

APPENDIX B-27: UTAH

- Overview
- Public Policy
- Regulatory Affairs
- Tax Policy
- Innovation
- Workforce
- Education
- Cost of Market Entry



Business Poll Ranking	
CEO Confidence	12
CNBC	3
<i>Forbes</i>	2
Pollina	3
Site Selection	N/A

Overview

Utah, a relatively small state geographically, is quickly becoming a giant in terms of business friendly environments. According to the Governor Jon Huntsman's State of the State Address, Utah's economy has been growing rapidly over the past few years at a rate of 5% and recruits nearly 80,000 people to the state annually.¹ These numbers indicate that Utah was the fifth-fastest growing state in 2006 and today the state can boast that it has the nation's lowest unemployment rate at 2.5%, a full 2 points *below* the national average.²

Leading factors behind Utah's economy have traditionally been mining, cattle ranching, tourism, and salt and petroleum production. Recently, however, emphasis has been made to develop the state's technology and also provide financial encouragement to innovators.

According to the state rankings by *Forbes*,³ which ranks states' business climate on a scale of 1-50 (with a ranking of one being the best), Utah came in with an overall ranking of 2nd in the nation.⁴ This ranking puts Utah up two places from its previous ranking and places it just behind the Commonwealth of Virginia in terms of business friendliness. In this robust Utah economy, the least favorable business sector rating was regulatory environment, which held only a moderate ranking. Furthermore, this ranking can largely be attributed to higher utility rates which are common among the western states.

¹ John Huntsman, Jr. "State of the State Address." Salt Lake Air Base. Salt Lake City, UT. 17 Jan. 2007.

² Huntsman.

³ Kurt Badenhausen. "Special Report: The Best States for Business." *Forbes Magazine*. July, 2007. http://www.forbes.com/business/2007/07/10/washington-virginia-utah-biz-cz_kb_0711bizstates.html

⁴ Badenhausen.

Utah's <i>Forbes</i> Rankings	
Overall Rank	2
2006 Rank	4
Business Costs Rank	12
Labor Rank	11
Regulatory Environment Rank	17
Economic Climate Rank	9

Public Policy

The “State Competitiveness Report (SCR) 2007,”⁵ a study by the Beacon Hill Institute ranks a state’s ability to produce high income, and generally create a better quality of life for its citizens. The rankings compare all the states and rank them 1-50 (with a ranking of one being the best). In this study, Utah received the best overall ranking in the country. Utah’s success is primarily based on its government and the fiscal policy in the state which ranks as the second best in the country.

Utah’s most recent public policies have been focused on the development of a hospitable business climate within the state. An integral part of creating this environment has been maintaining low tax rates across the board. However, with Utah showing strong economic vitality, the current Governor, Jon Huntsman, is expanding his policy reach to other areas such as environmental policy/climate change policy; healthcare and education. A brief overview of Utah’s recent governmental policies can be found in the following pages.

Global Warming/ Climate Change

Governor Huntsman has dedicated himself to pursuing strong pro-environmental policies to combat global climate change. In early May 2007, Governor Huntsman joined the Climate Registry which encourages Utah’s businesses and government agencies to voluntarily submit to standardized testing that measures levels of greenhouse gases.⁶ In doing so, Utah joined 30 other states committed to the same policies.

Shortly after his decision to join the Climate Registry, Governor Huntsman joined the Western Regional Climate Initiative, a state partnership founded by Governor Schwarzenegger of California.⁷ The states, which also include Oregon, New Mexico, Arizona, and Washington have agreed to work together to come up with mutual regulations geared at curbing climate change. Currently, no specific terms of the agreement have been set. However, the governors have agreed to a general plan to

⁵ David Tureck, Jonathan Haughton, Frank Conte, and Christopher Doyon. State Competitiveness Report 2007. Boston: Beacon Hill Institute for Public Policy Research at Suffolk University, 2007. 59. <http://www.beaconhill.org/Compete07/Compete2007State.pdf>.

⁶ Judy Fahys. “Utah Joins 30 Other States In Effort To Control Climate Change.” The Salt Lake City Tribune. Lexis Nexis Universe. Online. 9 May 2007.

⁷ Judy Fahys. “Climate Change: Guvs to Team Up.” The Salt Lake City Tribune. Lexis-Nexis Universe. Online. 20 May 2007.

reduce carbon emissions and engage in a “cap and trade market” for carbon credits, whereby manufacturers of energy can gain credits for tons of carbon that have been reduced to acceptable levels. These credits can be sold to other companies who are struggling to regulate and need to escape penalty, thereby creating a new business market in the region. Moreover, Governor Huntsman views the effort to reduce carbon as a great business opportunity to create for the state’s technology and nuclear power industries.⁸ Once the new guidelines are agreed upon, these businesses will have incentives to invest in technological innovations that will lead to the growth of jobs within the state.⁹

While Governor Huntsman’s decision to sign onto the agreement has been praised throughout the country, some business leaders and conservative state law makers have been less enthusiastic.¹⁰ Many of these business leaders have complained that the state has committed itself to costly regulations without waiting to get details on how these businesses will have to adapt to the change.¹¹ These leaders worry that overly stringent regulations could harm the state’s economy which has grown so strong in recent years. Furthermore, legislators want to have the opportunity to debate the issue and the science behind climate change before agreeing to specific regulations.¹² Nevertheless, the governor’s office response is to persuade business and legislative leaders alike about the positive effects creating alternative energies would have for the state economy.¹³

Healthcare

In August of 2007, Governor Huntsman outlined a plan to provide universal healthcare in the state.¹⁴ The governor’s plan would mandate that all Utah citizens have health insurance through a nonprofit exchange that would facilitate the purchase of insurance.¹⁵ Under this plan, the exchange would act as a facilitator in the offering and availability of different health plans. However, it would not serve as a government-sponsored insurer or regulator.¹⁶ The governor hopes that this plan will be debated in the 2008 legislature and enacted in 2009 if it is approved.¹⁷

Economic Development

Governor Huntsman has identified one of his priorities as revamping the state’s tax code to promote a healthy business environment. One of the priorities he has discussed was creating a new income tax structure that rewarded businesses for long term economic

⁸ Joe Bauman. “Guv Commits State To Climate Accord.” Dessert Morning News. Lexis-Nexis Universe. Online. 22 May 2007.

⁹ Bauman.

¹⁰ Fahys, “Climate Change: Guvs to Team Up.”

¹¹ Fahys.

¹² Fahys.

¹³ Fahys.

¹⁴ Mark Haynes. “Governor’s Office Outline’s A Plan to Simplify Health Insurance.” The Salt Lake Tribune. Lexis-Nexis Universe. Online. 11 Aug . 2007.

¹⁵ Haynes.

¹⁶ Haynes.

¹⁷ Haynes.

growth.¹⁸ His proposals included eliminating burdensome service taxes while creating tax incentives that would not only spur domestic industrial development, but also make Utah a viable and attractive recruiter for businesses based in other states.

Currently the governor has had a major restructuring of the state income and sales taxes. This legislation was passed by the state legislature and is waiting to take effect in 2008.¹⁹ A more detailed description of these changes will be discussed in the taxes section

Regulatory Affairs

Utah is ranked in *Forbes* as having a moderate regulatory environment. In this category, the state is ranked 17th out of 50 states.²⁰ Meanwhile, the surrounding states of Arizona, Nevada, Oregon, and Washington are ranked 37th, 34th, 31st and 5th, respectively. A large motivating force behind Utah's mediocre rating is relatively high state utility rates that are fairly common in the western states.

Utilities

Utah has moderate gas taxes when compared to the national norm. However, these taxes are relatively high when compared to the rest of the states in the Mountain State Region. For example, The Small Business Survival 2007 Index (SBS) places Utah just below average at 28th for high gas taxes in the country when compared with the rest of the nation on a scale of 1-50.²¹ Utah's gas tax prices also place the state near the bottom of the Mountain State Region as the surrounding states of Wyoming, New Mexico, Arizona, and Colorado place 2nd, 7th, 10th and 22nd respectively, with only Nevada placing higher at 42nd.²²

However, Utah's comparatively high gas taxes in the region are somewhat buffered when it comes to its lower electricity rates. The SBS Index places Utah 11th out of all US states in terms of favorable utility rates.²³ Within the Mountain State Region, only Wyoming is lower than Utah with its ranking of the 3rd best electric rates nationwide. Meanwhile, the states of Arizona at 30th, Colorado at 24th, New Mexico at 17th, and Nevada at 35th are ranked far less favorably than Utah.²⁴

Litigation

¹⁸ Glen Warchol. "Governor Signs Historic Tax Package" The Salt Lake Tribune. Lexis-Nexis Universe. Online. 15 Mar. 2007.

¹⁹ Warchol.

²⁰ Badenhausen.

²¹ Raymond J. Keating. Small Business Survival Index 2006: Ranking the Policy Environment for Entrepreneurship Across the Nation 11th Annual Edition. Small Business & Entrepreneurial Council, Washington, DC, 2006.
http://sbecouncil.org/Media/pdf/SBSI_2007.pdf?CFID=514256&CFTOKEN=91743709

²² Keating.

²³ Keating, 36.

²⁴ Keating.

According to the Institute for Legal Reform, which ranks states according to various areas of the litigation process, Utah's legal system presents a relatively non-threatening atmosphere for business owners. The state is ranked 9th out of the 50 states in terms of the quality of its state liability system.²⁵ Furthermore, the state is ranked among the top third of states in nearly every category and is ranked 18th in "overall tort and contract litigation." At the same time it is ranked 14th in "dismissals by summary judgment" where a case would be dismissed early in the process. This study suggests that while courts receive a moderate amount of litigation in Utah, they are more effective than most other states at disposing of frivolous claims quickly. This prevents the legal process from wasting litigant's time and saves the court from a backlog of cases. Particularly interesting is that Utah's strongest ranking was in the area of "punitive" (monetary punishment beyond compensation) awards where the state is ranked 5th in the nation for the most reasonable awards. Utah's court rankings appear to be more favorable to the employer, and therefore attractive to business owners who are looking to do business in the state.

Tax Policy

Evidence from the 2008 State Business Tax Climate (SBTC)²⁶ and Small Business Survival (SBS) Indexes would suggest that Utah is a "mixed bag" when it comes to state taxes. These studies rate all state tax rates and score them on a scale of 1-50 (with a ranking of one being the best). Some tax rates, such as the sales and property taxes, are ranked among the best in the nation. Meanwhile, other taxes such as the personal income and sales taxes received mediocre rankings. However, with respect to the latter rankings, these indexes measure the taxes from the previous year and therefore do not reflect the legislative action to improve these taxes when they take effect in January of 2008. This legislation will likely improve Utah's standing in future indexes.

Individual Income Tax

In 2007, Utah's personal income tax was ranked below average by both the SBTC at 30th²⁷ and SBS at 26th²⁸. These rankings looked even worse when comparing Utah to other Mountain States such as Wyoming and Nevada, which shared the best income tax rates in both indexes. Moreover, the indexes also had the state falling behind Colorado and New Mexico. Therefore, it is understandable that many politicians and citizens felt the tax was ready for reform.

Utah's original income tax was a complicated six-tiered structure with the lowest earners paying 2.3% on their income²⁹ and all other tiers paying a flat fee plus a fixed percentage on all income outside their tax bracket. This structure required Utah's highest earners to

²⁵ "Lawsuit Climate 2007: Rating the States" The Institute for Legal Reform. 2007.

http://www.instituteforlegalreform.com/lawsuitclimate2007/pdf/Overall_Rankings_of_States.pdf

²⁶ Chris Atkins and Curtis Dubay. "2008 State Business Tax Index." The Tax Foundation. October, 2007. 10. <http://www.taxfoundation.org/files/bp57.pdf>

²⁷ Atkins and Dubay.

²⁸ Keating, 28.

²⁹ Tax Brackets and Rates for the 2006 Tax Year. Utah State Tax Commission. Revised 27 Apr. 2007. The Official Website for the State of Utah. <http://incometax.utah.gov/>

pay a set rate of \$240 in addition to nearly 7% on all taxable income over \$5,500.³⁰ Complicating that rate even further, state citizens could lower their rate by searching through numerous tax deduction options.

In the spring of 2006, the Governor and the state legislature began to work on a major tax overhaul which simplified the previously complicated income tax system and proposed creating a flat income tax rate. Because of the radical change in tax structure, a transitional buffer zone was put in place for the taxable year of 2006. Utah citizens were provided with a dual tax structure where citizens could either pay the rates that they are accustomed to paying, or switch to the simplified flat tax rate.³¹ This overhaul was completed in March 2007, when legislators passed a 5% single-rate schedule that contained tax credits for children, charitable giving and mortgage payments.³² In January of 2008, the new flat tax will become the mandatory and is expected to save taxpayers an estimated \$110 million.³³ It is likely that this monumental shift in tax policy will improve the state's personal income tax rating in future SBS and SBT indexes.

Sales Tax

For the 2007 tax year the state sales tax had a base of 4.75% and localities had the option of levying an additional tax which usually amounted to a total sales tax range of 5.25% to 7%.³⁴ This tax was maligned in the SBT and SBS indexes where it was ranked quite poorly. The SBT index ranked it at 27th,³⁵ while the SBS survey ranked the tax particularly high at 37th in the nation.³⁶

In 2007, in an effort to reform the state's sales tax, legislators cut the base rate by 0.1% bringing it down to 4.65%, which will take effect January 1, 2008. Legislators followed this cut by also lowering an unpopular "food tax," a tax on unprepared food, by 3%, saving tax payers an estimated \$40 million on that cut alone.

Corporate Income Tax

Currently the corporate income tax rate is 5% on taxable income with a minimum payment of \$100 depending on which amount is greater.³⁷ The Utah Corporate Income tax remains widely praised in the state tax indexes by placing it in the top ten corporate tax rates in the country. The SBS index ranks the state's corporate income tax at 9th nationally,³⁸ while the SBT index ranks it even higher at 5th in the country.³⁹ However,

³⁰ [Tax Brackets and Rates for the 2006 Tax Year.](#)

³¹ Jonathan Williams. "Utah's New Flat Tax." [Tax Policy Blog.](#) The Tax Foundation. 22 Sep. 2006. <http://www.taxfoundation.org/blog/show/1855.html>

³² Warchol.

³³ Bob Bernick Jr. "5% single-rate likely". [The Desert News.](#) 23 Feb. 2007.

http://findarticles.com/p/articles/mi_qn4188/is_20070223/ai_n18640005/pg_1

³⁴ "Utah Sales and Use Tax Rate Changes." Revised 4 Dec. 2007. Utah State Tax Commission. <http://www.tax.utah.gov/sales/ratechanges.html>

³⁵ Atkins and Dubay, 10.

³⁶ Keating, 33.

³⁷ "Corporate Income Tax." Utah State Tax Commission. Revised November, 2006. <http://tax.utah.gov/corporate/>

³⁸ Keating, 30.

both indexes still place Utah behind the fellow Mountain States of Nevada and Wyoming which, in addition to being 1st in personal income tax rates, are tied for the best corporate tax rates in the country.⁴⁰

Corporate Tax Credits/Tax Incentives

Utah provides tax incentives in the form of tax credits, deductions, and allocation formula adjustments. These incentives are intended to encourage business investment and economic development within the state.

Job Creation Credit: A \$750 tax credit for each new full time position filled for at least six months during the tax year.⁴¹ An additional \$500 tax credit if the new position pays at least 125% of the county average monthly wage for the respective industry (determined by the Utah Dept. of Employment Security). In the event this information is not available for the respective industry, the position must pay at least 125% of the total average monthly wage in the county.

New Employee Healthcare Credit: An additional \$200 tax credit, for two consecutive years, for each new employee insured under an employer-sponsored health insurance program if the employer pays at least 50% of the premium.⁴²

Recycling Business Credit: Eligible recycling businesses that are located in designated Recycling Market Development Zones qualify for 5% Utah tax credit on machinery and equipment, 20% Utah tax credit, up to \$2,000, on eligible new expenditures, technical assistance from Utah recycling economic development professionals, and various local incentives.⁴³

Research Activity Tax Credit: This credit is for expenses incurred for increasing qualified research activities in Utah. A qualifying taxpayer may claim the credit in the taxable year immediately following the taxable year for which the taxpayer qualifies for the credit. The credit is nonrefundable, meaning it may not exceed the tax due for the year, and any excess credit is lost.⁴⁴

- A credit of 6% for payments to qualified organizations for basic research (as provided in IRC Section 41(e)), for the current taxable year, that exceed the base amount.
- A qualifying taxpayer may take the following nonrefundable credits for research activities in Utah: A research credit of 6% of the taxpayer's

³⁹ Atkins and Dubay, 10.

⁴⁰ Atkins.

⁴¹ "Enterprise Zones." Utah State Tax Commission. Revised 1 Jan. 2007.
http://incometax.utah.gov/credits_enterprisezone.php

⁴² "Enterprise Zones."

⁴³ "Recycling Market Economic Development Zones." Utah State Tax Commission. 1 Jan. 2007.
http://incometax.utah.gov/credits_recyclingmarket.php

⁴⁴ "Research Activities." Utah State Tax Commission Revised. 1 Jan. 2007.
http://incometax.utah.gov/credits_research.php

qualified research expenses for the current taxable year that exceed the base amount

Work Opportunity Tax Credit (WOTC): The WOTC is a tax credit program that provides employers with an incentive to hire legal workers who face significant barriers to employment.⁴⁵ A brief description of target groups includes:

- A member of a family that is receiving or recently received Temporary Assistance to Needy Families (TANF) for at least 18 consecutive months ending on the hiring date
- A member of a family that is receiving or recently received TANF benefits for any 9-month period during the 18-month period ending on the hiring date
- An 18-39 year old member of a family that is receiving or recently received Food Stamps
- A veteran who is a member of a family that is receiving or recently received Food Stamps
- A Vocational Rehabilitation Referral who completed or is completing rehabilitative services from a state-certified agency, an Employment Network, or the US Department of Veterans Affairs
- An ex-felon who has been convicted of a felony and has a hiring date which is not more than one year after the last date on which he was so convicted or released from prison
- A recipient of Supplemental Security Income (SSI) benefits

The WOTC program is only for new hires, and annual tax credits for hiring most target group members can be as much as \$2,400 for each new adult hire, \$1,200 for each new summer youth hire, and \$9,000 for each new long-term family assistance recipient hired over a two-year period.

Innovation

The New Economy Index⁴⁶ (NE) rates the states according to advancements in innovation and success in an increasingly technology-driven economy (with a rating of one being the best). In this study, Utah ranked very well at 12th in the nation. In addition, the SCR ranks Utah especially high for technological innovation at 6th out of all 50 states.⁴⁷

Utah has made great strides in recent years to expand development of science, technology, and general innovation within the state. In 2006 the state legislature created the Utah Science Technology and Research Initiative, better known as the USTAR

⁴⁵ “Workforce Opportunity Tax Credit.” Department of Workforce Services.

<http://jobs.utah.gov/employer/Business/wotc.asp>

⁴⁶ Robert Atkinson and Daniel K. Correa. *The 2007 State New Economy Index.: Benchmarking Economic Transformation in the States.* Innovation Technology and Innovation Foundation. February, 2007. 13.

http://www.kauffman.org/pdf/2007_State_Index.pdf

⁴⁷ Tureck, et al, 59.

initiative.⁴⁸ The mission of this organization is to promote and encourage local commercialization of discoveries and technologies emanating from the state's public research universities to regional applied technology centers, colleges, businesses, and entrepreneurs. Although USTAR was just created in 2006, it has already had enormous success by allocating nearly \$20 million in start-up costs to new businesses.⁴⁹ In addition, USTAR has also used its funds to recruit professors from other major universities and has placed them at Utah State Universities to continue their research and also instruct the next generation of scientists and inventors.

National studies that rank the states for their progress in innovations and technology have been extremely complimentary toward Utah. The 2006 Beacon Hill State Competitiveness Report (SCR)⁵⁰ and the 2007 New Economy (NE) Index⁵¹ measure state economic indicators and rank them according to other state results (with a rating of one being the best) in a particular economic sector. Both indexes give Utah high marks in the fields of technology and innovation. Utah ranked particularly high in regards to patents, which are crucial to determining a new competitive advantage in specific markets. The NE Index ranked Utah 2nd in the country for patents per 1000 inhabitants and the state ranked 18th in the SCR, which measures a slightly larger sample of 100,000 people.

An important factor behind Utah's success in patents and inventions has been academic and state funding. With respect to university contributions to technological research and development, the state ranked as the 15th best in financial support in the SCR.⁵² Some of this university support came in the form of a university sponsored state-wide challenge for all college students to submit invention ideas.⁵³

These competitions and similar monetary grants from the public sector are especially beneficial in two respects. First, they yield new product innovators that may not have otherwise had the funding to fully develop their ideas. Additionally, the financial support of these innovators helps to develop their ideas. Moreover the efforts of new inventors have the potential to bring, a greater knowledge for advancement of a particular industry.

Workforce

Utah's workforce is recognized by national employers as a key asset in terms of education and preparation for the workforce. The SCR rates a state's workforce largely by its category of "human resources." In this particular category, Utah is ranked 8th out of 50.⁵⁴ The state places particularly well in the categories of workers with a high school degree at 2nd, workers enrolled in a degree granting institution also at 2nd, and the

⁴⁸ "About Us." Utah Science and Technology and Research Initiative. State of Utah. <http://ustar.utah.gov/>

⁴⁹ Wendy Leonard. "USTAR Hailed As An Economic Success." *Dessert Morning News*, 27 Oct. 2007. <http://www.deseretnews.com/home>

⁵⁰ Tureck, et al.

⁵¹ Atkinson and Correa, 37.

⁵² Tureck, et al.

⁵³ "Tech Titans State-wide Competition Encourages Inventors to Develop Their Ideas." *US State News*, 2 Apr. 2007.

⁵⁴ Tureck, et al, 59.

number of workers in the labor force ranking 12th. Additionally the state benefits from an excellent unemployment rating of 6th.⁵⁵

According to the US Census Bureau, just over 26% of the state's resident population over the age of twenty-five has received at least a bachelor's degree.⁵⁶ This is 1.7% higher than the national average. Moreover, the SCR rates Utah 10th in the country for having the most scientists and engineers as part of the labor force.⁵⁷ This is a slight regional 2nd in this category, falling just below Washington State.⁵⁸

Utah's labor force ranking with respect to a business friendly environment gets even brighter when looking at its unionization level. Utah, a right to work state, has a unionization rate of only 5.4%, the 8th lowest in the country.⁵⁹ The State Competitiveness Report ranks Utah's current minimum wage of \$5.85 as the lowest in the country and the best for employers nationwide.⁶⁰ In the next year, the Utah's state minimum wage increase will parallel the federal rate and will move up to \$7, but will likely still remain the lowest in the country. These business friendly factors may explain why Utah can boast the nation's 2nd lowest unemployment rate at just 2.2%.⁶¹

Education

If there is one area where the state of Utah can stand to make a large improvement it is in the field of education. According to the *US News and World Report* rankings only one of the state's public or private universities, Brigham Young University, was ranked among the top 100 universities nationwide.⁶² Moreover, none of the state's engineering programs were ranked among the nation's top 50 in the latest report.

According to the US Chamber of Commerce's "*Leaders and Laggards: A State by State Report Card on Educational Effectiveness*" study, Utah's younger students perform about average on academic proficiency tests; however, minority students perform a little better with 22% scoring over the national proficiency level. Additionally, the 11th and 12th graders perform exceptionally well on advance placement examinations. Furthermore, upper level high school students are generally well prepared for college, despite an average rating for their academic criteria.⁶³

⁵⁵ Tureck.

⁵⁶ "Utah Quick Facts." 31 Aug. 2007. The US Census Bureau.
<http://quickfacts.census.gov/qfd/states/49000.html>

⁵⁷ Turek, et al.

⁵⁸ Turek. 66.

⁵⁹ "Union Affiliation Of Employment Wage And Salary Workers By State." 26 Jan. 2007. Union Membership (Annual). United States Department of Labor: Bureau of Labor Statistics. Table 5.
<http://www.bls.gov/news.release/union2.t05.htm>.

⁶⁰ Tureck, et al. 59

⁶¹ Huntsman.

⁶² "America's Best Colleges 2008." US News and World Report. 2007.
http://colleges.usnews.rankingsandreviews.com/usnews/edu/college/rankings/rankindex_brief.php

⁶³ Institution for a Competitive Workforce "Leaders and Laggards: A State by State Report Card on Educational Effectiveness." US Chamber of Commerce, 2007.
<http://www.uschamber.com/icw/reportcard/default>

Cost of Market Entry

The overall cost of doing business in Utah is ranked 37th in the nation, according to a national study by the nonprofit Millken Institute 2007 Cost of Doing Business.⁶⁴ This study includes costs for wages, taxes, electricity, and industrial and office rents. While the ranking may seem high for a state that is consistently gaining jobs, a motivating force behind Utah's poor rating may be the Millken's Institute score of 15th for Utah's tax structure. As mentioned in the taxation section, these state taxes will undergo a massive restructuring starting January 2008.

New regulations imposed by the governor's environmental policies will likely pose some difficult challenges for small business owners already struggling to contain their carbon emissions. However, the regulations due to be imposed by the western states alliance have not yet been specified. Therefore, the impact that the alliance will have on state business is yet to be determined.

Unionization in this right-to-work state is extremely low at 5.4%. Compared to all states, Utah has the second-lowest unionization rate. Moreover, the state has the nation's lowest minimum wage rate at \$5.85, the same as the federal level. In addition, this rate will parallel the federal level as minimum wage rises to \$7 next year.

Finally, while Utah has one of the higher gas taxes in the Mountain State Region, it still ranks as a relatively moderate cost when compared to the rest of the country. Moreover, employers who may express concern with the cost of utilities may take some comfort in the fact that Utah has the 11th best utility rates in the country.

⁶⁴ "2007 Cost of Doing Business Index." Milken Institute. December, 2006.
<http://www.milkeninstitute.org/pdf/2007CostofDoingBusiness.pdf>