

2026 Legislative Recap: Tax & Budget

Published: Wednesday, 01 April 2026 19:36

Written by: Jenna Williams



At the end of each legislative session, we're often left sharing a discouraging update: year after year, lawmakers tend to pass the bills we oppose and stall the ones we support. This session, however, felt different. Of the priority bills we tracked, lawmakers passed only one major piece of legislation we opposed: another income tax cut.

It's no surprise that lawmakers passed their sixth consecutive income tax cut (after all, [we know elimination is the goal](#)). But this year, it wasn't without pushback. Lawmakers opened on the defensive, preemptively addressing criticism and attempting to justify what many Utahns see as insignificant savings before even explaining the bill itself. Legislators on both sides of the aisle asked thoughtful, critical questions about how these tax cuts could be squared with proposed [across-the-board cuts](#) to schools and state agencies, [rising waitlists](#) for services, and increasing pressure on local governments to make up the difference through [higher property taxes](#).

The public also showed up this session. Utahns [spoke out](#) about how these tax cuts disproportionately benefit higher-income households while doing little for families

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struggling to make ends meet. Many pointed to the real tradeoffs: reduced investment in public services and greater reliance on property taxes and other costs that fall more heavily on working families.

Our economy is not feeling good right now...you cannot look a person honestly in the face and say 'I'm doing you a service by lowering your taxes,' when whole communities are struggling to find their funding because of these cuts, year after year. This is nothing new. - Brent Hutchison, Provo Resident

Meanwhile, lawmakers continued to claim that these small tax cuts would make a meaningful difference, highlighting a gap between the lives of politicians and the lived realities of families. [For most households](#), the savings amount to little more than the cost of a single meal, and for many low-income families, no benefit at all.

Income Bracket	Low-Income	Middle-Class			High-Income		Ultra-Wealthy
Salary Range	Bottom 20% Up to \$34,600	Lower-mid 20% \$34,600 to \$63,100	Middle 20% \$63,100 to \$102,800	Upper-Mid 20% \$102,800 to \$157,300	Top 6-20% \$157,300 to \$333,600	Top 2-5% \$333,600 to \$835,200	Top 1% \$835,200+
Professions	Childcare Educator or Cashier 	Firefighter or Teacher 	Nurse or Accountant 	Lawyer or Engineer 	Chief Executive 	Surgeon 	Tech CEO or College Coach 
Annual savings from the new 2026 tax cut	\$13	\$24	\$36	\$57	\$96	\$194	\$1,212
Total annual savings from the last 5 tax cuts	\$117	\$222	\$347	\$562	\$912	\$1,998	\$19,290

(Image: *Who Benefits from Utah's Income Tax Cuts?* Estimate of this year's proposed tax cuts shows it overwhelmingly benefits high earners, not typical families)

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Overall, it was encouraging to see a shift in the broader conversation. A stronger, more visible narrative is emerging: one that questions the long-term impacts of repeated tax cuts and calls for greater accountability. Efforts to [divert education funding](#) to lawmakers' pet projects did not move forward, and lawmakers passed a modest expansion of the [Child Tax Credit](#).

We are not calling this a victory. But we are grateful for the growing community of Utahns who are speaking out, pushing back, and holding lawmakers accountable for decisions that shape our state's future.

(Video: Tax Story Time with Moe Hickey)

Below are the following outcomes from legislation we were tracking this session.

Position: OPPOSE Outcome: PASSED

Sponsors: Sen. McCay & Rep. Eliason

Legislators passed a sixth income tax cut this session, reducing the rate from 4.5% to 4.45%. According to analysis from the Institute on Taxation and Economic Policy, this tax cut will sacrifice another \$87M in revenue annually that could otherwise support our schools, expand child care, or improve health services. The average Utah family will save \$66 per year, while the wealthiest earners will save \$1,212 per year. Cumulatively, the five previous tax cuts have saved the top 1% of wealthiest Utahns almost [\\$20,000 per year](#), while saving a middle-class family only \$200-500 annually. Legislative leaders have [confirmed](#) their goal of eliminating the income tax, which would save the wealthy \$121,514 per year (learn more about income tax elimination [here](#)).

This [bill](#) ultimately passed by a 22-7 vote in the Senate and 61-11 vote in the House.

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Position: OPPOSE Outcome: FAILED

Sponsor: Sen. Fillmore

This [bill](#) would have made Utah's income tax cuts automatic by reducing the rate whenever actual state revenue exceeds a pre-set forecast, and then locking in those rates long-term. Because the mechanism only moves in one direction, it would make future revenue losses more likely and harder to reverse, increasing the likelihood of service cuts, higher [fees](#), and [even lower education funding](#). This would have pushed Utah further toward regressive revenue sources and further [undermined](#) stable funding for schools, child care, health services, and other public priorities.

The bill passed the Senate Revenue and Taxation Committee by a 3-2 vote, but was not brought to a vote in the full Senate and ultimately failed.

Position: SUPPORT Outcome: PASSED

Sponsors: Rep. Miller & Sen. Fillmore

Utah's non-refundable [Child Tax Credit \(CTC\)](#) is currently available to families with children under age six, with incomes up to \$54,000 for a couple or up to \$43,000 for a family with a single parent, with reduced benefits above those thresholds. This [bill](#) will modestly expand eligibility to \$61,000 for couples and \$49,000 for single parents. However, because Utah's CTC is non-refundable, most low-income families, generally those earning under \$37,000, receive no benefit at all. As a result, Utah's credit is among the most restrictive in the nation, reaching only 3% of households and 9.2% of children.

While we support this incremental expansion, it reflects Utah's continued piecemeal approach to implementing a child tax credit. Meaningful reductions in child poverty will require making the credit [refundable](#), so that families with little or no [tax liability](#) can actually benefit. Until then, the credit will remain limited in both reach and impact, despite modest eligibility increases.

This [bill](#) ultimately passed by a 26-1 vote in the Senate and 69-1 vote in the House.

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Position: OPPOSE Outcome: FAILED

Sponsors: Sen. Fillmore & Rep. Peterson

This [bill](#) represented a second attempt to pass legislation that Governor Cox [vetoed last year](#), citing transparency concerns. Under SB 65, local property tax revenue collected for schools would no longer remain in locally-controlled education funds. Instead, it would go to the state and be treated as general funds, where they can be spent on anything—not just education. The state would then replace that money in school budgets using income tax funds, which are currently reserved for education and certain social services. This shift would weaken local control over school funding while giving the state more power to redirect money elsewhere. For years, lawmakers have explored ways to access education-designated income tax revenue for non-education purposes. This effort was another workaround to free up funds for non-education spending.

The bill passed the Senate by an 18-11 vote but was never heard in the House and ultimately failed.

Position: OPPOSE Outcome: FAILED

Sponsors: Rep. Ballard & Sen. Balderree

This [bill](#) aimed to eliminate marriage penalties in the tax code that disadvantage married families, a goal we support. However, the bill included provisions with significant policy implications. Originally, the legislation included language repealing Utah's [Earned Income Tax Credit](#) (EITC), a proven policy that rewards work and reduces poverty for low- and moderate-income families. Although this language was removed, the bill's structure created a new tax credit available only to married filers and shifted the tax burden onto low-income families.

This approach is intended to advance the so-called “Family Success Sequence,” which posits that finishing school, working full-time, and marrying before having children leads to lower poverty rates. The theory, however, [confuses correlation with causation](#): individuals who are already economically stable and educated are more

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likely to marry, rather than marriage itself producing economic stability.

By privileging marital status, the bill introduced a new inequity by disadvantaging unmarried families and single-parent households. We were concerned that the bill would increase tax burdens on single-parent households and use the tax code to promote a specific moral framework rather than advancing economic equity.

Ultimately, the bill failed in the House by a 31-42 vote.

Position: OPPOSE Outcome: FAILED

Sponsors: Sen. McCay

This [bill](#) would have changed how local property taxes work in Utah by putting stricter limits on how much revenue local governments can collect and how that revenue can grow over time. Local property taxes have risen in recent years, but state lawmakers rarely acknowledge how their continuous income tax cuts are putting [more pressure](#) on local governments. Instead of addressing that imbalance, SB 97 would have limited how local governments manage their budgets by capping how much they can save, restricting how they count growth in property values, and requiring extra funds to be used to lower future tax rates. Over time, these changes would likely reduce the amount of revenue local governments have available. When property tax revenue is constrained and state support is limited, local governments often turn to other sources like [fines and fees](#), which disproportionately impact low- and moderate-income Utah families.

After multiple substitutions and a proposed amendment, the bill failed in the Senate by a 14-15 vote.

Position: SUPPORT Outcome: PASSED

Sponsors: Sen. Weiler & Rep. Abbott

This [bill](#) helps families in debt maintain economic stability by protecting Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) refunds, credits designed to

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help families afford basic necessities like rent, food, and utilities, from being seized by debt collectors. While Utah's EITC and CTC are non-refundable, the federal EITC and CTC provide cash refunds, which this bill would shield from collection. The bill originally included a provision allowing families up to \$10,000 of unused homestead exemption protection to other property, which would help low-asset households keep a vehicle, savings, or other modest assets they rely on to stay employed and housed. However, this was removed due to opposition from financial services industry representatives, including banks and credit unions.

This bill ultimately passed both chambers unanimously.

Position: OPPOSE Outcome: FAILED

Sponsors: Sen. McCay & Rep. Walter

As introduced, this [bill](#) restricted access to [circuit-breaker programs](#) by limiting the homeowner credit to households that had received it within the prior two years and by eliminating future inflation adjustments, effectively reducing the value of the credit over time. It also proposed restricting indigent property tax abatements to individuals with recent prior use, limiting households to a single form of relief per residence (with narrow exceptions), and narrowing eligibility for the veterans exemption through the addition of a liquid-asset threshold. In its final form, the bill abandoned many of these direct restrictions but instead restructured the broader relief framework by shifting from statewide, standardized programs to a county-based system.

Under this approach, counties could establish relief programs, but must fund them through a new, dedicated property tax levy. This shift would make access to relief dependent on geography, with support varying based on local funding and political choices. Although the bill did not seek to formally repeal existing homeowner, indigent, or veteran relief programs, its combined changes would have likely made relief less accessible over time, effectively shifting the system away from guaranteed, statewide support.

This bill passed by a 21-6 vote in the Senate, but ultimately failed in the House by a 28-41 vote.

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Week by Week Session Recaps

Here were the week by week updates we provided during the 2026 Legislative Session.

During the first week of the 2026 Legislative Session, several major tax and budget proposals were formally introduced, introducing the policy debates we expect to intensify in the coming weeks, particularly around tax cuts. None of the bills listed below were heard in committee or moved forward.

In the second week of the session, several major tax and revenue bills advanced out of the Senate Revenue and Taxation Committee:

SB 60 – Income Tax Rate Amendments: This bill proposes a sixth income tax cut, reducing the rate from 4.5% to 4.45% and costing the state an estimated \$87 million annually. The average Utah family would save about \$66 per year, while the highest earners would save roughly \$1,212 per year. Public testimony emphasized concerns about shifting the tax burden toward more regressive sources and prioritizing small tax cuts over community investments. The bill passed the committee [4-1](#).

SB 116 – Income Tax Rate Modifications: This bill would make income tax cuts automatic whenever state revenue exceeds projections, permanently locking in lower rates. Committee members raised concerns about transparency, long-term revenue losses, and impacts on social services and transportation funding. Despite these concerns, the bill passed the committee [3-2](#).

SB 65 – Minimum Basic Tax Rate Amendments: This bill would redirect local school property tax revenue into the state General Fund, where it could be spent on non-education purposes. The state would then backfill school budgets with income tax dollars that are currently reserved for education and certain social services. The state auditor raised concerns that this approach sidesteps restrictions on local government tax revenue and suggested the bill should instead be structured as a state property tax. Education advocates warned that this could ultimately reduce

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education funding, as the income tax fund is already strained. The bill passed the committee [4-1](#).

SB 97 – Property Tax Rate Amendments: This bill places new limits on “truth in taxation” property tax increases and tightens growth formulas, further restricting local governments’ ability to manage rising costs. The bill passed the committee [3-2](#).

In the third week of the session, these major tax and revenue bills advanced out of the Senate Revenue and Taxation Committee:

HB 290 — Child Tax Credit (CTC) Amendments: This bill expands Utah's non-refundable CTC. This bill passed committee [7-1](#).

HB 210 — Tax Penalties Amendments: This bill aims to eliminate certain marriage penalties in the tax code. The original version of this bill sought to repeal Utah’s Earned Income Tax Credit. Fortunately, this provision was removed during the committee hearing. Several speakers raised concerns about increasing the tax burden on single-parent families. The sponsor indicated she may consider changes to address these concerns. The bill passed committee [7-1](#).

In the fourth week of the session, one major tax and revenue bills advanced:

SB 60 – Income Tax Rate Amendments: This bill enacts a sixth income tax cut, lowering the rate from 4.5% to 4.45% and reducing state revenue by an estimated \$87 million annually. The average Utah family would save about \$66 per year, while the highest earners would save roughly \$1,212 per year. During Senate debate, lawmakers raised concerns that continued income tax cuts shift costs onto local governments, leading to higher property taxes and cuts to education and other public services. Senator Blouin proposed an amendment to increase the tax rate for millionaires, which would have made the bill revenue-neutral and help avoid cuts to school funding. The bill passed in the Senate [22-7](#).

[READ MORE ABOUT SB 60 HERE](#)

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In the fifth week of the session, the following tax and budget bills advanced:

HB 190 – Child Care Business Tax Credit: This [bill](#) expands Utah’s existing nonrefundable employer-provided child care tax credit by allowing employers to claim the credit for off-site child care facilities, not just on-site centers. It increases the credit for small businesses (up to 30% of eligible child care expenditures, compared to 10% for larger employers), removes the requirement that an employer must first claim a construction credit before claiming the operating credit, and clarifies which operating costs qualify. By lowering the after-tax cost of investing in care, the credit can help small employers support their workforce, though evidence suggests employer child care tax credits are often [underutilized](#). This passed the House [48-21](#).

SB 112 – Utah Exemptions Act Modifications: This bill helps families in debt maintain economic stability by protecting shielding federal EITC and CTC refund from debt collection. This passed the House Revenue and Taxation Committee [9-0](#).

In the sixth week of the session, the following tax and budget bills advanced:

HB 300 – School District Tax Amendments: This bill extends the “hold harmless” period that protects school districts from losing state-guaranteed funding when their certified property tax rate drops due to rising property values. Instead of the protection lasting one year, under the previous version of the bill, districts would have received up to five years of temporary state backfill. However, a Senate amendment reduced the protection period to two years. This passed the Senate [24-1](#) and returns to the House for concurrence.

SB 112 – Utah Exemptions Act Modifications: This bill helps families in debt maintain economic stability by protecting shielding federal EITC and CTC refund from debt collection. This passed the House [unanimously](#) and now heads to the governor for signature.

HB 290 — Child Tax Credit (CTC) Amendments: This bill, expanding Utah's non-refundable CTC, passed the Senate on second reading [unanimously](#) and now awaits a final vote in the Senate.

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In the seventh week and final week of the session, the following tax and budget bills advanced:

SB 60 — Income Tax Rate Amendments: The House passed Utah's sixth annual income tax cut by a vote of [61-11](#).

HB 210 — Tax Penalties Amendment: This legislation, aimed at eliminating marriage penalties in the tax code, was [widely criticized](#) for raising taxes on single parents. Ultimately, the House voted it down by a [31-42](#) vote.

SB 78 — Property Tax Relief Amendments: This legislation targeting property tax relief programs for seniors and low-income families ultimately failed in the House by a [28-41](#) vote.

In the News

- Utah has more revenue than expected. Lawmakers still want leaner budgets, and a 6th income tax cut ([Utah News Dispatch](#))
- Utah's revenue looks 'good,' leaders say — but they still plan to slash cash for state programs ([Salt Lake Trib](#))
- Governments in Utah amass \$37.5 billion in investment accounts ([KUTV](#))
- Lawmakers advance plan to cut Utah income taxes for 6th straight year ([KSL TV](#))
- Tribune editorial: Utah Legislature's drive to cut spending for education and services to the disabled is deplorable ([SL Tribune](#))
- Landlord, tenant groups unite to oppose limiting Utah's residential property tax exemption ([KSL](#))
- Utah property tax plan could harm vulnerable seniors ([KUTV](#))
- Utah wants to remove marriage tax penalties. Will D.C. follow? ([Deseret](#))
- Guest opinion: Pro-marriage tax reform shouldn't raise taxes on single parents ([Utah Policy](#))
- Utah Legislature looks to expand tax cuts for employers who provide child care ([KPCW](#))
- Utah Senate passes proposal to cut income tax ([ABC 4](#))
- 'Families are squeezed': Utah lawmakers urged to focus on high cost of living ([KSL](#))

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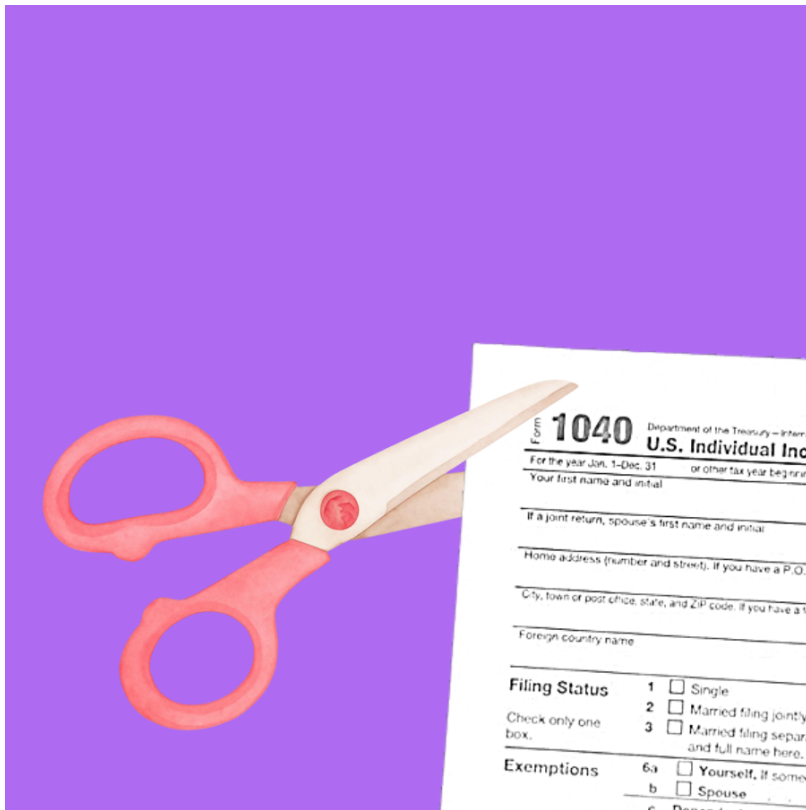
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- Utah lawmakers are trying again to reroute education property tax dollars ([KUER](#))
 - Utah higher education could see another state budget cut — this time, losing \$94 million ([Salt Lake Trib](#))
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Other Legislative Recap Updates

- [Children's Health](#)
 - [K-12 Education & Child Care](#)
 - [Child Welfare & Juvenile Justice](#)
 - [Immigrant Family Policies](#)
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2026 Tax Cut

Lawmakers are eyeing a sixth tax cut this year.

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These repeated income tax cuts reduce funding for schools and services, shift costs to local governments and families, and deliver the biggest benefits to high-income earners.

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A Village Without Kindness: How Eliminating Utah's Income Tax Hurts Kids explains how income tax cuts affect schools, families, and local services – and why eliminating the income tax would leave communities with an impossible gap to fill.

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