

Summary of Utah State Income Tax Changes from TY2006 to TY2008 for median-income, 2-parent, 3-child family

Utah Taxpayers Association, April 2008

TY2006- Bracketed/7.00% Top Marginal Rate Starting at \$8,626 Taxable Income	
Adjusted Gross Income	\$ 57,700
- Personal exemption at \$2,475 each (75% of federal \$3,300 in TY2006)	\$ 12,375
- Itemized deductions excluding state income taxes paid	\$ 12,117
- Less 50% federal tax liability	\$ 115
= Taxable income	\$ 33,093
State Income Tax	
Below \$8,626 taxable income	\$ 362
Above \$8,626 taxable income at 7.00%	\$ 1,713
Total state income tax	\$ 2,075

TY2007- Bracketed/6.98% Top Marginal Rate Starting at \$11,000 Taxable Income	
Adjusted Gross Income	\$ 57,700
- Personal exemption at \$2,550 each (75% of federal \$3,400 in TY2007)	\$ 12,750
- Itemized deductions excluding state income taxes paid	\$ 12,117
- Less 50% federal tax liability	\$ 115
= Taxable income	\$ 32,718
State Income Tax	
Below \$11,000 taxable income	\$ 480
Above \$11,000 taxable income at 6.98%	\$ 1,516
Total state income tax	\$ 1,996

TY2007- 5.35% Flat Tax Rate	
Adjusted Gross Income	\$ 57,700
Total state income tax	\$ 3,087

TY2008- 5% Single Rate with 6% Credits	
Adjusted Gross Income	\$ 57,700
Tax at 5% of adjusted gross income before credits	\$ 2,885
6% credits before phase out	
- federal itemized deductions (\$12,117) excluding state income taxes paid	\$ 727
- 75% of federal personal exemption (\$3,500 in TY2008) per person	\$ 788
Total credit	\$ 1,515
Credit phase out at 1.3 cents per dollar AGI over \$24,000 (married)	\$ 438
Net credit	\$ 1,076
Total state income tax at 5% AGI less net credit	\$ 1,809

Net tax change from TY2006 to TY2008 (see footnote) \$ (266)

Note: To facilitate comparisons, adjusted gross income was held constant for all three years. portion of the tax reduction in this example can be attributed to automatic inflationary increases in personal exemptions while AGI was held constant. Total impact from TY2006 to TY2008 is about \$52 which would reduce the net tax change from -\$266 to -\$214.

Calculations by Utah Taxpayers Association