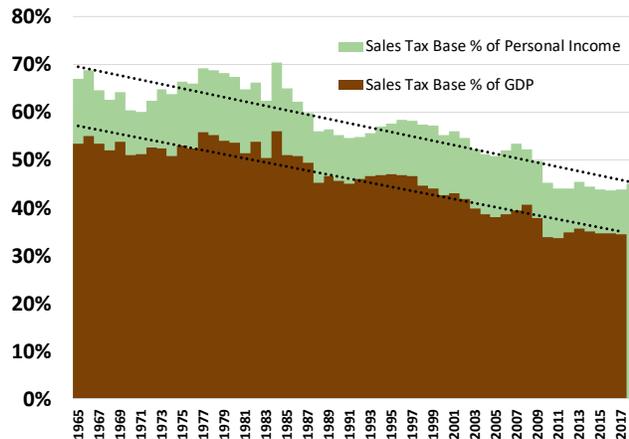


Lake Powell Pipeline: Financial Issues

UTAH'S NARROWING SALES TAX BASE



STATE SALES TAX

The state pays for most general government services with sales tax.

The sales tax base has failed to keep pace with the economy, declining from about 70% of personal income in the 1980s to a little over 40% in recent years.

STATE WATER FINANCES

\$40 Million

FY 2022 full phase-in

Ongoing state revenue shifted from transportation for water development.

\$80-120 Million

Additional revenue to pay annual debt service on \$1.3 - \$1.8 billion bond.

Options to Close the Gap

Increase local participation

Increase federal participation

Take money from education or transportation

Increase state taxes

STATE SUBSIDY

Although the Lake Powell Pipeline Act calls for a “reasonable interest rate,” a recent financing summary submitted by the Washington County Water Conservancy District would create a large state taxpayer subsidy (range of \$1 billion). The proposed taxpayer subsidy comes primarily from repaying the loan over a long time period with devalued future dollars.

Governor's Recommended

WATER FINANCING CONDITIONS

-  Better water data and data reporting
-  New, meaningful water efficiency targets, including for government water use
-  Independent validation of financial information, water use, and costs
-  Local funding effort and increased emphasis on user fees
-  Transparency and local voter engagement through public processes
-  Appropriate financing and repayment terms

Water Rates

