



Office of the Legislative Fiscal Analyst

Jonathan Ball, Legislative Fiscal Analyst

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January 30, 2023

The Honorable Deidre Henderson
Lieutenant Governor of the State of Utah
Utah State Capitol Complex
Suite 220
P.O. Box 142325
Salt Lake City, Utah 84114-2325

RE: "Clean the Air Carbon Tax Act" Initiative

Lieutenant Governor Henderson,

We are replying to your request, dated January 13, 2023, for an initial fiscal impact estimate of the application for an initiative titled "Clean the Air Carbon Tax Act" as required under UCA 20A-7-202.5.

The Office of the Legislative Fiscal Analyst estimates enactment of the Clean the Air Carbon Tax Act could cost the Department of Environmental Quality approximately \$170,000 ongoing from the General Fund and \$449,000 ongoing from the new Carbon Emissions Revenue Restricted Account beginning in FY 2027 for administrative costs related to the new grant program. The initiative could also cost the Tax Commission approximately \$162,000 ongoing beginning in FY 2026, \$182,000 one-time in FY 2025, \$388,000 one-time in FY 2026, and \$11,000 one-time in FY 2027, all from the General Fund, to enact the new taxes.

This legislation would enact new carbon emissions taxes that could generate approximately \$243 million in FY 2026, \$569 million in FY 2027, and \$611 million in FY 2028. Enactment of this legislation could decrease General Fund revenue and related earmarks by approximately \$221 million ongoing and Income Tax Fund revenue by approximately \$75 million ongoing, all beginning in FY 2027. Combined these impacts could result in net revenue increases to the following funds in the following amounts beginning in FY 2027: Income Tax Fund, \$3 million; Aeronautics Restricted Account, \$26.3 million; Transportation Investment Fund, \$6 million; new Carbon Emissions Revenue Restricted Account, \$237 million.

Sincerely,

Jonathan Ball
Legislative Fiscal Analyst

CC: Yoram Bauman
David Carrier
Casey Hansen
London Kelley
Jan Baker Kennington