

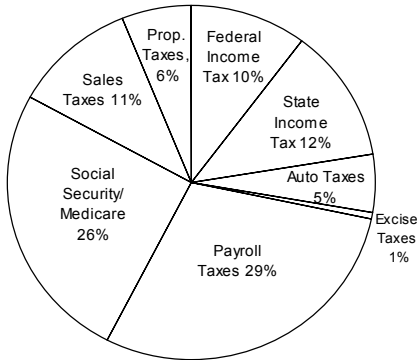
TOTAL TAXES

When Eugene and Eunice added up all the taxes paid in 2002, they found that their total direct tax bill came to \$11,696, 19% of their entire income. Added to this are indirect taxes paid by their employers of \$4,791, or just under 8% of their income. Adding household and employer taxes, the Utah family's total tax bill amounts to \$16,487, or \$1,374 per month.

Eugene and Eunice's tax burden is the largest item in their annual budget, 19% more than the amount of the second largest item, housing and utilities.

Total Taxes Paid in 2002

Property Taxes	\$1,029
Auto Taxes	\$852
State Income Taxes	\$2,019
Federal Income Taxes	\$1,707
Sales Taxes	\$1,773
Excise Taxes	\$104
Social Security/Medicare	\$4,211
Payroll/Employment Taxes	\$4,791
TOTAL TAXES	\$16,487



TAXES CONSUME OVER 27 CENTS OF EVERY DOLLAR EARNED



The 2003 Eugene & Eunice Utah Family

Created by
The Utah Taxpayers Association

THE TAX BURDEN OF THE EUGENE & EUNICE UTAH FAMILY

The Eugene and Eunice Utah family is a family of five designed to help illustrate the annual tax burden of a "statistical" Utah family.

This statistical family has been created using data from the U.S. Census Bureau and several publications by the Utah State Tax Commission. Income and spending patterns have been taken from both locally and nationally collected data.

Overall Taxes: An analysis of the total personal income of Utah compared with the total federal, state and local taxes reveals that Utahns pay 26.8% of their income in taxes. Some of the Utah family's taxes are obvious, such as income, sales and property taxes. Others are not paid directly by the Utah family but are passed on to them in the higher prices they pay for products and services.

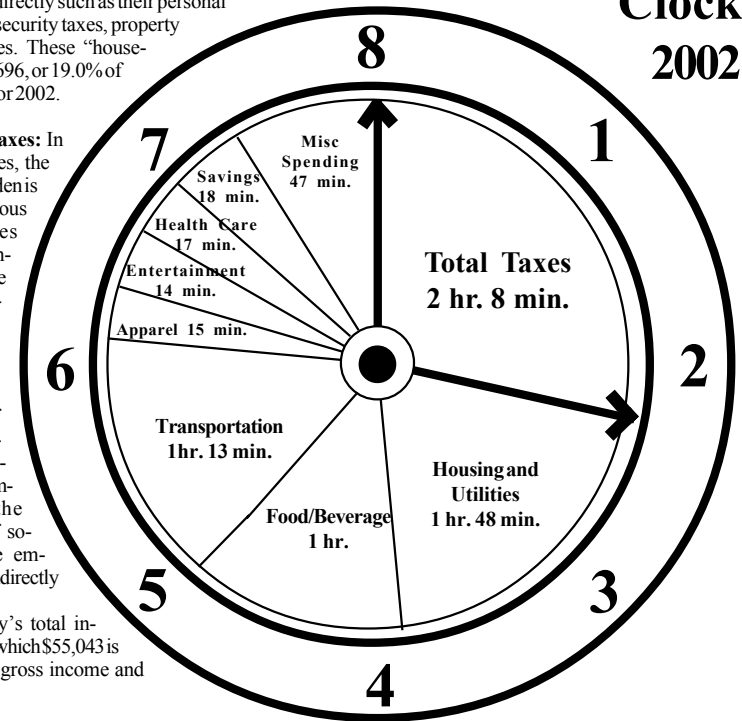
Household Taxes: Eugene and Eunice are aware of the taxes they pay directly such as their personal income taxes, social security taxes, property taxes, and sales taxes. These "household" taxes total \$11,696, or 19.0% of the family's income for 2002.

Employment Taxes: In addition to these taxes, the Utah family's tax burden is comprised of numerous employment taxes which are paid by employers as part of the cost of employing Eugene and Eunice. For example, Eugene's and Eunice's employers paid taxes and insurance premiums of \$4,791 to provide coverage for unemployment and workers' compensation, and the employer's share of social security. These employment taxes are paid indirectly by the Utah family.

The Utah family's total income was \$61,536, of which \$55,043 is reported as adjusted gross income and

\$4,791 which is the amount employers pay for Social Security, Medicare, Workers Compensation, and Unemployment Insurance. Additionally, the Utah family earned \$1,702 that was paid into a 401(k) retirement program and is not included in the AGI and is not taxed until withdrawn during retirement. When all household and employer taxes are considered, the Utah family pays \$16,487 to county, state, and federal governments, or just under 27% of the family's total income. In addition to these taxes are hidden state and local taxes that corporations pay that are passed on to consumers, workers, and shareholders.

8-Hour Workday Clock 2002



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THE UTAH'S INCOME

As is true of most families in Utah, Eugene and Eunice must both hold full-time jobs in order to comfortably support their family.

Eugene is an advertising agent at a local company and in 2002 earned \$41,833. Eunice works part time as a real estate agent earning \$13,210 in 2002.

Based on this income and national and local expenditure patterns as determined in the Bureau of Labor Statistics' Consumer Expenditure Survey, the Utah family paid the following taxes:

PROPERTY TAX

One of the direct taxes paid by the Utah family is the real property tax.

The tax is based on a taxable value which is 55% of the assessed market value for residential property.

The Utah family home's market value in 2002 was \$148,800.

Various taxing entities are permitted to assess property taxes. School districts account for the greatest part of the Utah family's property tax bill. Taxes levied by counties, cities, and special districts complete their final property tax bill.

The tax rate used to calculate the Utah family's property tax bill was .012574, the state average. Of this amount, 54.1% was paid to the local school district. The county received 19.4% while the city and special service district received 15.3% and 11.2% respectively.

Market Value	\$148,800	
Residential Exemption	x 55%	
Taxable Value	\$81,840	
Entity	02 Rate	02 Tax
School District	(.006800)	\$557
County	(.002436)	\$199
City	(.001925)	\$158
Special Districts	(.001413)	\$116
TOTAL	(.012574)	\$1,029

AUTO TAXES

The Utah family are among the state's majority of workers who travel to and from their jobs in a private automobile. They own two cars--a 1997 Dodge Caravan and a 2000 Honda Accord. Eugene drives about 13,915 miles a year in the Caravan, which gets about 19 miles a gallon. Because of her work as a real estate

agent, Eunice drives about 18,582 miles a year. The Accord, however, gets 27 miles to the gallon.

During 2002, they used a total of 1,421 gallons of gasoline, paying 24.5 cents in state tax and 18.4 cents in federal tax per gallon.

Both vehicles are subject to a \$21 registration fee, a driver's education fee of \$2.50, and an uninsured database fee of \$1. The tire recycling fee increased in 2001 from \$0.85 to \$1.00 for each new or used tire purchased.

Finally, the Utah family automobiles are taxed as personal property. In 1999 vehicles changed over from being taxed as a percent of their market value to an age based assessment.

Tax	02 Tax
Gasoline	\$609
Personal Property Tax	\$190
State Registration Fee	\$42
Driver's Education Fee	\$5
Uninsured Database Fee	\$2
Tire Recycling Fee	\$4
TOTAL AUTO TAXES	\$852

FEDERAL INCOME TAX

The third largest single direct tax paid by the Utah family is their federal income tax. This tax accounts for over 10% of the Utah family's total tax burden. The \$1,707 paid in 2002 for federal income tax is a significant reduction from previous years because of the child tax credit of \$600 per child is now available. This tax credit began in 1998 at \$400. The credit has the effect of raising state income taxes paid by \$21 per child as less federal income taxes can be deducted.

As with their state income tax return, Eugene and Eunice filed a joint return with \$12,660 in itemized deductions. Their personal and dependency exemptions totaled \$15,000. When all deductions and exemptions were subtracted from their gross income, the Utah family paid income tax of the remaining \$27,383

Deductions	2002
Adjusted Gross Income	\$55,043
Total Exemptions	- \$15,000
Itemized Deductions	- \$12,660
Taxable Income	\$27,383
Taxes	\$3,507
Child Tax Credit	-1,800
TOTAL FED. TAX DUE	\$1,707

UTAH INCOME TAX

Tax rates for the state income tax are significantly lower than those for the federal income tax, but the Utah family pays more state income tax than federal income tax due to federal child tax credits.

Eugene and Eunice filed jointly, reporting an adjusted gross income of \$55,043. The Utah family reported itemized deductions of \$12,660, two personal exemptions and three dependency exemptions totaling \$11,250. They are also allowed to claim as an exemption one-half of their federal tax paid. When all deductions and exemptions were subtracted from their gross income, the Utah family paid income tax of the remaining \$32,298.

Deductions	2002
Adjusted Gross Income	\$55,043
Personal Exemptions	- \$11,250
State Income Tax Add-in	\$2,019
Itemized Deductions	- \$12,660
1/2 Federal Tax Paid	- \$854
Taxable Income	\$32,298

TOTAL STATE TAX DUE \$2,019

STATE SALES TAXES

During 2002, the Utah family spent \$26,339 on purchases subject to state and local taxes. Utah's sales tax is 6.25%--4.75% for the state, 1% local option, 0.25% for public transportation, and a 0.25% county option. The sales tax on utilities, however, is only 3.5%.

Unlike many states, Utah continues to collect sales tax on food. This tax accounted for the largest part or 28% of the Utah family's sales taxes.

Item	02 Expenditure	02 Tax
Food	\$7,014	\$439
Utilities	\$3,146	\$110
Furnishings	\$3,014	\$188
Vehicle Pur.	\$4,671	\$292
Vehicle Misc.	\$2,713	\$170
Apparel	\$2,007	\$125
Entertainment	\$1,811	\$113
Other Supplies	\$1,963	\$123

TOTAL \$26,339 \$1,560

Sales tax on other purchases were as follows:

Food purchased outside the home, i.e. at restaurants, was subject to an additional restaurant tax of 1.0%. Utilities (gas, electricity, telephone, and cable) are also subject to a city-im-

posed utility franchise tax of up to 6.0%.

Tax	02 Tax
Direct Sales Tax	\$1,560
Restaurant Tax	\$24
Utility Franchise Tax	\$189
TOTAL SALES TAXES	\$1,773

EXCISE TAXES

There are specific excise taxes on some items such as liquor and tobacco. They are easily overlooked, since they are not listed separately from the selling price.

The Utah family paid a total of \$105 in specific state excise taxes in 1998.

Tax	02 Tax
Liquor	\$21
Beer	\$15
Tobacco	\$68

TOTAL EXCISE TAXES \$104

SOCIAL SECURITY

Almost everyone who works must contribute to the Social Security and Medicare Funds. The amounts withheld from Eugene's and Eunice's paychecks have continued to rise over the years. In 2002, the Utah family's salaries were subject to a 7.65% tax. Eugene paid \$3,200 in social security/medicaid taxes, while Eunice paid \$1,011.

In addition to this, employers must match their employees' contributions to the funds.

The Utah family paid more social security/medicare taxes in 2002 than any other direct or indirect tax.

Taxpayer	02 Tax
Employers	\$4,211
Eugene & Eunice	\$4,211

TOTAL SOC. SEC. TAXES \$8,422

EMPLOYMENT TAXES

Unemployment Compensation Insurance is paid by employers to cover employees in the event they lose their jobs. The average estimated rate in 2002 was 0.70% against a maximum wage base of \$22,000.

Workers Compensation provides insurance coverage for employees who are injured on the job. The cost of coverage to the employer depends upon how hazardous the job is. Eugene is taxed at 82 cents per \$100 of income. Eunice is self-employed and does not pay the tax.

Tax	02 Tax
Unemployment Comp.	\$246
Workers Comp.	\$334