

How Utah Compares – FY2005 Taxes and Fees

Utah Taxpayers Association, June 2007



By nearly every measure, state and local government revenues and tax burdens in Utah are higher than the national average, according to an analysis by the Utah Taxpayers Association based on Census Bureau data. The calculations are for FY2005 and do not account for the tax cuts of the 2006 and 2007 legislative session.

State and Local Tax Burdens and Revenues as % Personal Income, FY2005

Measure	U.S.	Utah	Utah Rank	Utah as % U.S.
All State/Local Govt Revenue including Federal	25.27%	29.24%	7	115.7%
State/Local Govt Revenue excl Federal	20.88%	24.34%	5	116.5%
State/Local General Revenue	15.86%	17.98%	8	113.4%
Taxes and Fees	14.07%	16.01%	5	113.8%
Taxes/Fees less Higher Education Charges	13.31%	14.42%	8	108.4%
Taxes	10.98%	11.13%	19	101.4%
Individual Income Taxes	2.41%	2.94%	16	121.7%
General Sales Taxes	2.63%	3.33%	13	126.3%
Motor Fuel Taxes	0.36%	0.54%	10	149.4%
Property Taxes	3.36%	2.73%	36	81.3%
Other Taxes not listed above	2.21%	1.60%	40	72.4%

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

What about so-called “voluntary” fees?

Attempts have been made by some to minimize Utah’s state/local tax and fee burdens by excluding “voluntary” or “non-mandatory” fees such as higher education tuition and charges. In an Op-Ed published in the *Daily Herald* on December 30, 2006, the Association identified several flaws with this approach:

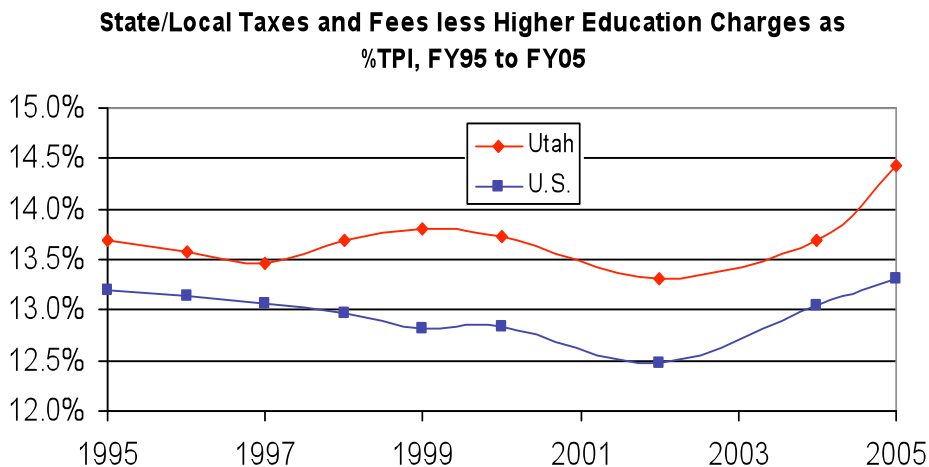
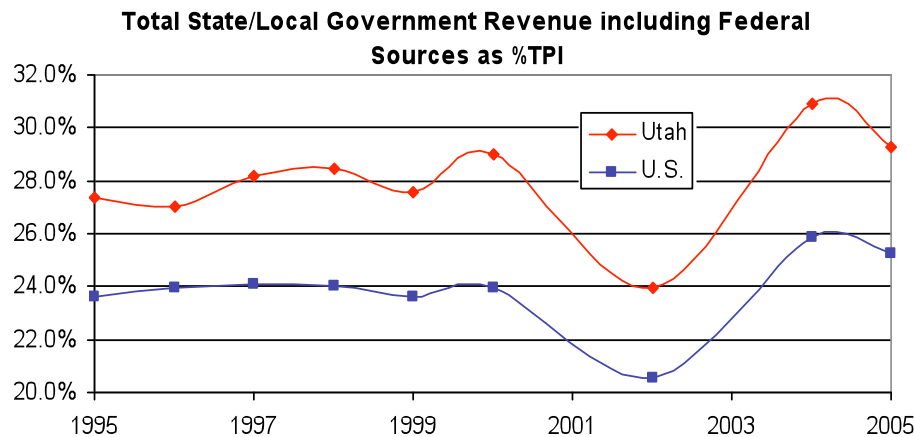
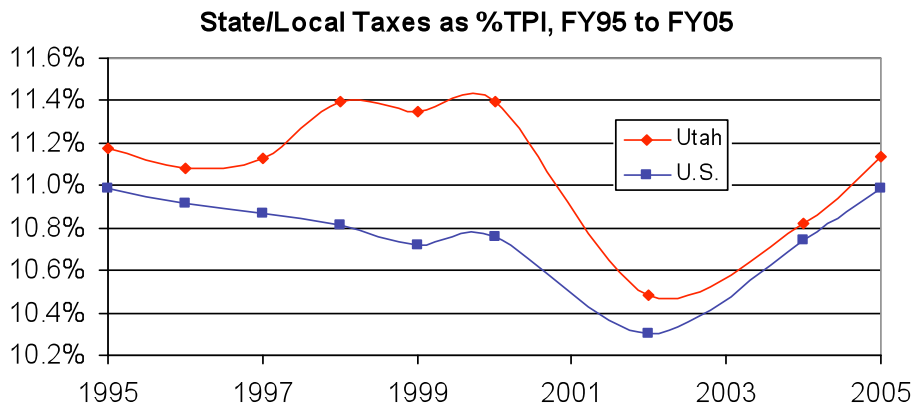
- Even if fees are “voluntary”, they are still a form of taxation and government has a responsibility to keep fees low.
- Fees should be included because there is a direct linkage between decreased reliance on taxes and increased reliance on fees. Governments frequently increase fees in order to avoid increasing taxes.
- Higher education fees should be included even if attending a public university is “voluntary”. Attending a public university is the only option for most Utahns who want to attend college. This is especially true since BYU has capped enrollment and draws most of its students from out of state. For most Utahns, attending a taxpayer-supported university is only voluntary for those who don’t want to attend college in the first place.

Last year, the Association pioneered the idea of excluding higher education tuition in one of its tax and fee burden measures to demonstrate the impact of Utah’s unique age demographics, not to dismiss higher education charges as simply “voluntary” charges.

Why are tax burden calculations by the Tax Foundation of Washington D.C. sometimes different than calculations by the Utah Taxpayers Association?

Every year, the Tax Foundation and the Utah Taxpayers Association independently release 50-state tax burden studies. Frequently, the results are different, mainly because the Tax Foundation’s calculations are based on *estimates* for state and local government expenditures and personal income for the current year, while the Utah Taxpayers Association’s calculations are based on *official* Census Bureau data that is usually two years old. The most current Tax Foundation calculations are for FY2007, and the Association’s most current calculations are for FY2005.

Utah's tax burdens are historically higher than the national average as the following graphs show.



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

This analysis highlights the need for serious transportation reform, including congestion pricing, corridor preservation, common prioritization of roads and rails projects based on the cost effectiveness of reducing congestion, and increasing gas taxes while reducing income taxes. Without transportation reform, Utahns can look forward to even higher tax burdens.

Utah Taxpayers Association
 1578 West 1700 South, #201
 Salt Lake City, Utah 84104
 801-972-8814 – www.utahtaxpayers.org