

# Public Finance Insights – Utah's Tax Portfolio

May 17, 2023

Utah Legislature Revenue and Taxation Interim Committee



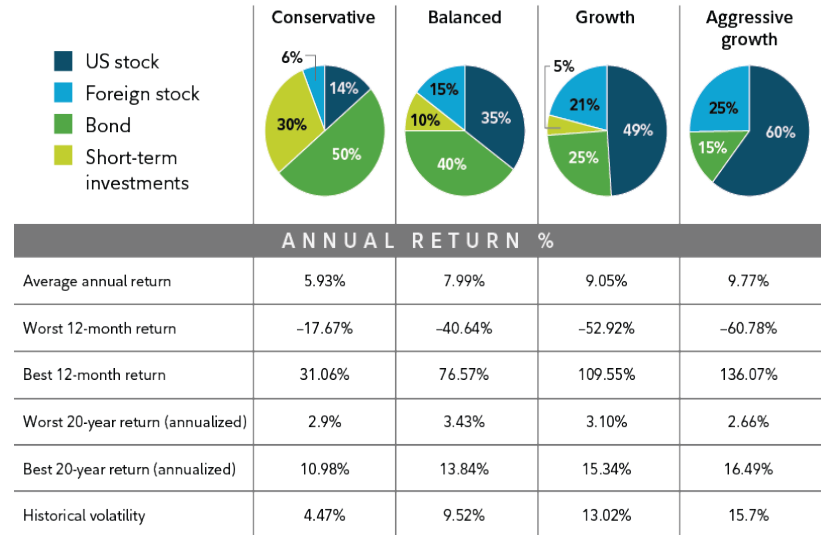
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# Utah's State and Local Tax Portfolio

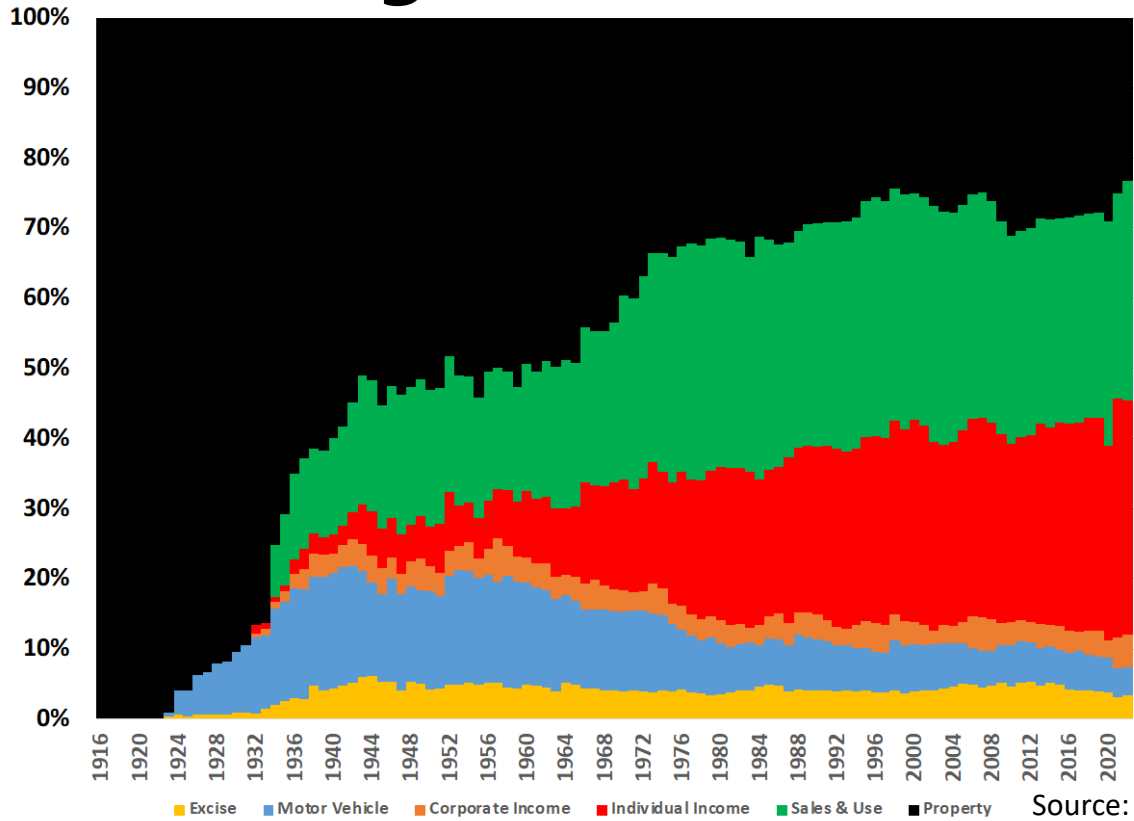
A tax system is like an **investment portfolio**

Each tax brings its own strengths and weaknesses to the portfolio

- Fuel Taxes
- Income Tax
- Property Tax
- Sales Tax

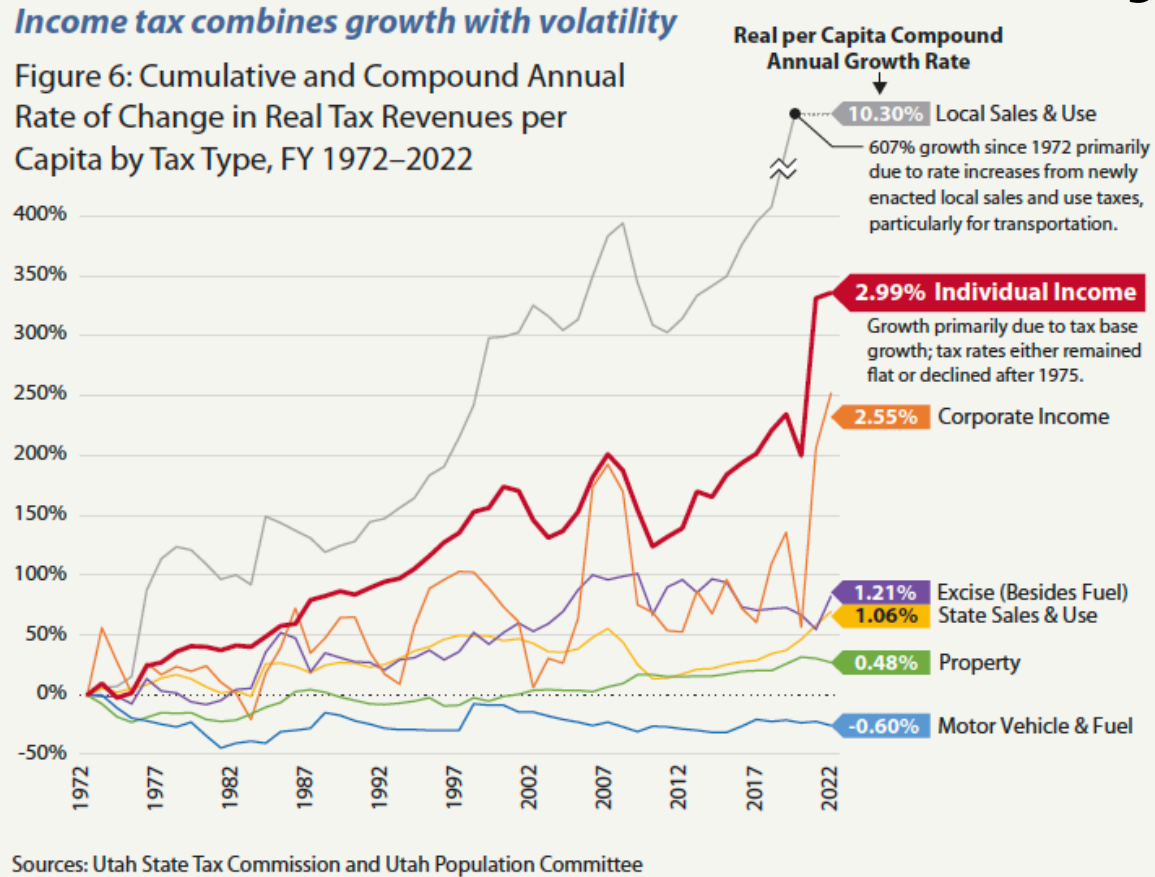


# Utah's Tax System Portfolio Composition Changed Over Time

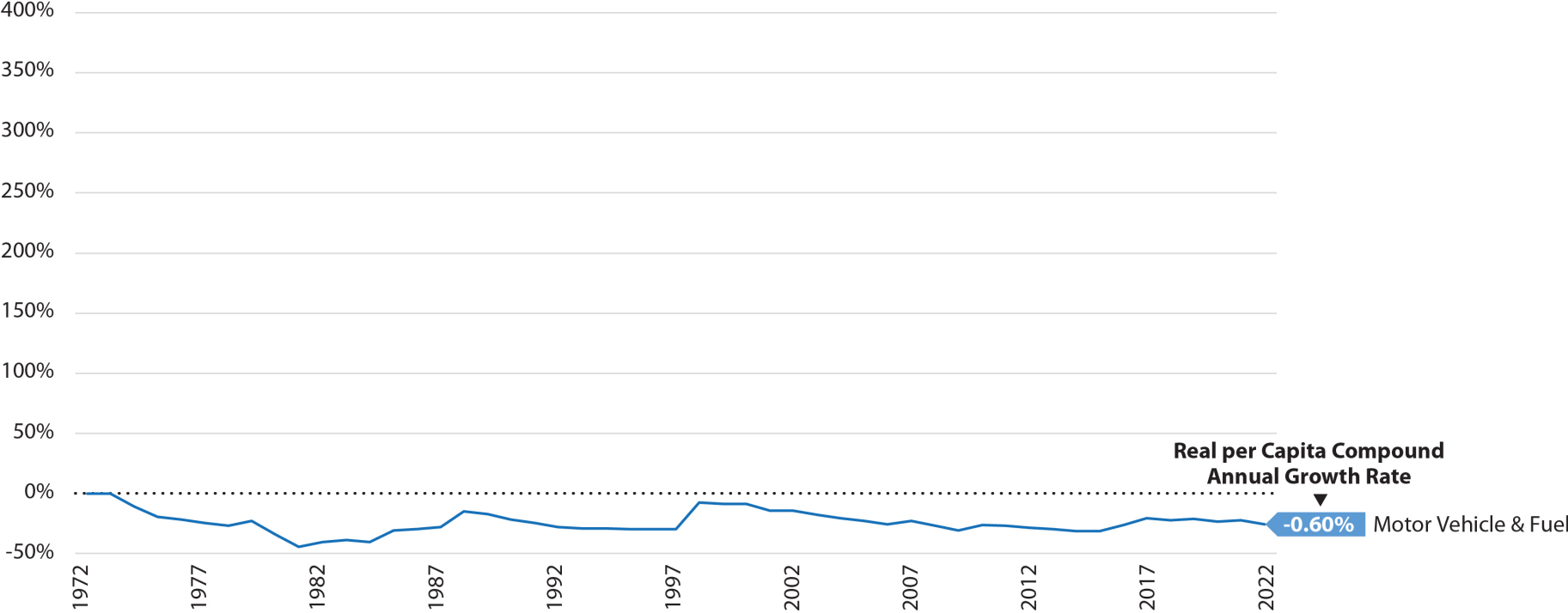


Source: Utah State Tax Commission

# Long-Term Tax Growth Rates by Type



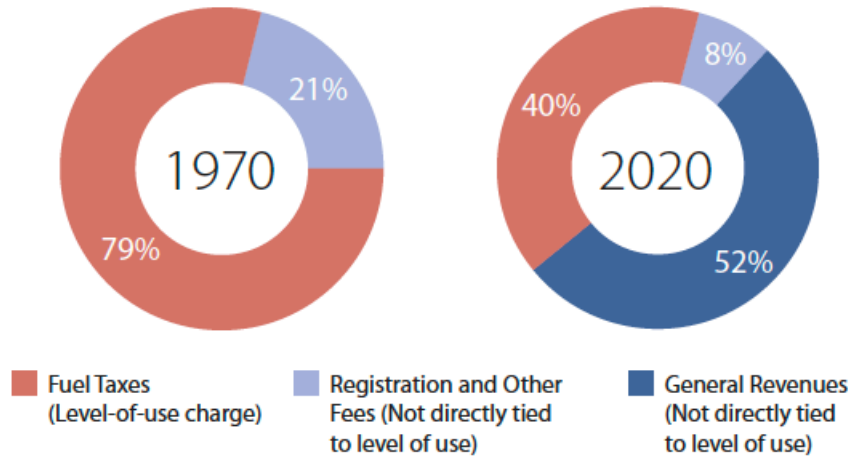
# Fuel Tax and Motor Vehicle Fees



# Transportation – Increased Reliance on General Taxes Over User Fees

**Figure 9:**

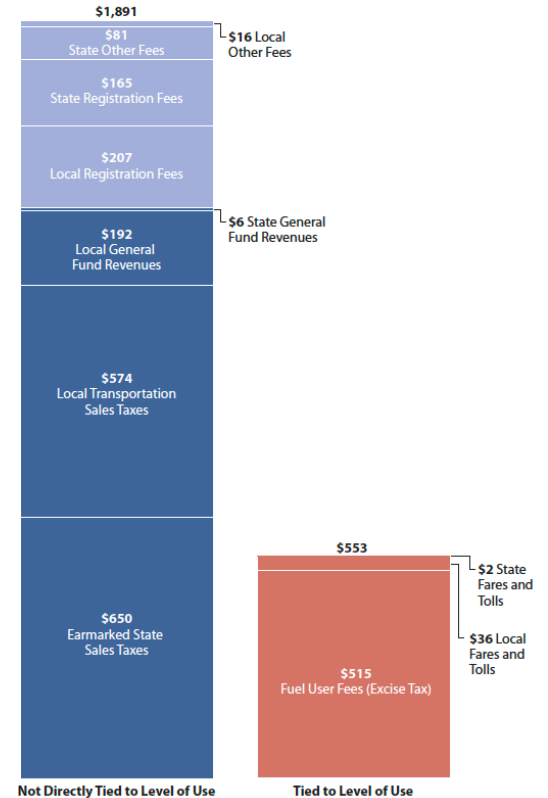
Utah State-level Transportation Funding Sources, 1970 and 2020



Source: Office of the Legislative Fiscal Analyst and Utah State Tax Commission

**Figure 12:**

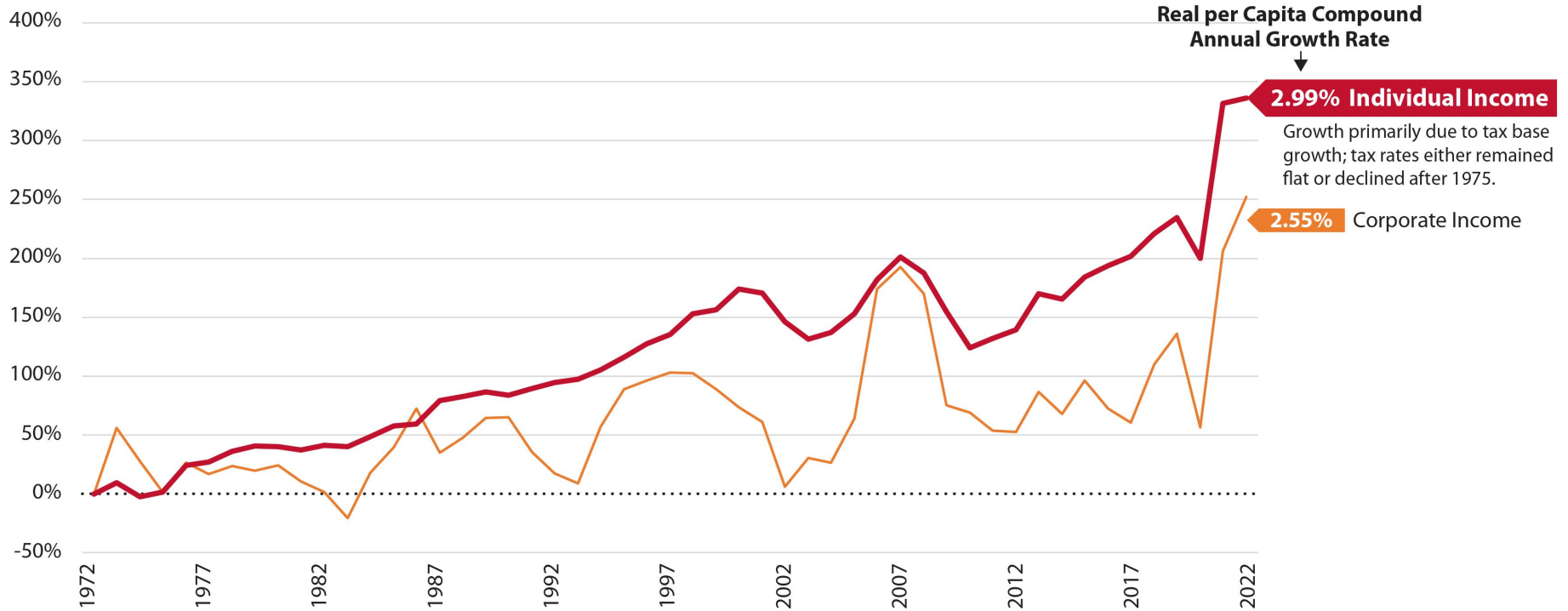
Major Utah State and Local Transportation User Fees and Taxes, FY 2020 (\$ in millions)



Source: Office of the Legislative Fiscal Analyst, Office of the State Auditor, and Utah State Tax Commission

# Income Tax

## Cumulative and Compound Annual Growth Rate in Real Tax Revenues Per Capita



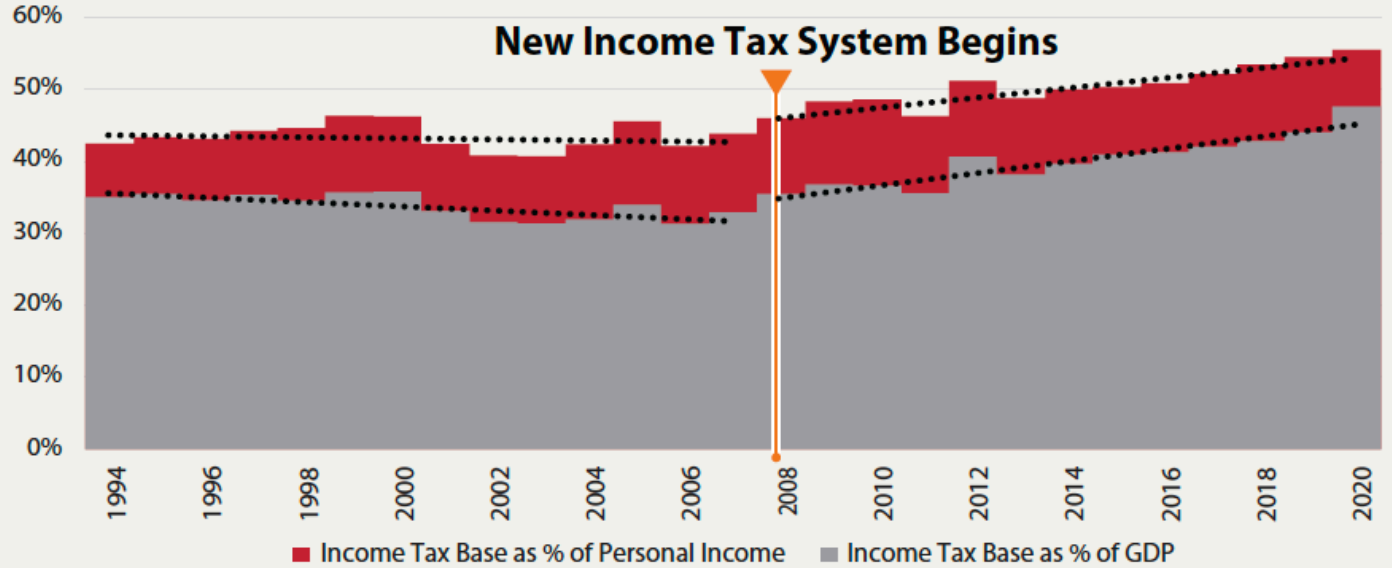
# Income Tax Base

*Growth in Utah's income tax base more than paces with Utah's economy*

Figure 1: Individual Income Tax Base as a Percent of Utah GDP and Personal Income, 1994-2020

Note: Individual income tax base adjusts state taxable income for the impact of state tax credits.

Sources: Utah State Tax Commission and U.S. Bureau of Economic Analysis



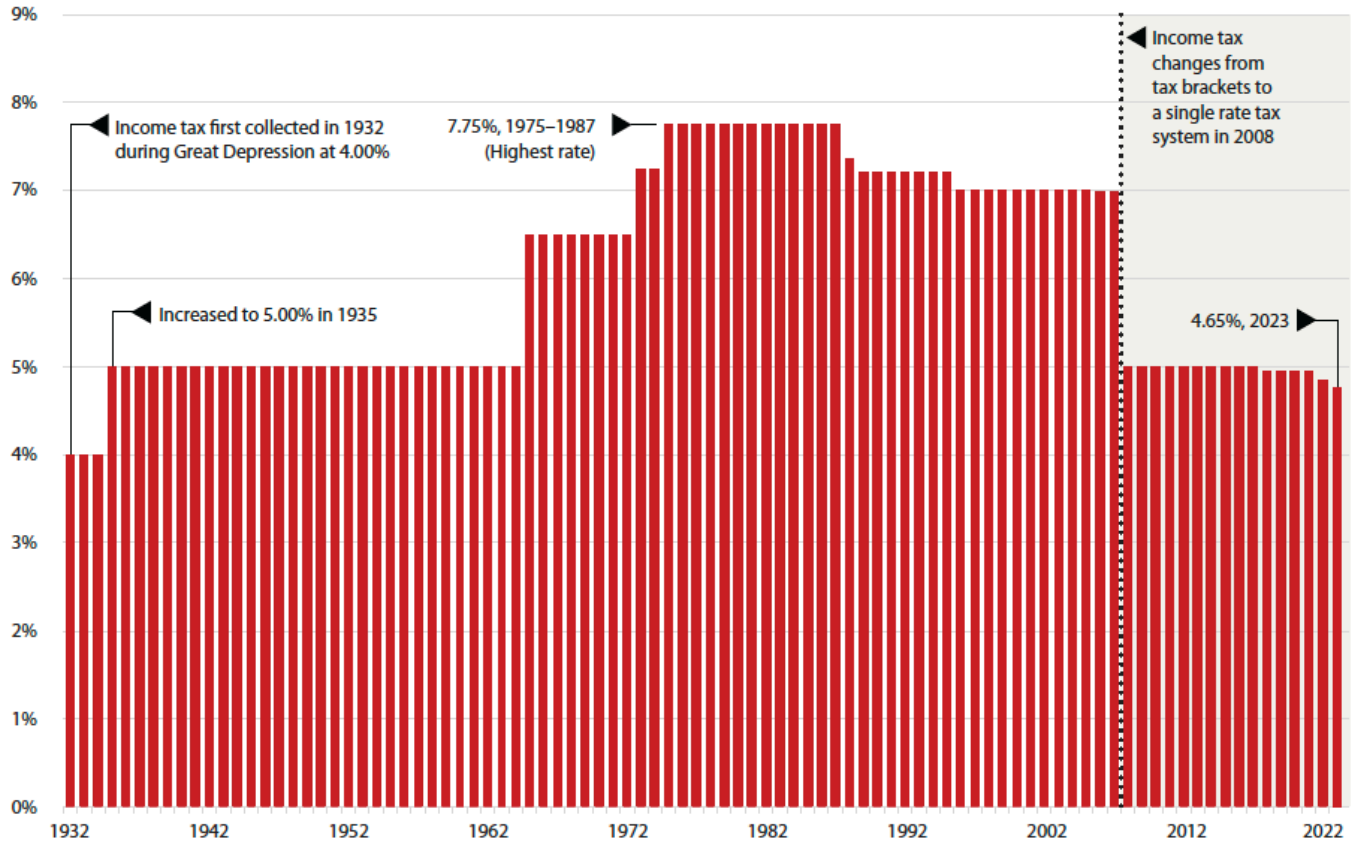


# Income Tax Rates

*Utah's top income tax rate now lowest in nearly ninety years*

Figure 35: Top Statutory Marginal Tax Rate in Utah, 1932-2022

Source: Utah State Tax Commission



- Income tax rate flat or declined since 1975
- 4.65% current rate

# Volatile Income Tax Revenues

*Income tax most volatile of Utah's three major taxes*

Figure 7: Year-Over Percent Change in Real Tax Revenues per Capita by Major Tax Type, FY 1982–2024

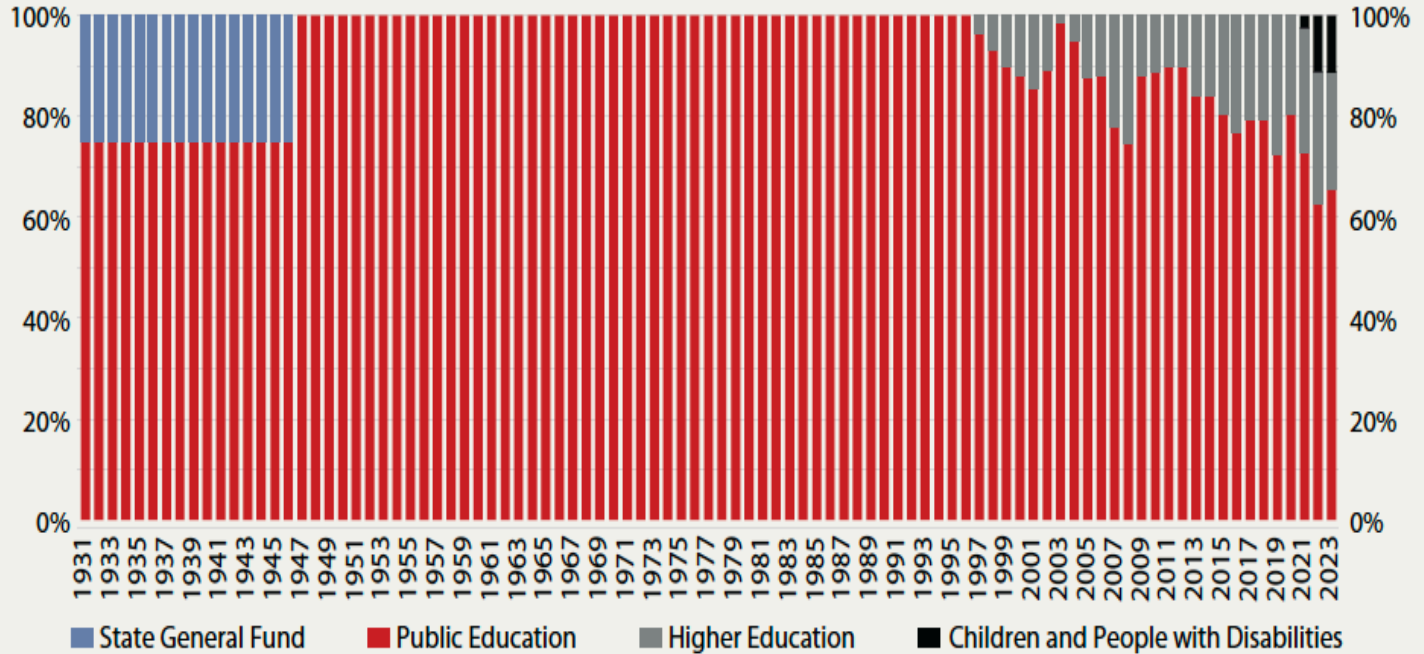


# Use of Income Tax Revenues

*The use of income taxes shifted in recent decades with constitutional changes*

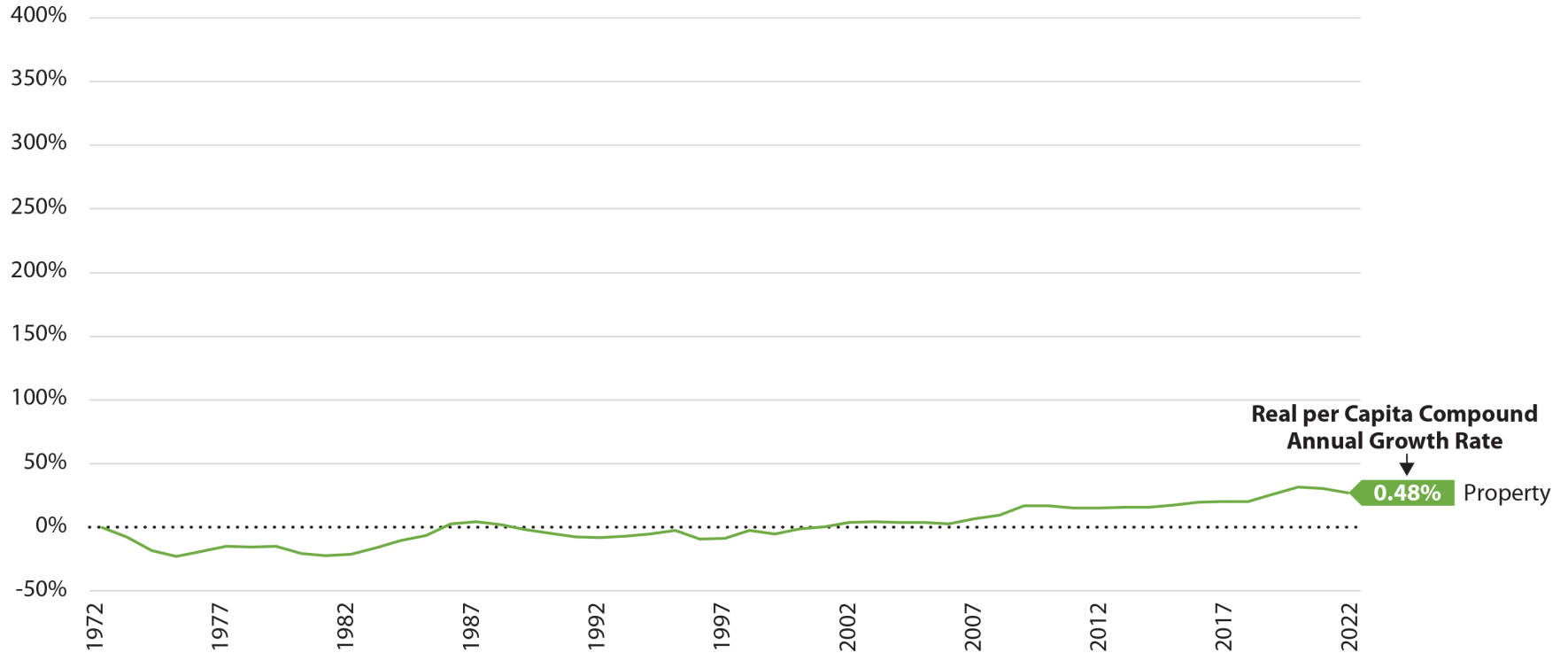
Figure 4: Use of Income Tax Revenues in Utah, FY 1931–2023

Source: Kem C. Gardner Policy Institute based on data from Utah Governor's Office of Planning and Budget and Office of the Legislative Fiscal Analyst



# Property Tax

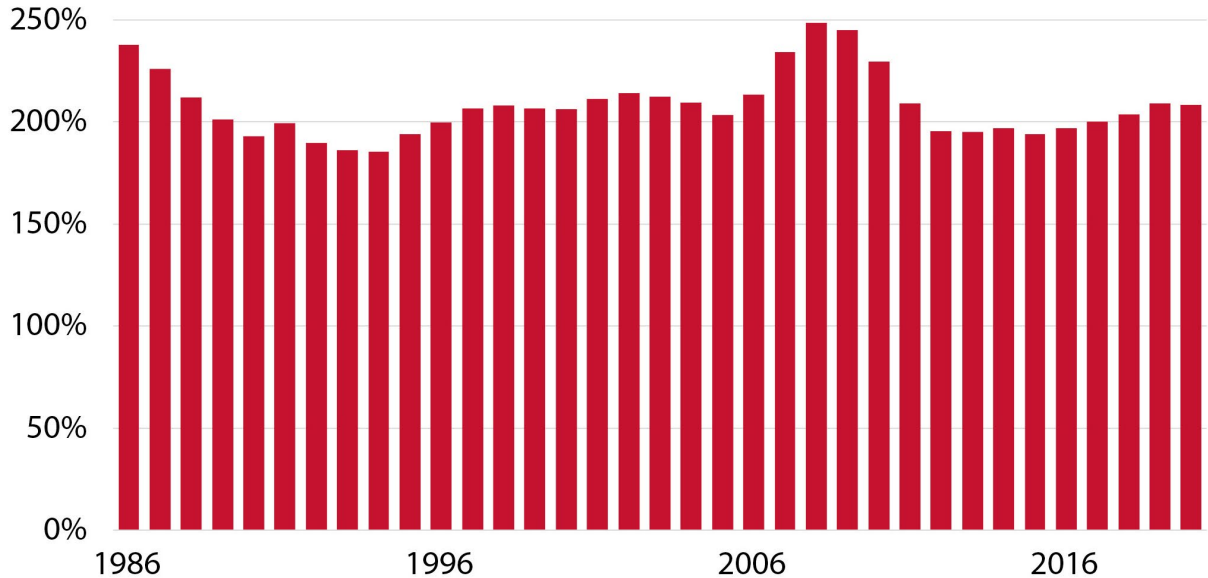
## Cumulative and Compound Annual Growth Rate in Real Tax Revenues Per Capita



# Property Tax Base Paces Well With Economy

Utah Property Tax Base as a Percent of Personal Income, 1986–2020

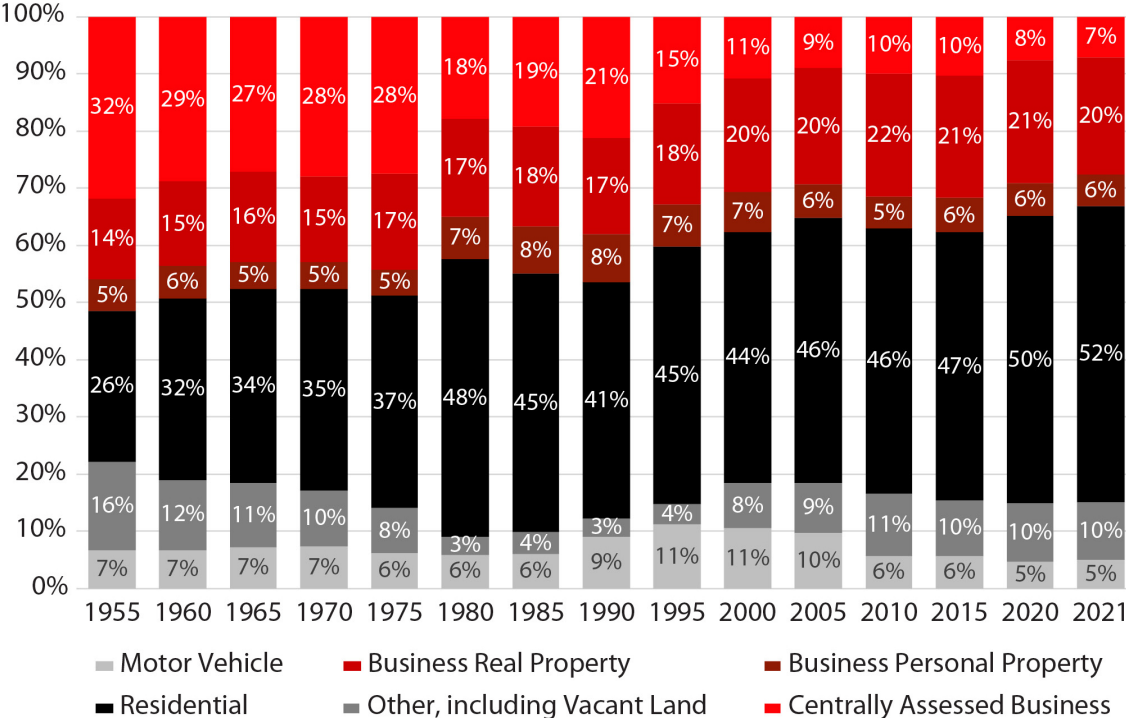
## *Property Tax Base Paces with the Economy*



Source: Utah State Tax Commission and U.S. Bureau of Economic Analysis

# Property Tax Payers Shift Over Time

Figure 2: Property Tax Base Composition, 1955-2021

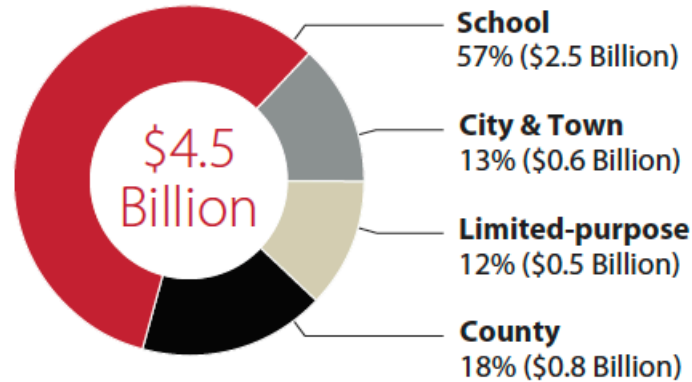


Source: Utah State Tax Commission, Property Tax Division, Annual Statistical Reports

# Property Tax Uses

**Q:** Where does the money go?  
the money go?

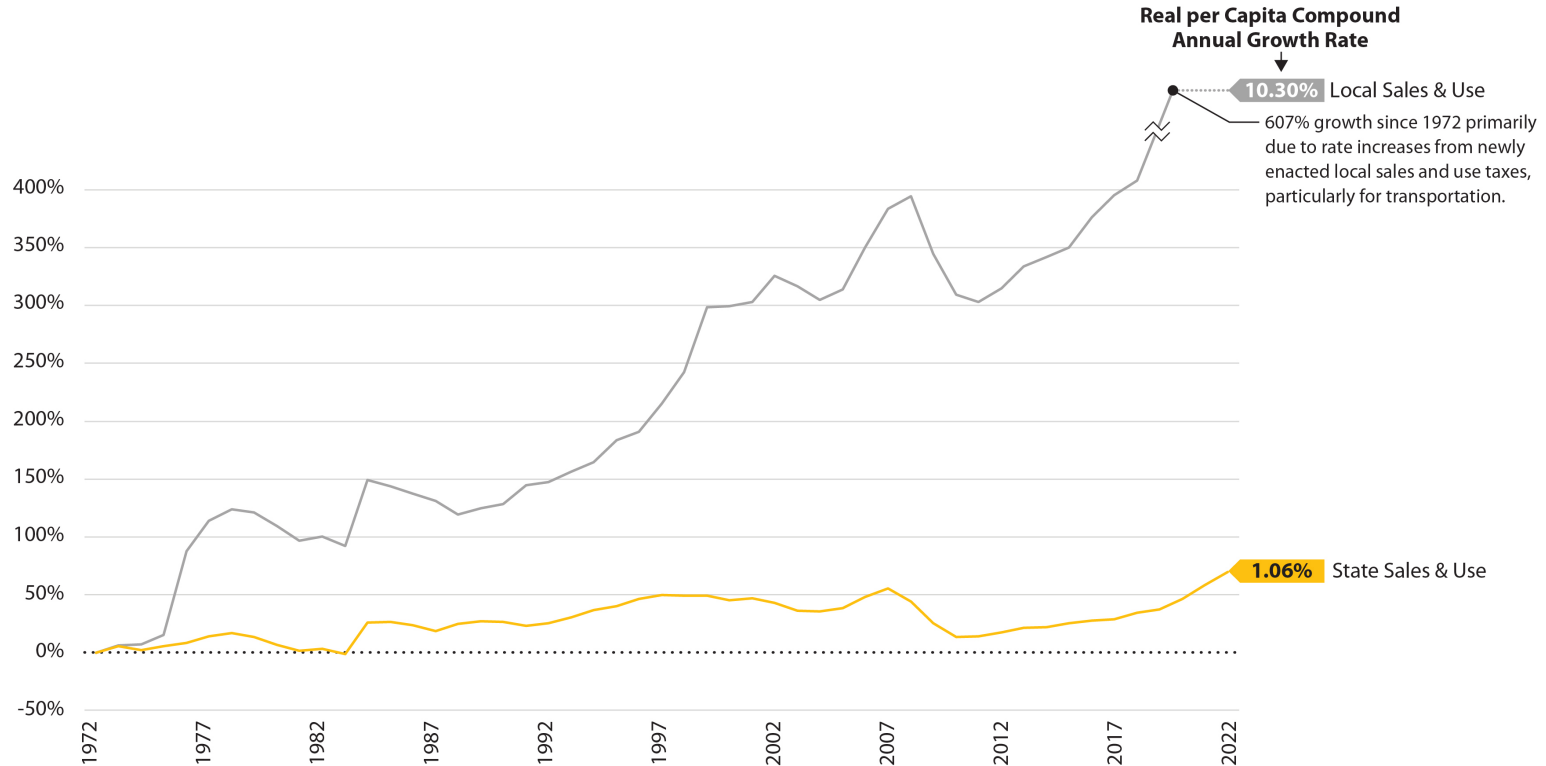
**Figure 3: Property Tax Recipients, 2021**



Note: Includes ad valorem and fee-in-lieu property tax revenue  
Source: Utah State Tax Commission

# Sales and Use Tax

## Cumulative and Compound Annual Growth Rate in Real Tax Revenues Per Capita





# Sales Tax Base as % of Personal Income

