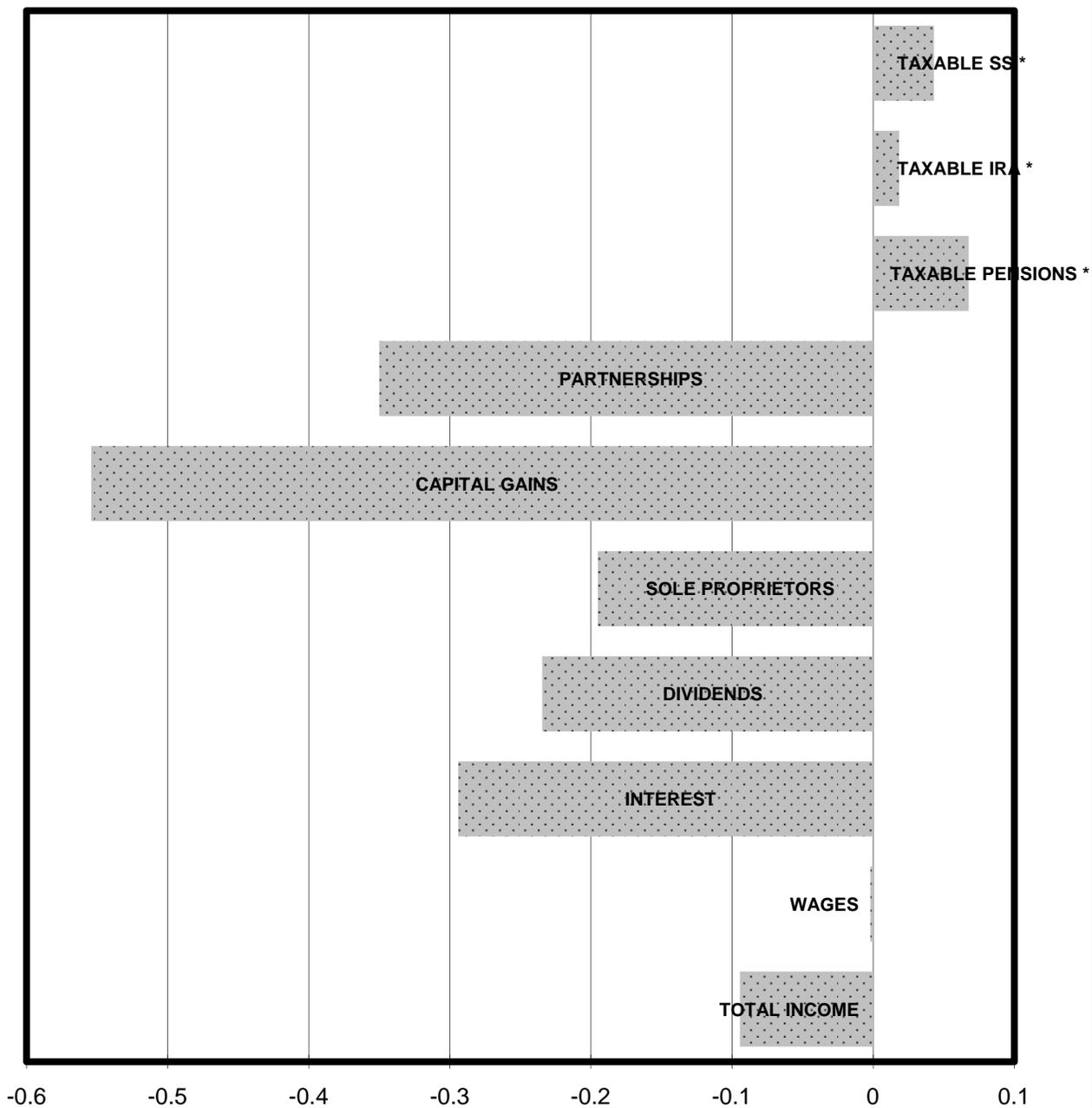


UTAH STATISTICS OF INCOME

RETURN YEAR 2009



DATA DESCRIPTION

The 2009 volume of the Utah Statistics of Income series summarizes and analyzes tax return data available from the Internal Revenue Service (IRS) through the federal-state exchange program. The data are based on those federal income tax returns that list a Utah address and were processed by the IRS as of late August 2010.

Two different data tapes are available from the IRS. The first, called the master file, contains very basic information from the 1040 form, such as federal taxes, adjusted gross income (AGI), deductions and the number of exemptions claimed. The second source contains most of the individual tax form lines, such as detail on deductions and sources of income. The detailed source is not updated to reflect amendments and is not as thoroughly edited for errors as the first source. Thus, the data are not 100 percent correct, but in most cases are reliable for general orders of magnitude and averages. Since the two sources are not at the same phase in processing when the state tapes are made, totals from the two sources are generally not identical, although usually very close. Either differences in IRS processing speed or the timeliness of taxpayers in filing returns will cause discrepancies. This may result in slight differences on some tables in items such as AGI, deductions, or the number of taxpayers.

The IRS's tax data always contain information from prior-year returns that are filed late. We generally include prior-year returns since their omission would result in a serious under-reporting of the various income and tax magnitudes. In a sense, 2009 prior-year (2008) data is a proxy for returns for 2009 that will be filed late. Prior-year returns are included as a separate "county" in the county tables and are not included in either the city or ZIP Code data, since we believe the inclusion of the data at the state level is reliable, but that its allocation to lower level geographic units is questionable.

In addition to state, county, city, and ZIP Code data on adjusted gross income, federal taxes, exemptions, and returns by income level, this volume reports statewide data on itemized deductions, adjustments to income, sources of income, and other important magnitudes from federal tax schedules C through F, as well as for various credits and tax payments.

The data on Utah's income is AGI, which is not the same concept as either the census definition or personal income. AGI includes capital gains, which most definitions of income do not cover, and only captures a portion of social security income and pension income. In addition, a list of adjustments, such as IRA and Keogh plans, self employed health insurance, moving expenses, alimony paid, etc. are subtracted to arrive at AGI. AGI also excludes the imputed income included in personal income measures.

We are subject to the way taxpayers fill out their forms as far as addresses are concerned. If they use a wrong ZIP Code, we are forced to live with it. Probably the most important error of this type is in the "city" taxpayers claim. Some residents of the smaller communities, for example, may list Salt Lake City as a city rather than Sandy, or Murray, for example. This also happens for residents of unincorporated areas. Some taxpayers will also use their professional address or post office box rather than their actual residence. Every year there are also many city names that are misspelled. For example a return this year listed "Aest Valley City" which was most likely intended to be West Valley City. With nearly 1,000 errors of this type every year it is a timely process making the corrections but the majority are fixed.

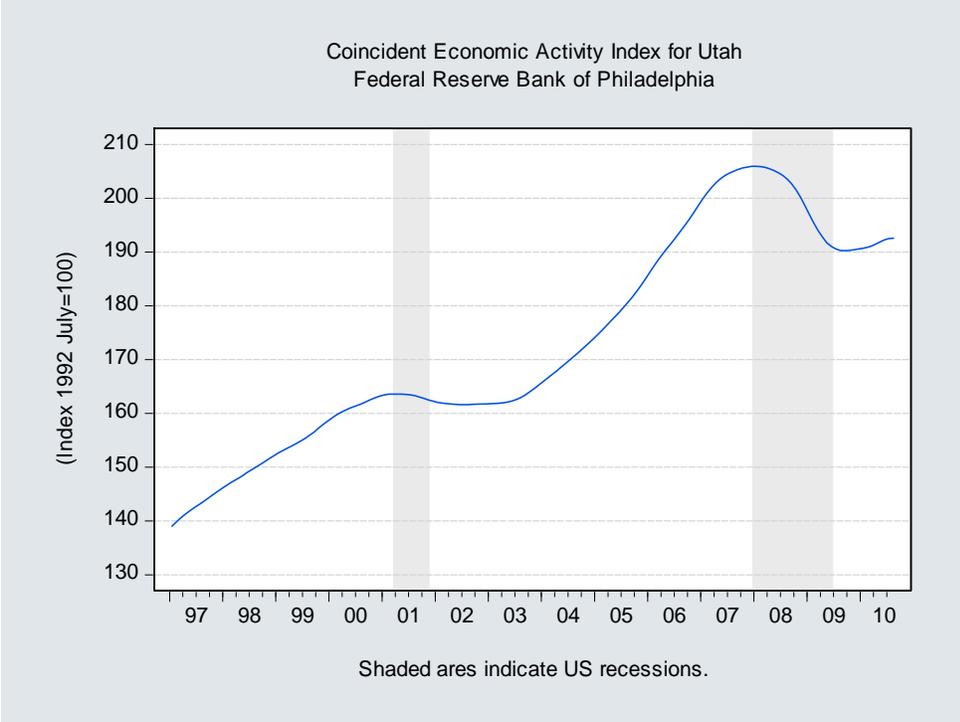
To understand what is included in federal taxes, please consult the federal form 1040. This figure is what is reported on the total tax line, but self-employment taxes are not included, while alternative minimum taxes are included as well as some other small items. Credits have been subtracted, except the earned income tax, which is considered a payment by the IRS. In addition, average values are only averages for taxpayers using a particular form or line.

This report represents an ongoing effort at the Utah State Tax Commission's Economic and Statistical Unit to calculate family-based data from individual returns. Since the raw data is based on tax returns and tax definitions of income, and since the aggregation is not perfect, this data should not be expected to conform to other sources of family or household data. This report groups returns into larger units, such as households or families. It groups returns that show the same last name, ZIP Code, and first part of the address into a unit, generally a family. This method adds minors with their parents, if they use the same name and address. It also

groups a married couple living with the husband's parents (same last name). However, it would not group a married couple living with the wife's parents (different last names).

RECENT TRENDS

The figure below displays the Coincident Economic Activity Index published by the Federal Reserve Bank of Philadelphia. It is composed of four indicators: nonfarm payroll employment, the unemployment rate, average hours worked in manufacturing and wages and salaries. It is a



measure of current economic activity in Utah. The index peaked in January of 2008, one month after the NBER recession start, and reached a trough in September of 2009, 3 months after the NBER official end of the

recession. The Utah Index fell nearly 8% from the peak. It has been on the rise for 11 consecutive months. There has been a 1.2% increase in the Index since the trough. This index indicates that Utah is recovering from the recession but at a slow pace. A similar trend has occurred at the national level, suggesting that Utah is tracking closely to the national economy.

Utah tax year 2009 data characterizes the depth of the recession that began in December of 2007. Total income declined -8.11%, compared to -1.46% in tax year 2008. The largest declines in sources of income were in capital gains (-1.7 billion) and wages (-1.2 billion). All other sources of income fell except for pensions and social security. All sources of income are expected to grow in tax year 2010.

SOURCES OF INCOME (millions)

	2006	2007	2008	2009	07-08 % Chg	08-09 % Chg
TOTAL INCOME	57,003	64,509	63,568	58,414	-1.46%	-8.11%
WAGES	39,841	44,207	45,300	44,116	2.47%	-2.61%
INTEREST	1,262	1,625	1,618	1,147	-0.39%	-29.14%
DIVIDENDS	856	1,074	1,063	822	-1.02%	-22.67%
SOLE PROPRIETORS	1,410	1,475	1,349	1,187	-8.54%	-11.99%
CAPITAL GAINS	4,529	5,439	4,192	2,426	-22.93%	-42.14%
PARTNERSHIPS	4,798	5,065	4,188	3,291	-17.31%	-21.41%
TAXABLE PENSIONS	3,132	3,433	3,536	3,664	3.00%	3.64%
TAXABLE IRA	733	864	972	880	12.54%	-9.51%
TAXABLE SS	928	1,089	1,107	1,136	1.68%	2.58%
OTHER	-486	238	243	-137	1.98%	-156.46%

Federal taxes fell nearly 15% in tax year 2009, with the number of returns falling 2.5%. The number of personal exemptions grew only .5% and the number of returns with itemized deductions dropped -4.05%.

Statistics on the federal homebuyer credit are reported next. Legislation enacted in July 2010 extended the closing deadline from June 30 to Sept. 30, 2010, for eligible homebuyers. For qualifying purchases in 2010 the credit can be claimed on either a 2009 or 2010 return. The table reports the total value and mean of the home buyer credit by county along with the mean FAGI. A total of 13,484 returns utilized the credit, totaling over \$100 million, down from 14,864 returns in the previous tax year. Salt Lake county had the most credits claimed, followed by Utah, Davis, and Weber.

HOMEBUYER CREDIT AND FAGI BY COUNTY

COUNTY	COUNT	MEAN FAGI	TOTAL HOME CREDITS	MEAN HOME CREDIT
ALL	13,484	\$53,264	\$101,628,094	\$7,537
SALT LAKE COUNTY	5,141	\$54,675	\$38,706,708	\$7,529
UTAH COUNTY	2,491	\$53,842	\$19,100,646	\$7,668
DAVIS COUNTY	1,658	\$56,116	\$12,539,316	\$7,563
WEBER COUNTY	1,344	\$47,441	\$10,074,665	\$7,496
WASHINGTON COUNTY	627	\$50,666	\$4,686,286	\$7,474
CACHE COUNTY	486	\$48,069	\$3,695,748	\$7,604
TOOELE COUNTY	286	\$58,405	\$2,072,686	\$7,247
IRON COUNTY	214	\$43,087	\$1,608,774	\$7,518
BOX ELDER COUNTY	208	\$50,952	\$1,549,677	\$7,450
UINTAH COUNTY	142	\$56,760	\$1,093,166	\$7,698
SUMMIT COUNTY	130	\$67,820	\$951,794	\$7,321
DUCHESNE COUNTY	99	\$56,358	\$707,030	\$7,142
SEVIER COUNTY	85	\$44,416	\$637,036	\$7,495
WASATCH COUNTY	79	\$59,158	\$598,920	\$7,581
CARBON COUNTY	72	\$53,819	\$525,548	\$7,299
SANPETE COUNTY	69	\$45,643	\$528,385	\$7,658
GRAND COUNTY	53	\$30,001	\$360,915	\$6,810
MILLARD COUNTY	39	\$44,945	\$290,241	\$7,442
OUT OF STATE	39	\$58,999	\$281,507	\$7,218
EMERY COUNTY	38	\$47,978	\$271,009	\$7,132
SAN JUAN COUNTY	37	\$49,996	\$272,376	\$7,362
MORGAN COUNTY	32	\$66,053	\$225,091	\$7,034
KANE COUNTY	28	\$42,418	\$196,050	\$7,002
JUAB COUNTY	26	\$62,552	\$187,220	\$7,201
BEAVER COUNTY	20	\$38,428	\$152,500	\$7,625
GARFIELD COUNTY	16	\$47,684	\$122,300	\$7,644
WAYNE COUNTY	>10	.	.	.
RICH COUNTY	>10	.	.	.
DAGGETT COUNTY	>10	.	.	.
PIUTE COUNTY	>10	.	.	.
OTHER UTAH	>10	.	.	.