

Fast Facts

Prepared by Coalition of Religious Communities, A Multi-Faith Response to Poverty

Legislative Session 2007

HB123: Tax Revisions

Rep. John Dougall

Summary:

This bill lowers the top rates for both options of the dual state income tax system, creates tax credits for flat tax payers, and removes the remaining state portion of the sales tax on food.

Background of the Issue:

In a 2006 special session of the legislature, a dual state income tax system was passed where Utahns can choose whether to use the old, multi-tiered tax system or choose the flat-tax option without deductions.

Last year, during the general session, 2% of state portion of sales tax on food was removed.

For more information:

- Contact Linda at linda@crossroads-u-c.org or call CORC at 364-7765 or 1-888-747-8482.

Key Points:

- ~ Reduces the top tier interest rate for graduated income tax levels from 6.98% to 6.9%.
- ~ Reduces the flat tax rate from 5.35% to 4.9%
- ~ Creates income tax credits for flat tax payers of \$237.50 for singles and \$475 for couples, to be paid for with general fund money.
- ~ Removes the remaining 2.75% state sales tax portion of sales tax on food.
- ~ The current flat-tax option is only advantageous for the wealthiest Utahns.

CORC's Position:

CORC supports removal of the state portion of the sales tax on food.

CORC does not support the reduction of the flat tax rate or income tax credits for these 1-4 percent of Utahns fortunate enough to benefit from the flat-tax option.