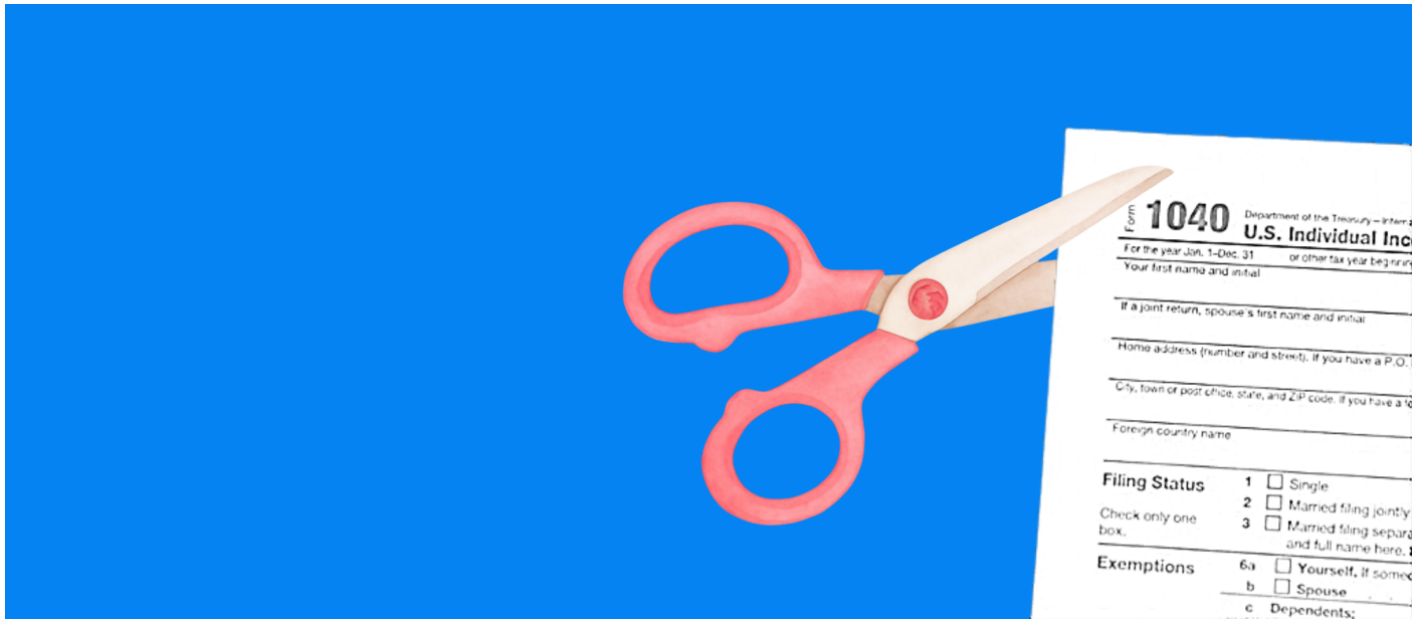


Five Cuts In: How Utah Lawmakers Are Dismantling the Income Tax

Published: Monday, 02 February 2026 10:45

Written by: Jenna Williams



Minimal Savings, Major Loss: Another tax cut in 2026 will remove \$87M from essential services, pushing total cuts to about \$1.5B annually – funds that could strengthen schools, childcare, and healthcare.

Wealthy Win, Families Lose: From 2018 to 2025, the top 1% gained an average of \$19,290 per year in savings, while the bottom 80% got just \$353, shifting the burden onto working Utahns.

Death by a Thousand Cuts: Utah's leaders want to eliminate the income tax and are slowly draining the state's largest source of education funding until eliminating it feels inevitable.

Utah's income tax cuts have become a one-trick policy response.

When the economy is strong, lawmakers say we can afford to cut taxes. When the economy is weak, they say tax cuts will fix it. Either way, the result is the same: less revenue for schools and services, and more pressure on local governments to raise

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property taxes and fees. It's a cycle of robbing essential public goods to fund permanent tax breaks, mostly for the highest earners, while working families pay the price.

So it's no surprise that Utah's "Cut No Matter What" lawmakers are eyeing a sixth tax cut this year.








Utah's Income Tax Cuts Benefit the Wealthy

Legislators are proposing cutting the income tax rate again in 2026, **from 4.5% to 4.45%**, sacrificing another **\$87 million annually** in revenue. In the graphic below, you can see how much your family would "save" from this cut and the previous five cuts.[\[1\]](#) These cuts overwhelmingly benefit high earners, not typical families.

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| Income Bracket | Low-Income | Middle-Class | | | High-Income | | Ultra-Wealthy |
|---|---|---|---|--|---|---|---|
| Salary Range | Bottom 20% Up to \$34,600 | Lower-mid 20% \$34,600 to \$63,100 | Middle 20% \$63,100 to \$102,800 | Upper-Mid 20% \$102,800 to \$157,300 | Top 6-20% \$157,300 to \$333,600 | Top 2-5% \$333,600 to \$835,200 | Top 1% \$835,200+ |
| Professions | <i>Childcare Educator or Cashier</i>  | <i>Firefighter or Teacher</i>  | <i>Nurse or Accountant</i>  | <i>Lawyer or Engineer</i>  | <i>Chief Executive</i>  | <i>Surgeon</i>  | <i>Tech CEO or College Coach</i>  |
| Annual savings from the new 2026 tax cut | \$13 | \$24 | \$36 | \$57 | \$96 | \$194 | \$1,212 |
| Total annual savings from the last 5 tax cuts | \$117 | \$222 | \$347 | \$562 | \$912 | \$1,998 | \$19,290 |

Who Benefits from Utah's Income Tax Cuts?

(Image: Who Benefits from Utah's Income Tax Cuts? Available for download [here](#).)



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- The **bottom 80% of Utah earners** save an average of **\$353** annually.
- The **top 1% of Utah earners** save a staggering **\$19,290** annually.
- Lawmakers also cut the corporate income tax, with over **94% of the benefits going to out-of-state corporations.**

Lawmakers justify these cuts by claiming that wealthy people "[add to the economy.](#)" But Utah's economy is built just as much by teachers, nurses, construction workers, and families whose spending sustains local businesses.

And despite claims that the wealthy "pay more," the opposite is true: families earning under \$29,900 pay an average 9.8% effective tax rate, while the top 1% pay just 6.4%. [\[ii\]](#) The people doing the most to keep Utah running are already paying a larger share of their income than those receiving the biggest tax breaks.

How Lawmakers Keep Cutting, and Communities Keep Paying



- [Ranking Last in Education Spending](#): Utah now ranks 51st in the nation for per-pupil education spending.
- [Increased Property Taxes](#) 
- [Cuts to Education](#)  [cuts to higher education](#) 

Together, these income tax cuts now cost Utah over \$1.4 billion every year. That is funding that could strengthen classrooms, expand access to health care, and stabilize local services.

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What else could we do with the **\$1.4 Billion** lost each year due to tax cuts?



\$80M

Serve everyone on the disability services waiting list



\$38M

A nurse in every K-12 school



\$107M

Free school lunch for all students



\$15M

Expand child abuse prevention home-visiting programs



\$88M

Twice the kids in the Head Start & State Preschool



\$100M

Meaningful Child Tax Credits for families



\$60M

Meeting the psychologist staffing gap



\$40M

Support for childcare professionals

The pattern of tax cuts is steady, deliberate, and one-directional. Utah's leaders want to eliminate the income tax altogether – they've said it every year: [2023](#), [2024](#), [2025](#), and again in [2026](#). If there's anything we've learned from Utah lawmakers in the last couple of years, it's that if they say they are going to do something: believe them.

This is “death by a thousand cuts”– slowly draining the state’s largest source of education funding until eliminating it feels inevitable.

Income Tax Elimination: A Giveaway at the Top

- **[It makes the tax system more unfair](#)**: Income tax is the only major tax tied to the ability to pay. Without it, funding shifts to sales taxes, fees, and property taxes, which hits working families hardest.
- **[It raises other taxes, fines, and fees](#)**: We’re already seeing it. As income tax revenue shrinks, lawmakers require school districts to collect more locally. Families pay more, just in a different, less visible way.
- **[It benefits the wealthy most](#)**: Income tax cuts already overwhelmingly flow to top earners. Full elimination would supercharge that imbalance.

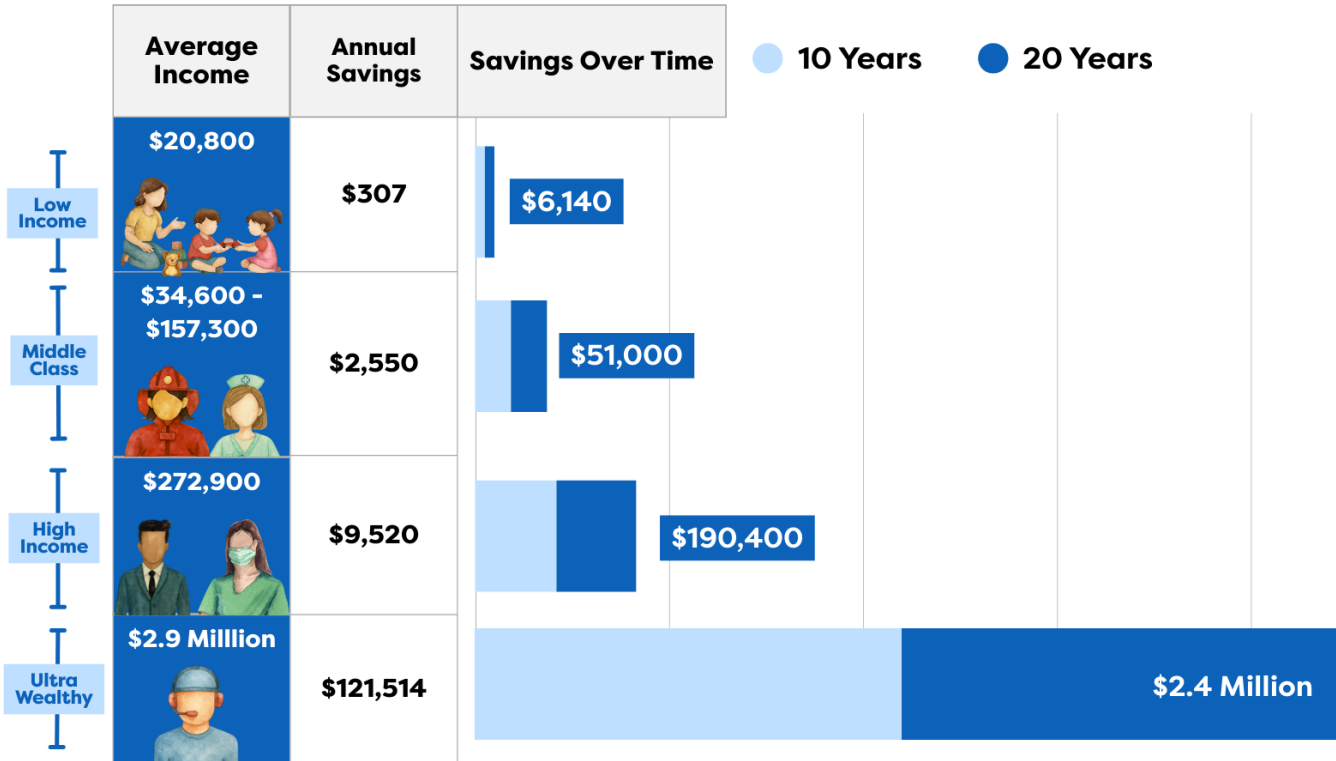
In the chart below, after one year of eliminating the income tax, high-income and the ultra-wealthy see the most savings (~\$9,500 to \$121,500) and even more so over time (~\$190,000 to \$2.4 Million).

Who Benefits From Utah Leaders’ Push to Eliminate the Income Tax?

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(Image: Who Benefits From Utah Leaders' Push to Eliminate the Income Tax? Available for download [here](#).)

The biggest gains go to the ultra-wealthy, with the top 1% saving more in one year (~\$120,000) than many working families save over two decades (~\$6,000 to \$51,000). Meanwhile, most Utahns see little benefit and depend on the schools and services that the income tax funded.

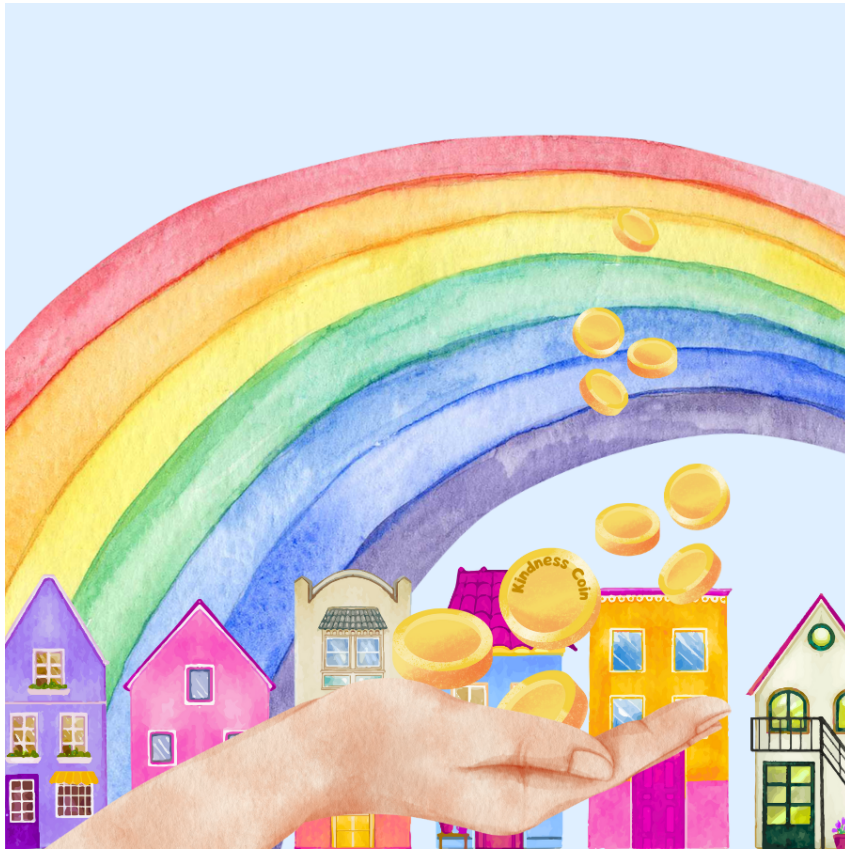


Want to Learn More?

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Read Our Storybook Report

A Village Without Kindness: How Eliminating Utah's Income Tax Hurts Kids explains how income tax cuts affect schools, families, and local services – and why eliminating the income tax would leave communities with an impossible gap to fill.

[READ TODAY](#)

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[i] Occupation-based salary figures come from the Utah Department of Workforce Services' occupational wage data, accessed January 2026. Income ranges and estimated tax savings for SB 60 and HB 235 are based on 2026 income data and model the impact of reducing Utah's income tax rate from 4.5% to 4.45%, and estimated savings for the cumulative income tax cuts scenario are based on 2025 income data and model the impact of reducing Utah's income tax rate from 5% to 4.5%, provided by the Institute for Taxation and Economic Policy. Note: The tax savings figures shown use the average tax cut among households that actually receive a cut, not the average change across the entire income group. This approach reflects the upper-bound impact of the policy and gives the Legislature the benefit of the doubt, while acknowledging that not everyone benefits (only about 25% of the lowest-income households and 67% of households making under \$157,000/year receive a tax cut at all). Using the "average among recipients" avoids understating the size of the cuts while making clear that the benefits are unevenly distributed.

[ii] Institute on Taxation and Economic Policy, [Utah: Who Pays? 7th Edition](#), January 2024

[iii] Estimated savings for the income tax elimination scenario are based on 2024 income data and model the impact of reducing Utah's income tax rate from 4.55% to 0%, provided by the Institute for Taxation and Economic Policy. These figures are intended to illustrate the order of magnitude and long-term distributional effects of tax policy changes, not to predict exact future tax liabilities. Actual savings will vary based on income, filing status, deductions, and future changes in tax law.