



HOW UTAH COMPARES – FY2012 TAXES AND FEES

Utah’s State and Local Government Tax and Fee Burden Decreases in 2012

Utah’s state and local government tax and fee burden ranked 16th highest in the U.S. and above the national average during FY2012, according to the Utah Taxpayers Association’s annual calculations. Tax burden is expressed as the percentage of total personal income consumed by taxes and fees. Data from the U.S. Census Bureau’s Census of State and Local Government Finances and personal income data from the Bureau of Economic Analysis are used to calculate the burden of various taxes in all fifty states. In December 2014, data for fiscal year 2012 was released.

The overall tax and fee burden on Utahns decreased slightly from FY2011, but Utah’s ranking amongst the fifty states remained unchanged. Utah’s tax burden (excluding user fees) also decreased slightly, but Utah’s ranking among other states climbed by two places, indicating tax burden decreases in other states.

State and Local Tax Burdens and Revenues as a Percent of Total Personal Income, FY12

Measure (average)	U.S.	Utah	UT Rank	UT as % U.S.
All state/local government revenue (incl. federal)	20.37%	22.80%	13	111.95%
All state/local government revenue (excl. federal)	16.04%	17.61%	9	109.79%
Taxes and fees	13.44%	14.14%	16	105.17%
Taxes and fees less higher education charges	12.71%	12.72%	19	100.12%
Taxes (excl. fees)	10.28%	9.63%	32	93.64%
Individual income tax	2.28%	2.48%	20	109.16%
General sales tax	2.33%	2.52%	19	107.96%
Motor fuel tax	0.31%	0.37%	15	120.96%
Property tax	3.30%	2.70%	32	81.67%

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

During the Great Recession the Utah Legislature adapted to lower tax revenues and relied on an influx of federal revenues to fund programs. As the economy improved, there was an uptick in the tax and fee burden between 2010 and 2011, but over the past year Utah’s tax and fee burden has fallen to its lowest level in over a decade. Generally, tax burdens and government revenues as a percent of personal income increase during periods of economic growth as corporate profits, corporate purchases, dividends, consumer expenditures, and capital gains increase faster than total personal income. During a recession, tax revenues decrease faster than total personal income.

The chart to the right shows how tax and fee burdens in Utah and the U.S. have fluctuated during economic expansions and contractions, from low points during the recessions of the 2000s, to the high points of the expansions in the mid-2000s, specifically 2004-2007. This year marks a dip in tax and fee burdens, which may be indicative of recovering personal incomes. The large drop in Utah’s tax and fee burden following 2007 is reflective of aggressive tax reforms enacted by the state legislature between 2004 and 2007. During this

State/Local Tax and Fee Burden as a Percent of Total Personal Income



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

50-State Tax Burden and Revenue Comparison, Fiscal Year 2012

	Taxes and Fees		Taxes/Fees (excl. Tuition)		Taxes		Individual Income Tax ¹		General Sales Tax ²		Motor Fuel Tax		Property Tax		Total State/Local Revenue		Federal Revenues		Total Rev (incl. Federal)	
	Burden	Rank	Burden	Rank	Burden	Rank	Burden	Rank	Burden	Rank	Burden	Rank	Burden	Rank	Burden	Rank	Burden	Rank	Burden	Rank
United States	13.44%		12.71%		10.28%		2.28%		2.33%		0.31%		3.30%		16.04%		4.33%		20.37%	
Alabama	13.23%	28	12.04%	34	8.33%	46	1.83%	35	2.43%	20	0.37%	17	1.50%	50	16.18%	22	5.39%	14	21.57%	18
Alaska	28.06%	1	27.57%	1	24.21%	1	-	-	0.58%	46	0.11%	49	4.21%	11	40.14%	1	8.83%	1	48.97%	1
Arizona	12.44%	37	11.62%	38	9.47%	35	1.32%	40	3.67%	6	0.38%	13	2.92%	28	15.64%	29	4.85%	25	20.48%	30
Arkansas	13.03%	32	12.19%	33	10.03%	24	2.32%	26	3.61%	7	0.45%	7	1.88%	47	15.34%	34	6.05%	9	21.38%	19
California	14.08%	17	13.60%	8	10.59%	16	3.17%	7	2.36%	24	0.32%	30	2.97%	26	16.85%	13	3.76%	39	20.61%	28
Colorado	12.68%	36	11.68%	36	9.10%	38	2.10%	32	2.34%	25	0.27%	37	2.99%	24	15.43%	33	3.29%	45	18.72%	39
Connecticut	13.26%	27	12.72%	20	11.86%	6	3.50%	4	1.80%	37	0.23%	44	4.48%	8	14.51%	42	3.04%	47	17.55%	46
Delaware	14.24%	12	12.41%	26	10.61%	15	3.16%	8	-	-	0.29%	35	1.76%	48	18.56%	6	4.78%	27	23.33%	10
Florida	12.04%	42	11.65%	37	8.31%	47	-	-	2.73%	16	0.40%	11	3.17%	21	14.89%	37	3.51%	43	18.40%	42
Georgia	12.13%	41	11.41%	41	8.90%	41	2.24%	28	2.52%	18	0.28%	36	2.86%	30	14.56%	41	4.23%	34	18.79%	38
Hawaii	15.80%	5	15.18%	5	12.25%	5	2.55%	17	4.77%	1	0.26%	38	2.17%	42	17.36%	10	4.35%	31	21.71%	16
Idaho	12.42%	38	11.60%	39	8.91%	40	2.23%	29	2.25%	27	0.43%	8	2.56%	37	14.17%	45	4.89%	23	19.06%	35
Illinois	13.59%	22	12.94%	17	11.49%	9	2.68%	15	1.67%	41	0.25%	40	4.41%	9	15.55%	32	3.30%	44	18.85%	37
Indiana	13.76%	20	12.39%	27	10.08%	23	2.51%	19	2.72%	17	0.34%	26	2.67%	34	15.97%	24	4.57%	29	20.54%	29
Iowa	14.63%	7	13.45%	10	10.16%	19	2.34%	23	2.41%	22	0.33%	27	3.40%	17	16.80%	16	5.05%	21	21.85%	15
Kansas	14.03%	18	13.05%	15	10.14%	21	2.35%	22	3.01%	13	0.35%	23	3.18%	19	16.80%	15	3.51%	42	20.31%	32
Kentucky	13.08%	30	12.21%	30	9.74%	29	3.01%	9	1.98%	35	0.51%	5	2.03%	44	15.58%	31	5.58%	12	21.16%	21
Louisiana	12.92%	33	12.28%	29	9.37%	37	1.37%	39	3.68%	5	0.32%	31	2.01%	45	15.61%	30	6.69%	7	22.30%	14
Maine	14.25%	11	13.63%	7	11.75%	7	2.76%	13	2.04%	32	0.46%	6	4.55%	6	15.84%	26	5.85%	11	21.69%	17
Maryland	11.79%	44	11.05%	44	9.73%	30	3.70%	3	1.31%	43	0.24%	42	2.60%	36	13.14%	48	3.70%	40	16.84%	48
Massachusetts	12.16%	40	11.54%	40	10.11%	22	3.26%	5	1.39%	42	0.18%	47	3.73%	12	14.47%	43	3.97%	37	18.43%	41
Michigan	13.48%	23	12.21%	31	9.68%	31	1.96%	33	2.39%	23	0.25%	39	3.55%	16	15.69%	28	5.30%	16	20.99%	24
Minnesota	14.17%	15	13.45%	9	11.35%	10	3.23%	6	2.04%	31	0.34%	24	3.17%	20	16.49%	18	4.29%	33	20.78%	27
Mississippi	15.17%	6	14.19%	6	9.93%	26	1.53%	38	3.14%	11	0.43%	9	2.65%	35	17.16%	12	8.45%	2	25.61%	5
Missouri	11.68%	46	10.84%	45	8.72%	43	2.33%	24	2.23%	28	0.30%	32	2.46%	38	14.09%	46	4.88%	24	18.96%	36
Montana	12.42%	39	11.37%	42	9.52%	33	2.37%	21	-	-	0.56%	3	3.63%	14	14.59%	39	6.49%	8	21.08%	22
Nebraska	13.03%	31	12.20%	32	9.82%	28	2.22%	30	2.28%	26	0.36%	21	3.57%	15	19.11%	5	4.32%	32	23.43%	9
Nevada	12.85%	35	12.43%	25	10.16%	20	-	-	3.60%	8	0.36%	22	2.72%	31	14.98%	36	3.25%	46	18.23%	43
New Hampshire	10.23%	49	9.34%	49	8.20%	48	0.13%	42	-	-	0.22%	46	5.31%	2	11.97%	50	2.87%	49	14.84%	50
New Jersey	13.41%	24	12.78%	18	11.25%	11	2.32%	25	1.69%	40	0.11%	50	5.41%	1	15.03%	35	3.02%	48	18.05%	45
New Mexico	13.38%	25	12.56%	23	10.26%	18	1.56%	37	3.98%	4	0.32%	29	1.94%	46	17.72%	8	7.63%	4	25.36%	6
New York	17.42%	4	17.04%	4	14.73%	3	4.61%	1	2.42%	21	0.16%	48	4.62%	5	20.79%	4	5.37%	15	26.16%	4
North Carolina	13.81%	19	12.96%	16	9.49%	34	2.86%	11	2.15%	30	0.51%	4	2.45%	39	16.19%	21	4.78%	28	20.96%	25
North Dakota	21.50%	2	20.46%	2	18.41%	2	1.20%	41	3.56%	9	0.57%	2	2.20%	41	23.88%	2	5.48%	13	29.36%	3
Ohio	13.68%	21	12.64%	22	12.95%	17	2.28%	10	2.22%	29	0.37%	16	2.98%	25	15.80%	27	5.10%	20	20.91%	26
Oklahoma	11.85%	43	10.75%	46	8.68%	44	1.81%	36	2.81%	14	0.29%	34	1.50%	49	14.75%	38	5.12%	19	19.87%	34
Oregon	14.22%	13	13.08%	14	9.89%	27	3.90%	2	-	-	0.37%	18	3.37%	18	16.84%	14	5.97%	10	22.80%	12
Pennsylvania	12.89%	34	11.96%	35	10.02%	25	2.51%	18	1.73%	39	0.36%	19	3.00%	22	14.56%	40	4.12%	35	18.68%	40
Rhode Island	13.29%	26	12.47%	24	10.98%	13	2.27%	27	1.77%	38	0.25%	41	4.93%	4	15.92%	25	5.24%	17	21.16%	20
South Carolina	14.45%	9	13.32%	13	8.75%	42	1.90%	34	2.02%	33	0.33%	28	3.00%	23	18.34%	7	4.50%	30	22.84%	11
South Dakota	9.76%	50	9.00%	50	7.70%	50	-	-	3.05%	12	0.36%	20	2.68%	33	12.29%	49	4.83%	26	17.12%	47
Tennessee	11.08%	48	10.49%	48	8.17%	49	0.07%	43	3.48%	10	0.34%	25	2.10%	43	16.10%	23	4.95%	22	21.05%	23
Texas	11.73%	45	11.06%	43	8.98%	39	-	-	2.81%	15	0.29%	33	3.70%	13	14.35%	44	3.82%	38	18.17%	44
Utah	14.14%	16	12.72%	19	9.63%	32	2.48%	20	2.52%	19	0.37%	15	2.70%	32	17.61%	9	5.19%	18	22.80%	13
Vermont	14.41%	10	12.70%	21	11.74%	8	2.18%	31	1.28%	44	0.39%	12	5.03%	3	16.67%	17	7.27%	5	23.94%	8
Virginia	11.59%	47	10.66%	47	8.51%	45	2.62%	16	1.17%	45	0.23%	45	2.91%	29	13.43%	47	2.77%	50	16.19%	49
Washington	13.12%	29	12.39%	28	9.38%	36	-	-	4.17%	2	0.38%	14	2.94%	27	16.24%	20	3.70%	41	19.94%	33
West Virginia	14.53%	8	13.35%	12	10.98%	14	2.73%	14	1.99%	34	0.60%	1	2.23%	40	17.24%	11	7.02%	6	24.26%	7
Wisconsin	14.21%	14	13.35%	11	11.15%	12	2.85%	12	1.95%	36	0.41%	10	4.23%	10	16.41%	19	4.01%	36	20.41%	31
Wyoming	18.34%	3	17.78%	3	13.23%	4	-	-	4.14%	3	0.23%	43	4.54%	7	22.97%	3	8.05%	3	31.01%	2
Utah in 2004	15.53%	3	13.70%	12	10.67%	19	2.77%	16	3.26%	13	0.56%	9	2.73%	38	25.65%	6	5.27%	19	30.92%	8
Utah in 2005	15.80%	5	14.24%	10	11.13%	20	2.90%	16	3.28%	13	0.53%	10	2.70%	36	23.97%	9	4.84%	21	28.90%	9
Utah in 2006	16.16%	8	14.60%	9	11.39%	21	3.13%	15	3.33%	13	0.49%	13	2.58%	38	23.74%	12	4.84%	19	28.58%	12
Utah in 2007	16.30%	5	14.70%	7	11.40%	19	3.29%	10	3.29%	13	0.49%	11	2.62%	37	23.20%	13	4.42%	26	29.80%	12
Utah in 2008	14.60%	12	13.31%	15	10.43%	22	2.88%	15	2.91%	14	0.42%	13	2.47%	37	18.82%	9	4.28%	23	23.09%	12
Utah in 2009	14.12%	18	12.78%	23	9.86%	32	2.58%	18	2.60%	20	0.39%	17	2.74%	36	18.09%	9	4.83%	25	22.92%	14
Utah in 2010	14.20%	20	12.80%	24	9.60%	37	2.61%	18	2.63%	20	0.39%	17	2.61%	37	20.90%	21	4.88%	25	25.80%	20
Utah in 2011	14.53%	16	12.88%	21	9.86%	34	2.50%	18	2.66%	19	0.40%	16	2.78%	35	18.48%	8	5.49%	28	23.97%	13

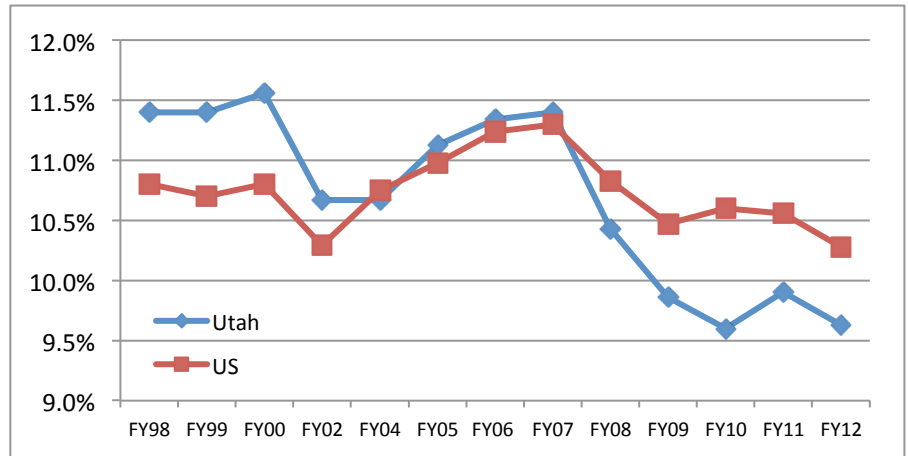
1. Excluding personal income from states that do not impose taxes on ordinary individual income (AK, FL, NH, NV, SD, TN, TX, WA, WY), U.S. average increases to 2.86%. NH and TN impose income taxes on interest and dividends.
2. Excluding personal income from states that do not impose state and local sales tax (AK, DE, MT, NH, OR), U.S. average increases to 2.39%. Alaska does not impose a state sales tax, but many local governments impose sales taxes.
All calculations by the Utah Taxpayers Association, based on FY2012 data from the US Census Bureau and the Bureau of Economic Analysis.

period of time taxes were cut by nearly \$400 million and the individual income tax shifted from a traditional income tax using multiple rates to a single rate of 5%.

Utah has traditionally had a higher-than-average tax and fee burden, primarily due to Utah’s age demographics. The percent of Utah’s total population that is enrolled in public schools is a little higher than 21%, above the national average of roughly 16%, and the percent of Utah’s population that is enrolled in higher education is 3.7%.

Utah’s general tax burden, excluding fees, was for years above the national average, but has recently dropped below the national average. While user fees are frequently a sound method to fund government, government can simply increase reliance on fees to avoid tax increases. As a result, taxpayers end up paying more dollars for the same service. When the Utah Taxpayers Association advocates for higher fees, such as user fees for water and congestion pricing on highways, it also advocates for reducing general taxes to ensure that the government doesn’t rely on fees over taxes.

State/Local Taxes as a Percent of Total Personal Income



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

Utah’s Tax Burden High Among Neighboring States

Utah’s total tax and fee burden of 14.14% of total personal income during FY2012 has significantly improved over previous years, but is still high among neighboring states. After state tax reform during the Huntsman administration, Utah moved from having the fifth highest tax burden in 2007 to the twentieth highest tax burden in 2010. Between 2010 and 2012, Utah’s ranking rose, but the burden actually decreased slightly. The only neighboring state with a greater tax and fee burden than Utah is Wyoming, ranking third overall in the country with a total tax and fee burden of 18.34%.

Utah and Neighboring States Tax Burden Comparison, FY2012

State	Taxes and Fees		Individual Income Tax ¹		General Sales Tax ²		Property Tax	
	Burden	Rank	Burden	Rank	Burden	Rank	Burden	Rank
Arizona	12.44%	37	1.32%	40	3.67%	6	2.92%	28
Colorado	12.68%	36	2.10%	32	2.34%	25	2.99%	24
Idaho	12.42%	38	2.23%	29	2.25%	27	2.56%	37
Nevada	12.85%	35	-	-	3.60%	8	2.72%	31
New Mexico	13.38%	25	1.56%	37	3.98%	4	1.94%	46
Utah	14.14%	16	2.48%	20	2.52%	19	2.70%	32
Wyoming	18.34%	3	-	-	4.14%	3	4.54%	7

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

Utah’s income tax as a percentage of total personal income has continued to decrease since 2007, when Utahns gave up 3.29% of their total personal income. In 2012, Utahns only paid 2.48%. Two of Utah’s neighbors, Nevada and Wyoming, don’t impose an individual income tax, helping them rank above Utah in overall tax and fee burden.

Many of Utah’s neighbors also impose high tax rates. All of Utah’s neighbors except Idaho impose sales tax percentages of total personal income that are higher than the national average. Wyoming’s property tax burden (4.54%) is nearly double Utah’s (2.70%). However, all neighboring states except Wyoming have lower total tax burdens than Utah due to significantly lower tax rates in other categories. For example, despite its high sales tax rate as a percentage of total personal income, Arizona pays much less than the national average in property and income taxes.

Most impressive of Utah’s neighbors is Idaho, which has maintained low rates in most tax categories. Idaho’s total tax burden as a percentage of total personal income (12.42%) ranks thirty-eighth in the country, immediately followed by Arizona, Colorado, and Nevada. In addition, Idaho’s income, sales, property and total tax burdens are all below the national average.