

2024 How Utah Compares Report

Fiscal Year 2022

A report by the Utah Taxpayers Association





2024 How Utah Compares

Based on 2022 Federal Figures

Purpose

Utah regularly ranks highly in reports on economic outlook, business friendliness, and affordability, leading many to believe that further improvements to tax policy are unnecessary. This report, by comparing the burden of various taxes and fees nationwide, demonstrates that there is still work to be done.

Methodology

Using fiscal year 2022 data, this report displays the burden of various taxes and fees as a percentage of personal income in each of the 50 states. A full comparison is found on the final page of the report. **When interpreting the rankings, note that a higher rank (lower number) indicates a higher percentage of personal income being paid toward a tax or fee.**

Sources

Personal Income Data: U.S. Bureau of Economic Analysis, Department of Commerce
Government Revenue: U.S. Census Bureau
Calculations: Utah Taxpayers Association

Utah Compared to the U.S.

Compared to the US average, Utahns pay a **larger portion** of their personal income towards many taxes.

Utah's three-legged stool, comprised of income tax, property tax and sales tax, allows for a broad base and low rate. Utah's Truth in Taxation laws have kept property tax rates lower than the US average. Despite recent efforts to lower the individual income tax rate, Utahns still pay more of their income towards the individual income tax than the US average, possibly because of a simultaneous effort to lower income taxes across the country.

State and Local Tax Burdens and Revenues as a Percent of Total Personal Income, FY22				
Measure	U.S.	Utah	Utah Rank	Utah as % U.S.
All state/local government revenue (incl. federal)	17.68%	18.20%	22	102.94%
State/local government revenue (excl. federal)	13.02%	14.35%	14	110.22%
Taxes and fees	11.11%	12.21%	10	109.90%
Taxes and fees less higher education charges	10.63%	11.19%	13	105.27%
Taxes	8.74%	8.30%	26	94.97%
Individual income tax	1.77%	2.94%	11	166.10%
General sales tax	1.98%	2.24%	17	113.13%
Motor fuel tax	0.22%	0.24%	24	109.09%
Property tax	2.62%	1.81%	39	69.08%

Utah Compared to Neighboring States

Utahns also pay a larger portion of their personal income in taxes and fees overall than residents of neighboring states. Several neighboring states pay less in property tax than Utah.

Overall tax burden is an important consideration for individuals and businesses looking to relocate. For example, Colorado's Taxpayer Bill of Rights and Arizona's revenue-triggered income tax cuts make these states competitors for investment and migration. In order to grow and compete, it is important for Utah to lower the burden placed on taxpayers.

Utah and Neighboring States Tax Burden Comparison, FY22								
State	Taxes and Fees		Individual Income Tax		General Sales Tax		Property Tax	
	Burden	Rank	Burden	Rank	Burden	Rank	Burden	Rank
Arizona	8.55%	46	1.37%	39	2.79%	10	1.91%	37
Colorado	9.95%	37	2.12%	28	1.87%	28	2.49%	24
Idaho	9.66%	38	2.05%	31	2.11%	21	1.76%	40
Nevada	9.19%	42	0.00%	44	3.25%	6	1.75%	41
New Mexico	11.81%	14	1.00%	40	3.68%	4	1.65%	45
Utah	12.21%	10	2.94%	11	2.24%	17	1.81%	39
Wyoming	10.07%	35	-	-	1.68%	37	2.54%	20

