



## Media Alert

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Contact: Allison Rowland, 801-364-1182  
allison@utahchildren.org

# What's Eating Utah's General Fund?

## *Study Traces Utah's Budget Woes to Legislation*

*Salt Lake City* - Utah's fiscal crisis may be over, but that does not mean that the state will be able to meet lingering needs in higher education, the court system, or environmental protection, according to a study released today by Voices for Utah Children. These and many other services that Utahns depend on are paid for by the General Fund, and this fund has been seriously undermined by policies adopted in recent years. For the 2013 fiscal year, the General Fund is expected to remain 9 percent below its 2007 level, even though population has grown by 200,000 and the state's economy is 17 percent larger.

"Unless policymakers take quick action, Utahns simply will have to get used to expecting less from their state government: less maintenance for State Parks, less availability of classes at public colleges and universities, less access to care for people with disabilities... the list goes on," according to Allison Rowland, Director of Research and Budget at Voices for Utah Children and co-author of the study. "Our report finds that each year, a greater share of General Fund revenue is tied up in tax expenditures and earmarks, which means that lawmakers have less room for maneuver as they choose among competing state priorities."

The report, *What's Eating Utah's General Fund?* examines state revenue and expenditure data from the past seven years to understand why this fund has not recovered from the Great Recession as quickly as other state revenue. It finds that the tax base of the General Fund has been undermined by rapid growth in exceptions written into the tax code, known as tax expenditures. This is one of the reasons that sales tax revenue remains 13 percent below its 2007 level.

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The report also traces the explosive growth of earmarks, or restrictions, on the use of General Fund revenue. These increased by 900 percent from 2005 to \$418 million in the 2013 budget. Among these earmarks, transportation projects have absorbed a growing share: up to 93 percent in 2013.

“Utah has a long history of sustainable budgeting but the recent growth of tax expenditures and earmarks threatens this tradition,” said Rowland. “Our success as a state depends on the ability of lawmakers to react to changing circumstances by shifting public resources among different programs.”

The report recommends three steps to remedy the situation:

1. The legislature should direct the state to improve its measurement of the fiscal impact of tax expenditures.
2. Lawmakers should schedule a comprehensive review of each of tax expenditure and each earmark, identifying and repealing those that are not priorities in the context of the state’s annual budget.
3. Lawmakers should commit to inserting “sunset” provisions in all tax legislation and budget earmarks, to ensure that the GF’s revenue remains able to meet the challenges of Utah’s future.

**The complete report, *What’s Eating Utah’s General Fund? How Tax Expenditures and Earmarks Undermine the Budget Process*, can be found at [www.utahchildren.org](http://www.utahchildren.org).**