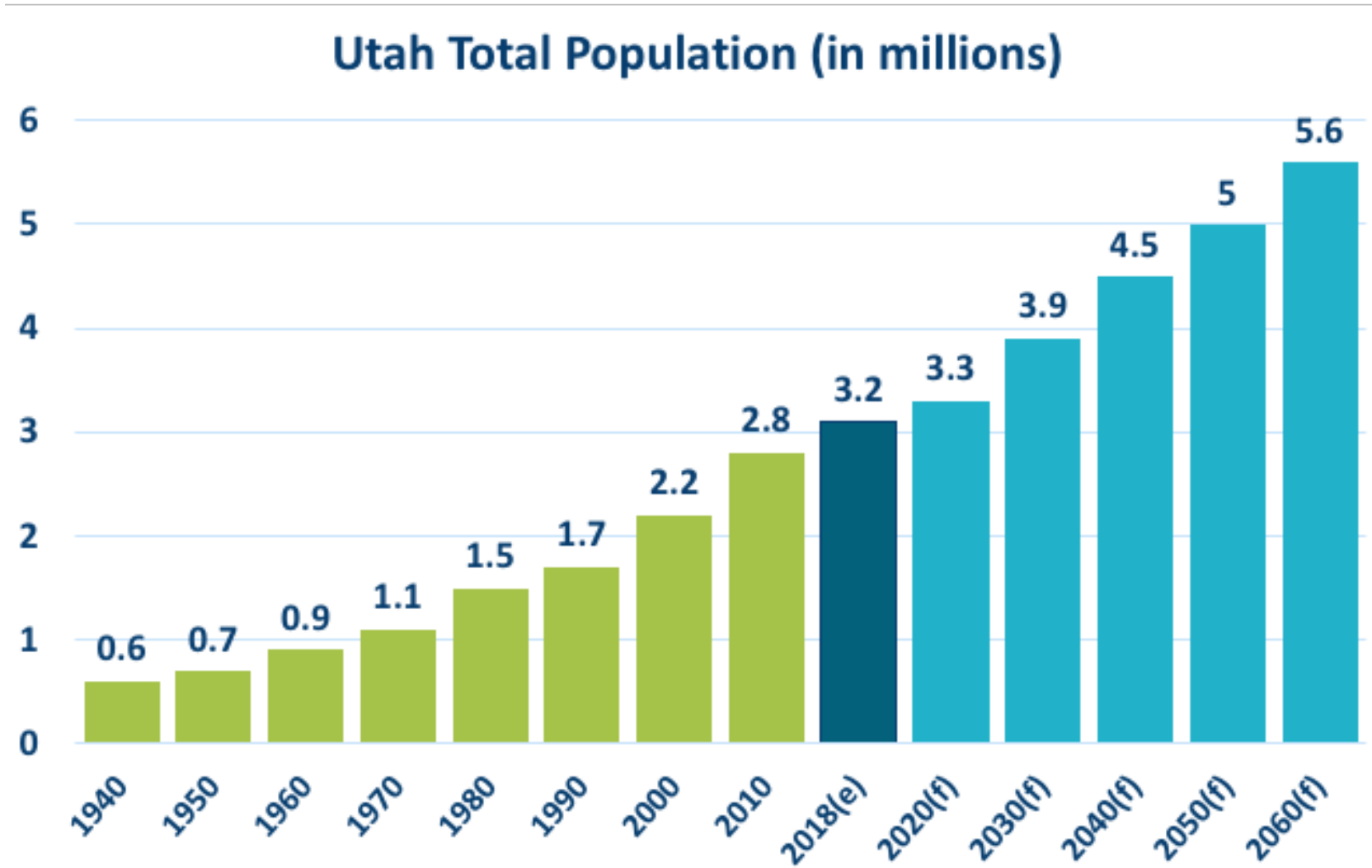


G**MB**

Why Modernize
Utah's Tax Structure?

Utah's Core Challenge:

Maintain High Quality of Life With Population Growth



Who Are These New People?



Long-Term Fiscal Sustainability



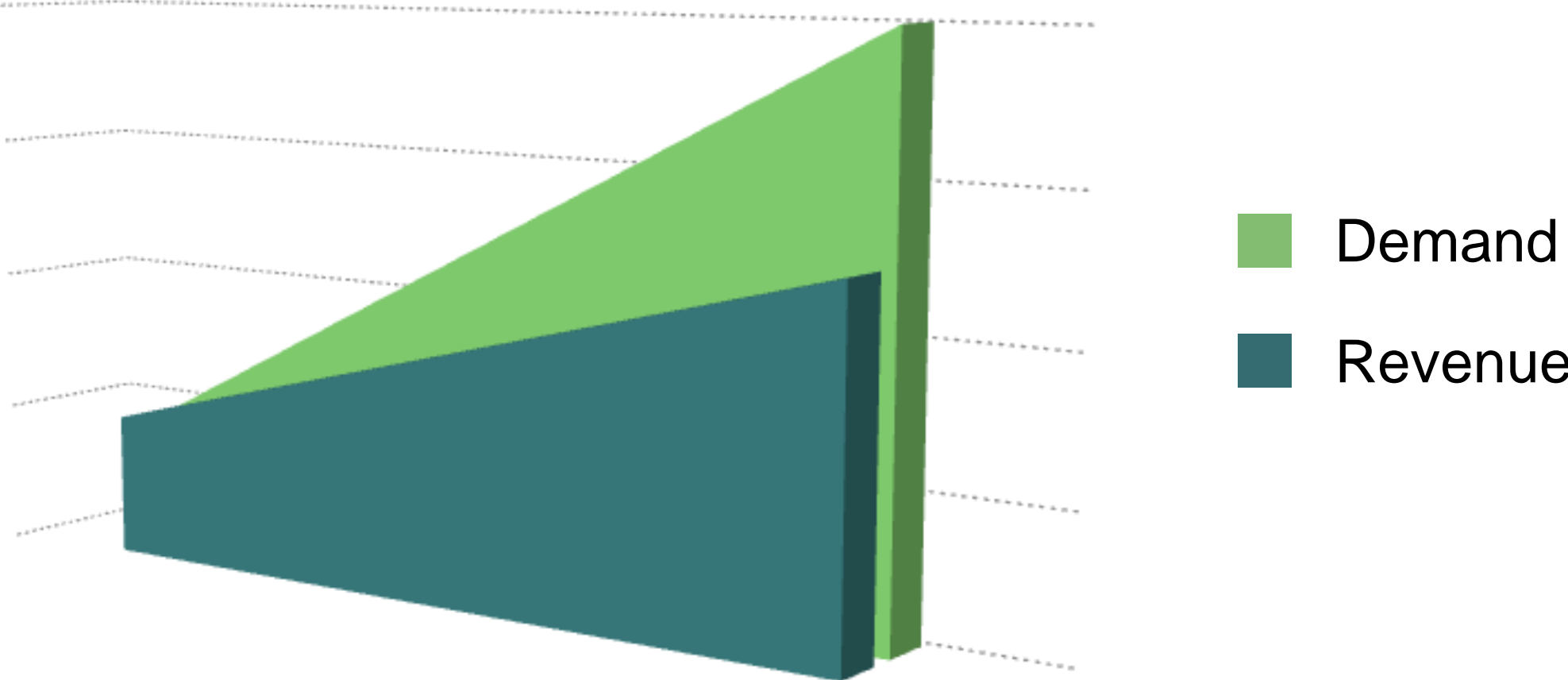
Long-Term Fiscal Sustainability

How do we ensure that the state's taxpayers and the State of Utah and its local governments remain on a long-term road to fiscal sustainability?

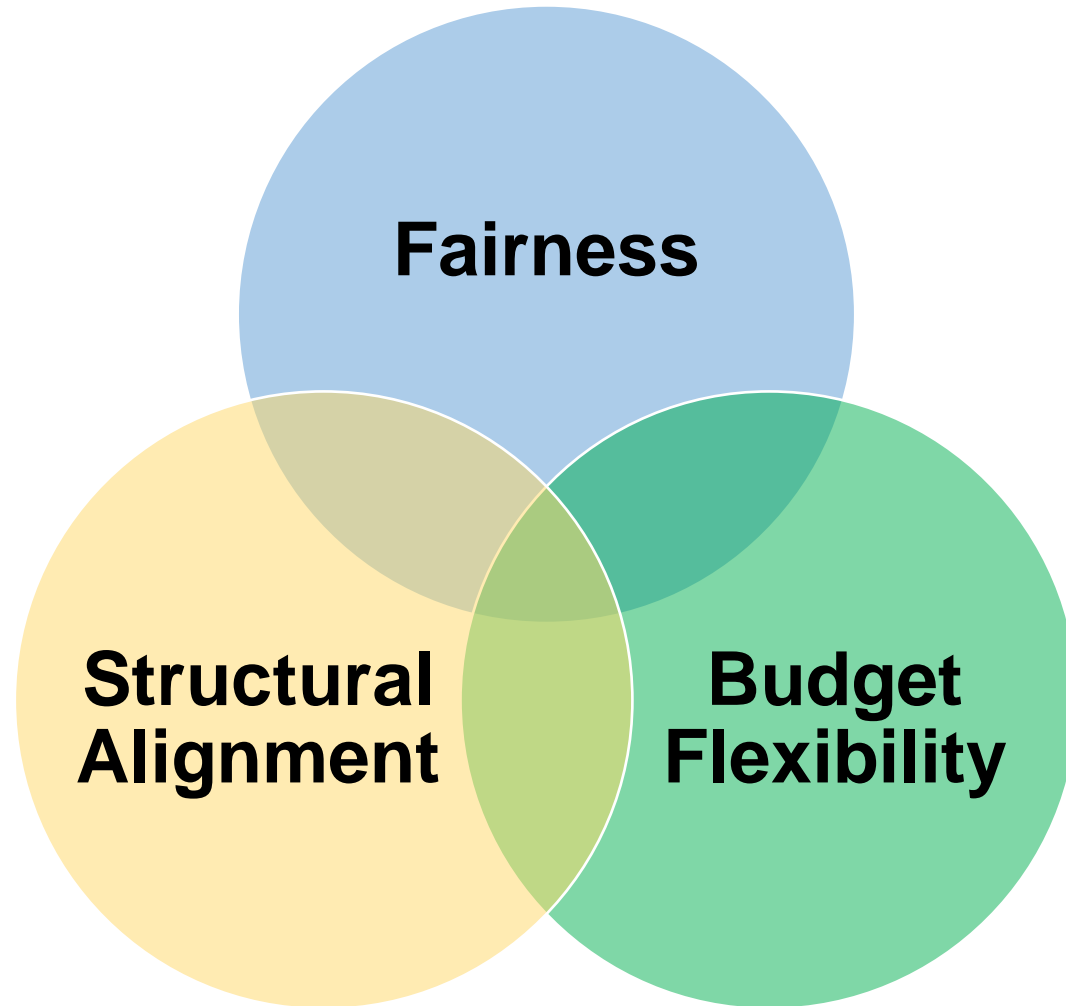


Effective & Efficient Government

GOVERNMENT SERVICES



Critical Elements of a Meaningful Long-Term Tax Solution



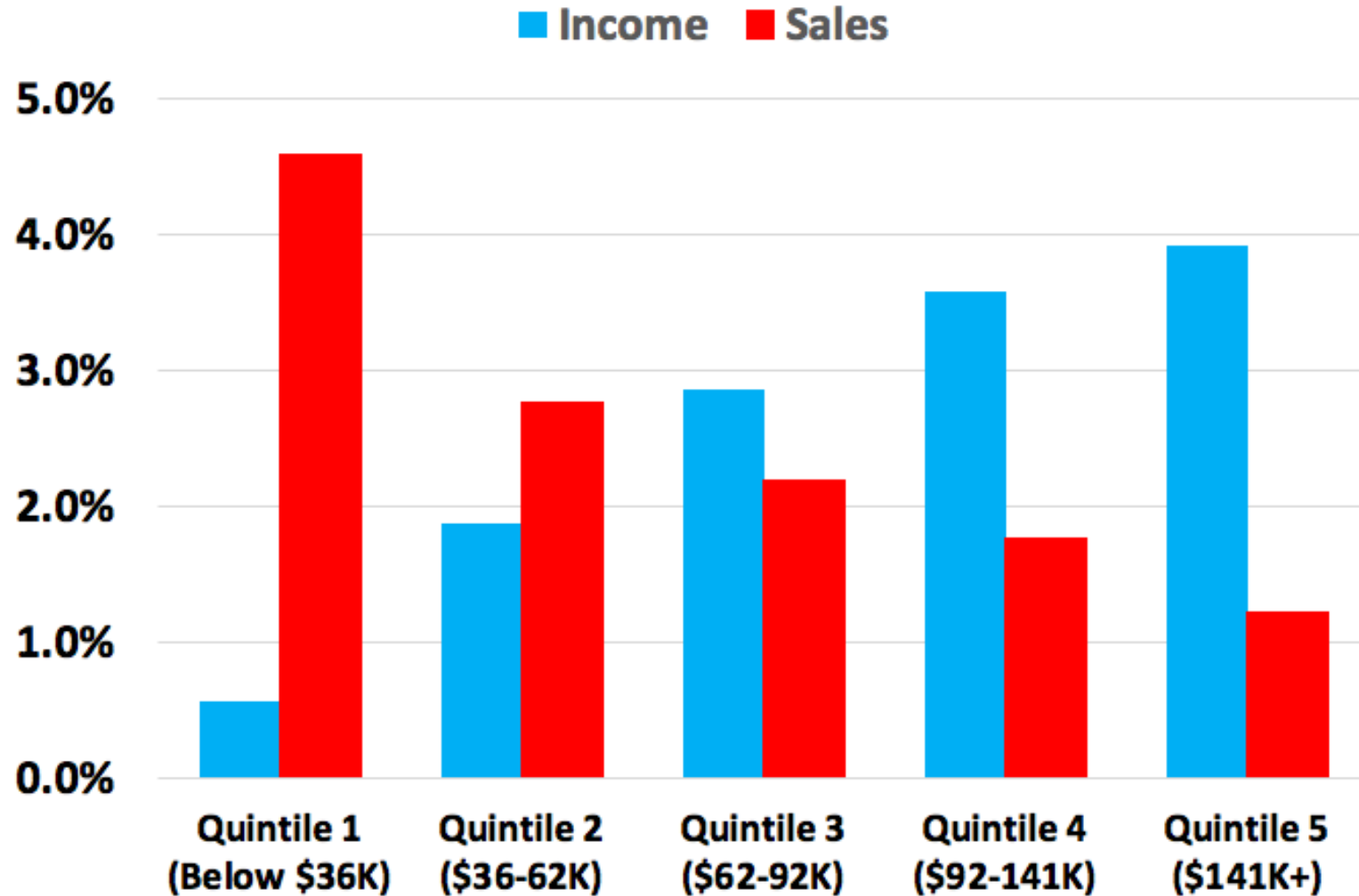
Fairness

Don't tax you, don't tax
me, tax that fellow
behind the tree

Russell Long (attributed)

Fairness

ESTIMATED INDIVIDUAL INCOME TAX AND SALES TAX AS A PERCENT OF INCOME, BY HOUSEHOLD INCOME LEVEL

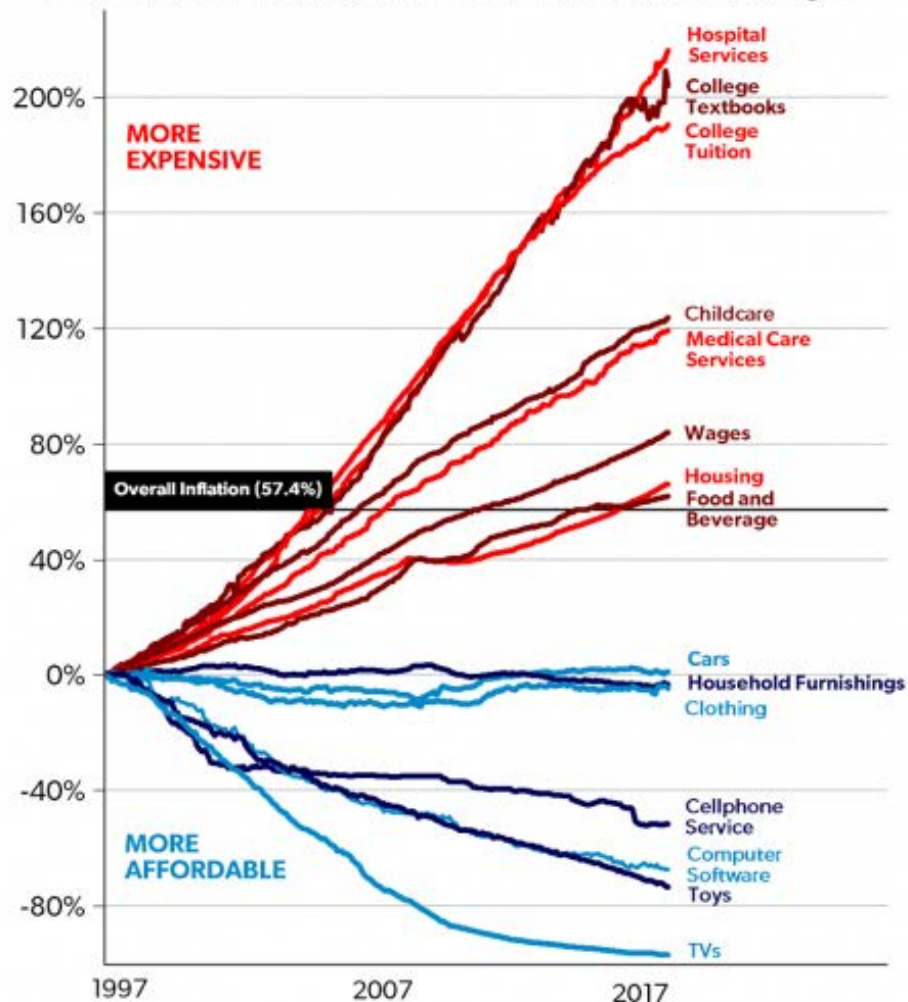


Each quintile represents about 200,000 households

Structural Alignment

Price Changes in US Economy

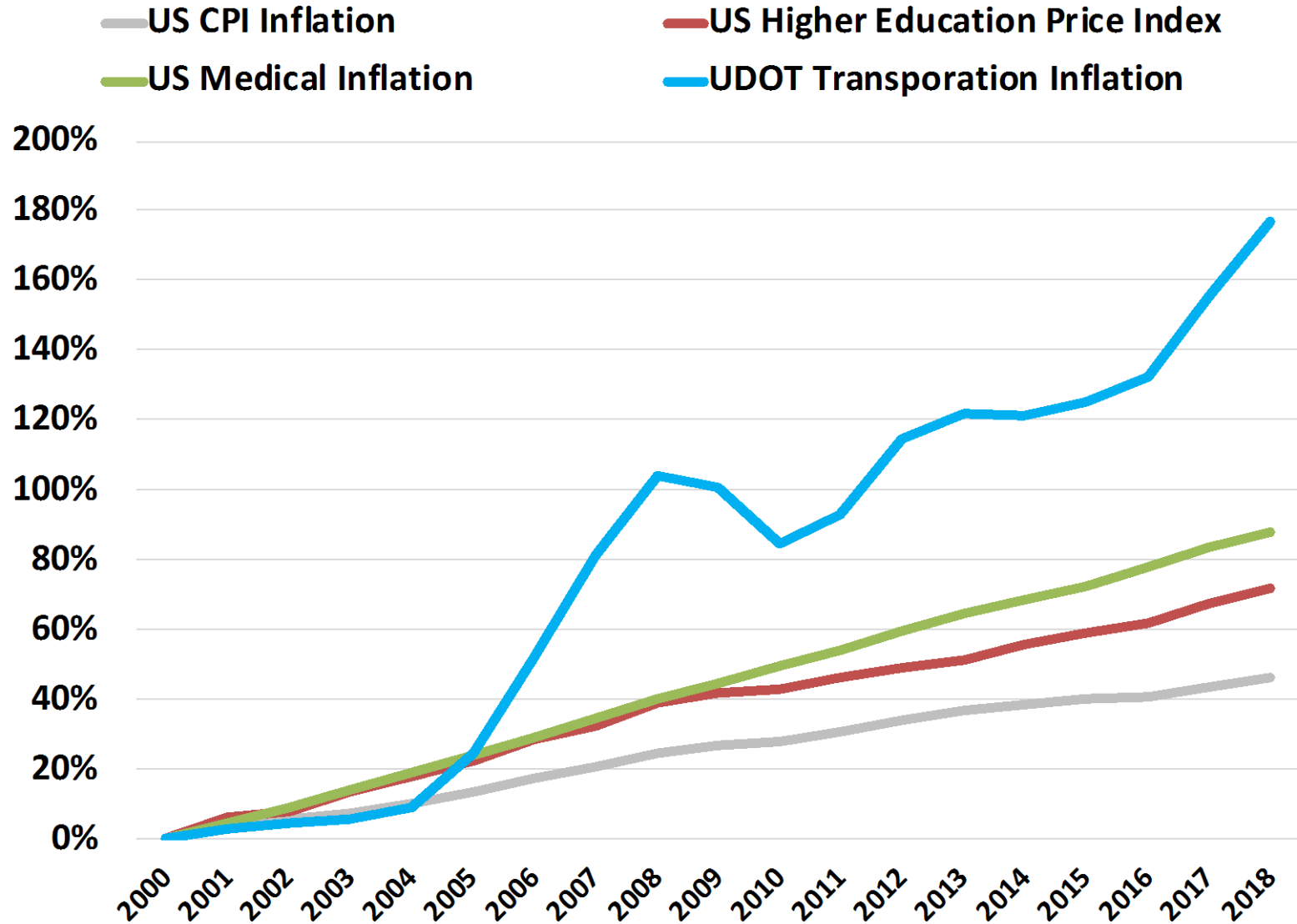
Price Changes (January 1997 to June 2018)
Selected US Consumer Goods and Services, Wages



Source: BLS

Carpe Diem **AEI**

Comparisons of Inflation Measures From 2000 to 2018



Sales Tax Base Will Continue to Change in the Future (One Example)

Ford is working on an all-electric version of its F-150 pickup truck



G.M. Says Its Driverless Car Could Be in Fleets by Next Year

BUSINESS | JOURNAL REPORTS: LEADERSHIP

The End of Car Ownership

Ride sharing and self-driving vehicles will redefine our relationship with cars. Auto makers and startups are already gearing up for the change.

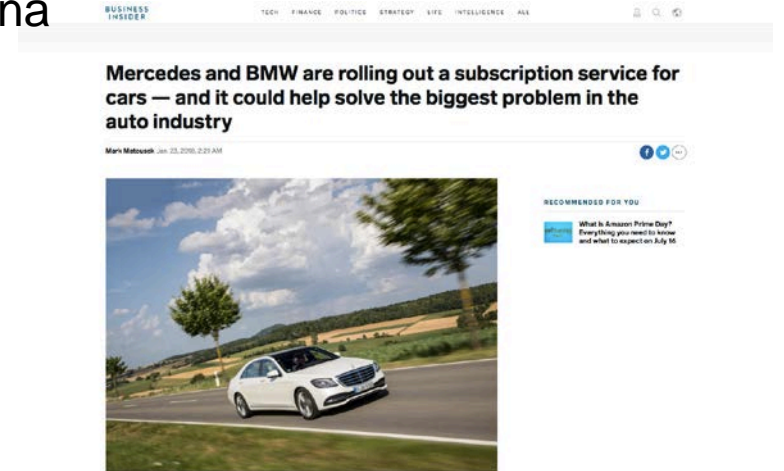


NHTSA shuts down 'unlawful' autonomous school bus transporting kids in Florida

The shuttle has been running since the beginning of the school year



Waymo One, the first commercial robotaxi service, is now picking up passengers in Arizona



Technology
Ford to Sell Driverless Cars to Public by 2025, CEO Says
Bloomberg



General Motors says its Cruise AV, with no steering wheel or pedals, could be ready for commercial ride services next year if it gets the necessary federal and state approvals. G.M.

Climate-Changed

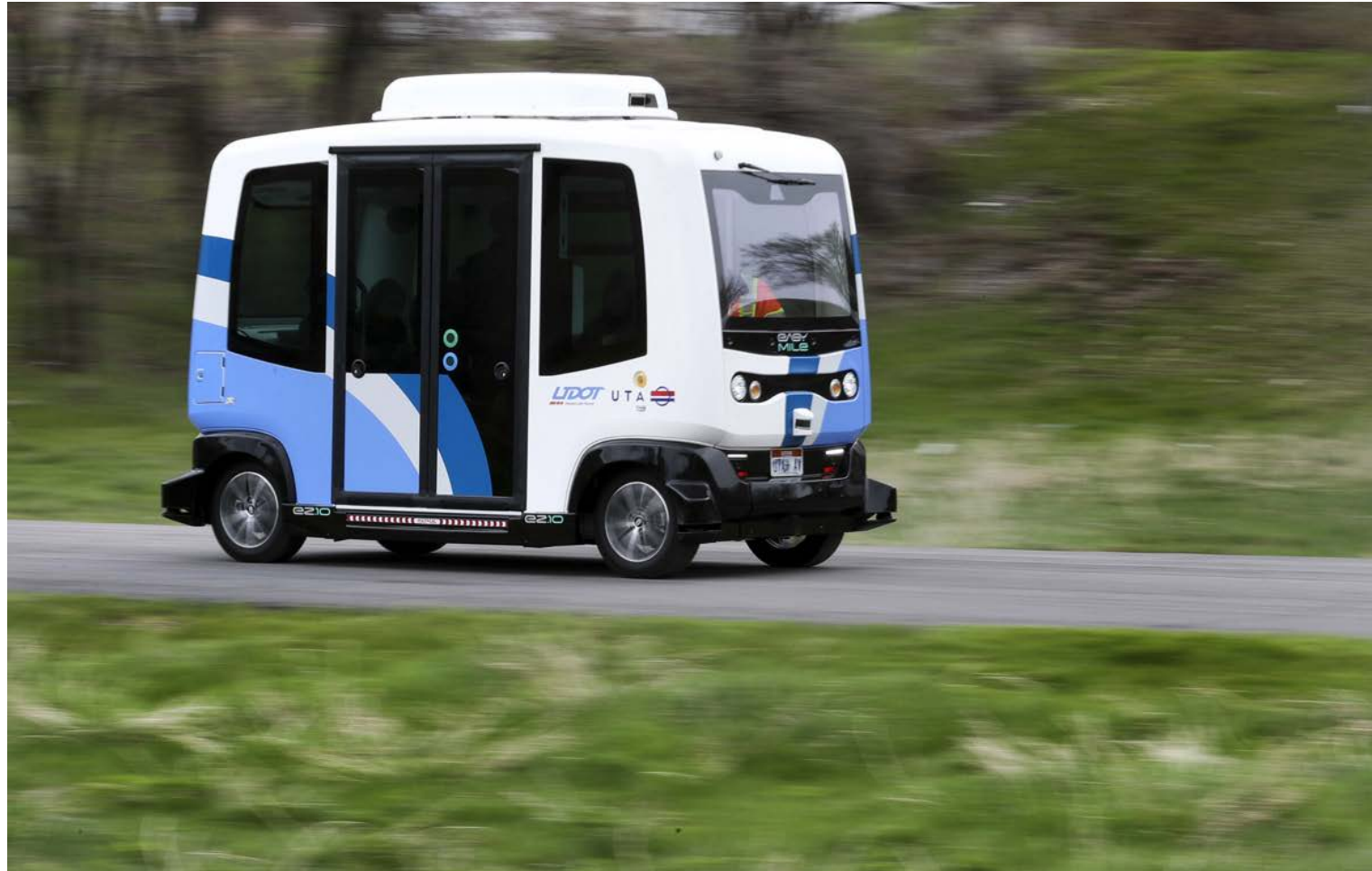
One in Six New Cars in the World Will Be Electric By 2025

A robotics expert predicts that kids born in 2017 will never drive a car

But Not in Utah....Right?

DESERET NEWS

Utah joins national effort for self-driving transportation, tests autonomous shuttle

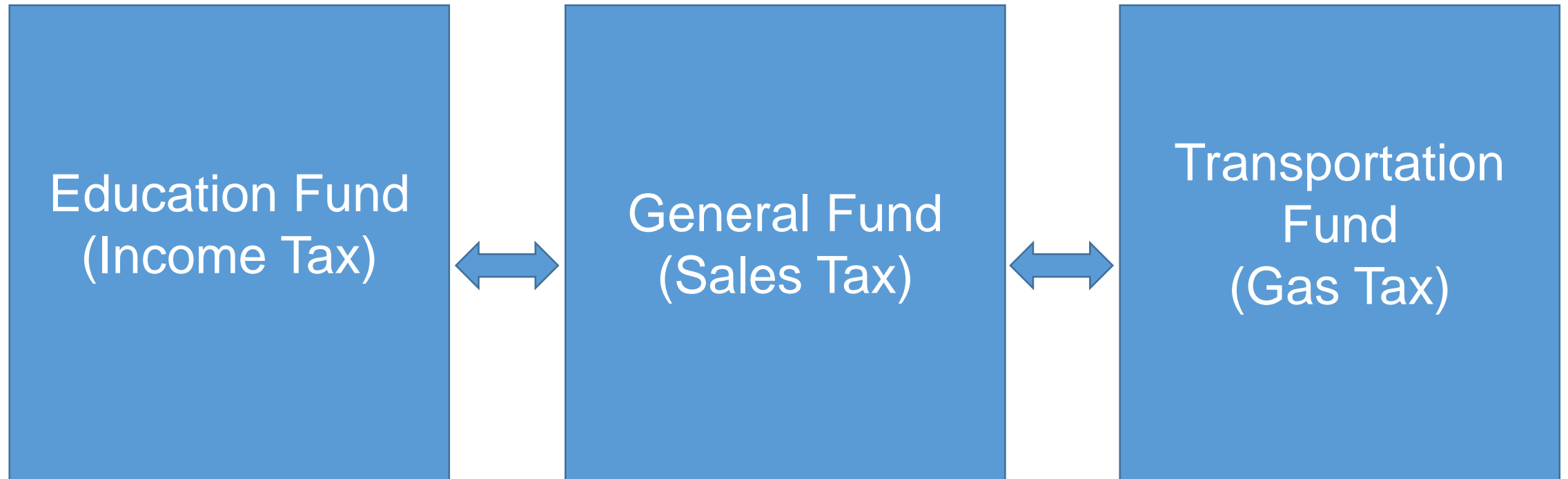


Structural Alignment

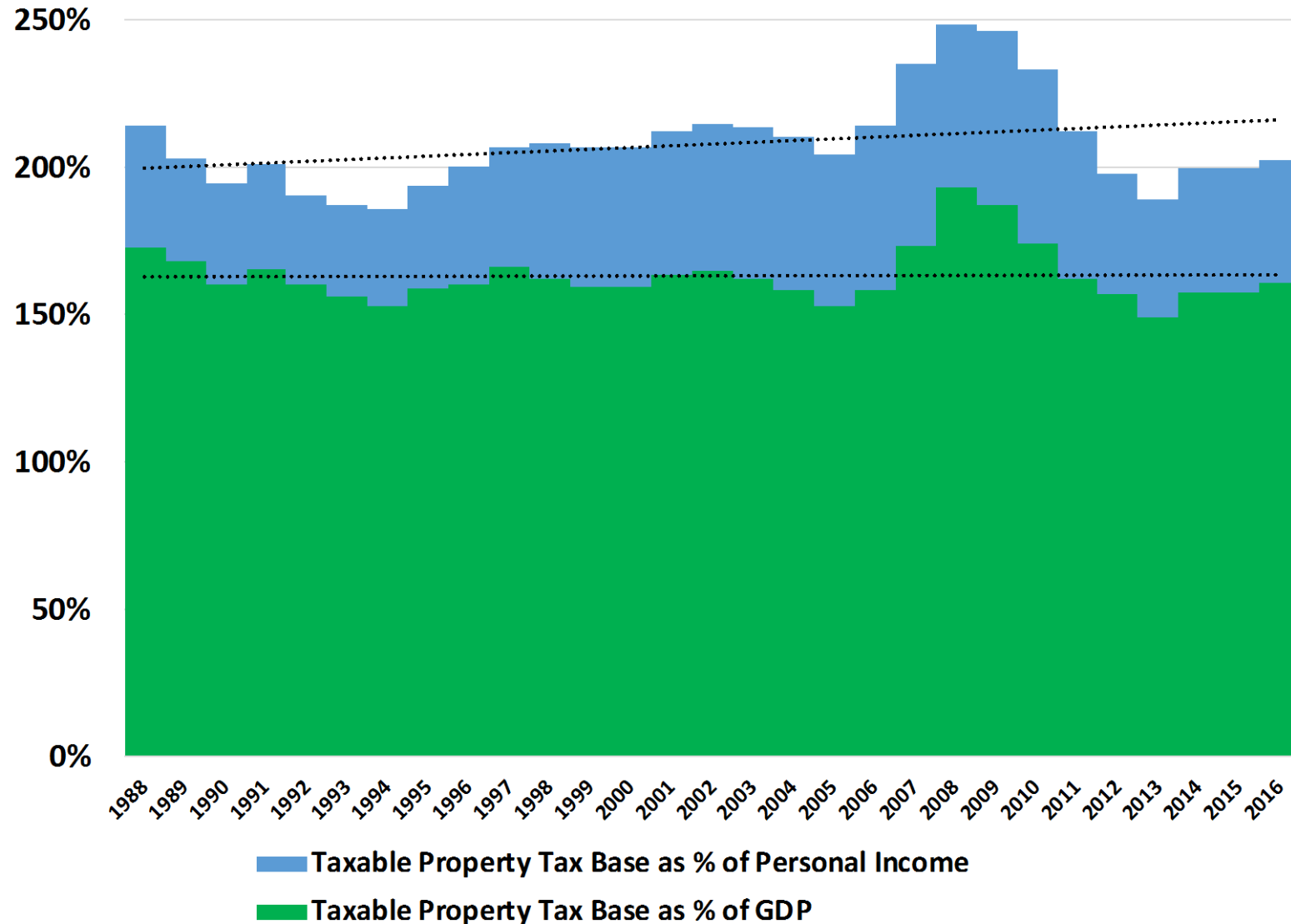
- Why talk about the tax **base** rather than just revenues?
- How government revenues are generated matters

Budget Flexibility

Balancing Among State's Major Funds

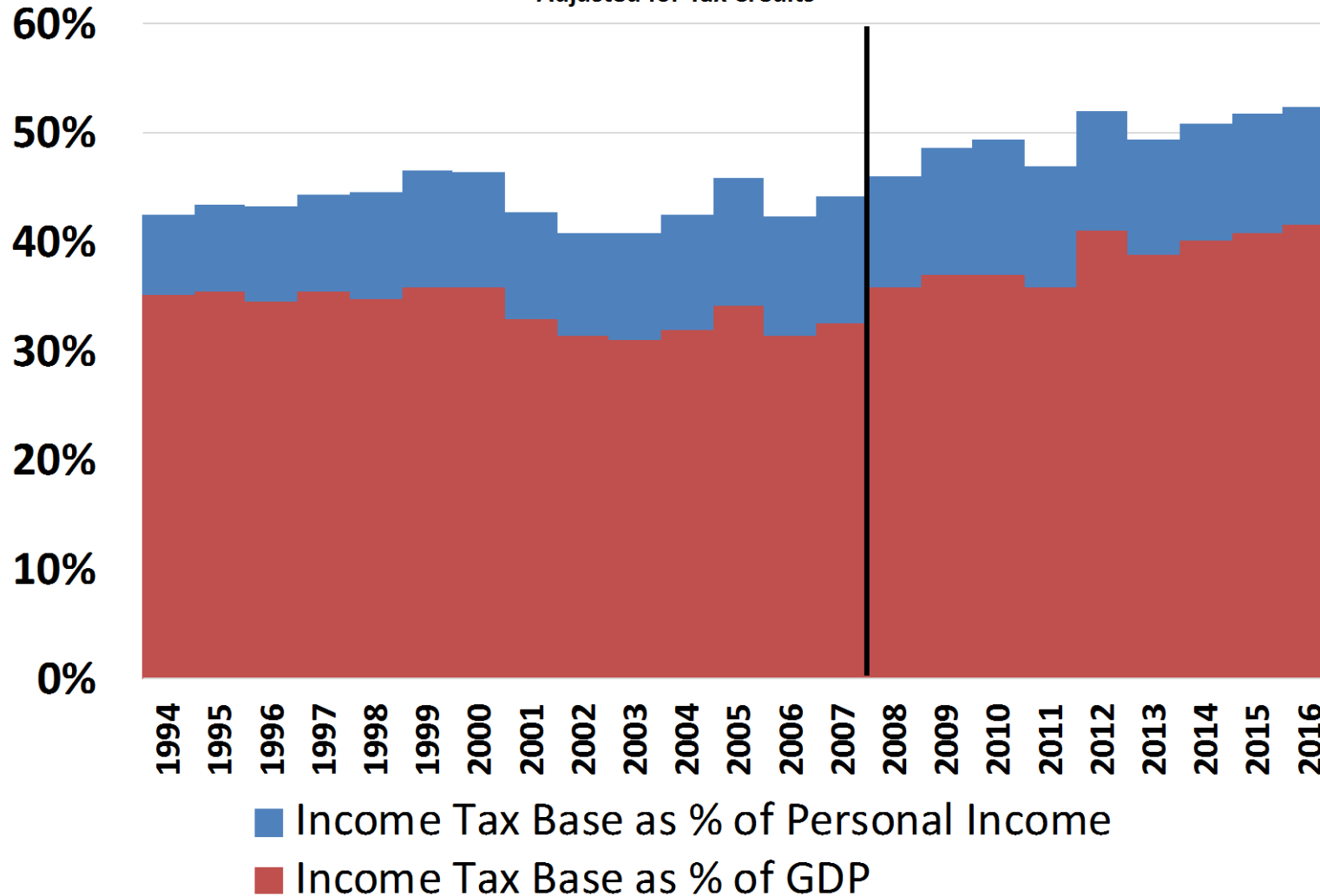


Property Tax Base - Well Aligned with Economy



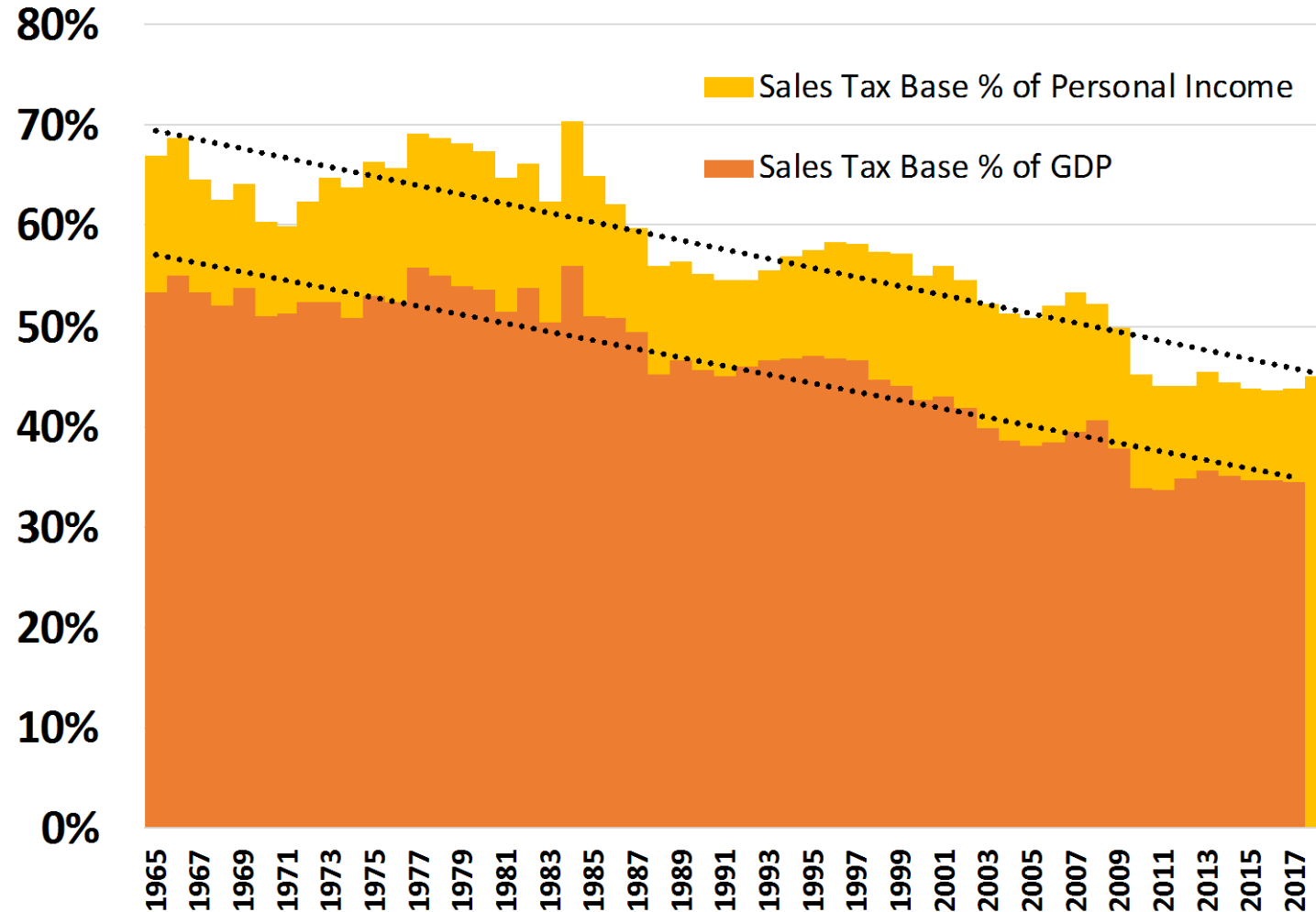
Individual Income Tax Base - Well Aligned with Economy

Utah Income Tax Base as a Percent of Economy
Adjusted for Tax Credits

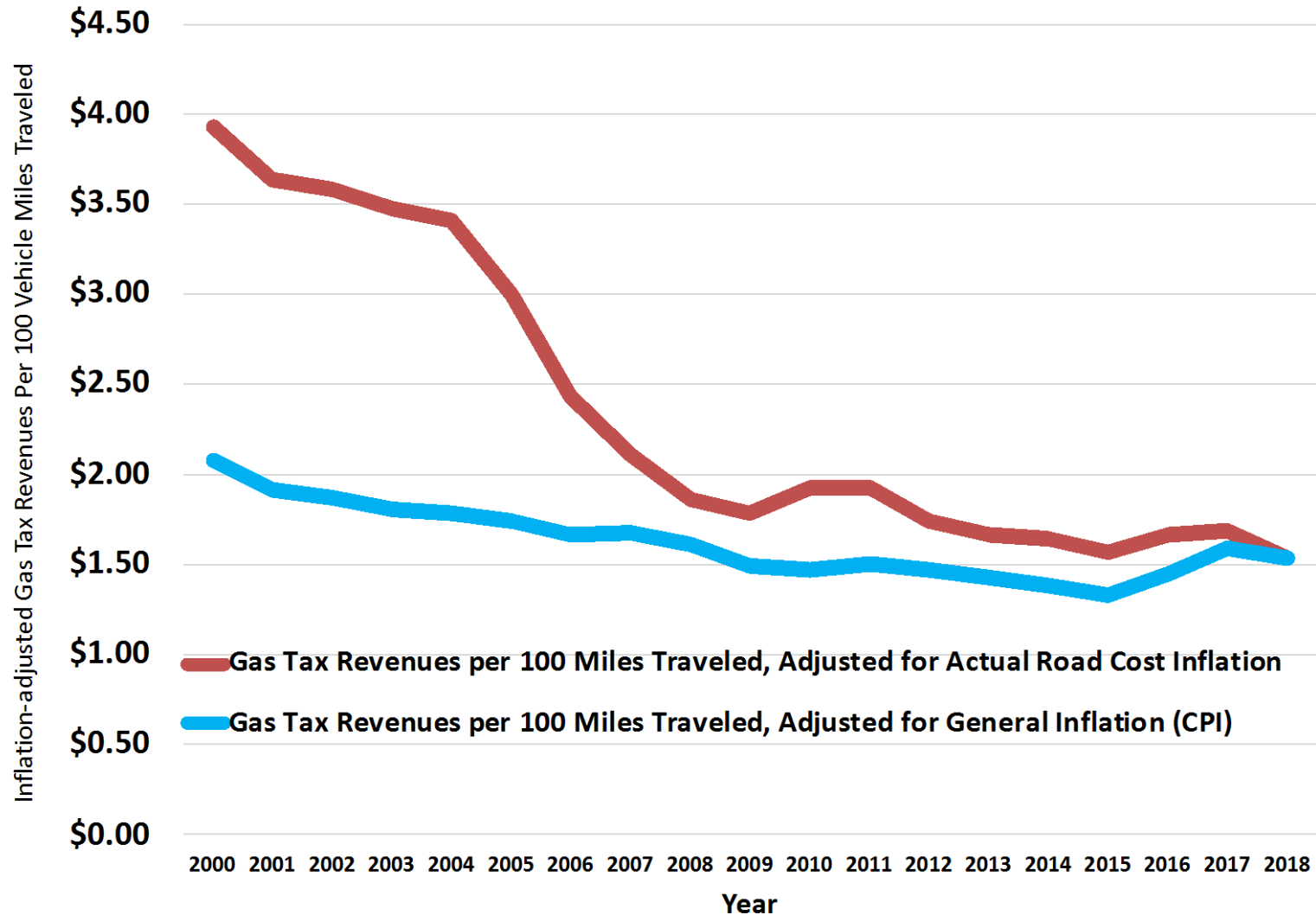


Sales Tax Base - Poorly Aligned with Economy

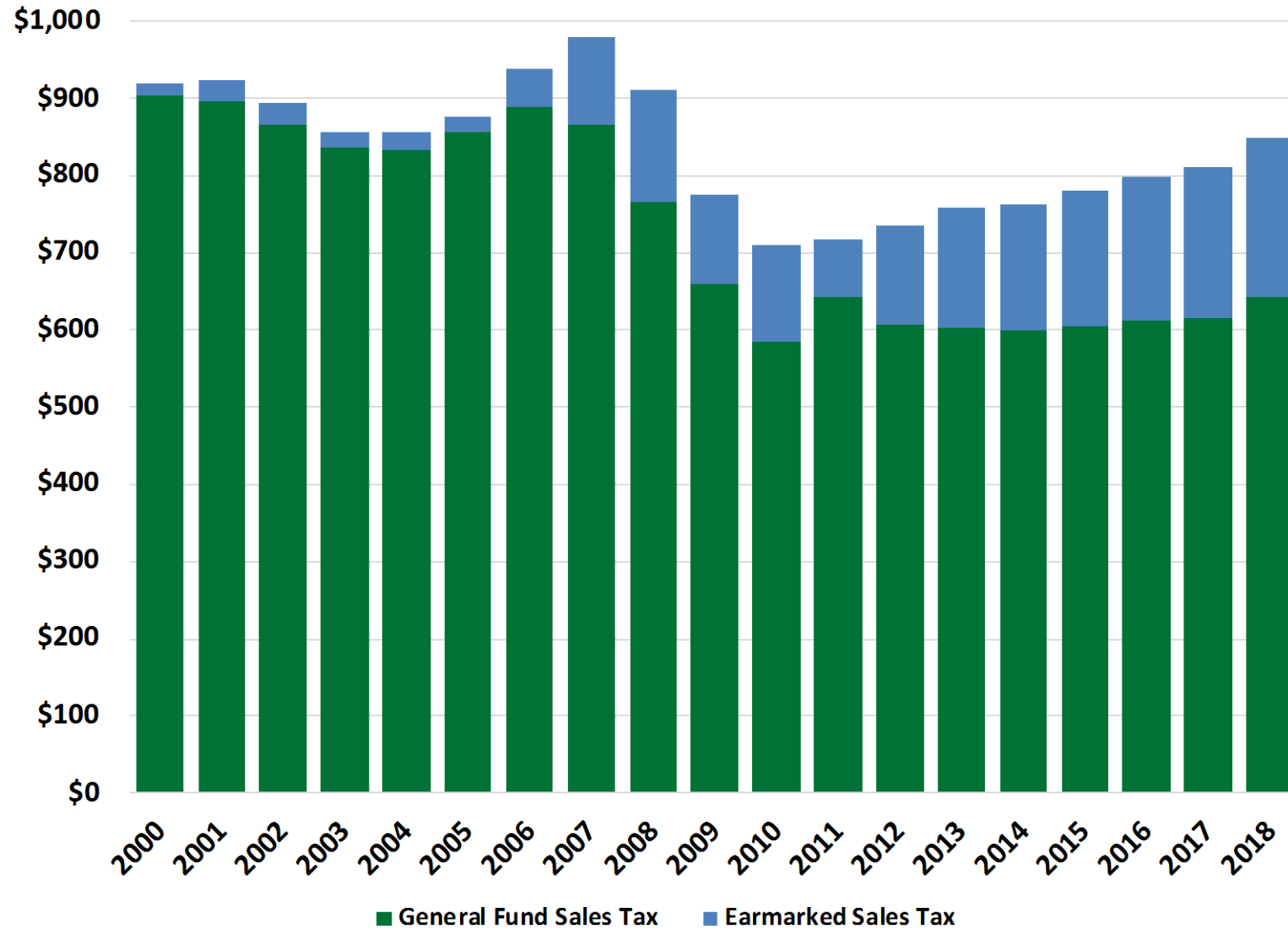
The sales tax base grows, but slower than the economy



Gas Tax Base - Poorly Aligned with Economy



Real State Sales Tax Per Capita



What Now?

- Tax Restructuring and Equalization Task Force
 - strongerfutures.utah.gov
- Continued improvement in government efficiency is a given
- Paying for transportation infrastructure is at the heart of this issue
- Any solution should consider
 - Fairness
 - Structural Alignment
 - Budget Flexibility

Tax Reform – School Funding Discussions

- Constitutional earmark of income tax
 - How can Utah have a sustainable long-term school funding plan for education?
 - What is the definition of a valid education purpose?
- School property taxes
 - Statewide (basic) levy
 - Discretionary local levies
- School lunch funding source