



UTAH
LEGISLATURE



Utah's Budget

Judicial Council, August 15, 2025



FY 2026 Lookback

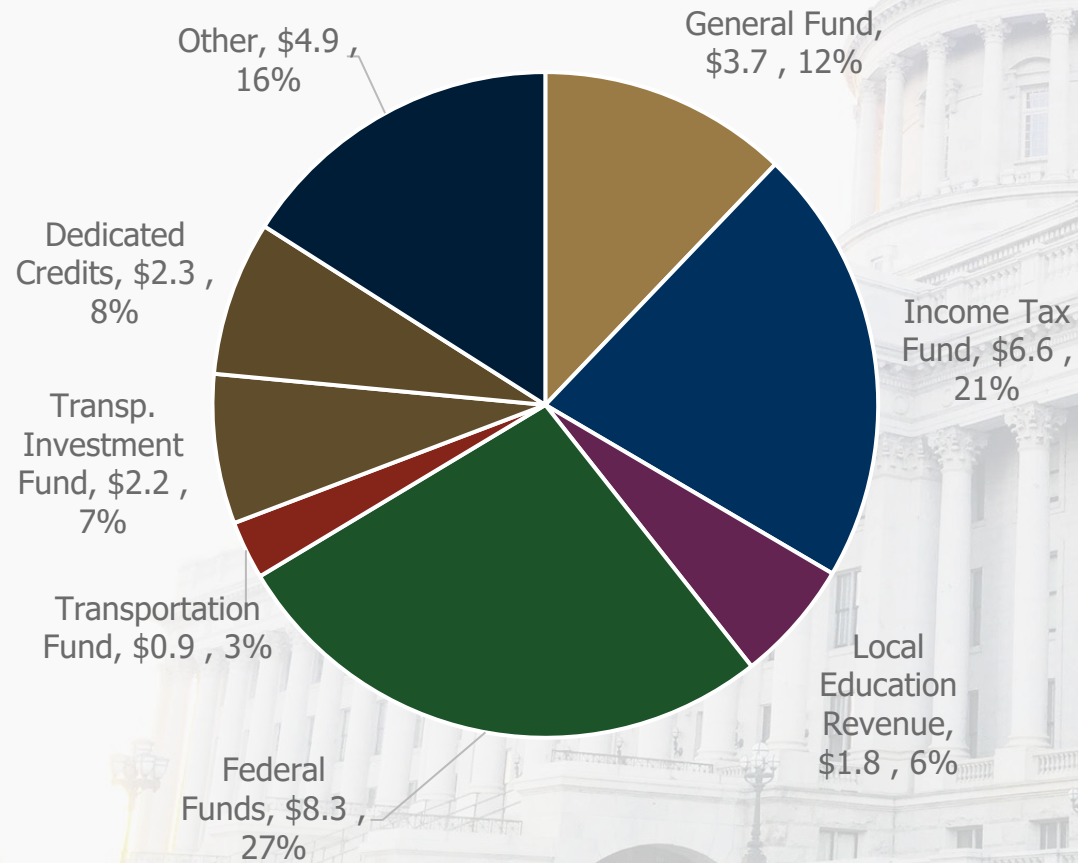
Utah's FY 2026 Budget

- \$30.8 billion all funds
 - \$11.8 billion General/Income Tax funds
 - \$8.3 billion federal funds (27% of state budget)
- \$4.4 billion federal funds for Medicaid (55% of federal funds, 14% of state budget)
- \$1.2 billion in two formal rainy-day funds

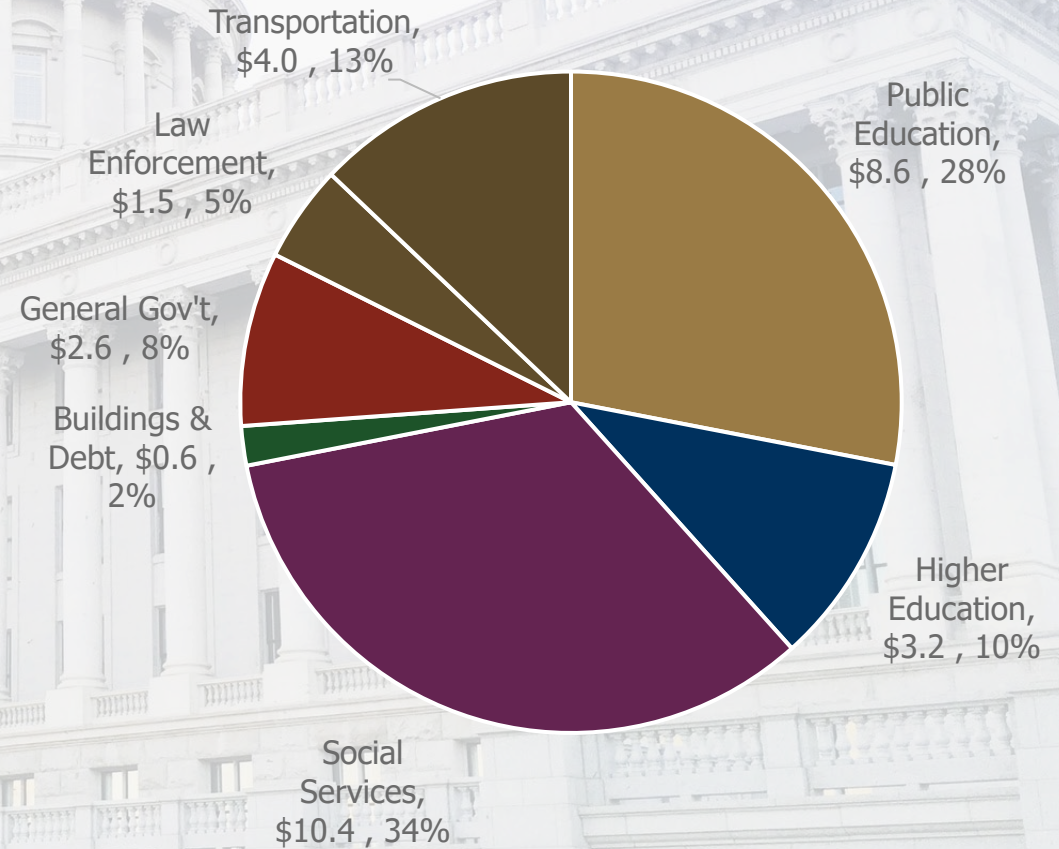


All Sources - \$30.8 Billion*

Sources (\$ in billions)



Uses (\$ in billions)

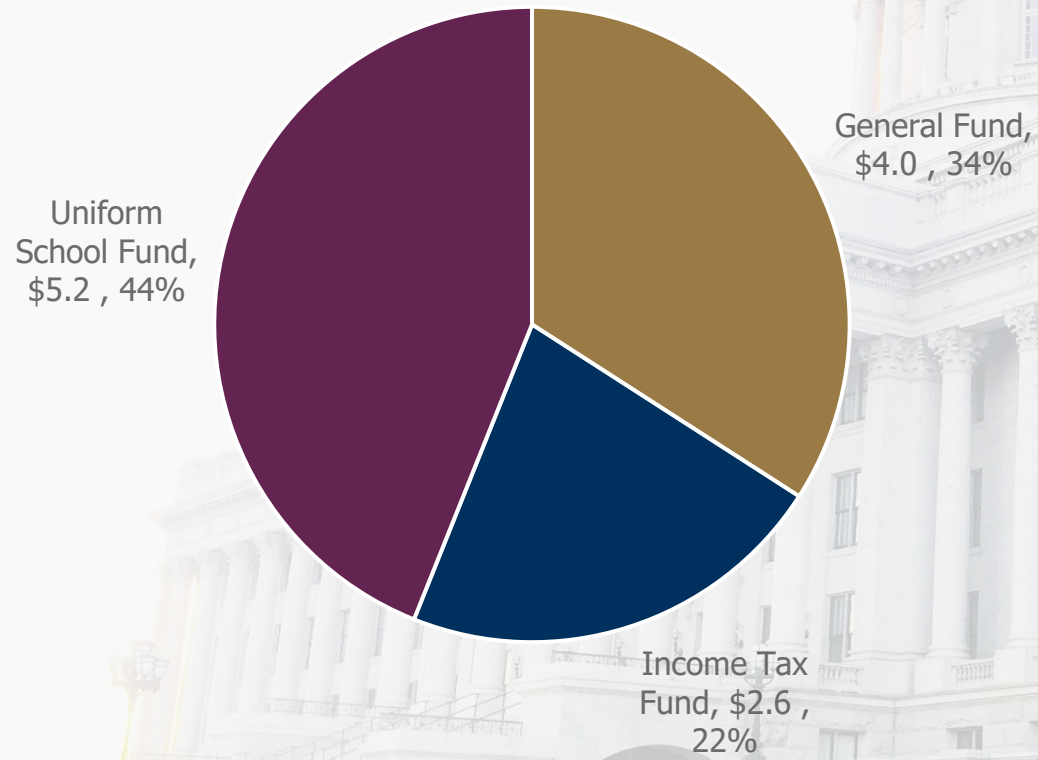


*Operating and Capital Budgets including Expendable Funds and Accounts.

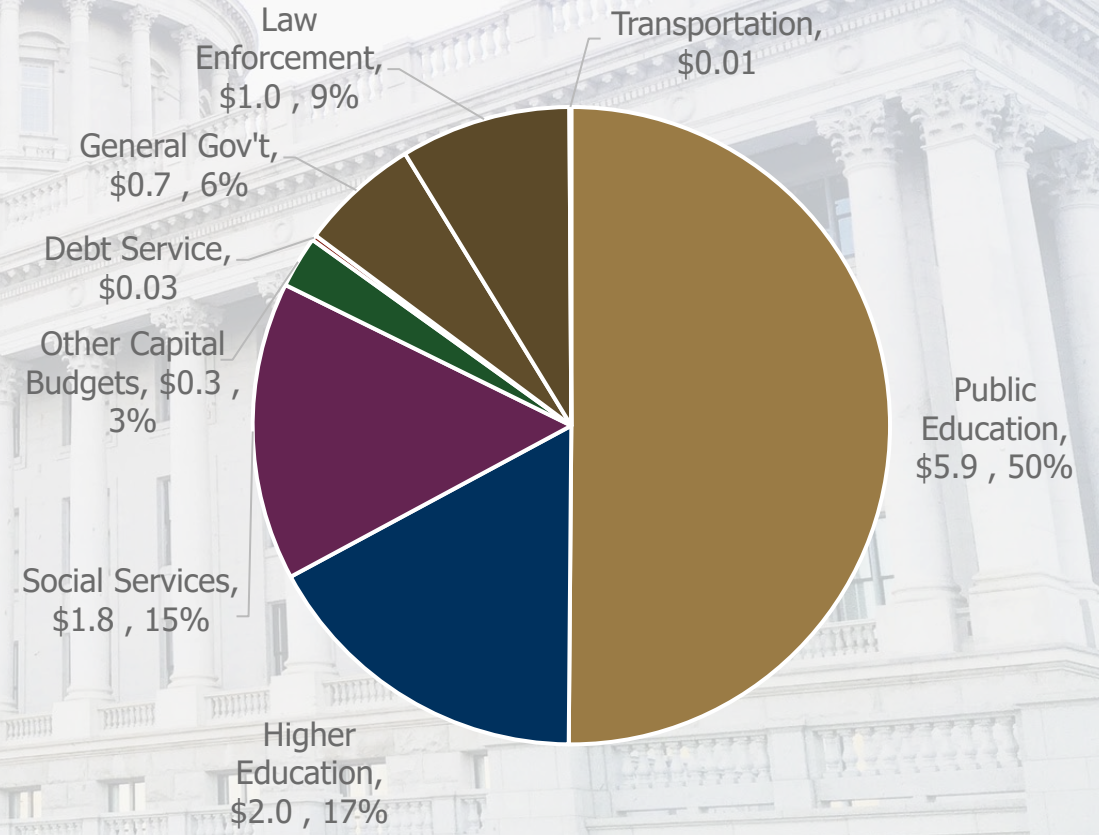


State Funds - \$11.8 Billion*

Sources (\$ in billions)



Uses (\$ in billions)



*All appropriation types including transfers between funds and accounts.



FY 2026 GF/ITF/USF Revenue Estimates

May 2025 (in Billions)*	FY25 Estimate	FY26 Estimate
General Fund	\$4.2	\$3.9
Income Tax Fund	\$7.4	\$7.6
Total	\$11.6	\$11.5

*Not including:

- (\$0.002 billion) FY 2024 revenue deficit
- (\$0.003 billion) per year econ dev incentives
- \$1.36 billion FY 2025 and \$0.37 billion FY 2026 beginning balances
- \$0.06 billion FY 2025 appropriated transfers

- **\$88** million one-time and **\$324** million ongoing available in December after accounting for tax cuts
- Base spending and set-asides brought available amounts to zero in December



December 2025 Actions

- Base changes: (\$24) and \$220
- Compensation: \$104
- High-Risk Rev: \$112
- Total: \$88 \$324
- Revenue Est: \$88 \$324
- Balance: \$0 \$0

Base Budget Changes and Set-Asides (GF/ITF in millions)

2025 General Session

Executive Appropriations Committee, December 9, 2024

	a	b	c
1	Appropriations Contingent on Revenue	One-time	Ongoing
2	Statewide Building Master Plan	\$ (100)	
3	Budget Increases/(Decreases)	One-time	Ongoing
4	PED Economic Stabilization Account	\$ (51)	\$ 51
5	PED Growth	\$ 4	\$ 21
6	PED Inflation	\$ -	\$ 180
7	2% Flexible Allocation WPU Distribution	\$ -	\$ (83)
8	COVID/ADK Growth Contingencies	\$ -	\$ (19)
9	Medicaid Enrollment/Inflation	\$ (114)	\$ 53
10	Medicaid ACA Account GF Deposit	\$ (10)	\$ (16)
11	Capital Improvements (at 1.5%)	\$ -	\$ 19
12	Jail Contracting/Reimbursement	\$ -	\$ 7
13	DABS Compensation Formula	\$ -	\$ 2
14	USDB Compensation Formula	\$ -	\$ 2
15	Rainy Day Fund Deposits	\$ 145	\$ -
16	Transfers and Other (see reverse)	\$ 3	\$ 2
17	Subtotal, Budget Increases/(Decreases)	\$ (24)	\$ 220
18	Total Changes to Base Budgets	\$ (124)	\$ 220
19	Set-Asides for Later Consideration	One-time	Ongoing
20	Tax Reduction Set-Aside	\$ 66	\$ 165
21	Compensation Set-Aside		\$ 104
22	High-Risk Revenue	\$ 112	
23	Total Set-Asides	178	269



February 2025

- Revenue declined \$74 million one-time and \$38 million ongoing (\$112 million total).
- Medicaid spending increased \$30 million one-time and \$30 million ongoing.
- \$85 million one-time cash deficit in DABS
- EAC took a holistic approach, redistributing savings statewide, not just within a subcommittee



Reallocations and Reductions

- \$100 million in ongoing and one-time budget reductions identified by subcommittees
- More than \$100 million in additional cuts and reallocations added by EAC
- Nearly 2% of General and Income Tax Funds budget, combined
- \$112 million in “high risk” revenue set-asides – enough to cover February revenue shortfall



Several Budget Buffers Used to Balance

- (\$29.9 million) ongoing in GF deposits to Medicaid ACA Account
- (\$80.7 million) one-time from Medicaid Stabilization Account
- (\$60.0 million) ongoing and \$53.0 million one-time for Higher Education capital development funding
- (\$6.2 million) ongoing in Capital Improvements over 1.1% of replacement value
- (\$63.2 million) one-time in FY 2026 and (\$63.5 million) one-time in FY 2027 from Capital Improvements to Development
- (\$3.4 million) ongoing and (\$16.2 million) one-time from Tax Commission Administrative Expense Account



Tax Cuts

- \$103.3 million ongoing and \$22.6 million one-time for an income tax rate cut from 4.55 percent to 4.50 percent
- \$2.0 million for a new nonrefundable tax credit for childcare centers and \$4.1 million for expansion of the nonrefundable child tax credit
- \$24.1 million ongoing and (\$1.3 million) one-time for expansion of the Social Security Benefits Income Tax Credit
- \$16 million ongoing and (\$13 million) one-time for single sales factor apportionment of financial institutions
- \$3.3 million ongoing and (\$0.4 million) one-time for small remote seller sales tax relief



Employee Compensation

- \$66.8 million ongoing for a 2.5 percent compensation increase for state agency and higher education employees
- \$10.3 million one-time for performance-based incentives and \$1.6 million one-time for bonuses to various state employees
- \$10.6 million for a 5.0 percent health insurance increase and 6.9 percent dental insurance increase in state agencies
- \$5.2 million ongoing for compensation of Internal Service Fund employees (S.B. 256)



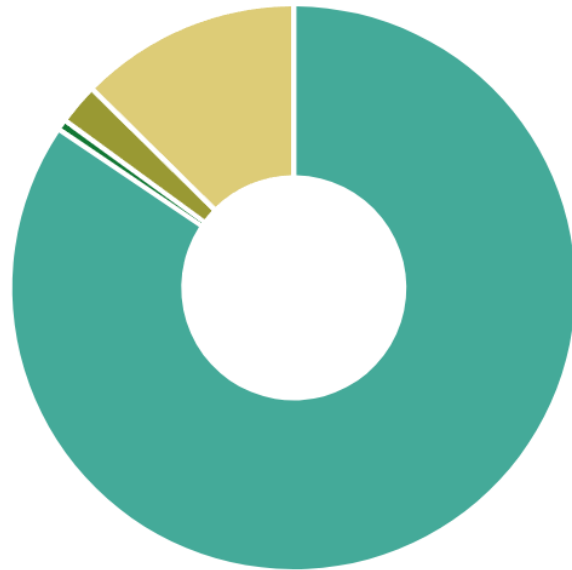
Maintaining First Place in Fiscal Stability

- Ongoing revenue exceeds ongoing commitments by \$7.5 million
- \$145.2 million one-time deposited into formal rainy-day funds
- \$85 million one-time to eliminate a cash deficit in DABS funds
- Pay-down \$255.3 million in existing General Obligation debt
- Authorized \$70 million in new affordable housing G.O. debt
- Created State Sovereignty Endowment Fund to counter long-term federal budget risk and unsustainability



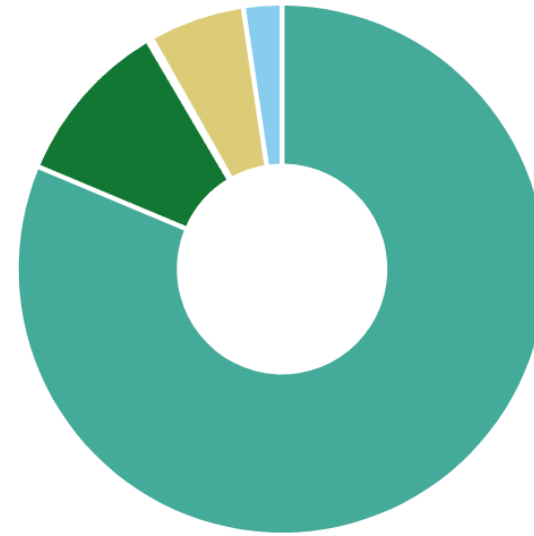
Courts FY 2026 Budget

FY25-26 Sources - \$231.23M



- General Fund (\$196,816,400)
- Federal Funds (\$760,000)
- Dedicated Credits (\$4,808,600)
- Other (\$28,847,100)
- Grand Jury (\$800)

Line Items



- Administration (\$190,031,000)
- Contracts and Leases (\$23,275,400)
- Grand Jury (\$800)
- Guardian ad Litem (\$13,061,900)
- Jury and Witness Fees (\$4,863,000)



Courts Budget Highlights, FY 2026

- Courts Operating Expenses: \$1.0 million ongoing
- Courts Staff Compensation: \$2.6 million ongoing for 2.5%
- Discretionary Comp (Like P4P): \$1.0 million 1X
- Judicial Salary Increase: \$1.0 million ongoing for 2.5%
- Jury & Witness Interpreters: \$1.5 million + \$450,000 1X
- Administration In-State Travel: (\$100,000) ongoing
- Courts Security: \$4.0 million (restricted fund) ongoing and 1X
- GAL Recruit and Retain: \$1.1 million ongoing





FY 2027 Outlook

FY 2027 Schedule

- August 19 and October 14: CJ Appropriations Subcommittee
- September 15-30: Budget information due to GOPB
- December 9: Executive Appropriations Committee
 - Adopt revenue estimates
 - Base budget changes, set-asides, transfers, etc.
- December: Governor's budget recommendations released
- January 20: Legislative general session begins
- January 29: Floor vote on base budget bills
- February: Adopt new revenue estimates



Accountable Budget Process

- Review 20% of the budget each year
- Courts under review this year
 - JR3-2-501: Find overlaps with other entities and **budget efficiencies**.
 - JR3-2-709: **Nonlapsing balances**. Do they have statutory authority? If so, why? Saving for something over multiple years?
 - UCA 63J-1-903: Evaluation of **performance measures**.
 - JR3-2-501 and 63J-1-504: **Fee analysis** – calculations, costs to administer, revenue compared to appropriations.
 - UCA 63J-1-903: **Internal budget process** and **internal controls**. See OLAG's best practices manual.



The Crystal Ball is Cloudy

- **OBBBA Revenue Impacts**

- Increase in the standard deduction
- Increase SALT deduction cap
- Full expensing for certain business property
- Full expensing for domestic research and experimental expenditures
- Full expensing for qualified production property
- Increased business interest deductions
- Others (no tax on tips, overtime, or car loan interest; charitable contribution deductions, bonus senior deduction)



The Crystal Ball is Cloudy

OBBBA and State Revenue PRELIMINARY Impact Estimates

ITF	FY 26-27 Estimated Impact
Ongoing	-\$200M to -\$450M
One-Time	-\$100M

- Current estimates are preliminary and will be updated as more information becomes available.
- We expect reductions of at least \$200 million ongoing, based on provisions we know will impact our tax base at this time. Other provisions, such as tips and overtime, that could also impact our tax base depending on IRS implementation, could result in additional reductions of another \$200 to \$250 million.
- The impact is front-loaded and is expected to taper off over time.



The Crystal Ball is Cloudy

- OBBBA **Expenditure** Impacts
 - Medicaid – Pressure to backfill federal reductions?
 - SNAP – \$13 m increase in admin costs; Potential benefits cost



The Crystal Ball is Cloudy

- Additional Complications
 - Economic Indicators (anecdotal, statistical)
 - Restore budget buffers used to balance FY 2026?
 - Expect more reallocations and reductions next session
- Rainy Day Funds are healthy
- Budget stress testing for EAC this December

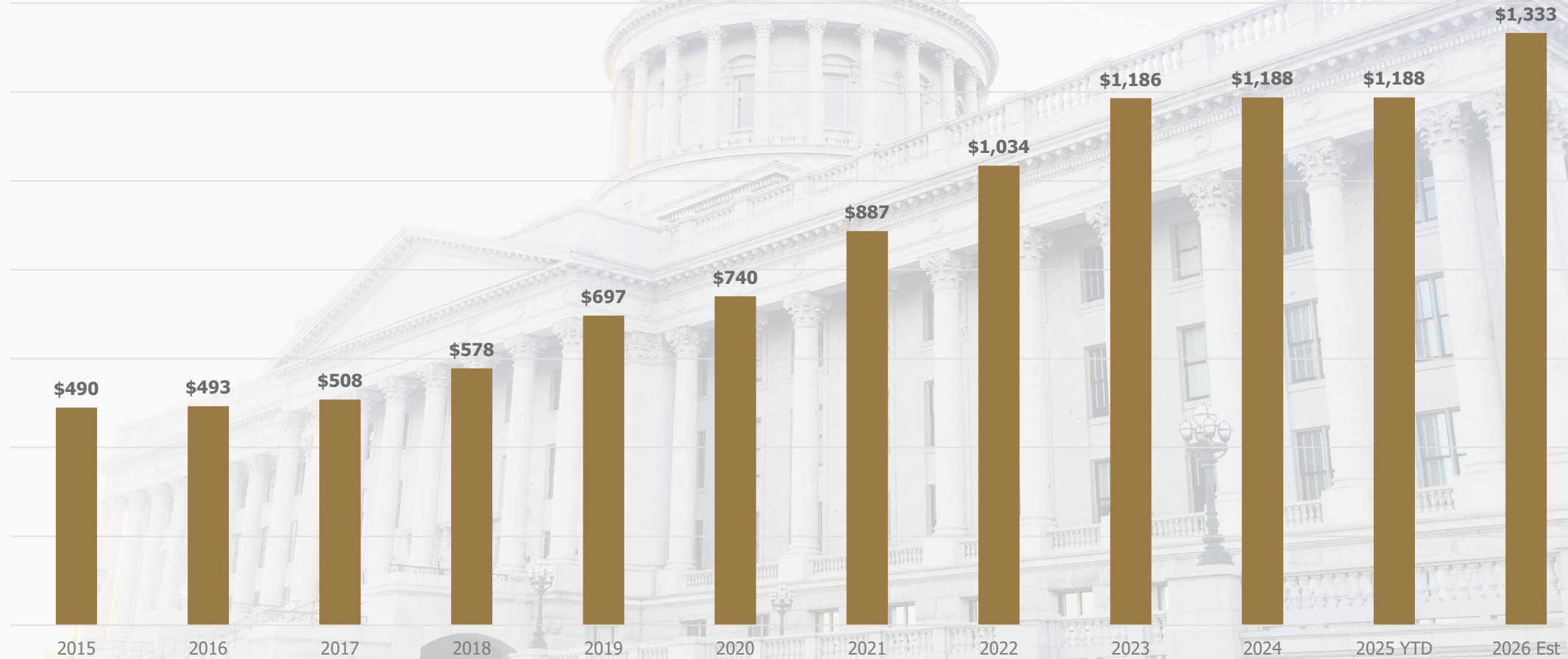


The Crystal Ball is Cloudy – Headlines

- Goodbye, \$165,000 Tech Jobs. Student Coders Seek Work at Chipotle. (NYT, 8/10/25.) (Companies embracing AI tools.)
- Layoffs? Price Increases? Companies Make Hard Choices as Trump's Tariffs Set In. (NYT, 8/9/25.)
- "Fear Gauge" Hits 2025 Low After Hope Builds for Rate Cuts. (WSJ, 8/13/25.)
- Oil Falls as IEA Raises Supply Forecast. (Reuters, 8/13/25.)
- Wholesale Prices Rose 0.9% in July, Much More than Expected. (CNBC, 8/14/25.)



Formal Rainy-Day Funds



A photograph of a natural rock arch made of red sandstone, known as Nature's Window in Bryce National Park. The arch frames a view of a vast, snow-covered valley with distant blue mountains under a cloudy sky. A semi-transparent text box is overlaid on the left side of the image.

Yet Again...

#1 Best State Overall

#1 State for Fiscal Stability

U.S. News and World Report

May 2025



Budget Process/Policy

H.B. 464 State Sovereignty Fund

- Establishes the State Sovereignty Fund, consisting of:
 - Any reserve account surplus (portion of surplus after required deposits to General and Income Tax Fund Budget Reserve Accounts)
 - Half of any General Fund savings from a decrease in the Federal Medical Assistance Percentages
 - 12.5% of state fund savings from any enhanced Federal Medical Assistance Percentage
 - Any excess revenue collections (General Fund or Income Tax Fund revenue that exceeds the estimated revenue for that fiscal year by more than two standard deviations on a 20-year mean)
 - Interest and legislative appropriations



S.B. 283 Funds Amendments

- Clarifies that an internal service fund agency may charge a rate that is less than the rate approved by the Legislature if they first report their justification for doing so
- Prohibits a fee agency from charging a fee amount that is different from the amount the Legislature approved, unless the amount is less than the approved amount and the fee agency first reports their justification
- If a fee agency charges a fee that is higher than approved by the Legislature, it must attempt to return the funds to the payors and any remaining amount must be transferred to the General Fund
- Allows the State Tax Commission to use money in the State Tax Commission Administrative Charge Account to offset general operational expenses



Questions?



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