



Utah ranks sixth overall for mature operations and 10th overall for newly established operations. Specifically:

- All 14 firm types, both mature and newly established, have tax burdens below the national average in Utah.
- Utah ranks third for newly established distribution center operations with a total effective tax rate (TETR) of 21.1 percent, which is 42 percent lower than the national average. This firm has the second-lowest property tax burden of its type in the nation, in large measure because of the lack of a property tax on inventory. This firm does, however, have above-average income tax and unemployment insurance (UI) tax burdens.
- The state ranks 22nd for new capital-intensive manufacturing. Although the state has one of

the lowest corporate income tax rates in the country (at 5 percent), this firm has an above-average income tax burden due to the state's apportionment factor and throwback rule.

- For mature operations, the state ranks sixth for retail stores, with a TETR of 12.8 percent, nearly 25 percent below the national average. This operation benefits from the state's low 5 percent corporate income tax and also has one of the lowest property taxes in the nation for this firm type.
- Utah ranks 26th for mature labor-intensive manufacturing with a TETR of 10.6 percent, which is only 9 percent below the national average. The state's throwback rule gives the firm an above-average income tax burden and the high wage limit gives the firm a very high UI tax burden.

Utah

Corporate income tax

Main tax rate	5.000%
Applies to income over	–
Specific adjustments:	
- s.199 deduction allowed	

Apportionment	Property	Payroll	Sales
Standard factors	16.7%	16.7%	66.6%
Mfg. and logistics	25.0%	25.0%	50.0%
Throwback applies to tangible property sales			Yes
Interstate services income apportionment			IPA

Sales and property tax

Metro areas examined		Sales tax	Property tax			
		Main rate ^a	Land	Buildings	Equipment	Inventory
Tier 1	Salt Lake City	6.450%	1.290%	1.290%	1.290%	–
Tier 2	St. George	6.250%	1.256%	1.256%	1.256%	–
a. Manufacturing machinery is exempt from sales tax						

Other taxes

Unemployment insurance		State capital tax		Gross receipts tax			Local income tax
Rate	Max. pay			Mfg.	Services	Retail	
1.80%	\$28,600	n/a	Tier 1	n/a	n/a	n/a	n/a
			Tier 2	n/a	n/a	n/a	n/a

Incentives for newly established operations

Type	Incentive value	MC	ML	CC	DC	CO	RD	RT
Investment	6% of capital investment in research equipment						✓	
Job creation	Income and sales tax refunds of 25% x 5 years	✓	✓	✓	✓	✓	✓	
Withholdings	1.25% of new payroll x 5 years	✓	✓	✓	✓	✓	✓	
R&D	5% of incremental + 9.2% of actual Utah R&D expenses						✓	
Property tax	50% abatement x 10 years	✓	✓	✓	✓	✓	✓	

MC= Capital-Intensive Manufacturing Operation, ML= Labor-Intensive Manufacturing Operation, CC= Call Center, DC= Distribution Center, CO= Corporate Headquarters, RD= Research and Development (R&D) Facility, RT= Retail Store

Results

	Newly established operations								Mature operations									
	Tier 2 operations				Tier 1 operations				AVG	Tier 2 operations				Tier 1 operations				AVG
	MC	ML	CC	DC	CO	RD	RT	MC		ML	CC	DC	CO	RD	RT			
TETR	8.9%	10.3%	20.4%	21.1%	13.2%	10.0%	26.6%		11.5%	10.6%	18.0%	22.7%	12.9%	8.0%	12.8%			
Index	77.7	87.9	82.0	58.3	81.7	67.9	81.7	76.7	90.6	90.7	86.0	74.1	82.3	62.3	75.5	80.2		
Rank	22	16	14	3	17	11	12	10	21	26	18	11	11	7	6	6		

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