

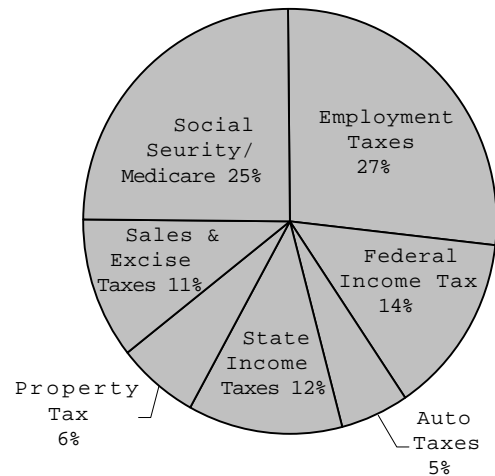
TOTAL TAXES

When Eugene and Eunice added up all the taxes paid in 2001, they found that their total direct tax bill came to \$11,803 or just under 21% of their entire income. Added to this are indirect taxes paid by their employers of \$4,383, or just under 8% of their income. Adding household and employer taxes, the Utah family's total tax bill amounts to \$16,186, or \$1,349 per month.

Eugene and Eunice's tax burden is the largest item in their annual budget, 23% more than the amount of the second largest item, housing.

Total Taxes Paid in 2001

Property Taxes	\$1,029
Auto Taxes	\$843
State Income Taxes	\$1,938
Federal Income Taxes	\$2,203
Sales Taxes	\$1,620
Excise Taxes	\$105
Social Security/Medicare	\$4,066
Employment Taxes	\$4,383
TOTAL TAXES	\$16,186



TAXES CONSUME OVER 28 CENTS OF EVERY DOLLAR EARNED



The 2002 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.

This is the story of Eugene Utah and his family. Eugene, Eunice, and their children Utawna, Ulysses, and Ursala are like many tax-paying families in Utah. Their story is typical of taxes paid by citizens of our state.

Overall Taxes: An analysis of the Total Personal Income of Utah compared with the total federal, state and local taxes reveals that Utahns pay 28.1% 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.

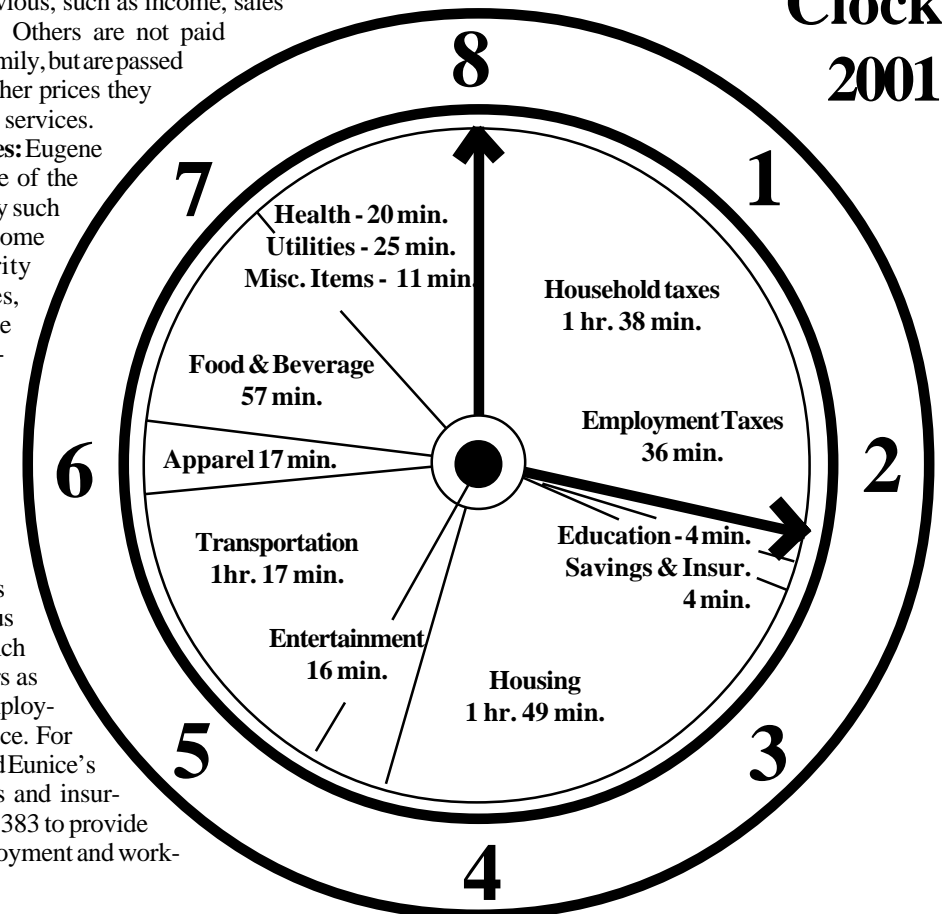
Household Taxes: Eugene and Eunice are aware of the taxes they pay directly such as their personal income taxes, social security taxes, property taxes, and sales taxes. These "household" taxes total \$11,804, or 20.5% of the family's income for 2001.

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 \$4,383 to provide coverage for unemployment and work-

ers' compensation, and the employer's share of social security. These employer taxes are paid indirectly by the Utah family.

The Utah family's total income was \$57,534, of which \$53,151 is reported as adjusted gross income and \$4,383 which is the amount employers pay for Social Security, Medicare, Workers Compensation, and Unemployment Insurance. When all household and employer taxes are considered, the Utah family pays \$16,186 to county, state, and federal governments, or just over 28% 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 2001



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 2001 earned \$40,395. Eunice works part time as a real estate agent earning \$12,756 in 2001.

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 2001 was \$147,600.

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 .012673, the state average. Of this amount, 53.6% was paid to the local school district. The county received 19.6% while the city and special service district received 15.5% and 11.3% respectively.

Market Value	\$147,600	
Residential Exemption	x 55%	
Taxable Value	\$81,180	
Entity	01 Rate	01 Tax
School District	(.006793)	\$551
County	(.002484)	\$202
City	(.001964)	\$159
Special Districts	(.001432)	\$116
TOTAL	(.012673)	\$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 1996 Dodge Caravan and a 1999 Honda Accord. Eugene drives about 13,515 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 17,982 miles a year. The Accord, however, gets 27 miles to the gallon.

During 2001, they used a total of 1,377 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	01 Tax
Gasoline	\$599
Personal Property Tax	\$190
State Registration Fee	\$42
Driver's Education Fee	\$5
Uninsured Database Fee	\$2
Tire Recycling Fee	\$4
TOTAL AUTO TAXES	\$843

FEDERAL INCOME TAX

The second largest single direct tax paid by the Utah family is their federal income tax. This tax accounts for over 13% of the Utah family's total tax burden. The \$2,203 paid in 2001 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 \$63 as less federal income taxes can be deducted.

As with their state income tax return, Eugene and Eunice filed a joint return with \$11,967 in itemized deductions. Their personal and dependency exemptions totaled \$14,500. When all deductions and exemptions were subtracted from their gross income, the Utah family paid income tax of the remaining \$26,684

Deductions	2001
Adjusted Gross Income	\$53,151
Total Exemptions	- \$14,500
Itemize Deductions	- \$11,967
Taxable Income	\$26,684
Taxes	\$4,003
Child Tax Credit	-1,800
TOTAL FED. TAX DUE	\$2,203

UTAH INCOME TAX

Although the tax rates for the state income tax are significantly lower than those for the federal income tax, the amount of tax the Utah family has to pay still makes up a large part of their tax burden.

Eugene and Eunice filed jointly, reporting an adjusted gross income of \$53,151. The Utah family reported itemized deductions of \$11,967, two personal exemptions and three dependency exemptions totaling \$10,875. 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 \$31,146.

Deductions	2001
Adjusted Gross Income	\$53,151
Personal Exemptions	- \$10,875
State Income Tax Add-in	\$1,938
Itemize Deductions	- \$11,967
1/2 Federal Tax Paid	- \$1,102
Taxable Income	\$31,146

TOTAL STATE TAX DUE \$1,938

STATE SALES TAXES

During 2001, the Utah family spent \$23,934 on purchases subject to state and local taxes. Utah's sales tax is 6.25%--4.75% for the state, 1% local option, .25% for public transportation, and a .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 30% of the Utah family's sales taxes.

Item	01 Expenditure	01 Tax
Food	\$6,883	\$430
Utilities	\$3,077	\$108
Furnishings	\$1,529	\$96
Vehicle Pur.	\$4,405	\$275
Vehicle Misc.	\$2,747	\$172
Apparel	\$2,253	\$141
Entertainment	\$2,034	\$127
Other Supplies	\$1,006	\$63
TOTAL	\$23,934	\$1,411

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	01 Tax
Direct Sales Tax	\$1,411
Restaurant Tax	\$24
Utility Franchise Tax	\$185
TOTAL SALES TAXES	\$1,620

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 state and federal specific excise taxes in 1998.

Tax	01 Tax
Liquor	\$21
Beer	\$15
Tobacco	\$69
TOTAL EXCISE TAXES	\$105

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 2001, the Utah family's salaries were subject to a 7.65% tax. Eugene paid \$3,090 in social security/medicaid taxes, while Eunice paid \$976.

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

The Utah family paid more social security/medicare taxes in 2001 than any other direct or indirect tax.

Taxpayer	01 Tax
Employers	\$4,066
Eugene & Eunice	\$4,066

TOTAL SOC. SEC. TAXES \$8,132

EMPLOYMENT TAXES

Unemployment Compensation Insurance is paid by employers to cover employees in the event they lose their jobs. The average estimated rate in 2001 was 0.60% against a maximum wage base of \$21,400.

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 employee's job is. Because both Eugene and Eunice have less hazardous jobs, they are taxed at 21 cents per \$100 of income.

Tax	01 Tax
Unemployment Comp.	\$69
Workers Comp.	\$427