

## WHO PAID CORPORATE TAXES IN UTAH IN 2004?

The question above has attracted some attention lately. More specifically, the question has been “how much is paid by out of state businesses”. This question is not as simple as it seems. We will, nonetheless, attempt an answer after clarifying the question.

When we ask who pays the tax there are several ways of looking at it. Do we mean who sends in the check? Or do we mean who finally bears the burden. For example, in the sales tax the merchant sends in the tax, but generally it is assumed that the tax is born by the purchaser. In the corporate tax the corporation initially pays the tax and if not passed on it will be the shareholders. But as the corporations react to the tax some of the cost can be passed to suppliers, consumers, workers, or rest with shareholders. The table below answers the question in terms of who sends in the check.

Another ambiguity is what is meant by an out of state business as opposed to a Utah corporation. The way we will interpret the question is according to how much of the corporation's business is done in Utah, their economic presence, rather than by where they are incorporated or where their headquarters are. But even if a corporation does a lot of their business in the state that does not mean it is owned by Utahns. Most significant corporations will have their ownership spread throughout the country and may be owned significantly by pension funds, insurance companies, churches, universities, or other entities other than individuals.

The first two columns below classify companies by their share of business in Utah. But what do we mean by share? A company can make sales here, can own property here, or pay wages here. These columns give the average of the three shares or factors. (With some small exceptions.)

The next column reports the number of corporations within the range on tax returns. Next we show the share of corporation taxes paid by corporations falling within the relevant range. Finally, the last column is the share paid by tax payers whose share of business in Utah is at or below the row classification.

2004

SHARE OF BUSINESS IN UTAH		NUMBER	SHARE OF TAXES	CUMULATIVE SHARE
SHARE RANGE				
0	4.999%	6,708	55.83%	55.83%
5.00%	9.999%	337	4.06%	59.90%
10.00%	14.999%	180	2.50%	62.40%
15.00%	19.999%	98	1.16%	63.56%
20.00%	24.999%	72	1.08%	64.64%
25.00%	29.999%	64	0.39%	65.03%
30.00%	34.999%	59	0.20%	65.23%
35.00%	39.999%	35	7.13%	72.36%
40.00%	44.999%	47	0.89%	73.25%
45.00%	49.999%	40	2.90%	76.16%
50.00%	54.999%	57	0.54%	76.70%
55.00%	59.999%	38	2.34%	79.05%
60.00%	64.999%	52	1.53%	80.57%
65.00%	69.999%	48	0.57%	81.14%
70.00%	74.999%	41	1.41%	82.56%
75.00%	79.999%	50	0.61%	83.17%
80.00%	84.999%	46	0.33%	83.50%
85.00%	89.999%	56	1.55%	85.06%
90.00%	94.999%	57	0.85%	85.90%
95.00%	99.999%	134	2.86%	88.76%
	100.000%	12,801	11.24%	100.00%
TOTAL		21,020		