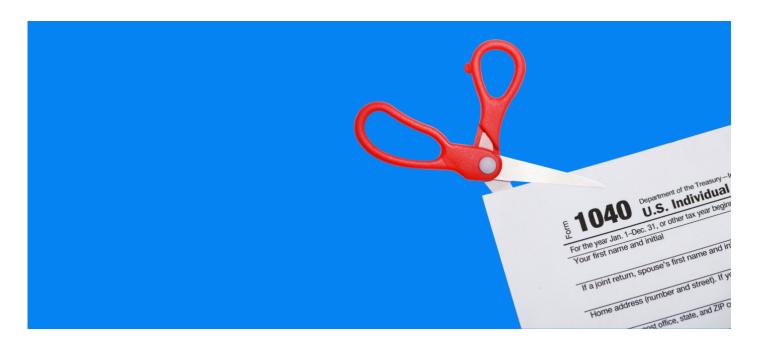
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Written by: Jenna Williams



Minimal Savings, Major Loss: Another tax cut in 2025 will remove about \$100M from essential services, pushing total cuts to about \$1.3B annually—funds that could strengthen schools, childcare, and healthcare.

Wealthy Win, Families Lose: From 2018 to 2024, the top 1% gained an average of \$17,361 per year in savings, while the bottom 80% got just \$247, shifting the burden onto working Utahns.

Invest in Utah Families: Ongoing cuts undermine our ability to fund education and critical programs. Voices for Utah Children calls on lawmakers to responsibly invest in our kids and communities.

Yet again, the Utah Legislature is eyeing more income tax cuts—this time for a fifth round. While the typical household would barely notice the extra pocket change, the state is forfeiting over a billion dollars in revenue annually—money that could otherwise shore up our schools, expand child care, improve health services, and fund other critical programs.

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2025 Tax Cut: A Fifth Round?

Legislators now appear poised to enact a fifth income tax cut in 2025, that will sacrifice another \$100M annually. In the graphic below, see how much your family will save—and how much you've saved from the past four tax cuts.[i]



Who Benefits Most?

From 2018 to 2024, as the Utah Legislature slashed the income tax rate from 5% to 4.55%, the wealthiest 1% of earners reaped the biggest rewards.

- Bottom 80% of Utah earners: Saved an average of \$247 annually
- Top 1% of Utah earners: Saved a staggering \$17,361 annually

In addition, lawmakers lowered the corporate income tax from 5% to 4.55%. **This predominantly benefits out-of-state corporations:**

- **94.5**% (approximately \$75 million) of these tax savings go to out-of-state corporations.
- Only 5.5% (about \$4 million) benefits Utah-based businesses. [ii]

At a time when wealthy corporations are seeing record profits, cutting taxes further means they contribute even less to the public good. This shift reduces funding available for essential state programs and fails to meaningfully support local businesses.



How Much Has Utah Lost From Tax Cuts?

Collectively, these tax cuts cost Utah an estimated \$1.2 billion in revenue every year. Imagine the potential if this funding were reinvested into our state, it could cover a range of priorities.

<iframe title="What Utah Could Fund Instead of Tax Cuts" aria-label="Stacked"

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Columns" id="datawrapper-chart-qJu1j" src="https://datawrapper.dwcdn.net/qJu1j/5/" scrolling="no" frameborder="0" style="width: 0; min-width: 100% !important; border: none;" height="941" data-external="1"></iframe><script type="text/javascript">!function()}}))}(); </script>

At a time when many families struggle to afford basics like groceries and childcare, it makes little sense to cut taxes for the wealthiest among us. Another year of income tax cuts will simply continue Utah's trend of <u>lowest per-pupil education spending</u>, <u>higher education cuts</u>, and insufficient support for essential social services.

<iframe title="Utah's annual revenue loss due to income tax cuts could have paid for meaningful
investments:" aria-label="Bar Chart" id="datawrapper-chart-dBhfD"
src="https://datawrapper.dwcdn.net/dBhfD/6/" scrolling="no" frameborder="0" style="width: 0; minwidth: 100% !important; border: none;" height="277" data-external="1"></iframe><script
type="text/javascript">!function()}}))}();
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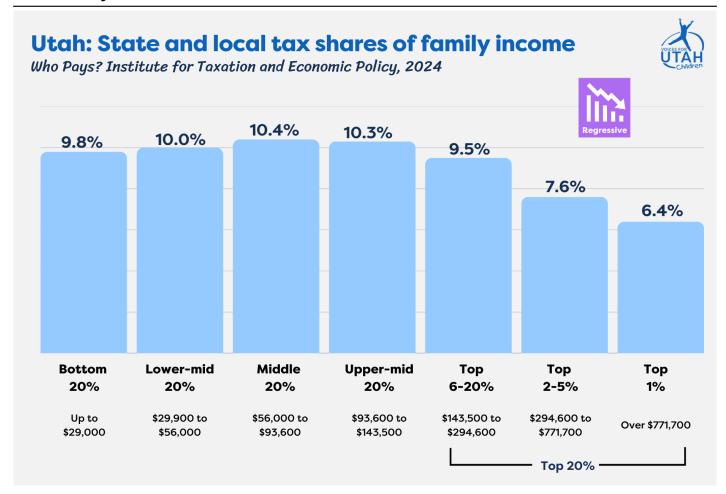
The Hidden Cost of Tax Breaks for the Wealthy

A balanced tax system—one that combines income, property, and sales taxes—is essential for fairness, stability, and community growth. Contrary to the claim that the wealthy pay more taxes, the effective tax rate [iii] tells a different story:

- Families earning under \$29,900 per year pay an average 9.8% effective tax rate.
- The top 1% pay 6.4%.

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Every year, Utah legislators claim a need to curb spending and tighten purse strings—that we can't afford to fully fund social services or any new programs. So how can we afford \$1.2 billion (and another \$100 million) in tax cuts when many crucial needs remain unmet?

Tax cuts have real consequences. You can't build a first-class education system, ensure a thriving birth rate, or reduce child poverty without adequate funding. When the wealthiest don't pay their fair share, the burden shifts to working families. Fees go up, programs close, and those who need support the most are left behind. If Utah's richest residents and out-of-state corporations paid their fair share, though, Utah could strengthen public education and expand family-friendly services.

Our Position

At Voices for Utah Children, we stand for **responsible**, **family-focused budgets** that prioritize the education and well-being of Utah's children. Right now, legislative ambition threatens these priorities by diverting our hard-earned tax dollars toward pet projects—from costly lawsuits to religious school vouchers. Utah families deserve a legislature that **invests in strong schools**, **accessible healthcare**, **and other essential services**. We call on lawmakers to **be responsible**

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stewards of public funds and to remain responsive to the real needs of Utahns, ensuring every child can reach their full potential.

Note: This blog was updated on 2/25/25 to reflect changes to HB106.

[i] Between 2018 and 2024, the Utah State Legislature cut the income tax four times, reducing the rate from 5% to 4.55%. The 2025 expected tax cut will reduce the rate to 4.45%. Data Source: Institute on Taxation and Economic Policy, January 2025

[ii] Source: Institute on Taxation and Economic Policy, January 2025

[iii] Source: Institute on Taxation and Economic Policy, Utah: Who Pays? 7th Edition, January 2024