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Utah Taxes Hit Poor & Middle Class Far Harder than the Wealthy

New National Report Identifies Impacts of Single-Rate System, Other State Taxes, for Most Vulnerable Families

Salt Lake City, UT – Low- and middle-income families in Utah pay a far higher share of their income in state and local taxes than do the state’s richest families, according to a new study by the Institute on Taxation & Economic Policy (ITEP). The main reason for the unfairness of Utah taxes is the state’s reliance on regressive sales and excise taxes, which fall disproportionately on the worst-off families. The state’s income tax is only mildly progressive—not enough to offset the impact of these other taxes.

“Utah lawmakers will be forced to make difficult tax and spending decisions in the coming year,” said Matthew Gardner, ITEP’s executive director and lead author of the study, titled *Who Pays? A Distributional Analysis of the Tax Systems in All 50 States*. “They should be mindful that the Utah tax system already falls most heavily on the very poorest families in the state.”

When all Utah taxes are totaled up, the study found that:

- Utah families earning less than \$20,000—the poorest fifth of Utah non-elderly taxpayers—pay 9.3% of their income in Utah state and local taxes.
- Middle-income Utah taxpayers—those earning between \$34,000 and \$56,000—pay 8.9% of their income in Utah state and local taxes.
- But the richest Utah taxpayers—with average incomes of \$1,579,900—pay only 5.7% of their income in Utah state and local taxes.

“Coming amidst proposals in Utah to restore the sales tax on groceries to the prevailing sales tax rate, ITEP’s information underlines the importance of mitigating the effects of state taxes for Utah’s most vulnerable families,” said Dr. Allison Rowland, Director of Research and Budget at Voices for Utah Children. “Rep. Kay McIff’s bill to restore the sales tax on groceries balances the higher rate with a refundable state Earned Income Tax Credit for low-income working families. This type of measure has been proven in other states to be a simple and effective way for the state to help offset the inequities in state taxes.”

The full ITEP report and state-by-state fact sheets can be found at: www.itepnet.org/whopays

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