



Mar. 24, 2025

President Adams, Speaker Schultz, and Members of the Utah Legislature,

One of the things I love most about serving as governor is the opportunity to work with all of you to make Utah an even better place to live, work, and raise a family. Over the last few years, we've done some truly remarkable things together — historic investments in education, record tax relief, and important work to strengthen trust in our institutions. This legislative session was no exception and you should be incredibly proud of what you were able to accomplish.

The decision to veto bills is one that I take very seriously and try to use very rarely. I understand the work that goes into passing legislation and believe in the process that refines and leads to better outcomes. Signing or vetoing a bill is not the same as voting for a bill — I sign many bills that I would not have voted for and try to be very selective of those I choose not to sign or veto. Please know that in the 20 days allotted to me, I carefully and thoughtfully review every single one of the 582 bills that were passed.

As I mentioned earlier, I care deeply about trust in our institutions, and I know that you do too. Trust is the currency of governing. Sadly, we know that trust is eroding across almost all institutions in our country. Over the next few days I will make final decisions on potential vetoes. In every case, I will do my best to explain my reasoning — never personal — and always with an eye to improving the public's trust in you and me and the institutions we represent.

When it comes to trust, nothing is more critical or sacred than the way we handle taxpayer dollars. After receiving veto requests from the State Auditor, State Board of Education, the Utah School Boards Association, and the Utah School Superintendents Association, I have decided to veto Senate Bill 37, *Minimum Basic Tax Rate Amendments*.

At its core, this bill changes how we collect and distribute the state portion of property tax revenues for schools. Right now, Utahns are correctly told by their government that their local property tax dollars are going to fund their local schools. That arrangement is spelled out specifically in our annual property tax notices, and it's a promise we've honored for decades. SB 37 represents a clear departure from this practice by moving those dollars into the state's general fund, with income tax revenues replacing them before they go back out to districts. At a minimum, such accounting creates a perception problem as we lose the direct connection between taxpayers and their neighborhood schools.

But the change is more than just a perception problem. Moving restricted property tax funding into the general fund creates significant technical and legal questions. For one, it's not entirely clear whether these property tax dollars, once they land in the general fund, still carry the restrictions that have always protected them for education use. Without that clarity, future legislatures could easily redirect those funds to other priorities and away from Utah schoolchildren. I oppose that change.

Then there's the accounting side of things. SB 37 sets up a complicated system where school districts have to track these dollars as both incoming and outgoing revenue, while the state does the same. This "grossing up" makes financial statements look inflated, which creates confusion not just for taxpayers, but also for bondholders and auditors who rely on clean, straightforward reports. Utah has earned a reputation for being one of the best-managed states in the country. Part of that reputation comes from keeping things simple, clear, and transparent. I worry that this bill puts that at risk — a worry expressed by State Auditor Tina Cannon, whose letter and request for a veto is attached for your review.

Even if I were to ignore these legal and accounting issues, I also worry that this bill sends the wrong message to our schools and teachers about the value we place on our education funding. I am grateful for, and proud of, the incredible education funding the legislature has provided over the past 4 years — a record \$2.6 billion! I am especially proud of Utah's newest ranking: top 10 in the nation for starting teacher salaries. You should be commended for your leadership on this critical issue that is so important to our fellow Utahns. I would never want to do anything that would undermine our shared commitment to education funding.

As an aside, I remain concerned about the sheer number of bills introduced and passed each session, including education bills. I will have more to say about that later this week.

I appreciate the work that went into SB 37, and I respect the effort to tackle tough issues. But for all these reasons — public trust; accounting and legal challenges; protection of education funding; and the message to our educators — I'm vetoing the bill. I'm confident that, working together, we can find a better path forward.

Thank you, as always, for your service, your leadership, and your partnership. I'm grateful for all you do, and I look forward to working together on solutions that move Utah forward.

With respect and appreciation,

A handwritten signature in black ink, appearing to read "Spencer J. Cox". The signature is stylized and cursive.

Spencer J. Cox
Governor