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It's done. Utah is transforming the state's sales tax system as part of a broader tax reform package.

Upcoming changes [include](#):

- Adding an additional excise tax on diesel fuel
- Adding sales tax to charges to access digital products and services
- Adding sales tax to motor fuel and special fuel other than diesel
- Broadening sales tax to many services (e.g., dating referral services, personal transportation services, and pet boarding and grooming services)
- Eliminating several existing sales tax exemptions (e.g., sales of electricity to a ski resort to operate a passenger ropeway)
- Establishing an exemption for menstrual products

- Increasing the sales tax on groceries

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services such as education, infrastructure, and health care.

Extending sales tax to untaxed services is something numerous states have either considered or done in recent years. [Connecticut](#), [North Carolina](#), and [Washington, D.C.](#) have all broadened sales tax to some extent. [California](#) and [Wyoming](#) are among the states that have considered it. That doesn't make the changes in Utah more palatable.

The decision to tax services has been lambasted by Utahns, as has increasing the state sales tax on groceries from 1.75% to 4.85% (plus local tax). Opponents say both changes will penalize low-income people, and the tax on services could adversely affect businesses.

Yet Utah Governor Gary Herbert has promised to sign the bill. He [commended the legislature](#) "for their courage and forward thinking in working to address the difficult issue of tax reform," and said the bill would improve "the stability and equity of our tax system." He understands Utahns feel anxiety about the upcoming changes but firmly believes the tax reform is necessary: "While Utah's income tax fund is healthy, [our sales tax growth rate is not keeping pace with our modern times](#) or our projected growth."

Gov. Herbert also noted that the process has been "extraordinarily transparent ... And honestly, discussions around ways to shore up the sales tax base have been going on for at least 15 years."

The changes are set to take effect 60 days after the [bill](#) is signed by the governor unless opponents can gather enough signatures to [put a referendum on the ballot next year](#). It won't be easy — they have only until January 21, 2020, to get more than 115,500 signatures.

New sales tax policy could impact remote sellers

Utah has required certain [remote sellers](#) to collect and remit tax on their sales into

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and laypeople.

Sales Tax

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