



Utah

| Overall Rank | Corporate Tax Rank | Individual Income Tax Rank | Sales Tax Rank | Property Tax Rank | Unemployment Insurance Tax Rank |
|--------------|--------------------|----------------------------|----------------|-------------------|---------------------------------|
| 16 | 17 | 9 | 27 | 12 | 29 |

Utah's tax code features all major tax types, but the state ranks reasonably well on the *Index* because the taxes are imposed at competitive rates on relatively broad bases that introduce fewer economic distortions than rival states' tax systems. Flat state-level individual and corporate income tax rates of 4.55 percent (with no local income taxes), imposed on reasonably broad bases, combine with extremely low real property taxes and a regionally competitive sales tax to produce a favorable overall tax climate, which is reflected in the state's favorable *Index* rank.

Utah largely avoids excessive taxation of in-state capital investment. It forgoes capital stock and gross receipts taxes, does not impose a throwback rule, and conforms to federal provisions for the first-year expensing of capital investment. And while, unlike some of its rivals, Utah does tax tangible personal property (chiefly business machinery and equipment), it offers a de minimis exemption to eliminate compliance costs for smaller businesses. Lawmakers have also made great strides in reducing sales taxation of business inputs, which leads to tax pyramiding and discourages in-state production.

The state does, however, include global intangible low-taxed income (GILTI) in its corporate tax base, making it an outlier nationwide and particularly among lower-tax states. With federal full expensing provisions currently phasing out, moreover, Utah has an opportunity to make its first-year expensing provisions permanent to avoid the erosion of this pro-investment provision. And with continued high tax collections, there may be room for further reduction of income tax rates, particularly in light of the recent wave of income tax rate relief across the country.