure.

Modern economy

Even though our revenue is growing, because of changes in the economy, income tax revenue is outpacing sales tax revenue.

With our current revenue structure, income tax can only be used for education, while sales tax pays for everything else, including additional education and transportation funding.

While growing income tax revenue is good for education, slower growth in sales tax revenue will struggle to meet the demand for non-education programs and investments as Utah continues to grow and becomes older.
Outdated tax structure

The ways Utah has funded the state budget in the past no longer meet today’s needs.

If the state’s budget were four pillars, each pillar would represent income in the form of taxes. Each pillar allocates funds to a very specific area of government services. In the past, this siloed structure worked fine.

Today, there’s an imbalance of designated money coming in and allocated money going out, causing the pillars to weaken.
Tax Restructuring & Equalization Task Force Process

So what’s being done to stabilize our future funding? In 2019, the Legislature designated a task force to look for ways to address our outdated tax structure, get public input and suggest solutions. The Task Force is using the following process:

- Conduct public engagement and listening tour
- Verify challenge and need
- Explore and consider options
- Analyze and refine options
- Recommend restructuring pathway

What revenue restructuring options should we consider?

- Adjust existing tax rates
- Modify tax base
- Reduce services and investments
- Break down revenue silos

Your input is important

Utah was built with the pioneer spirit of working together to solve challenges. And because we’ve always had the foresight to build for tomorrow, our state has always been at the forefront of economic stability. Let’s continue in that tradition and come together to create a stronger future.

Fill out a comment form at StrongerFutures.utah.gov