



Utah's Tax Burden Increases but Ranking Improves

Utah Taxpayers Association, June 2008

Utah's total tax and fee burden as percent of personal income increased from 15.76% in FY2005 (revised) to 16.08% in FY2006. Utah's ranking, however, improved from 5th highest to 8th highest. Excluding fees, Utah's tax burden, 11.34%, ranks 20th is just slightly above the national average of 11.24%. When all state and local government revenue is included, Utah ranks 11th highest.

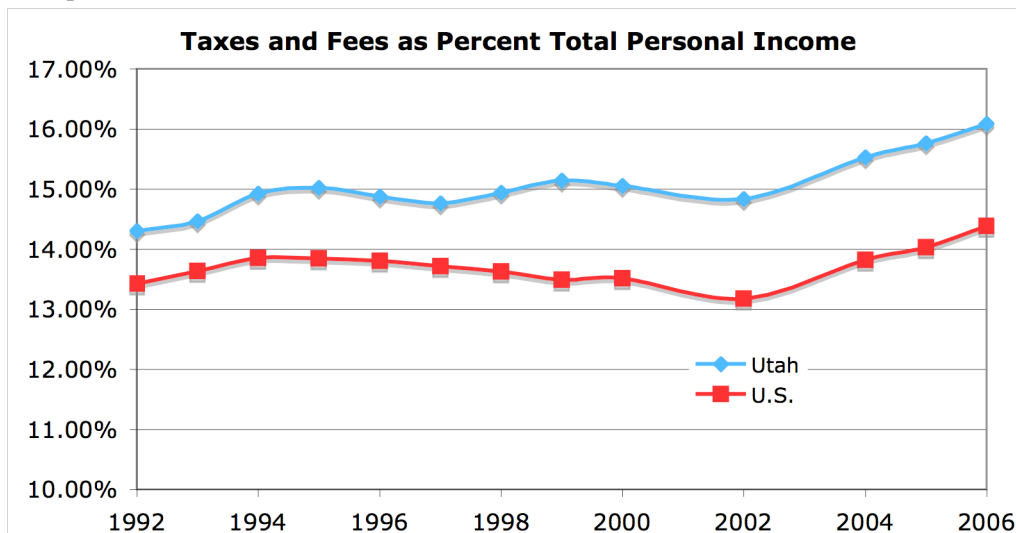
The Utah Taxpayers Association annually calculates tax burdens for all 50 states using data from the US Census Bureau and the Bureau of Economic Analysis. The association uses several tax and spending burden measures to provide a complete picture of Utah's position relative to the rest of the nation.

State/Local Tax Burdens and Revenues as Percent Personal Income, FY2006

Measure	U.S.	Utah	Utah Rank	Utah as % U.S.
All state/local government revenue incl federal	25.77%	28.45%	11	110.4%
State/local government revenue excl federal	21.51%	23.63%	11	109.8%
State/local general revenue from own sources	16.31%	18.17%	11	111.5%
Taxes and fees	14.39%	16.08%	8	111.8%
Taxes/fees less higher education charges	13.62%	14.53%	10	106.7%
Taxes	11.24%	11.34%	20	100.9%
Individual income taxes	2.53%	3.12%	15	123.4%
General sales taxes	2.65%	3.31%	13	124.9%
Motor fuel taxes	0.35%	0.49%	13	141.4%
Property taxes	3.38%	2.57%	38	76.1%
Other taxes not listed above	2.34%	1.85%	34	79.1%

Calculations by Utah Taxpayers Association based on Census Bureau/Bureau of Economic Analysis data.

Utah's tax burdens increased in FY2006, largely due to a growing economy. During economic expansions, individual and corporate income taxes and sales taxes on business inputs increase faster than growth in personal income. These revenues also decline faster than personal income during recessions. The following charts show Utah's and the nation's tax and fee burdens as a percent of personal income from 1992 to 2006.



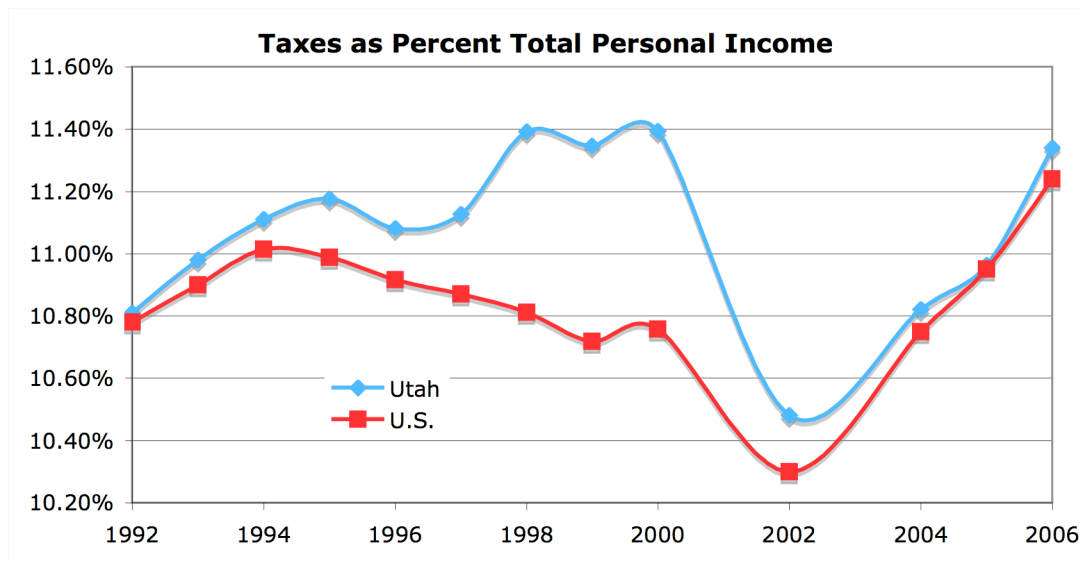
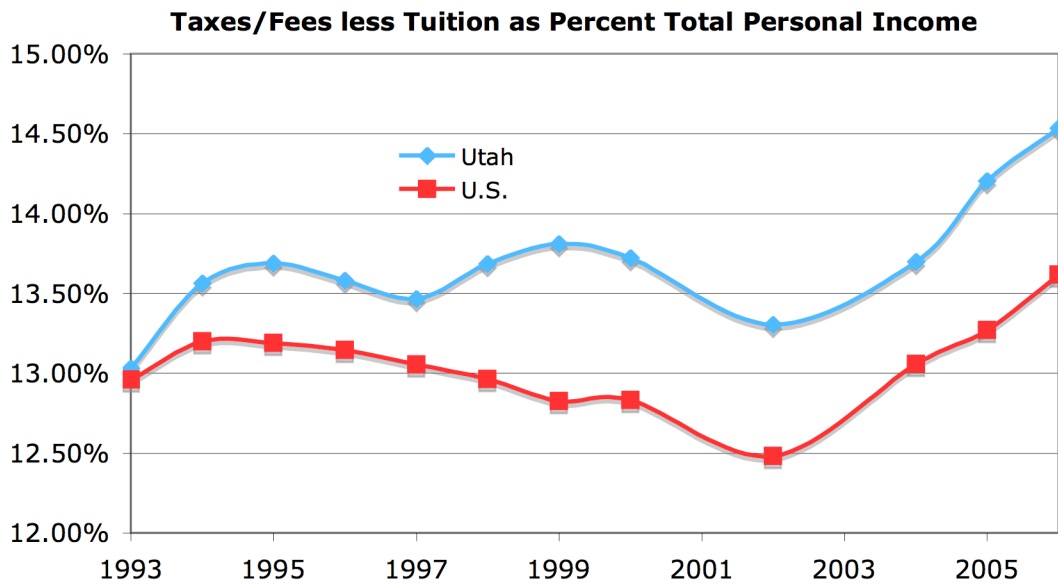
50-State Tax Burden and Revenue Comparison

	Taxes and Fees		Taxes/Fees excl Tuition		Taxes		Individual Income Tax ¹		General Sales Tax ²		Motor Fuel Tax		Property Tax		Total State/Local Revenue		Federal Revenues		Total Rev incl Federal	
	Burden	Rank	Burden	Rank	Burden	Rank	Burden	Rank	Burden	Rank	Burden	Rank	Burden	Rank	Burden	Rank	Burden	Rank	Burden	Rank
United States	14.39%	N/A	13.62%	N/A	11.24%	N/A	2.53%	N/A	2.65%	N/A	0.35%	N/A	3.38%	N/A	21.51%	N/A	4.25%	N/A	25.77%	N/A
Alabama	14.19%	30	13.05%	33	9.29%	47	2.09%	35	2.80%	19	0.46%	19	1.40%	50	20.62%	21	5.60%	12	26.22%	21
Alaska	18.46%	2	17.88%	2	14.61%	3	0.00%	44	0.68%	46	0.17%	48	3.86%	14	43.22%	1	9.60%	3	52.82%	1
Arizona	12.86%	44	12.10%	42	10.52%	37	1.72%	39	3.94%	9	0.41%	28	2.92%	31	19.27%	36	4.65%	24	23.92%	36
Arkansas	14.76%	21	13.68%	22	11.30%	21	2.60%	25	4.65%	4	0.59%	4	1.70%	46	21.01%	19	5.85%	11	26.86%	19
California	15.15%	15	14.61%	8	11.73%	13	3.67%	5	2.89%	16	0.24%	46	2.67%	36	25.04%	8	4.04%	32	29.08%	8
Colorado	12.92%	42	11.84%	45	9.46%	46	2.34%	32	2.64%	24	0.32%	39	2.89%	32	19.67%	43	2.93%	47	22.60%	43
Connecticut	12.91%	43	12.42%	39	11.49%	19	3.34%	10	1.76%	40	0.25%	45	4.38%	8	16.75%	49	2.66%	48	19.41%	49
Delaware	14.68%	22	13.33%	27	11.13%	24	3.31%	11	0.00%	47	0.37%	31	1.63%	48	22.22%	24	3.82%	35	26.04%	24
Florida	13.65%	36	13.24%	28	10.39%	40	0.00%	44	3.42%	12	0.47%	16	3.59%	18	19.93%	38	3.69%	40	23.62%	38
Georgia	13.67%	35	13.08%	32	10.60%	35	2.75%	19	3.24%	14	0.31%	43	3.06%	28	18.41%	44	3.90%	34	22.31%	44
Hawaii	16.82%	6	16.31%	5	13.54%	6	3.39%	9	5.15%	2	0.36%	33	2.15%	43	21.82%	22	4.39%	29	26.21%	22
Idaho	14.80%	19	13.93%	16	10.70%	33	2.90%	17	2.56%	26	0.54%	8	2.94%	30	21.11%	26	4.66%	23	25.77%	26
Illinois	13.47%	37	12.75%	36	10.92%	26	1.81%	38	1.90%	39	0.34%	36	4.10%	12	19.29%	42	3.34%	43	22.63%	42
Indiana	17.23%	5	15.92%	6	11.56%	16	2.52%	30	2.69%	21	0.42%	25	4.24%	10	21.95%	27	3.77%	37	25.72%	27
Iowa	15.12%	16	13.70%	20	10.70%	32	2.59%	27	2.37%	32	0.46%	18	3.54%	19	21.21%	25	4.71%	22	25.92%	25
Kansas	14.31%	27	13.11%	30	11.28%	22	2.59%	26	3.05%	15	0.47%	17	3.53%	20	19.55%	39	3.76%	38	23.31%	39
Kentucky	14.17%	31	13.19%	29	11.14%	23	3.22%	13	2.27%	36	0.44%	24	1.99%	45	20.05%	29	5.54%	15	25.59%	29
Louisiana	17.90%	3	17.02%	4	13.72%	5	2.18%	33	5.76%	1	0.57%	6	2.15%	42	25.90%	3	8.76%	4	34.66%	3
Maine	16.72%	7	15.86%	7	14.02%	4	3.31%	12	2.52%	27	0.55%	7	5.34%	3	21.76%	14	6.50%	8	28.26%	14
Maryland	12.94%	41	12.09%	43	10.79%	28	4.12%	3	1.42%	44	0.32%	40	2.49%	40	16.94%	48	3.30%	44	20.24%	48
Massachusetts	12.57%	46	11.96%	44	10.57%	36	3.62%	6	1.38%	45	0.23%	47	3.74%	17	19.62%	40	3.36%	42	22.98%	40
Michigan	14.30%	28	13.04%	34	10.71%	31	1.99%	37	2.40%	31	0.32%	42	4.02%	13	21.92%	23	4.15%	30	26.07%	23
Minnesota	14.66%	23	13.80%	17	11.49%	18	3.51%	7	2.30%	34	0.33%	38	2.73%	34	21.27%	30	3.68%	41	24.96%	30
Mississippi	15.55%	11	14.47%	11	10.77%	29	1.65%	40	4.01%	8	0.59%	5	2.73%	33	21.90%	6	9.71%	2	31.61%	6
Missouri	12.68%	45	11.74%	46	9.79%	44	2.58%	28	2.64%	23	0.40%	29	2.67%	37	19.03%	37	4.61%	25	23.64%	37
Montana	14.01%	32	12.61%	38	10.69%	34	2.72%	20	0.00%	47	0.73%	1	3.75%	16	21.20%	13	7.19%	6	28.39%	13
Nebraska	14.80%	20	13.78%	18	11.59%	14	2.60%	24	2.78%	20	0.51%	11	3.77%	15	24.25%	10	4.41%	28	28.66%	10
Nevada	13.18%	40	12.73%	37	10.41%	39	0.00%	44	3.54%	11	0.45%	20	2.68%	35	19.16%	46	2.55%	49	21.71%	46
New Hampshire	11.05%	50	10.12%	50	8.95%	50	0.16%	42	0.00%	47	0.25%	44	5.51%	1	15.31%	50	3.27%	45	18.58%	50
New Jersey	14.21%	29	13.65%	23	12.07%	9	2.68%	21	1.75%	41	0.13%	49	5.24%	4	18.81%	45	3.00%	46	21.81%	45
New Mexico	15.40%	12	14.58%	9	12.44%	8	2.00%	36	4.40%	5	0.44%	22	1.70%	47	25.61%	4	7.29%	5	32.90%	4
New York	17.78%	4	17.37%	3	15.03%	2	4.69%	1	2.65%	22	0.06%	50	4.43%	7	27.03%	5	5.34%	17	32.37%	5
North Carolina	14.54%	25	13.68%	21	10.87%	27	3.43%	8	2.46%	30	0.54%	9	2.53%	39	19.65%	33	4.80%	21	24.44%	33
North Dakota	15.24%	14	13.51%	26	11.50%	17	1.34%	41	2.48%	28	0.65%	2	3.08%	26	21.73%	15	6.31%	10	28.05%	15
Ohio	14.91%	18	13.77%	19	11.56%	15	3.68%	4	2.46%	29	0.48%	14	3.37%	21	23.92%	9	4.83%	19	28.74%	9
Oklahoma	13.43%	38	12.24%	41	10.11%	42	2.47%	31	2.86%	17	0.35%	34	1.62%	49	19.22%	35	4.86%	18	24.08%	35
Oregon	14.58%	24	13.58%	25	10.45%	38	4.66%	2	0.00%	47	0.36%	32	3.10%	25	25.89%	7	4.56%	26	30.45%	7
Pennsylvania	13.83%	34	13.01%	35	11.04%	25	2.77%	18	1.94%	38	0.47%	15	3.20%	22	20.53%	32	4.08%	31	24.60%	32
Rhode Island	13.93%	33	13.11%	31	11.98%	10	2.61%	23	2.19%	37	0.34%	37	4.83%	6	20.72%	20	5.58%	13	26.29%	20
South Carolina	15.68%	10	14.45%	12	9.94%	43	2.18%	34	2.62%	25	0.41%	26	3.16%	23	22.30%	16	5.41%	16	27.71%	16
South Dakota	11.24%	49	10.34%	49	8.99%	49	0.00%	44	3.67%	10	0.50%	12	3.08%	27	18.77%	34	5.55%	14	24.32%	34
Tennessee	12.15%	48	11.50%	48	9.06%	48	0.10%	43	4.31%	6	0.45%	21	2.17%	41	20.29%	31	4.55%	27	24.84%	31
Texas	12.34%	47	11.57%	47	9.56%	45	0.00%	44	2.84%	18	0.38%	30	4.10%	11	18.71%	41	3.92%	33	22.63%	41
Utah	16.08%	8	14.53%	10	11.34%	20	3.12%	15	3.31%	13	0.49%	13	2.57%	38	23.63%	11	4.82%	20	28.45%	11
Vermont	15.88%	9	14.08%	13	13.08%	7	2.58%	29	1.57%	42	0.41%	27	5.46%	2	20.80%	17	6.44%	9	27.24%	17
Virginia	13.29%	39	12.40%	40	10.18%	41	3.07%	16	1.45%	43	0.32%	41	3.13%	24	18.46%	47	2.42%	50	20.88%	47
Washington	14.43%	26	13.65%	24	10.75%	30	0.00%	44	5.05%	3	0.44%	23	2.95%	29	23.18%	18	3.75%	39	26.93%	18
West Virginia	15.30%	13	14.03%	15	11.90%	12	2.62%	22	2.28%	35	0.65%	3	2.14%	44	21.55%	12	6.86%	7	28.41%	12
Wisconsin	15.04%	17	14.05%	14	11.94%	11	3.16%	14	2.35%	33	0.52%	10	4.30%	9	21.87%	28	3.82%	36	25.68%	28
Wyoming	21.22%	1	20.47%	1	15.84%	1	0.00%	44	4.06%	7	0.35%	35	4.98%	5	29.50%	2	10.33%	1	39.83%	2
Utah in 1995	15.02%	11	13.69%	14	11.18%	21	2.85%	13	3.60%	9	0.56%	20	2.78%	36	22.9%	5	4.52%	17	27.4%	8
Utah in 1996	14.88%	13	13.58%	14	11.08%	18	2.94%	13	3.66%	9	0.53%	21	2.60%	36	22.1%	10	4.93%	13	27.0%	9
Utah in 1997	14.77%	13	13.47%	17	11.13%	17	2.94%	13	3.68%	10	0.52%	24	2.61%	36	23.9%	6	4.33%	19	28.2%	5
Utah in 1998	14.95%	13	13.69%	14	11.39%	14	3.03%	14	3.55%	9	0.68%	5	2.61%	36	24.3%	6	4.13%	21	28.5%	6
Utah in 1999	15.15%	8	13.81%	13	11.35%	11	3.03%	15	3.66%	9	0.65%	7	2.47%	37	23.2%	6	4.34%	18	27.6%	5
Utah in 2000	15.06%	10	13.72%	13	11.39%	12	3.20%	14	3.57%	9	0.64%	7	2.53%	35	24.8%	7	4.21%	20	29.0%	6
Utah in 2002	14.84%	6	13.30%	9	10.48%	16	2.79%	15	3.43%	10	0.59%	11	2.47%	38	19.4%	6	4.54%	22	24.0%	12
Utah in 2004	15.53%	3	13.70%	12	10.82%	19	2.77%	16	3.26%	13	0.56%	9	2.73%	38	25.7%	6	5.27%	19	30.9%	8
Utah in 2005	15.76%	5	14.21%	10	10.96%	20	2.89%	16	3.28%	13	0.53%	10	2.69%	36	24.0%	9	4.83%	21	28.8%	9

1. Excluding personal income from states that do not impose taxes on ordinary individual income (AK, FL, NH, NV, SD, TN, TX, WA, WY), U.S. average increases to 3.13%. NH and TN impose income taxes on interest and dividends

2. Excluding personal income from states that do not impose state and local sales tax (AK, DE, MT, NH, OR), U.S. average increases to 2.65%. Alaska does not impose a state sales tax, but many local governments impose sales taxes.

Calculations by Utah Taxpayers Association based on data from US Census Bureau and Bureau of Labor Statistics



Calculations by Utah Taxpayers Association based on Census Bureau/Bureau of Economic Analysis data

During the 2006 and 2007 General Sessions, the Legislature cut Utah taxes by more than \$400 million. See our March 2008 newsletter for more details. The impacts of these tax cuts will begin appearing in next year's report.

Should voluntary fees be included in the analysis?

Fees should be included in tax burden analyses for the following reasons:

1. Even if fees are “voluntary”, such as tuition at public universities, government still has an obligation to keep fees as low as reasonably possible.
2. Even though fees are frequently a preferable method for financing certain government functions, such as water and transportation, elected officials can pretend to cut taxes or slow the growth in government by increasing reliance on user fees. Governments frequently increase fees to avoid increasing taxes.