

**Government of the
District of Columbia**



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**Tax Rates and Tax Burdens
In The District of Columbia -
A Nationwide Comparison**

2002

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**Tax Rates And Tax Burdens In The District of Columbia:
A Nationwide Comparison**

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EXECUTIVE SUMMARY

State and local tax systems in the United States are widely diverse. The 50 states and the District of Columbia employ a broad range of taxes and fees to fund state and local government operations. The combination of taxes and fees utilized by a particular jurisdiction is dependent upon many factors, including revenue needs, the tax base of the local government, the fiscal relationship between the state and local governments, and the level of local government services demanded by residents.

The District's tax structure includes taxes typically imposed by local governments, such as real and personal property taxes, deed taxes, and others. At the same time, the District's tax structure also includes taxes usually associated with the state level of government, such as the individual and corporate income taxes, sales and use taxes, excise taxes and motor vehicle-related taxes. Sixty percent of the District's locally generated revenues come from taxes usually administered by a state.

Although the District has both these state and local fiscal features, the actual tax structure is not complemented by the typical state or local economic base. There are many examples, such as:

- Manufacturing, an important industry in the economic and tax bases of many major cities, is largely lacking in the District.
- Unlike every state in the nation that has an income tax, Washington, D.C., does not have the authority to tax nonresident income earned within its borders. Nonresidents earn about 2/3 of all income in the District of Columbia.
- About 36 percent of all property value in the District is exempt from property taxation due to the federal and diplomatic presence (23 percent) as well as other tax-exempt properties (13 percent).
- About 6.1 percent of sales are not subject to sales and use tax in the District due to military and diplomatic exemptions.
- The District has a relatively high percentage of low-income taxpayers, which further limits the District's revenue-raising capacity.

Despite these limitations in the tax base, the District of Columbia funds most of the functions usually provided by state and local levels of government. The non-municipal functions include responsibility for welfare programs, physical and mental health care and maintenance of the public education system -- including a "state" university.

To provide an adequate level of funding for these state and local responsibilities given the limited tax base, the District's tax rates often are higher than those in the states. Data from the U.S. Bureau of the Census indicate that in 1991, the District's overall per capita tax collections were higher than those of 49 states. For some tax types, however, the District's taxes are lower than most states.

The state and local tax rates for different types of taxes vary among jurisdictions. For example, all 51 cities in this study levy a tax on real property located within the city, yet effective tax rates range from a high of \$3.86 per \$100 of assessed value in Bridgeport, Connecticut to \$0.37 per \$100 of assessed value in Honolulu, Hawaii. In addition, several jurisdictions allow tax exemptions and credits in the calculation of the real property tax. The District of Columbia has a \$30,000 homestead deduction for owner-occupied residences as well as other credits.

Residents in 46 of the 51 cities studied are subject to some form of sales and use tax. The highest sales tax rates are found in Memphis, Tennessee and New Orleans, Louisiana. Residents of Honolulu, Hawaii, and Virginia Beach, Virginia pay the lowest sales tax rates.

All 51 cities in this study levy some type of automobile registration fee or tax -- usually either a flat rate per vehicle or a sales tax based upon the value of the vehicle. In addition, personal property taxes are levied in 14 of the cities.

Residents of 44 of the 51 cities in this study are subject to some type of individual income tax at the state and/or local levels. There are several types of individual income tax systems, including graduated state and local rates, graduated state and flat local rates, flat state and local rates, state tax rates as a percent of federal income tax liability, graduated state tax rates and flat state rates with exemptions.

No single pattern of taxation characterizes a high tax burden or a low tax burden city. Details concerning the various taxes levied and why the tax burdens differ from one jurisdiction to another are presented in this publication. Part I of this publication compares tax burdens in the District of Columbia with those of the largest city in each state. Part II of this publication contains a compendium of tables which illustrate the tax rates in the District of Columbia and the 50 states for 13 different types of taxes.

ACKNOWLEDGMENT

Each year the Government of the District of Columbia, Office of the Chief Financial Officer, Office of Research and Analysis publishes several reports, which provide information to the citizens and taxpayers of the District of Columbia. The reports contain information about the rates and burdens of major taxes in the District of Columbia compared with states and other large cities in the United States.

This publication contains two reports: (I) Tax burdens in Washington, D.C., Compared with Those in the Largest City in Each State, 2002 and (II) A Comparison of Selected Tax Rates in the District of Columbia with Those in the 50 States: A Compendium of Tables. This information is requested annually by committees of the U.S. Congress and the District of Columbia Council and is provided pursuant to Public Law 93-407.

Questions and comments concerning these publications should be addressed to: Edward W. Wyatt, Tax Research Specialist, Revenue Estimation and Tax Research Administration, Office of Research and Analysis, 441 4th Street, NW, Suite 400 South, Washington, D.C. 20001, telephone (202) 727-7775.

Our appreciation is extended to the many state and local officials who reviewed draft reports. Their cooperation in providing information and their helpful suggestions make this publication possible.

Julia Friedman, Ph. D.
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Part I

**Tax Burdens In Washington, D.C.,
Compared With Those In
The Largest City In Each State**

2002

OVERVIEW

State and local tax systems in the United States are diverse. The 50 states and the District of Columbia employ a broad range of taxes and fees to fund state and local government operations. The combination of taxes and fees utilized by a particular jurisdiction is dependent upon many factors, including revenue needs, the tax base of the local government, the fiscal relationships between state and local government, constitutional and legal limitations on the powers of taxation, taxpayer demand for government services, and other factors.

"Tax burden" is defined in this study as a measure of the tax paid by a taxpayer under a specified set of conditions. This study defines a specified set of conditions and computes corresponding tax burdens in 51 different jurisdictions. These tax burdens are then compared. Useful information and insights can be gleaned from such a comparison. In evaluating or interpreting these comparisons, however, consideration should be given to circumstances specific to each jurisdiction, which may affect tax burdens. Such circumstances can include greater local demand for services, greater local costs of producing services, and the use of revenue sources other than taxes to finance certain services.

This study compares tax burdens in 51 different locations **for a hypothetical family of four**. The major state and local tax burdens for the family in the District of Columbia are compared with those in the largest city in each state. It must be emphasized that these burden comparisons reflect the assumptions used in their computation. For this reason it is important to study the methodology used in the report before drawing conclusions about the relative levels of taxation in each of the cities.

This is an ongoing study, published annually and readers are advised not to compare the hypothetical tax burdens across years; any number of small changes in state and/or local tax policy or in the assumptions of the study can result in misleading information under such comparisons. The purpose of the study remains to compare tax burdens on a hypothetical household in different jurisdictions in a specific year, and not over time.

CHAPTER I

How Tax Burdens Are Computed For The Largest City In Each State

The majority of taxpayers in the United States are aware that the amount of state and local tax liability of an individual taxpayer varies from one jurisdiction to another. The extent of these differences in state and local tax burdens across the country, however, may not be fully recognized.

States and local jurisdictions differ in many aspects of their taxing systems. The relationship of state taxes to federal tax law is one of several factors causing differences in tax burdens from one state to another. Other differences reflect decisions by state and local governments on what should and should not be subject to tax. For example, several states do not levy an individual income tax, although for many others it represents a major source of state funding. Tax burdens also differ because some states can shift a larger portion of governmental costs to business and may be able to "export" some of their tax burden. This was once true for energy producing states, several of which have been forced to broaden the bases of their taxes because of the long-term decline in real energy prices.

This report compares the state and local tax burdens of hypothetical households in Washington, D.C., with the burden for the largest city in each of the 50 states for 2001. The four major taxes used in the comparison are the individual income tax, real property tax on residential property, general sales and use tax, and automobile taxes, including gasoline tax, registration fees, excise tax and personal property tax. This study does not incorporate the effects of differing local tax burdens on the federal individual income tax burden. Income and property taxes are deductible in computing federal income taxes and the effect of federal deductibility is to reduce the overall difference in tax burdens between jurisdictions.

All tax burdens reflect state and local tax rates. Tax burdens are compared for a hypothetical family that consists of two wage-earning spouses and two school-age children. The gross family income levels used are \$25,000, \$50,000, \$75,000, \$100,000 and \$150,000. The wage and salary split is assumed to be 70-30 between the two spouses. All other income is assumed to be split evenly. The family at each income level is assumed to own a single family home and to reside within the confines of the city. All wage and salary income is further assumed to have been earned in the city. The particular assumptions used in the calculation of each major tax type are indicated on the following pages.

Individual Income Tax

The five income levels used in this study are divided between wage and salary income and other types of income as follows:

Gross Income		Long-Term Wages And Salaries	Interest	Capital Gains 1/	2002 Federal AGI
\$ 25,000	Spouse 1	\$17,200	\$ 200	0	\$ 25,000
	Spouse 2	7,400	200	0	
\$ 50,000	Spouse 1	\$34,000	\$ 500	0	\$ 50,000
	Spouse 2	15,000	500	0	
\$ 75,000	Spouse 1	\$49,000	\$1,000	\$1,500	\$ 75,000
	Spouse 2	21,000	\$1,000	1,500	
\$100,000	Spouse 1	\$65,000	\$1,500	\$2,000	\$100,000
	Spouse 2	28,000	1,500	2,000	
\$150,000	Spouse 1	\$97,500	\$2,500	\$2,750	\$150,000
	Spouse 2	42,000	2,500	2,750	

1/ Assumes a three-year holding period

Because several states allow the deduction of all or part of an individual's federal income tax liability in computing the state income tax, it is necessary to compute the 2002 federal individual income tax at each income level using the above assumptions. Interest and long-term capital gains were fully or partially taxable at the federal level at the time period used for this report.

Many states in 2002 allowed taxpayers to begin their state income tax computations with federal adjusted gross income (A.G.I.) or federal taxable income. Other states do not use either of these two measures of federal income as a starting point.

Total itemized deductions, which were also used in the federal tax computation, were assumed to be equal to the following:

Deduction	Gross Income Level				
	\$ 25,000	\$ 50,000	\$ 75,000	\$100,000	\$150,000
Medical (Gross)	1,000	1,800	2,500	3,500	5,000
Nondeductible Medical	<u>-1,875</u>	<u>-3,750</u>	<u>-5,625</u>	<u>-7,500</u>	<u>-11,200</u>
Net Medical Deduction 1/	0	0	0	0	0
Deductible Taxes	2/	2/	2/	2/	2/
Mortgage Interest 3/	2,000	4,100	5,600	7,000	10,800
Contribution Deduction	700	1,500	2,200	3,000	4,600
Gross Miscellaneous	500	800	1,200	1,500	2,000
Nondeductible 4/	<u>-500</u>	<u>-1,000</u>	<u>-1,500</u>	<u>-2,000</u>	<u>-3,000</u>
Net Miscellaneous Deduction	0	0	0	0	0
Total Deductions-without taxes	2,700	5,600	7,800	10,000	15,400

- 1/ Nondeductible medical equals 7.5 percent of federal A.G.I. All or part of medical deductions may be allowed in some states.
- 2/ The tax deduction varies from city to city and is based on real and personal property taxes computed in 2002 study and individual income taxes computed in 2001 study.
- 3/ Non-mortgage interest is not deductible on federal returns.
- 4/ Nondeductible miscellaneous equals 2 percent of A.G.I.

The itemized deductions shown above are used in the calculation of the 2002 tax burdens. The 2002 deductible real and personal property taxes computed in the current years 51-city burden study is used for the 2002 property tax deduction. For the 2002 state and local individual income tax deduction, 2001 data were used as a proxy. These figures were used in computing the 2002 federal income tax burden for residents of each city as well as for the state and local tax burdens where appropriate. For those states not allowing their own state income tax as a deduction, it is not included in itemized deductions.

Real Property Tax

Real property tax burdens in the 51 cities are a function of residential real estate values, the ratio of assessed value to market value and the tax rate. Some jurisdictions allow certain deductions from the value of residential property before the tax is calculated while others allow credits against the calculated

real estate tax. These deductions and/or credits are normally limited to owner-occupied properties.

The property tax rates for each of the 51 cities, presented in Table 4, page 19, indicate a wide range in these rates. This information is based upon data received from various state research agencies and/or local assessors. In addition to tax rate differences presented in Table 5 (page 20), data indicate that the assumed market value of a residence for purposes of this study varies widely from one city to another at all income levels. For example, the assumed value of a residence at the \$75,000 income level ranges from a high of \$515,041 in Honolulu, Hawaii to a low of \$120,160 in Wichita, Kansas. The housing values for each income level for each city in Table 5 are derived using the following methodology:

- 1) The 2000 median single family housing value for each city obtained from the 2000 Census of Housing is compared to the city median family income **for homeowners** from the 2000 Census of Population. The resulting ratio of median housing value to median family income is the housing/income ratio shown in Table 5. For Washington, D.C., for example, the ratio is 3.40.
- 2) The housing values for the two middle income levels, \$50,000 and \$75,000, are derived by multiplying the housing/income ratio shown in Table 5 by the income level. Thus, for Washington, D.C., the housing values at the \$50,000 and \$75,000 incomes are computed as follows:

$$\$50,000 \times 3.40 = \$169,825$$

$$\$75,000 \times 3.40 = \$254,737$$

The housing values in Table 5 on page 20 are calculated on the basis of an unrounded housing to income ratio, which makes the result slightly different from that shown in the examples.

- 3) For the lowest income level, \$25,000, the cost of housing is assumed to be a greater proportion of income than the housing/income ratio derived above. For this income level, the housing/income ratio is increased by 5 percent, based on data from the United States Census Bureau. For Washington, D.C., the appropriate calculation at the \$25,000 level using the rounded ratio is:

$$\$25,000 \times 3.40 \times 1.05 = \$89,158$$

- 4) For the \$100,000 income level, housing costs as a percentage of income are assumed to be less than the derived ratio. The housing to income ratio is reduced by 5 percent. The appropriate calculation for Washington, D.C. is:

$$\$100,000 \times 3.40 \times .95 = \$322,667$$

- 5) For the highest income level, housing costs as a percentage of income are also assumed to be less than the derived ratio. The housing to income ratio is reduced by 10 percent at

the highest income level, again based on data from the United States Census Bureau. The appropriate calculation for Washington, D.C. is:

$$\$150,000 \times 3.40 \times .90 = \$458,527$$

The above methodology is an attempt to reflect the different values of housing in different parts of the country and at different income levels. Census data from 2000 are used because they are the only data comparable for all the jurisdictions in this study. It is important to note that these are **hypothetical** values based on income level and do not represent **average** values for a particular jurisdiction.

In computing property tax burdens, it is also necessary to consider the various exemptions and credits noted in Table 6 (page 21). The variety of real property tax exemptions, most of which apply only to residential real property, is very broad. Table 6 does not include the many senior citizen exemptions and credits available in a large number of states. Table 4 (page 19), which compares residential real estate tax rates for each city, does not reflect the various exemptions and credits noted in Table 6. The many senior citizen exemptions and credits available are also not reflected in Table 4, because seniors are not included in the hypothetical households of this study. However, the property tax burdens computed and shown in Table 1 of this study reflect the applicable provisions.

Sales and Use Tax

The sales tax burdens included in this study are based on information from the 2000 Bureau of Labor Statistics consumer expenditure survey (CES) and from information provided by the states in a sales tax survey. For the \$50,000 and \$100,000 income levels, the expenditures for each are derived by using the following methodology of dividing the amount purchase by the average income and multiplying that percentage by the \$50,000 and \$75,000. The same methodology is used for the other income levels; except the \$25,000 is increased by 5 percent, and the \$100,000 and \$150,000 income levels are decreased by 5 percent and 10 percent, respectively. The state and local general sales tax rates in each city are reported in Table 7, page 23.

Automobile Taxes

Automobile taxes included in this study are gasoline taxes, motor vehicle registration fees, excise taxes, and personal property taxes levied on automobiles. Table 10 (page 26) summarizes automobile ownership assumptions for each income level, including types of vehicles, weight, value and annual gasoline consumption.

CHAPTER II

Overall Tax Burdens For The Largest City In Each State

The major state and local tax burdens by tax type for the five different income levels used in this study are presented in Table 1 (pages 8-12). As reflected by data in Table 1, tax burdens across the 51 cities vary widely at all income levels. At the \$25,000 income level, the \$3,814 burden for Bridgeport, Connecticut is more than four times greater than the \$927 burden for Cheyenne, Wyoming.

Similarly, at the \$150,000 income level, the Bridgeport, Connecticut burden of \$25,642 is more than five times the Cheyenne, Wyoming, burden of \$4,827. The differences in the composition of state and local tax structures cause a wide variation in tax burdens at all income levels.

The highest overall tax burden occurs in Bridgeport, Connecticut followed by Newark, New Jersey; New York City, New York; and Philadelphia, Pennsylvania.

The lowest tax burdens for the 51 cities occur in Cheyenne, Wyoming followed by Anchorage, Alaska; Jacksonville, Florida; and Las Vegas, Nevada.

No single pattern characterizes a city with either a high or a low tax burden. Generally, however, high tax burden cities have a graduated individual income tax rate and/or high real estate tax rates, moderate to high housing values and cities located in the northeast. Low tax burden cities generally have a low individual income tax (if they have one at all) and average or below average real property tax rates. The regional pattern cannot be overlooked, as the three highest tax cities are located in the Northeast and the three lowest tax cities are located in the South and West.

Progressivity

The average 51-city total tax burden is 7.1 percent at the \$25,000 income level, 8.3 percent at the \$50,000 income level, 9.0 percent at the \$75,000 income level, 9.2 percent at the \$100,000 income level, and 9.3 percent at the \$150,000 income level.

Chapter II: Overall Tax Burdens For The Largest City In Each State

TABLE 1								
ESTIMATED BURDEN OF MAJOR TAXES FOR A FAMILY OF FOUR, 2002								
\$25,000								
RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	0	3,012	402	400	3,814	15.3%
2	Newark	NJ	223	2,995	325	139	3,682	14.7%
3	Philadelphia	PA	1,120	1,119	323	199	2,760	11.0%
4	Chicago	IL	459	1,028	530	303	2,320	9.3%
5	Portland	OR	878	1,180	0	184	2,241	9.0%
6	Birmingham	AL	1,162	328	552	187	2,228	8.9%
7	Louisville	KY	1,266	389	367	186	2,207	8.8%
8	Los Angeles	CA	0	1,490	413	251	2,154	8.6%
9	Providence	RI	0	1,510	368	274	2,152	8.6%
10	Detroit	MI	692	885	352	185	2,114	8.5%
11	Columbus	OH	792	756	335	181	2,064	8.3%
12	Atlanta	GA	415	998	457	166	2,035	8.1%
13	Milwaukee	WI	0	1,334	385	216	1,935	7.7%
14	Burlington	VT	0	1,439	311	169	1,919	7.7%
15	Little Rock	AR	497	682	500	226	1,905	7.6%
16	Des Moines	IA	395	828	392	256	1,871	7.5%
17	Seattle	WA	0	1,112	555	174	1,841	7.4%
18	Charlotte	NC	468	763	411	194	1,836	7.3%
19	Oklahoma City	OK	637	465	536	186	1,825	7.3%
20	Indianapolis	IN	792	597	304	106	1,798	7.2%
21	Virginia Beach	VA	580	671	324	219	1,795	7.2%
22	Kansas City	MO	539	548	456	248	1,791	7.2%
23	Omaha	NE	171	944	458	215	1,788	7.2%
24	Baltimore	MD	0	1,192	402	182	1,776	7.1%
25	Honolulu	HI	676	512	305	270	1,763	7.1%
26	Boston	MA	377	998	188	199	1,763	7.1%
27	Portland	ME	19	1,237	313	189	1,758	7.0%
28	Manchester	NH	0	1,428	171	148	1,748	7.0%
29	Salt Lake City	UT	334	702	469	228	1,733	6.9%
30	Memphis	TN	0	888	613	198	1,699	6.8%
31	Fargo	ND	109	1,026	358	200	1,693	6.8%
32	Phoenix	AZ	172	804	578	122	1,676	6.7%
33	WASHINGTON	DC	455	568	397	213	1,632	6.5%
34	Charleston	WV	582	413	399	231	1,625	6.5%
35	Houston	TX	0	849	528	185	1,562	6.2%
36	Jackson	MS	162	494	497	384	1,537	6.1%
37	Las Vegas	NV	0	813	359	315	1,487	5.9%
38	Albuquerque	NM	82	770	495	135	1,482	5.9%
39	Sioux Falls	SD	0	803	492	168	1,462	5.8%
40	Wilmington	DE	449	801	0	164	1,414	5.7%
41	Minneapolis	MN	0	828	365	219	1,412	5.6%
42	New York City	NY	0	956	385	67	1,408	5.6%
43	Columbia	SC	94	688	339	277	1,398	5.6%
44	Denver	CO	164	508	435	202	1,309	5.2%
45	Billings	MT	406	639	0	258	1,303	5.2%
46	Anchorage	AK	0	1,080	0	84	1,164	4.7%
47	New Orleans	LA	385	0	563	190	1,138	4.6%
48	Boise	ID	17	522	334	227	1,101	4.4%
49	Jacksonville	FL	0	466	405	199	1,070	4.3%
50	Wichita	KS	62	288	427	264	1,041	4.2%
51	Cheyenne	WY	0	353	458	116	927	3.7%
AVERAGE 1/			\$355	\$896	\$420	\$206	\$1,787	7.1%
MEDIAN			\$171	\$804	\$397	\$199	\$1,763	7.1%

1/ Based on cities actually levying tax.

TABLE 1								
ESTIMATED BURDEN OF MAJOR TAXES FOR A FAMILY OF FOUR, 2002								
\$50,000								
RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	316	5,737	766	570	7,389	14.8%
2	Newark	NJ	603	5,705	618	142	7,069	14.1%
3	Philadelphia	PA	3,630	2,131	614	206	6,581	13.2%
4	Baltimore	MD	2,391	2,270	766	188	5,615	11.2%
5	New York City	NY	2,517	2,074	733	75	5,400	10.8%
6	Providence	RI	1,038	2,876	701	606	5,221	10.4%
7	Milwaukee	WI	1,624	2,608	734	223	5,189	10.4%
8	Atlanta	GA	1,501	2,521	870	245	5,137	10.3%
9	Portland	OR	2,657	2,247	0	191	5,095	10.2%
10	Louisville	KY	3,081	1,034	698	253	5,066	10.1%
11	Chicago	IL	1,147	2,268	1,009	310	4,734	9.5%
12	Portland	ME	1,512	2,356	592	213	4,674	9.3%
13	Detroit	MI	2,093	1,685	671	207	4,656	9.3%
14	WASHINGTON	DC	2,316	1,342	754	218	4,631	9.3%
15	Columbus	OH	2,279	1,441	638	187	4,544	9.1%
16	Salt Lake City	UT	2,048	1,338	894	264	4,544	9.1%
17	Burlington	VT	1,031	2,741	593	174	4,539	9.1%
18	Des Moines	IA	1,699	1,771	747	308	4,525	9.1%
19	Boston	MA	1,993	1,901	386	216	4,496	9.0%
20	Charlotte	NC	1,965	1,454	782	256	4,457	8.9%
21	Los Angeles	CA	320	2,907	787	340	4,354	8.7%
22	Kansas City	MO	2,020	1,044	868	343	4,275	8.6%
23	Birmingham	AL	2,338	650	1,051	235	4,274	8.5%
24	Minneapolis	MN	1,661	1,639	695	253	4,249	8.5%
25	Little Rock	AR	1,651	1,299	952	298	4,200	8.4%
26	Omaha	NE	1,228	1,798	872	253	4,152	8.3%
27	Oklahoma City	OK	1,912	981	1,045	191	4,129	8.3%
28	Columbia	SC	1,652	1,409	645	410	4,116	8.2%
29	Honolulu	HI	2,031	1,107	582	279	3,999	8.0%
30	Virginia Beach	VA	1,796	1,279	617	266	3,958	7.9%
31	Jackson	MS	1,087	1,213	947	587	3,834	7.7%
32	Phoenix	AZ	866	1,705	1,101	147	3,820	7.6%
33	Indianapolis	IN	1,892	1,206	579	110	3,786	7.6%
34	Albuquerque	NM	1,095	1,530	943	153	3,721	7.4%
35	New Orleans	LA	1,275	1,020	1,073	210	3,578	7.2%
36	Boise	ID	1,573	1,133	637	234	3,576	7.2%
37	Wilmington	DE	1,852	1,525	0	170	3,547	7.1%
38	Charleston	WV	1,697	786	760	294	3,538	7.1%
39	Fargo	ND	626	1,955	681	206	3,468	6.9%
40	Seattle	WA	0	2,118	1,058	180	3,355	6.7%
41	Denver	CO	1,322	968	828	229	3,347	6.7%
42	Wichita	KS	1,327	785	814	349	3,275	6.5%
43	Manchester	NH	0	2,721	326	177	3,224	6.4%
44	Memphis	TN	0	1,691	1,168	203	3,063	6.1%
45	Billings	MT	1,526	1,218	0	282	3,025	6.1%
46	Houston	TX	0	1,823	1,006	190	3,020	6.0%
47	Sioux Falls	SD	0	1,529	938	173	2,640	5.3%
48	Las Vegas	NV	0	1,548	684	363	2,595	5.2%
49	Jacksonville	FL	0	1,331	772	206	2,309	4.6%
50	Anchorage	AK	0	2,058	0	86	2,144	4.3%
51	Cheyenne	WY	0	673	873	139	1,685	3.4%
AVERAGE		1/	\$1,595	\$1,807	\$802	\$247	\$4,153	8.3%
MEDIAN			\$1,526	\$1,548	\$754	\$218	\$4,152	8.3%

1/ Based on cities actually levying tax.

TABLE 1								
ESTIMATED BURDEN OF MAJOR TAXES FOR A FAMILY OF FOUR, 2002								
\$75,000								
RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	2,267	8,605	1,149	897	12,919	17.2%
2	Newark	NJ	1,060	8,558	928	263	10,808	14.4%
3	Philadelphia	PA	5,286	3,197	922	359	9,763	13.0%
4	New York City	NY	5,062	3,251	1,100	133	9,546	12.7%
5	Baltimore	MD	4,080	3,404	1,149	329	8,962	11.9%
6	Milwaukee	WI	3,122	3,949	1,100	391	8,562	11.4%
7	Atlanta	GA	2,701	4,124	1,306	384	8,514	11.4%
8	Portland	OR	4,522	3,370	0	328	8,220	11.0%
9	Portland	ME	3,305	3,535	888	435	8,163	10.9%
10	Louisville	KY	4,822	1,713	1,047	401	7,984	10.6%
11	Providence	RI	1,778	4,314	1,052	774	7,917	10.6%
12	WASHINGTON	DC	4,145	2,157	1,131	363	7,797	10.4%
13	Los Angeles	CA	1,583	4,398	1,180	544	7,705	10.3%
14	Des Moines	IA	3,213	2,765	1,120	460	7,558	10.1%
15	Chicago	IL	1,831	3,574	1,514	570	7,489	10.0%
16	Charlotte	NC	3,505	2,181	1,173	554	7,413	9.9%
17	Columbus	OH	3,954	2,161	957	329	7,391	9.9%
18	Detroit	MI	3,454	2,528	1,006	375	7,362	9.8%
19	Salt Lake City	UT	3,478	2,007	1,341	479	7,304	9.7%
20	Boston	MA	3,318	2,852	597	423	7,189	9.6%
21	Omaha	NE	2,637	2,697	1,309	467	7,110	9.5%
22	Columbia	SC	3,171	2,313	968	636	7,088	9.5%
23	Burlington	VT	1,778	4,111	890	309	7,088	9.5%
24	Little Rock	AR	3,033	1,948	1,428	476	6,885	9.2%
25	Boise	ID	3,381	2,128	955	417	6,881	9.2%
26	Oklahoma City	OK	3,373	1,524	1,603	357	6,858	9.1%
27	Kansas City	MO	3,421	1,566	1,302	519	6,808	9.1%
28	Minneapolis	MN	3,183	2,126	997	462	6,767	9.0%
29	Honolulu	HI	3,570	1,734	872	492	6,668	8.9%
30	Jackson	MS	2,178	1,969	1,421	904	6,472	8.6%
31	Birmingham	AL	3,503	988	1,576	385	6,452	8.6%
32	Albuquerque	NM	2,385	2,331	1,415	258	6,389	8.5%
33	Virginia Beach	VA	3,045	1,918	926	447	6,336	8.4%
34	New Orleans	LA	2,035	2,167	1,610	336	6,148	8.2%
35	Charleston	WV	3,232	1,179	1,141	479	6,031	8.0%
36	Indianapolis	IN	2,992	1,847	868	189	5,896	7.9%
37	Wilmington	DE	3,295	2,288	0	293	5,876	7.8%
38	Wichita	KS	2,711	1,307	1,221	562	5,802	7.7%
39	Phoenix	AZ	1,532	2,230	1,652	320	5,733	7.6%
40	Denver	CO	2,480	1,452	1,242	482	5,656	7.5%
41	Billings	MT	3,192	1,826	0	630	5,648	7.5%
42	Fargo	ND	1,119	2,933	1,022	329	5,403	7.2%
43	Seattle	WA	0	3,177	1,587	313	5,077	6.8%
44	Manchester	NH	0	4,081	490	323	4,893	6.5%
45	Houston	TX	0	2,849	1,509	340	4,698	6.3%
46	Memphis	TN	0	2,537	1,753	366	4,656	6.2%
47	Sioux Falls	SD	0	2,293	1,406	302	4,002	5.3%
48	Las Vegas	NV	0	2,322	1,026	579	3,928	5.2%
49	Jacksonville	FL	0	2,242	1,158	358	3,758	5.0%
50	Anchorage	AK	0	3,087	0	156	3,243	4.3%
51	Cheyenne	WY	0	1,009	1,309	325	2,644	3.5%
AVERAGE		1/	\$2,903	\$2,761	\$1,202	\$424	\$6,774	9.0%
MEDIAN			\$3,033	\$2,313	\$1,131	\$385	\$6,858	9.1%

1/ Based on cities actually levying tax.

TABLE 1								
ESTIMATED BURDEN OF MAJOR TAXES FOR A FAMILY OF FOUR, 2002								
\$100,000								
RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	3,616	10,900	1,456	1,325	17,297	17.3%
2	Newark	NJ	1,838	10,840	1,175	271	14,125	14.1%
3	New York City	NY	7,670	4,193	1,393	142	13,398	13.4%
4	Philadelphia	PA	7,032	4,050	1,167	380	12,629	12.6%
5	Baltimore	MD	5,788	4,312	1,455	348	11,904	11.9%
6	Atlanta	GA	3,907	5,406	1,654	583	11,550	11.5%
7	Providence	RI	3,108	5,464	1,333	1,607	11,511	11.5%
8	Milwaukee	WI	4,637	5,022	1,394	413	11,466	11.5%
9	Portland	ME	5,149	4,477	1,125	544	11,295	11.3%
10	Los Angeles	CA	3,390	5,591	1,495	770	11,246	11.2%
11	Portland	OR	6,493	4,269	0	350	11,112	11.1%
12	Detroit	MI	6,130	3,202	1,274	431	11,036	11.0%
13	Louisville	KY	6,598	2,256	1,327	570	10,751	10.8%
14	WASHINGTON	DC	6,079	2,810	1,434	380	10,702	10.7%
15	Des Moines	IA	4,825	3,560	1,419	606	10,409	10.4%
16	Charlotte	NC	5,310	2,762	1,486	721	10,279	10.3%
17	Columbus	OH	5,889	2,737	1,212	347	10,185	10.2%
18	Columbia	SC	4,648	3,037	1,226	971	9,882	9.9%
19	Burlington	VT	3,218	5,207	1,127	325	9,877	9.9%
20	Omaha	NE	4,101	3,417	1,657	615	9,790	9.8%
21	Minneapolis	MN	4,641	3,176	1,321	617	9,756	9.8%
22	Chicago	IL	2,529	4,619	1,917	590	9,655	9.7%
23	Salt Lake City	UT	4,838	2,542	1,698	559	9,637	9.6%
24	Boise	ID	5,050	2,924	1,209	438	9,621	9.6%
25	Boston	MA	4,643	3,612	767	497	9,520	9.5%
26	Little Rock	AR	4,495	2,467	1,809	647	9,419	9.4%
27	Kansas City	MO	4,735	1,984	1,650	756	9,125	9.1%
28	Jackson	MS	3,263	2,574	1,800	1,413	9,050	9.1%
29	Honolulu	HI	5,178	2,235	1,105	519	9,037	9.0%
30	Albuquerque	NM	3,886	2,971	1,792	285	8,934	8.9%
31	Oklahoma City	OK	4,861	1,628	2,031	371	8,891	8.9%
32	Phoenix	AZ	2,260	3,690	2,092	464	8,506	8.5%
33	Virginia Beach	VA	4,321	2,430	1,173	566	8,490	8.5%
34	Charleston	WV	4,857	1,494	1,445	639	8,435	8.4%
35	Birmingham	AL	4,663	1,259	1,996	509	8,427	8.4%
36	New Orleans	LA	2,725	3,085	2,039	356	8,205	8.2%
37	Wichita	KS	4,135	1,726	1,547	780	8,187	8.2%
38	Billings	MT	5,099	2,313	0	701	8,114	8.1%
39	Wilmington	DE	4,797	2,898	0	312	8,007	8.0%
40	Indianapolis	IN	4,092	2,359	1,100	202	7,753	7.8%
41	Denver	CO	3,513	1,839	1,573	608	7,534	7.5%
42	Fargo	ND	1,938	3,715	1,294	367	7,314	7.3%
43	Seattle	WA	0	4,024	2,010	332	6,366	6.4%
44	Manchester	NH	0	5,169	620	403	6,192	6.2%
45	Houston	TX	0	3,669	1,912	356	5,937	5.9%
46	Memphis	TN	30	3,214	2,220	383	5,847	5.8%
47	Sioux Falls	SD	0	2,904	1,781	321	5,006	5.0%
48	Las Vegas	NV	0	2,941	1,300	670	4,911	4.9%
49	Jacksonville	FL	0	2,970	1,467	380	4,817	4.8%
50	Anchorage	AK	0	3,910	0	163	4,073	4.1%
51	Cheyenne	WY	0	1,278	1,659	456	3,393	3.4%
AVERAGE 1/			\$4,318	\$3,552	\$1,525	\$536	\$9,188	9.2%
MEDIAN			\$4,321	\$3,085	\$1,434	\$464	\$9,419	9.4%

1/ Based on cities actually levying tax.

Chapter II: Overall Tax Burdens For The Largest City In Each State

TABLE 1								
ESTIMATED BURDEN OF MAJOR TAXES FOR A FAMILY OF FOUR, 2002								
\$150,000								
RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	6,150	15,489	2,069	1,934	25,642	17.1%
2	Newark	NJ	4,573	15,405	1,670	267	21,915	14.6%
3	New York City	NY	12,970	6,076	1,980	139	21,165	14.1%
4	Los Angeles	CA	7,288	7,976	2,125	1,083	18,472	12.3%
5	Philadelphia	PA	10,549	5,755	1,659	370	18,333	12.2%
6	Providence	RI	5,785	7,765	1,894	2,825	18,268	12.2%
7	Baltimore	MD	9,147	6,128	2,068	339	17,682	11.8%
8	Atlanta	GA	6,289	7,971	2,350	872	17,483	11.7%
9	Portland	ME	8,792	6,362	1,599	702	17,455	11.6%
10	Milwaukee	WI	7,555	7,168	1,981	403	17,106	11.4%
11	Portland	OR	10,369	6,067	0	340	16,775	11.2%
12	WASHINGTON	DC	10,068	4,114	2,037	380	16,598	11.1%
13	Detroit	MI	9,505	4,550	1,811	383	16,248	10.8%
14	Des Moines	IA	8,298	5,149	2,016	758	16,221	10.8%
15	Louisville	KY	10,187	3,343	1,885	802	16,217	10.8%
16	Columbus	OH	10,053	3,889	1,722	339	16,003	10.7%
17	Charlotte	NC	8,521	3,925	2,111	936	15,494	10.3%
18	Burlington	VT	6,052	7,400	1,602	318	15,371	10.2%
19	Omaha	NE	7,263	4,855	2,355	862	15,335	10.2%
20	Columbia	SC	7,636	4,484	1,742	1,454	15,316	10.2%
21	Minneapolis	MN	7,877	4,590	1,878	925	15,171	10.1%
22	Boise	ID	8,353	4,516	1,719	429	15,016	10.0%
23	Little Rock	AR	7,489	3,506	2,571	860	14,426	9.6%
24	Albuquerque	NM	7,106	4,252	2,547	279	14,183	9.5%
25	Boston	MA	7,293	5,133	1,112	593	14,132	9.4%
26	Kansas City	MO	7,823	2,819	2,344	1,070	14,057	9.4%
27	Salt Lake City	UT	7,476	3,612	2,389	550	14,027	9.4%
28	Chicago	IL	3,925	6,708	2,725	581	13,938	9.3%
29	Jackson	MS	5,410	3,784	2,558	2,156	13,908	9.3%
30	Honolulu	HI	8,575	3,238	1,570	506	13,890	9.3%
31	Oklahoma City	OK	7,731	2,828	2,886	365	13,810	9.2%
32	Phoenix	AZ	3,825	5,954	2,973	616	13,368	8.9%
33	Billings	MT	9,278	3,287	0	733	13,299	8.9%
34	Charleston	WV	8,105	2,123	2,053	849	13,130	8.8%
35	Wichita	KS	6,956	2,562	2,198	1,082	12,798	8.5%
36	New Orleans	LA	4,354	4,921	2,897	546	12,718	8.5%
37	Virginia Beach	VA	6,833	3,453	1,667	716	12,669	8.4%
38	Wilmington	DE	7,925	4,118	0	304	12,347	8.2%
39	Birmingham	AL	6,896	1,829	2,836	669	12,231	8.2%
40	Indianapolis	IN	6,292	3,385	1,563	196	11,436	7.6%
41	Denver	CO	5,531	2,613	2,236	799	11,179	7.5%
42	Fargo	ND	3,558	5,279	1,839	359	11,035	7.4%
43	Seattle	WA	0	5,718	2,856	324	8,897	5.9%
44	Manchester	NH	10	7,345	881	488	8,724	5.8%
45	Houston	TX	0	5,310	2,618	349	8,277	5.5%
46	Memphis	TN	150	4,567	3,155	375	8,247	5.5%
47	Sioux Falls	SD	0	4,127	2,532	312	6,971	4.6%
48	Jacksonville	FL	0	4,428	2,084	370	6,882	4.6%
49	Las Vegas	NV	0	4,180	1,847	791	6,818	4.5%
50	Anchorage	AK	0	5,570	0	160	5,717	3.8%
51	Cheyenne	WY	0	1,817	2,357	653	4,827	3.2%
AVERAGE 1/			\$7,178	\$5,126	\$2,164	\$675	\$13,946	9.3%
MEDIAN			\$7,263	\$4,550	\$2,037	\$550	\$14,057	9.4%

1/ Based on cities actually levying tax.

The average tax burden for the 51 cities is progressive since the percentage tax burden at \$150,000 income (9.3 percent of income) is greater than the percentage tax burden at \$25,000 (7.1 percent). Any tax system in which the percentage of tax paid rises with the income level is said to be progressive. A tax system in which the percentage of taxes paid decreases as income rises is regressive.

Table 2 (page 14) indicates the relative progressivity or regressivity for the tax systems of each of the 51 cities. The progressivity index is measured by dividing the percentage tax burden at the \$25,000 income level by the percentage tax burden at the \$150,000 income level. Index coefficients of less than 1.000 indicates a progressive tax system, while an index greater than 1.000 indicates a regressive tax system. A proportional tax system is indicated by a coefficient of 1.000. The average index of .809 indicates that, overall, the average state and local tax system of the 51 cities is slightly progressive. The most progressive tax systems are found in New York City, New York; Boise, Idaho; and Wichita, Kansas. A graduated individual income tax and some type of low-income exemption or credit on the real property tax characterize the tax system in each of these cities.

The three cities with the least progressive state and local tax systems are Las Vegas, Nevada; Sioux Falls, South Dakota; and Seattle, Washington. None of these cities levies an Individual Income tax. In Sioux Falls and Seattle, the sales and use tax burden is substantially above the 51-city average.

Several factors contribute to the progressivity of a tax system. A graduated individual income tax rate system, as well as exemptions and credits to lessen the regressivity of the property tax, will increase the progressivity of a tax system. Progressivity can be lessened by reliance on regressive taxes such as the sales tax and certain automobile taxes. The assumptions used in the calculation of housing values for the property tax (Chapter I) presuppose a certain regressivity in the property tax because the higher income family is assumed to spend a lower portion of income on housing than the lower income family. Similarly, the assumptions with regard to the composition of income at the five income levels also affect the progressivity of the individual income tax. The upper and lower income levels chosen for comparison also affect progressivity as measured in this study.

TABLE 2 INDEX OF PROGRESSIVITY FOR THE TAX SYSTEM OF THE LARGEST CITY IN EACH STATE 2002					
CITY	ST	MAJOR STATE AND LOCAL TAXES AS A PERCENT OF INCOME FOR \$25,000 FAMILY	MAJOR STATE AND LOCAL TAXES AS A PERCENT OF INCOME FOR \$150,000 FAMILY	PROGRESSIVITY INDEX	MAJOR STATE AND LOCAL TAX BURDEN RANK AT \$75,000 INCOME LEVEL
New York City	NY	5.6%	14.1%	0.399	4
Boise	ID	4.4%	10.0%	0.440	25
Wichita	KS	4.2%	8.5%	0.488	38
New Orleans	LA	4.6%	8.5%	0.537	34
Columbia	SC	5.6%	10.2%	0.548	22
Minneapolis	MN	5.6%	10.1%	0.558	28
Billings	MT	5.2%	8.9%	0.588	41
WASHINGTON	DC	6.5%	11.1%	0.590	12
Baltimore	MD	7.1%	11.8%	0.602	5
Portland	ME	7.0%	11.6%	0.604	9
Albuquerque	NM	5.9%	9.5%	0.627	32
Jackson	MS	6.1%	9.3%	0.663	30
Milwaukee	WI	7.7%	11.4%	0.679	6
Wilmington	DE	5.7%	8.2%	0.687	37
Des Moines	IA	7.5%	10.8%	0.692	14
Atlanta	GA	8.1%	11.7%	0.699	7
Los Angeles	CA	8.6%	12.3%	0.700	13
Omaha	NE	7.2%	10.2%	0.700	21
Denver	CO	5.2%	7.5%	0.703	40
Providence	RI	8.6%	12.2%	0.707	11
Charlotte	NC	7.3%	10.3%	0.711	16
Salt Lake City	UT	6.9%	9.4%	0.741	19
Charleston	WV	6.5%	8.8%	0.743	35
Boston	MA	7.1%	9.4%	0.748	20
Burlington	VT	7.7%	10.2%	0.749	23
Phoenix	AZ	6.7%	8.9%	0.752	39
Honolulu	HI	7.1%	9.3%	0.762	29
Kansas City	MO	7.2%	9.4%	0.764	27
Columbus	OH	8.3%	10.7%	0.774	17
Detroit	MI	8.5%	10.8%	0.781	18
Little Rock	AR	7.6%	9.6%	0.792	24
Oklahoma City	OK	7.3%	9.2%	0.793	26
Portland	OR	9.0%	11.2%	0.802	8
Louisville	KY	8.8%	10.8%	0.817	10
Virginia Beach	VA	7.2%	8.4%	0.850	33
Bridgeport	CT	15.3%	17.1%	0.892	1
Philadelphia	PA	11.0%	12.2%	0.903	3
Fargo	ND	6.8%	7.4%	0.921	42
Jacksonville	FL	4.3%	4.6%	0.933	49
Indianapolis	IN	7.2%	7.6%	0.943	36
Chicago	IL	9.3%	9.3%	0.999	15
Newark	NJ	14.7%	14.6%	1.008	2
Birmingham	AL	8.9%	8.2%	1.093	31
Houston	TX	6.2%	5.5%	1.132	45
Cheyenne	WY	3.7%	3.2%	1.153	51
Manchester	NH	7.0%	5.8%	1.202	44
Anchorage	AK	4.7%	3.8%	1.222	50
Memphis	TN	6.8%	5.5%	1.236	46
Seattle	WA	7.4%	5.9%	1.241	43
Sioux Falls	SD	5.8%	4.6%	1.259	47
Las Vegas	NV	5.9%	4.5%	1.309	48
AVERAGE		7.1%	9.3%	0.809	
MEDIAN		7.1%	9.4%	0.752	

CHAPTER III

Comparing Specific Tax Burdens For A Family Of Four In The Largest City In Each State

Individual Income Tax

Residents of 44 of the 51 cities in the study are subject to some type of individual income tax at the state and/or local levels. Individual income tax burdens vary widely due to factors such as differences in tax base, tax rates, exemptions, deductions and treatment of federal taxes. These variations are reflected in the individual income tax burdens shown in Table 3 (page 18).

The percentage of income paid in individual income taxes by residents of the largest city in states having an income tax at the income level of \$25,000 ranges from a low of zero percent in ten of the cities in the study to a high of 5.1 percent in Louisville, Kentucky. At the \$150,000 income level, the burden ranges from zero percent of income in Manchester, New Hampshire to 8.6 percent in New York City, New York. It should be noted that the Tennessee and New Hampshire income taxes are applicable only to interest and dividend income and the exemptions are high enough to eliminate individual income taxes at most income levels used in the study. New York City has broad-based income taxes at both the state and local levels, each of which has graduated rates.

The average individual income tax rate for the 44 cities levying the tax ranges from 1.4 percent at \$25,000 income to 4.8 percent at \$150,000 income. Overall, the individual income tax is quite progressive.

As Table 3 indicates, there are several types of individual income tax systems including graduated state and local rates, graduated state and flat local rates, flat state and local rates, state tax rates as a percent of federal income tax liability, graduated state tax rates and flat state rates with exemptions. The most common system is the graduated state tax rate, which applies to taxpayers in 27 of the cities. Taxpayers of five cities are subject to a flat state tax rate with exemptions. Two cities are located in states that levy state taxes based on a percentage of federal tax liability. Income tax systems that utilize a percentage of the federal tax tend to be progressive because they are linked to the federal tax rate system, which is graduated within the income ranges used in the study.

Three of the larger cities in the study, Indianapolis, Indiana; Detroit, Michigan; and Philadelphia, Pennsylvania are subject to flat state and local tax rates. Five other cities levy local income taxes with flat rates to complement graduated rate income tax systems. Until tax year 1998, Baltimore, Maryland's local tax (piggyback) was a share of the state tax. However, starting in tax year 1999, Baltimore tax at a rate based on a net taxable income. New York City residents are subject to separate state and local income taxes, both of which are characterized by graduated rate schedules.

Several of the state individual income tax systems are indexed. Indexing takes several forms and is used to keep individuals from being taxed at higher rates if their income rises less than the rate of inflation. Thus, only the "real" income gain above the inflation rate is subject to higher tax rates. The table below summarizes the various indexing methods used by states:

States That Index Some Part of Their Individual Income Tax		
<u>State</u>	<u>Indexed Portion</u>	<u>Status</u>
Arkansas	Tax brackets	Active
California	Tax brackets, exemptions (credit), standard deduction	Active
Idaho	Tax brackets	Active
Iowa	Tax brackets, standard deduction	Active
Maine	Tax brackets, exemptions standard deduction	Active
Michigan	Personal exemptions	Active
Minnesota	Tax brackets, exemptions and standard deduction	Active
Montana	Tax brackets, exemptions, standard deduction	Active
North Dakota	Tax brackets, exemptions, standard deduction	Active
Oregon	Tax brackets, exemptions Standard deduction	Active
South Carolina	Tax brackets	Active
Utah	Standard deduction, personal exemption	Active
Wisconsin	Tax Brackets, Standard Deduction	Active

States that tax a percentage of federal net taxable income or a percentage of the federal liability implicitly accept the federal indexing of tax brackets, exemptions and the standard deduction.

Table 1 indicates that the hypothetical families pay more in individual income taxes than any other tax at the three top income levels. At \$25,000, the individual income tax is the third, and at \$50,000, the second most burdensome tax.

Real Property Tax

All 51 cities in the study levy a property tax on residential property located within the city. The real property tax is a function of housing values, real estate tax rates, assessment levels, homeowner exemptions and credits. Nominal rates used in table 4 (page 19), represent the "announced" rates levied by the jurisdiction, while effective rates consider the various assessment levels in the cities. As the data indicate, effective rates range from a high of \$3.86 per \$100 of assessed value in Bridgeport, Connecticut to 37 cents per \$100 of assessed value in Honolulu, Hawaii. Assessment levels vary dramatically from 4.0 percent of assessed value in Columbia, South Carolina to 100.0 percent at nine different cities. Local assessors and state tax officials provided the assessment level and nominal rate used in the cities.

The assumed housing values in the 51 cities at each of the five income levels are presented in Table 5, page 20. Housing values at the same income level vary a great deal. In addition, several jurisdictions allow tax exemptions and credits in the calculations of the property tax. These exemptions and credits are noted in Table 6 (page 21). The data in Table 5 are based on the 2000 U.S. Census of Population.

The hypothetical family pays more in real property taxes than any other tax in the study at the income levels \$25,000 and \$50,000. It is the second highest tax paid at the \$75,000, \$100,000 and \$150,000 income levels. In Table 1, Bridgeport, Connecticut; Newark, New Jersey and Los Angeles, California have the highest property tax burdens. This is due primarily to the high real estate tax rates in each of these cities.

Birmingham, Alabama has the lowest real estate tax burden at all income levels. This very low real estate tax burden results from a combination of a low effective real estate tax rate (\$.70 per \$100 value), below average housing values and an exemption program.

TABLE 3 INCOME TAX BURDEN AS PERCENT OF INCOME IN THE LARGEST CITIES BY TYPE OF INCOME TAX FOR A FAMILY OF FOUR 2002						
CITIES WITH:	ST	INCOME LEVELS:				
		\$25,000	\$50,000	\$75,000	\$100,000	\$150,000
GRADUATED STATE AND LOCAL TAX RATES						
Baltimore	MD	0.0%	4.8%	5.4%	5.8%	6.1%
New York City	NY	0.0%	5.0%	6.7%	7.7%	8.6%
GRADUATED STATE AND FLAT LOCAL RATES						
Birmingham	AL	4.6%	4.7%	4.7%	4.7%	4.6%
Wilmington	DE	1.8%	3.7%	4.4%	4.8%	5.3%
Louisville	KY	5.1%	6.2%	6.4%	6.6%	6.8%
Kansas City	MO	2.2%	4.0%	4.6%	4.7%	5.2%
Columbus	OH	3.2%	4.6%	5.3%	5.9%	6.7%
FLAT STATE AND LOCAL TAX RATES						
Indianapolis	IN	3.2%	3.8%	4.0%	4.1%	4.2%
Detroit	MI	2.8%	4.2%	4.6%	6.1%	6.3%
Philadelphia	PA	4.5%	7.3%	7.0%	7.0%	7.0%
STATE TAX RATES AS A PERCENT OF FEDERAL LIABILITY						
Fargo	ND	0.4%	1.3%	1.5%	1.9%	2.4%
Burlington	VT	0.0%	2.1%	2.4%	3.2%	4.0%
GRADUATED STATE TAX						
Phoenix	AZ	0.7%	1.7%	2.0%	2.3%	2.6%
Little Rock	AR	2.0%	3.3%	4.0%	4.5%	5.0%
Los Angeles	CA	0.0%	0.6%	2.1%	3.4%	4.9%
Bridgeport	CT	0.0%	0.6%	3.0%	3.6%	4.1%
WASHINGTON	DC	1.8%	4.6%	5.5%	6.1%	6.7%
Atlanta	GA	1.7%	3.0%	3.6%	3.9%	4.2%
Honolulu	HI	2.7%	4.1%	4.8%	5.2%	5.7%
Boise	ID	0.1%	3.1%	4.5%	5.1%	5.6%
Des Moines	IA	1.6%	3.4%	4.3%	4.8%	5.5%
Wichita	KS	0.2%	2.7%	3.6%	4.1%	4.6%
New Orleans	LA	1.5%	2.6%	2.7%	2.7%	2.9%
Portland	ME	0.1%	3.0%	4.4%	5.1%	5.9%
Minneapolis	MN	0.0%	3.3%	4.2%	4.6%	5.3%
Jackson	MS	0.6%	2.2%	2.9%	3.3%	3.6%
Billings	MT	1.6%	3.1%	4.3%	5.1%	6.2%
Omaha	NE	0.7%	2.5%	3.5%	4.1%	4.8%
Newark	NJ	0.9%	1.2%	1.4%	1.8%	3.0%
Albuquerque	NM	0.3%	2.2%	3.2%	3.9%	4.7%
Charlotte	NC	1.9%	3.9%	4.7%	5.3%	5.7%
Oklahoma City	OK	2.5%	3.8%	4.5%	4.9%	5.2%
Portland	OR	3.5%	5.3%	6.0%	6.5%	6.9%
Providence	RI	0.0%	2.1%	2.4%	3.1%	3.9%
Columbia	SC	0.4%	3.3%	4.2%	4.6%	5.1%
Salt Lake City	UT	1.3%	4.1%	4.6%	4.8%	5.0%
Virginia Beach	VA	2.3%	3.6%	4.1%	4.3%	4.6%
Charleston	WV	2.3%	3.4%	4.3%	4.9%	5.4%
Milwaukee	WI	0.0%	3.2%	4.2%	4.6%	5.0%
FLAT STATE TAX RATE WITH EXEMPTIONS						
Denver	CO	0.7%	2.6%	3.3%	3.5%	3.7%
Chicago	IL	1.8%	2.3%	2.4%	2.5%	2.6%
Boston	MA	1.5%	4.0%	4.4%	4.6%	4.9%
Manchester	NH	0.0%	0.0%	0.0%	0.0%	0.0%
Memphis	TN	0.0%	0.0%	0.0%	0.0%	0.1%
No income tax: Anchorage, AK; Jacksonville, FL; Las Vegas, NV; Sioux Falls, SD; Houston, TX; Seattle, WA; Cheyenne, WY						
AVERAGE	1/	1.4%	3.2%	3.9%	4.3%	4.8%
1/ Based on cities actually levying tax.						

TABLE 4
RESIDENTIAL PROPERTY TAX RATES IN THE LARGEST CITY IN EACH STATE
2002

RANK	CITY	ST	NOMINAL RATE 1/ PER \$100	ASSESSMENT LEVEL 2/	EFFECTIVE RATE PER \$100
1.	Bridgeport,	CT	5.52	70.0%	3.86
2.	Newark,	NJ	24.95	11.8%	2.95
3.	Providence	RI	3.41	80.0%	2.73
4.	Milwaukee,	WI	2.72	98.1%	2.67
5.	Philadelphia,	PA	8.26	32.0%	2.64
6.	Houston,	TX	2.62	100.0%	2.62
7.	Manchester,	NH	2.38	100.0%	2.38
8.	Baltimore,	MD	2.33	100.0%	2.33
9.	Des Moines,	IA	4.44	51.4%	2.28
10.	Fargo,	ND	49.00	4.1%	2.00
11.	Jacksonville,	FL	1.96	100.0%	1.96
12.	Omaha,	NE	2.09	93.0%	1.94
13.	Burlington,	VT	2.55	75.5%	1.92
14.	Portland,	ME	2.43	78.0%	1.90
15.	Atlanta,	GA	4.57	40.0%	1.83
16.	Phoenix,	AZ	18.20	10.0%	1.82
17.	Detroit,	MI	6.77	26.5%	1.79
18.	Memphis,	TN	7.02	25.0%	1.76
19.	Boise,	MT	1.78	96.3%	1.72
20.	New Orleans,	LA	17.00	10.0%	1.70
21.	Jackson,	MS	16.91	10.0%	1.69
22.	Chicago,	IL	7.63	22.1%	1.69
23.	Anchorage,	AK	1.72	95.0%	1.63
24.	Billings,	MT	1.94	82.0%	1.59
25.	Sioux Falls,	SD	1.82	85.0%	1.55
26.	Columbus,	OH	5.21	29.6%	1.54
27.	Indianapolis,	IN	10.00	15.0%	1.50
28.	Portland,	OR	2.02	72.2%	1.46
29.	Columbia,	SC	36.35	4.0%	1.45
30.	Salt Lake City,	UT	1.45	99.0%	1.43
31.	Little Rock,	AR	6.90	20.0%	1.38
32.	Wilmington,	DE	2.59	53.1%	1.38
33.	Wichita,	KS	11.35	11.5%	1.31
34.	Minneapolis,	MN	1.47	86.4%	1.27
35.	Charlotte,	NC	1.40	87.6%	1.22
36.	Louisville,	KY	1.21	100.0%	1.21
37.	Albuquerque,	NM	3.54	33.3%	1.18
38.	Oklahoma City,	OK	10.50	11.0%	1.16
39.	Kansas City,	MO	6.02	19.0%	1.14
40.	Las Vegas,	NV	3.25	35.0%	1.14
41.	Virginia Beach,	VA	1.22	90.6%	1.11
42.	Boston,	MS	1.10	100.0%	1.10
43.	Los Angeles,	CA	1.08	100.0%	1.08
44.	Seattle,	WA	1.12	90.6%	1.01
45.	WASHINGTON,	DC	0.96	100.0%	0.96
46.	New York City,	NY	11.63	8.0%	0.93
47.	Charleston,	WV	1.24	60.0%	0.74
48.	Birmingham,	AL	6.95	10.0%	0.70
49.	Cheyenne,	WY	6.47	9.5%	0.61
50.	Denver,	CO	6.15	9.2%	0.56
51.	Honolulu,	HI	0.37	100.0%	0.37
UNWEIGHTED AVERAGE			\$6.70	55.9%	\$1.61
MEDIAN					\$1.54

NOTE: All rates and percentages in this table are rounded.
 1/ SOURCE: City Assessor.
 2/ SOURCE: City Assessor or State Board of Equalization.

**TABLE 5
FACTORS USED IN HOUSING VALUE ASSUMPTIONS
2002**

CITY	ST	MEDIAN SINGLE FAMILY HOUSING VALUE 1/	MEDIAN FAMILY INCOME 2/	HOUSING TO INCOME RATIO 3/	HOUSING VALUE ASSUMPTIONS AT INDICATED INCOME LEVELS:				
					\$25,000	\$50,000	\$75,000	\$100,000	\$150,000
Honolulu,	HI	\$386,700	\$56,311	6.87	\$180,265	\$343,361	\$515,041	\$652,386	\$927,075
Los Angeles,	CA	221,600	39,942	5.55	145,636	277,402	416,103	527,064	748,986
New York City,	NY	211,900	41,887	5.06	132,795	252,942	379,414	480,591	682,945
Boston,	MA	190,600	44,151	4.32	113,321	215,850	323,775	410,115	582,795
Seattle,	WA	259,600	62,195	4.17	109,567	208,698	313,048	396,527	563,486
Newark,	NJ	119,000	30,781	3.87	101,483	193,301	289,952	367,272	521,913
Atlanta,	GA	130,600	37,231	3.51	92,081	175,391	263,087	333,244	473,557
Denver,	CO	165,800	48,195	3.44	90,305	172,010	258,014	326,818	464,426
WASHINGTON,	DC	157,200	46,283	3.40	89,158	169,825	254,737	322,667	458,527
Salt Lake City,	UT	153,300	45,140	3.40	89,148	169,805	254,708	322,630	458,474
Providence,	RI	101,500	32,058	3.17	83,111	158,307	237,460	300,783	427,428
Chicago,	IL	132,400	42,724	3.10	81,348	154,948	232,422	294,401	418,360
Portland,	OR	154,900	50,271	3.08	80,884	154,065	231,097	292,723	415,975
Bridgeport	CT	117,500	39,571	2.97	77,945	148,467	222,701	282,088	400,862
Burlington,	VT	131,200	46,012	2.85	74,850	142,572	213,857	270,886	384,943
Albuquerque,	NM	127,600	46,979	2.72	71,298	135,805	203,708	258,030	366,674
Las Vegas,	NV	137,300	50,465	2.72	71,418	136,035	204,052	258,466	367,294
New Orleans,	LA	87,300	32,338	2.70	70,865	134,981	202,471	256,463	364,447
Anchorage,	AK	160,700	63,682	2.52	66,241	126,174	189,261	239,730	340,669
Portland,	ME	121,200	48,763	2.49	65,244	124,275	186,412	236,122	335,541
Columbia,	SC	98,500	39,589	2.49	65,312	124,403	186,605	236,366	335,889
Phoenix,	AZ	112,600	46,467	2.42	63,610	121,161	181,742	230,206	327,135
Charlotte,	NC	134,300	56,517	2.38	62,377	118,814	178,221	225,746	320,797
Minneapolis,	MN	113,500	48,602	2.34	61,301	116,765	175,147	221,853	315,265
Boise City,	ID	120,700	52,014	2.32	60,914	116,026	174,040	220,450	313,271
Virginia Beach,	VA	123,200	53,242	2.31	60,742	115,698	173,547	219,826	312,385
Manchester,	NH	114,300	50,039	2.28	59,961	114,211	171,316	217,001	308,369
Louisville,	KY	82,300	36,696	2.24	58,872	112,138	168,206	213,061	302,771
Billings,	MT	99,900	45,032	2.22	58,234	110,921	166,382	210,750	299,487
Wilmington,	DE	89,100	40,241	2.21	58,122	110,708	166,062	210,345	298,912
Cheyenne,	WY	102,400	46,771	2.19	57,472	109,470	164,204	207,992	295,568
Columbus,	OH	101,400	47,391	2.14	56,166	106,982	160,474	203,266	288,852
Milwaukee,	WI	80,400	37,879	2.12	55,717	106,127	159,191	201,642	286,544
Charleston,	WV	101,400	47,975	2.11	55,482	105,680	158,520	200,792	285,336
Indianapolis,	IN	98,500	48,979	2.01	52,790	100,553	150,830	191,051	271,494
Sioux Falls,	SD	101,700	51,516	1.97	51,821	98,707	148,061	187,544	266,509
Houston,	TX	79,300	40,443	1.96	51,471	98,039	147,059	186,275	264,706
Birmingham,	AL	62,100	31,851	1.95	51,180	97,485	146,228	185,222	263,210
Baltimore,	MD	69,100	35,438	1.95	51,184	97,494	146,241	185,239	263,234
Fargo,	ND	98,700	50,486	1.95	51,319	97,750	146,625	185,725	263,925
Memphis,	TN	72,800	37,767	1.93	50,600	96,380	144,571	183,123	260,227
Little Rock,	AR	89,300	47,446	1.88	49,406	94,107	141,160	178,803	254,089
Detroit,	MI	63,600	33,853	1.88	49,316	93,936	140,903	178,478	253,626
Oklahoma City,	OK	80,300	42,689	1.88	49,377	94,052	141,078	178,699	253,941
Jacksonville,	FL	87,800	47,243	1.86	48,785	92,924	139,386	176,555	250,894
Omaha,	NE	94,200	50,821	1.85	48,656	92,678	139,017	176,089	250,231
Kansas City,	MO	84,000	46,012	1.83	47,922	91,281	136,921	173,433	246,457
Jackson,	MS	64,400	36,003	1.79	46,954	89,437	134,155	169,930	241,480
Des Moines,	IA	81,100	46,590	1.74	45,694	87,036	130,554	165,368	234,997
Philadelphia,	PA	59,700	37,036	1.61	42,314	80,597	120,896	153,135	217,613
Wichita,	KS	78,900	49,247	1.60	42,056	80,106	120,160	152,202	216,287
AVERAGE		\$119,753	\$44,840	2.65	\$69,649	\$132,664	\$198,997	\$252,062	\$358,194
MEDIAN		\$101,700	\$46,283	2.31	\$60,742	\$115,698	\$173,547	\$219,826	\$312,385

1/ General Housing Characteristics, U.S. Summary, Bureau of the Census.

2/ U.S. Census Bureau, Census 2000, Table DP-3, Profile of Selected Economic Characteristics: 2000.

3/ Figures are rounded

**TABLE 6
CITIES WHICH ALLOW EXEMPTIONS OR REDUCED RATES
IN THE CALCULATION OF REAL ESTATE TAXES FOR HOMEOWNERS
2002**

CITY	STATE	EXEMPTION OR TAX REDUCTION AMOUNT	BASIS OF TAX REDUCTION OR EXEMPTION
Birmingham,	AL	\$4,000	Assessed Value-Homestead
Little Rock,	AR	\$300 Credit against Homestead for homeowners	Tax Credit
Phoenix,	AZ	35% Exemption on School Tax Rates up to \$500	Assessed Value
Los Angeles,	CA	\$7,000 Exemption	Assessed Value
WASHINGTON,	DC	\$30,000 Exemption	Assessed Value-Homestead
Jacksonville,	FL	\$25,000 Exemption	Assessed Value 1/
Atlanta,	GA	\$15,000 Exemption	Assessed Value
Honolulu,	HI	\$40,000 Exemption (below age 55)	Assessed Value
Boise City,	ID	50% up to \$50,000 Exemption	Assessed Value-Improvements
Chicago,	IL	\$4,500 Exemption	Equalized Assessed Value
Indianapolis,	IN	15% Credit and \$6,000 Exemption	Assessed Value-Homestead
Wichita,	KS	\$20,000 School Levy Exemption	Assessed Value
Louisville,	KY	\$26,800 Homestead Exemption	Assessed Value
Des Moines,	IA	\$4,850 Exemption Credit on 1 st \$4,800 Taxable value	Assessed Value-Homestead
New Orleans,	LA	\$7,500 Exemption	Assessed Value
Boston,	MA	20% Residential Exemption	Assessed Value
Detroit,	MI	Homestead property exempt from Basic local school operating mileage	Taxable Value
Jackson,	MS	\$300 Exemption	Assessed Value
Billings,	MT	31% Homestead exemption	Market Value
Albuquerque,	NM	\$2,000 Household Head Exemption, \$2,000 Veteran exemption	Taxable Value
New York City,	NY	\$30,000	Full Value-Residential School Property Taxes
Columbus,	OH	12.5% Tax Rollback	Assessed Value
Oklahoma City,	OK	\$1,000 Exemption	Assessed Value-Homestead
Providence,	RI	33.35%	Assessed Value
Columbia,	SC	11.0% School district credit	Property tax relief fund
Houston,	TX	20% Exemption on Value Plus \$15,000 Exemption 20% Exemption	Assessed Value -School District Only -City and County Tax Only
Salt Lake City,	UT	45% Residential	Taxable Value Exemption
Milwaukee,	WI	School Levy Credit: \$0.141 per \$100 Market Value Lottery Credit: School Tax on 1 st \$7,800 Market Value	Tax Credit Equalized Assessed Value

1/ Just value increases limited too lesser of change in CPI or 3%.

Given the assumptions used in this study, the real property tax burden is slightly regressive with an average percentage burden of 3.6 percent at \$25,000 income and 3.4 percent at \$150,000 income. Because of high exemptions or credits, the property tax in some cities is actually progressive despite the regressivity assumed in deriving housing values (see Chapter I). For example, in Washington, D.C., the percentage property tax burden is 2.4 percent at \$25,000 and 2.7 percent at the \$150,000 income level.

As mentioned earlier, housing value assumptions combined with flat rates make the property tax regressive overall, while flat amount exemptions and credits can, and in some cities do, alleviate the regressivity of the property tax.

Sales and Use Tax

Residents of 46 of the 51 cities in this study are subject to some form of a sales and use tax. The combined sales tax rates range from 9.25 percent in Memphis, Tennessee to 4 percent in Honolulu as indicated in Table 7, page 23. The highest state sales tax rate is 7 percent in Rhode Island, Mississippi and Tennessee; while the lowest state rate of 2 percent is found in Nevada. Sales taxes are levied by 19 of the 51 cities in addition to state sales taxes with the highest city rate at 4 percent in New York City. Of the twenty counties levying a sales tax, the highest rate (3.0 percent) is in Clark County (Las Vegas). Three school districts and 11 transit districts also levy sales taxes, with rates ranging from 0.25 percent to 2.25 percent.

The average sales tax burden is the second highest of the four major tax types at the \$25,000 income level, according to Table 1. It is third highest tax paid at the four other income levels. However, the sales tax burden is far below the levels of property and income taxes at the four highest income levels. For cities subject to a sales tax, the highest burdens occur in Memphis, Tennessee; Phoenix, Arizona; and New Orleans, Louisiana. The cities with a sales tax having the lowest burdens include Manchester, New Hampshire; Boston, Massachusetts; and Indianapolis, Indiana.

Table 1 shows that the sales tax is regressive; the \$25,000 income family pays an average 1.7 percent for sales taxes, while the \$150,000 family pays 1.4 percent. Factors that make the sales tax regressive include a flat tax rate as well as a tax base which includes tangible necessities but not necessarily services. Factors which can lessen the regressivity of the sales tax include the exemption of groceries and the taxation of certain services.

CITY	ST	TOTAL RATE	STATE	CITY	COUNTY	SCHOOL	TRANSIT
Memphis,	TN	9.25	7.0		2.25		
New Orleans,	LA	9.0	4.0	3.5		1.5	
Seattle,	WA	8.8	6.5	0.85	0.25		1.2
Chicago,	IL	8.75	6.25	1.0	0.75		0.75
Oklahoma City,	OK	8.375	4.5	3.875			
Los Angeles,	CA	8.25	6.0	1.0	0.25		1.0
New York City,	NY	8.25	4.0	4.0			0.25
Houston,	TX	8.25	6.25	1.0			1.0
Phoenix,	AZ	8.1	5.6	1.8	0.7		
Birmingham,	AL	8.0	4.0	3.0	1.0		
Las Vegas,	NV	7.5	2.0		3.0	2.25	
Denver,	CO	7.2	2.9	3.5			0.8
Jacksonville,	FL	7.0	6.0		0.5		0.5
Atlanta,	GA	7.0	4.0		1.0	1.0	1.0
Minneapolis,	MN	7.0	6.5	0.5			
Jackson,	MS	7.0	7.0				
Omaha,	NE	7.0	5.5	1.5			
Charlotte,	NC	7.0	4.5		2.5		
Philadelphia,	PA	7.0	6.0		1.0		
Providence,	RI	7.0	7.0				
Kansas City,	MO	6.975	4.225	1.5	0.750		0.5
Little Rock,	AR	6.625	5.125	0.5	1.0		
Fargo,	ND	6.5	5.0	1.0	0.5		
Salt Lake City,	UT	6.45	4.75	1.0	0.45		0.25
Bridgeport,	CT	6.0	6.0				
Louisville,	KY	6.0	6.0				
Detroit,	MI	6.0	6.0				
Newark,	NJ	6.0	6.0				
Sioux Falls,	SD	6.0	4.0	2.0			
Charleston,	WV	6.0	6.0				
Cheyenne,	WY	6.0	4.0		2.0		
Wichita,	KS	5.9	4.9		1.0		
Albuquerque, 1/	NM	5.8125	4.5	1.0625	0.25		
WASHINGTON, DC	DC	5.75	5.75				
Columbus,	OH	5.75	5.0		0.5		0.25
Milwaukee,	WI	5.6	5.0		0.6 2/		
Des Moines,	IA	5.0	5.0				
Boise,	ID	5.0	5.0				
Indianapolis,	IN	5.0	5.0				
Boston,	MA	5.0	5.0				
Baltimore,	MD	5.0	5.0				
Portland,	ME	5.0	5.0				
Columbia,	SC	5.0	5.0				
Burlington,	VT	5.0	5.0				
Virginia Beach,	VA	4.5	3.5	1.0			
Honolulu,	HI	4.0	4.0				
UNWEIGHTED AVERAGE		6.55					
MEDIAN		6.50					

Cities with no state general sales tax: Anchorage, AK; Billings, MT; Manchester, NH; Portland, OR; and Wilmington, DE.

NOTE: Unweighted average and median include only those cities with a sales tax.

1/ State rate = 5.0%, but 0.5% credit within municipal boundaries.

2/ 0.5% for county tax and 0.1% for the Southeast Wisconsin Baseball Park District (new baseball stadium).

Automobile Taxes

Residents of all 51 cities in this study are subject to gasoline taxes and some type of automobile registration fee or tax. The automobile taxes included in this study are gasoline taxes, motor vehicle registration fees, excise taxes and personal property taxes. Fourteen of the cities levy a personal property tax based on the value of motor vehicles owned by a taxpayer. Gasoline tax rates in each of the 51 cities as of January 1, 2002 are compared in Table 8, page 25. The gasoline tax rates vary from as high as 33 cents per gallon in Las Vegas, Nevada to a low of 7.5 cents per gallon in Atlanta, Georgia and 8 cents per gallon in Anchorage, Alaska, and New York City, New York.

As noted before, citizens in all 51 cities are subject to some type of automobile registration fee and tax. They are usually either flat per-vehicle rates or excise taxes based on value. The types of registration and other automobile taxes to which residents of the 51 cities are subject are summarized in Table 9, page 26.

Fourteen cities levy personal property taxes on automobiles using various methods. Some cities use a combination of assessment levels and tax rates, which may or may not be the same as is used for other personal property or for real property. Others use the same assessment system and property tax rate for automobiles as they do for personal residences.

The assumptions used for calculating automobile personal property taxes, excise taxes, the gasoline tax and registration fees are presented in Table 10, page 26.

The lowest tax burdens at all income levels in this study are the automobile tax burdens. Providence, Rhode Island; Jackson, Mississippi; and Bridgeport, Connecticut are among the cities with high automobile tax burdens. These cities levy either a personal property tax or a very high excise tax. New York City, New York; Indianapolis, Indiana; and Anchorage, Alaska have consistently low automobile tax burdens. All of these cities have flat registration rates or registration by weight, moderate gasoline tax rates and no personal property or excise tax.

Automobile tax burdens in the 51 cities are regressive on the average as shown in Table 1. The \$25,000 family pays 0.8 percent of income for automobile related taxes, while the \$150,000 income family pays an average of 0.4 percent. Since gasoline consumption does not necessarily increase at the same rate as income, a flat tax rate on gasoline will not be progressive. Similarly, in a society where ownership of at least one automobile by a family is almost a necessity, any tax (excise or personal property) based on the value of vehicle ownership tends to be regressive.

**TABLE 8
GASOLINE TAX RATES IN THE 51 CITIES AS OF DECEMBER 31, 2002
(STATE AND LOCAL RATES)**

CITY	ST	TOTAL RATE	STATE RATE	LOCAL RATE
Las Vegas,	NV	33.0	24.0	09.0
Honolulu,	HI	32.5	16.0	16.5
Milwaukee,	WI	28.1	28.1	00.0
Providence,	RI	28.0	28.0	00.0
Billings,	MT	27.0	27.0	00.0
Portland,	OR	27.0	24.0	03.0
Jacksonville,	FL	26.6	15.5	11.1
Philadelphia,	PA	26.0	26.0	00.0
Bridgeport,	CT	25.0	25.0	00.0
Boise,	ID	25.0	25.0	00.0
Omaha,	NE	24.5	24.5	00.0
Salt Lake City,	UT	24.5	24.5	00.0
Chicago,	IL	24.0	19.0	05.0
Baltimore,	MD	23.5	23.5	00.0
Wilmington,	DE	23.0	23.0	00.0
Seattle,	WA	23.0	23.0	00.0
Charlotte,	NC	22.1	22.1	00.0
Denver,	CO	22.0	22.0	00.0
Portland,	ME	22.0	22.0	00.0
Columbus,	OH	22.0	22.0	00.0
Sioux Falls,	SD	22.0	22.0	00.0
Little Rock,	AR	21.5	21.5	00.0
Boston,	MA	21.0	21.0	00.0
Fargo,	ND	21.0	21.0	00.0
Charleston,	WV	20.5	20.5	00.0
WASHINGTON,	DC	20.0	20.0	00.0
Des Moines,	IA	20.0	20.0	00.0
New Orleans,	LA	20.0	20.0	00.0
Minneapolis,	MN	20.0	20.0	00.0
Memphis,	TN	20.0	20.0	00.0
Houston,	TX	20.0	20.0	00.0
Detroit,	MI	19.0	19.0	00.0
Burlington,	VT	19.0	19.0	00.0
Phoenix,	AZ	18.0	18.0	00.0
Los Angeles,	CA	18.0	18.0	00.0
Wichita,	KS	18.0	18.0	00.0
Manchester,	NH	18.0	18.0	00.0
Jackson,	MS	18.0	18.0	00.0
Virginia Beach,	VA	17.5	17.5	00.0
Birmingham,	AL	17.0	16.0	01.0
Kansas City,	MO	17.0	17.0	00.0
Albuquerque,	NM	17.0	17.0	00.0
Oklahoma City,	OK	17.0	17.0	00.0
Columbia,	SC	16.0	16.0	00.0
Indianapolis,	IN	15.0	15.0	00.0
Louisville,	KY	15.0	15.0	00.0
Cheyenne,	WY	11.0	11.0	00.0
Newark,	NJ	10.5	10.5	00.0
New York City,	NY	08.0	08.0	00.0
Anchorage,	AK	08.0	08.0	00.0
Atlanta,	GA	07.5	07.5	00.0
UNWEIGHTED AVERAGE		20.4		
MEDIAN		20.0		

TABLE 9
SUMMARY OF TYPES OF AUTOMOBILE
REGISTRATION TAXES
2002

<u>TYPE OF REGISTRATION</u>	<u>NUMBER OF STATES</u>
Flat Rate Only	28
Weight Only	13
Weight and Age	3
Horsepower Only	1
Age Only	2
Value Only	2
Value and Age	1
Value and Weight	<u>1</u>
	51

<u>OTHER AUTO TAXES (INCLUDING LOCAL)</u>	
Personal Property	14
Excise:	
Value Based	8
Age Based	2
Local:	
Flat Rate	2

TABLE 10
AUTOMOBILE TAX ASSUMPTIONS
2002

Income Level	Description Of Auto	Horse-Power 1/	Weight 1/	Year	Market Values			Estimated Mileage Per Gallon 2/	Estimated Annual Gasoline Usage 3/
					Retail Price 1/	Trade-In Value 1/	Loan Value 1/		
\$ 25,000	Sedan, 4 Door 4 cylinder, 5 Speed	16.90	2,735 lbs.	1994	\$ 7,150	\$ 5,400	\$ 4,905	24	625 Gallons
\$ 50,000	Sedan, 4 Door 4 Cylinder, Automatic	18.82	3,131 lbs.	1996	\$11,700	\$ 9,625	\$ 8,685	23	652 Gallons
\$ 75,000	Sedan, 4 Door 6 Cylinder, Automatic	29.40	3,329 lbs.	1999	\$12,575	\$10,525	\$ 9,490	19	789 Gallons
	Sedan, 4 Door 4 Cylinder, Automatic	16.70	2,434 lbs.	1994	\$ 5,175	\$ 3,750	\$ 3,429	24	313 Gallons
\$100,000	Sedan, 4 Door 6 Cylinder, Automatic	34.70	3,587 lbs.	1999	\$20,100	\$17,500	\$15,731	19	789 Gallons
	Sedan, 4 Door 6 Cylinder, Automatic	29.40	3,359 lbs.	1997	\$ 9,125	\$ 7,325	\$ 6,627	19	395 Gallons
\$150,000	Sedan, 4 Door 6 Cylinder, Automatic	35.06	3,495 lbs.	1999	\$36,125	\$32,200	\$28,652	19	789 Gallons
	Sedan, 4 Door 6 Cylinder, Automatic	18.82	3,274 lbs.	1997	\$10,575	\$ 8,625	\$ 7,791	21	357 Gallons

1/ National Automobile Dealers Association Used Car Guide.

2/ Gas Mileage Guide, EPA fuel economy estimates for city driving, U.S. Department of Energy.

3/ Assumes 15,000 miles driven for all vehicles, except second cars, which are assumed to be driven 7,500 miles.

CHAPTER IV

How Do Tax Burdens In Washington, D.C., Compare With Those In The Largest City In Each State?

The nation's capital, Washington, D.C., is unique in many respects. It has a special status in which the day-to-day activities and functions of state, county, city and special districts are combined in one governmental unit. The Mayor and the 13-member District of Columbia Council combine the functions of a state legislature, a county board of commissioners and a city council. Due to this combination of responsibilities, the District has the taxing powers of a state, a county and a municipality, although these powers are limited by actions of the federal government. The graduated income tax, the general sales and use tax and the per gallon gasoline tax are all comparable in form to those levied by most states. The property tax based on assessed value is similar to the type levied in cities and counties. As a result, the tax burden of District residents should be compared to that borne by residents of other large cities.

The burden of each of the four major taxes for Washington, D.C. is compared with the 51-city average at all income levels in Table 11, page 30. The difference between the Washington, D.C. tax burden and the 51-city average increases, on a percentage basis, as the income level rises. This is because the District has a slightly more progressive tax system than the average of the 51 cities in the study. The District of Columbia ranks thirty-third at the \$25,000 income level; fourteenth at the \$50,000 income level; twelfth at the \$75,000 and fourteenth at the \$100,000 income level; and twelfth at the \$150,000 income level.

The District of Columbia has a relatively high percentage of low-income taxpayers, which limits the District's revenue-raising capacity. Despite these limitations, the District of Columbia must perform and provide funding for functions usually provided at both state and local levels of government. The non-municipal functions include responsibility for welfare programs, physical and mental health care, and maintenance of the public education system.

Individual Income Tax

The individual income tax burden for Washington, D.C. is substantially above the average for the 44 cities that levy an individual income tax at all income levels. Washington, D.C. levies an individual income tax with three rates (for tax year 2003): 5 percent on the first \$10,000 of taxable income; 7.5 percent on the next \$20,000 of taxable income; and 9.3 percent on taxable income over \$30,000. For tax year 2002 personal exemptions of \$1,370 per dependent were allowed, as well as a \$1,370 exemption for the filer and spouse, respectively. A standard deduction of \$2,000 (\$1,000 for married-

separate) was in effect for the period of this study. Itemized deductions are the same as those allowed in computing the federal income tax, but the District does not allow the deduction of its own individual income tax. Washington, D.C. also has liberal "circuit-breaker" property tax relief programs for both elderly and non-elderly qualified homeowners and renters, as well as a low-income credit, which eliminates the District income tax for taxpayers with no federal income tax liability.

The individual income tax burden for Washington, D.C. is substantially above the average of the 51 cities at four of the five income levels studied according to Table 11. The high income tax burden on those subject to the tax is due in part to restrictions on the individual income tax base of the District. The Congress prohibits Washington, D.C. from taxing the earnings of non-residents working within the city, a restriction not imposed on any other city in the nation. As a result of this tax base restriction, the District of Columbia is forced to tax its residents at higher rates than would otherwise be the case since approximately 67 percent of the wages and salaries earned in the District of Columbia are earned by non-residents.

Real Property Tax

Property tax burdens in the District of Columbia are below the 51-city average at all income levels according to Table 11. A slightly higher than average housing-to-income ratio (Table 5) is offset by a low property tax rate (Table 4) combined with a \$30,000 homestead deduction, which helps reduce the Washington, D.C., property tax burden.

The tax on residential property in the District of Columbia is based on the assessed value of the property. All property is assessed at a statutory level of 100 percent of its estimated market value. Since 1998, the District of Columbia has operated under a triennial assessment system. Under this system, properties in the District were divided into three triennial groups for assessment purposes. Each tri-group represented approximately a third of the total value of taxable real property in the District. One tri-group was reassessed each year: Tri-group I in FY 1999, tri-group II in FY 2000, and tri-group III in FY 2001. Under the triennial assessment system, annual decreases in assessed value were immediately realized if owners appealed for an adjustment. Annual increases in assessed value were phased in one-third at a time over a three-year period.

Beginning in FY 2002, the District began its transition back to an annual assessment system. During this transition, one triennial group shifts into annual assessment each year through FY 2004, beginning with tri-group I in FY 2002. Tri-group II shifted to annual assessment in FY 2003, to be followed by tri-group III in FY 2004. By FY 2004, all real property in the District will, once again be assessed on an annual basis. The return to annual assessment will result in annual assessed values and growth rates more representative of their market values. The tax rate on residential owner-occupied property in the District of Columbia was \$0.96 per \$100 for the period of this study. Washington, D.C. homeowners are allowed to deduct a homestead exemption of \$30,000 from the assessed base, not the tax bill before calculation of the property tax for all owner-occupied dwellings.

Despite the assumption of regressivity present in the housing value assumptions (Chapter I), the computed property tax for Washington, D.C., is slightly progressive because of the homestead

deduction which reduces the property tax of each homeowner by \$288 (at the \$0.96 rate). The burden is 2.4 percent at the \$25,000 income level and 2.7 percent at \$150,000 income.

Sales Tax

The District of Columbia levies a sales tax with five different rates. This rate structure is utilized, in part, to take advantage of the District's special status as a tourist center and to increase the contribution of non-residents working in the city. These differential rates illustrate the concept of tax exporting. The table below details the sales tax rates in effect at the end of 2002.

<u>Items</u>	<u>Sales Tax Rate</u>
Tangible Personal Property	5.75%
Alcohol for off premises consumption	8% ^{1/}
Restaurant Meals, Take-Out Food, rental cars, Telephone calling cards	10%
Commercial Parking	12%
Hotel, Motel Rooms	14.5%

Items exempt from the District of Columbia sales tax include groceries and prescription drugs.

The sales tax burden in the District of Columbia is lower than the 51-City average at all the income levels.

Automobile Taxes

Washington, D.C. taxes gasoline and requires registration fees for automobile owners. The gasoline tax rate is 20 cents per gallon. Registration fees of \$55 on cars weighing less than 3,500 pounds and \$72 on cars equal to or greater than 3,500 pounds were in effect for the period of this study (rates will increase from \$55 to \$88 and from \$72 to \$115, effective January 1, 2003). The District of Columbia does not impose an annual excise tax or personal property tax on automobiles.

Washington, D.C., automobile tax burdens are below the 51-city average at all but the lowest income level as shown in Table 11. High registration fees and a flat gasoline tax rate cause the District auto tax burden to be regressive. Washington, D.C., automobile tax burdens represent 0.9 percent of income at \$25,000 and 0.3 percent at \$150,000.

Summary

As noted above, the tax burden of the District of Columbia is influenced by many factors. One of the major reasons District of Columbia tax burdens are above the average is the restriction on the District's taxing authority mandated by Congress. Factors such as the prohibition on taxing non-resident income, plus the large percentage of tax-exempt federal property (over fifty-seven percent of District acreage is tax-exempt), have combined to create difficult conditions under which to raise revenues to operate the city. Some of the positive factors, which tend to increase the District tax base, include substantial tourist activity as well as large volume of business and lobbying activity generated by the federal presence.

^{1/} Rate will increase to 9%, effective January 1, 2003.

TABLE 11
TAX BURDENS IN WASHINGTON, D.C. COMPARED WITH THE AVERAGE FOR
THE LARGEST CITY IN EACH STATE BY INCOME CLASS, 2002

		DISTRICT OF COLUMBIA	AVERAGE FOR CITIES LEVYING TAX ^{1/}	PERCENT DIFFERENCE
\$25,000 INCOME LEVEL				
	Income	\$ 455	\$355	28.1%
	Property	568	896	-36.6%
	Sales	397	420	-5.7%
	Auto	213	206	3.5%
	TOTAL	\$1,632	51 CITY AVERAGE \$1,787	-8.7%
\$50,000 INCOME LEVEL				
	Income	\$2,316	\$1,595	45.2%
	Property	1,342	1,807	-25.7%
	Sales	754	802	-5.9%
	Auto	218	247	-11.7%
	TOTAL	\$4,631	51 CITY AVERAGE \$4,153	11.5%
\$75,000 INCOME LEVEL				
	Income	\$4,145	\$2,903	42.8%
	Property	2,157	2,761	-21.9%
	Sales	1,131	1,202	-5.9%
	Auto	363	424	-14.2%
	TOTAL	\$7,797	51 CITY AVERAGE \$6,774	15.1%
\$100,000 INCOME LEVEL				
	Income	\$6,079	\$4,318	40.8%
	Property	2,810	3,552	-20.9%
	Sales	1,434	1,525	-6.0%
	Auto	380	536	-29.2%
	TOTAL	\$10,702	51 CITY AVERAGE \$9,188	16.5%
\$150,000 INCOME LEVEL				
	Income	\$10,068	\$7,178	40.3%
	Property	4,114	5,126	-19.7%
	Sales	2,037	2,164	-5.9%
	Auto	380	675	-43.7%
	TOTAL	\$16,598	51 CITY AVERAGE \$13,946	19.0%

^{1/} Averages based on cities actually levying each tax. The total average is not presented because each jurisdiction may use only some of the taxes specified.

CHAPTER V

Why Do Tax Burdens Differ From One City To Another?

In the preceding chapters, the differences in tax burdens for the largest city in each state in the United States were discussed. The assumptions used to compute the various tax burdens will affect to some extent the relative tax burdens for the 51 cities. This is especially true for the real estate tax, because both the methodology used to derive housing values and the relative housing values from one income level to another and from one city to another are important determinants of the real property tax burden. However, no matter what set of assumptions is used in such a study, there will be substantial tax burden differences from one city to another. Some of the reasons for these differences are as follows:

- 1) This study only measures major state and local tax burdens for individuals. Business tax burdens also differ substantially from one city to another. Many cities, because of a large manufacturing base or because of a dominant industry, can shift a large portion of the tax burden away from individuals to businesses. Cities in natural resource states, for example, may shift a substantial portion of the tax burden to industry, thus exporting, to some extent, their local government tax burden. Convention and tourist activity in cities such as Chicago, Washington, D.C., New York City and Las Vegas can help reduce local tax burdens by increasing sales tax, gasoline tax and parking tax revenues from non-residents, another form of tax exporting.
- 2) Service demands in each of the 51 cities may vary a great deal. Cold weather services, such as snow removal, in northern cities may increase costs. Furthermore, citizens of some cities simply desire, or are accustomed to, more government services than residents of other cities.
- 3) The costs of providing services may differ substantially from one city to another. Wage levels, efficiency of the work force and costs of overhead items, such as utilities, may be very different.
- 4) The tax base of each city is different. Cities that have a relatively large percentage of employed residents will normally have a broad tax base.

This type of city can levy taxes at lower rates than can those with low levels of

employment or high levels of exempt property. External forces such as the federal presence in Washington, D.C. can restrict the tax base. The tax base can also be defined by the scope of a particular tax. For example, it is desirable from a social point of view to exempt groceries from the sales tax; however, such an exemption can narrow the sales tax base and may require a higher sales tax rate in order to raise sufficient revenues.

- 5) The proportion of public versus private services may differ from one city to another. Some cities may provide services such as garbage collection and hospital care, while in other cities; the private sector may perform these services for a fee.

As a result, a city in which the private sector performs such functions may have a lower tax burden than one in which these functions are performed by the city. In these instances, the fees charged by the private sector represent payments by individuals for public services that are not reflected in tax burdens.

- 6) Certain taxes that are not discussed in this study may affect state and local tax burdens. Taxes not covered by the study, which are levied on individuals, include liquor and cigarette taxes and taxes on public utility bills.
- 7) The state and local tax burdens in this study are computed without regard to their effect on the federal tax burden of individuals in the respective cities. To some extent, high state and local income and property taxes can be used to partially alleviate federal tax burdens through itemized deductions.

As noted in Chapter V, the number and kind of public services each city provides necessarily has a bearing on the amount of revenue that must be raised. The tax burden comparisons in this report must be studied in the context of these differing conditions.

TABLE 12
THE LARGEST CITY IN EACH STATE 1/
(2000 CENSUS OF POPULATION)

STATE	CITY	2000 POPULATION	1990 POPULATION	PERCENT DIFFERENCE
Alabama	Birmingham	242,820	265,968	-8.7%
Alaska	Anchorage	260,283	226,338	15.0%
Arizona	Phoenix	1,321,045	983,403	40.0%
Arkansas	Little Rock	183,133	175,795	4.2%
California	Los Angeles	3,694,820	3,485,398	6.0%
Colorado	Denver	554,636	467,610	18.6%
Connecticut	Bridgeport	139,529	141,686	-1.5%
Delaware	Wilmington	72,664	71,529	1.6%
Florida	Jacksonville	735,617	672,971	9.3%
Georgia	Atlanta	416,474	394,017	5.7%
Hawaii	Honolulu	371,657	377,059	-1.4%
Idaho	Boise	185,787	125,738	47.8%
Illinois	Chicago	2,896,016	2,783,726	4.0%
Indiana	Indianapolis	791,926	731,327	8.3%
Iowa	Des Moines	198,682	193,187	2.8%
Kansas	Wichita	344,284	304,011	13.2%
Kentucky	Louisville	256,231	269,063	-4.8%
Louisiana	New Orleans	484,674	496,938	-2.5%
Maine	Portland	64,249	64,358	-0.2%
Maryland	Baltimore	651,154	736,014	-11.5%
Massachusetts	Boston	589,141	574,283	2.6%
Michigan	Detroit	951,270	1,027,974	-7.5%
Minnesota	Minneapolis	382,618	368,383	3.9%
Mississippi	Jackson	184,256	196,637	-6.3%
Missouri	Kansas City	441,545	435,146	1.5%
Montana	Billings	89,847	81,151	10.7%
Nebraska	Omaha	390,007	335,795	16.1%
Nevada	Las Vegas	478,434	258,295	85.2%
New Hampshire	Manchester	107,006	99,567	7.5%
New Jersey	Newark	273,546	275,221	-0.6%
New Mexico	Albuquerque	448,607	384,736	16.6%
New York	New York City	8,008,278	7,322,564	9.4%
North Carolina	Charlotte	540,828	395,934	36.6%
North Dakota	Fargo	50,486	74,111	-31.9%
Ohio	Columbus	711,470	632,910	12.4%
Oklahoma	Oklahoma City	506,132	444,719	13.8%
Oregon	Portland	529,121	437,319	21.0%
Pennsylvania	Philadelphia	1,517,550	1,585,577	-4.3%
Rhode Island	Providence	173,618	160,728	8.0%
South Carolina	Columbia	116,278	98,052	18.6%
South Dakota	Sioux Falls	123,975	100,814	23.0%
Tennessee	Memphis	650,100	610,337	6.5%
Texas	Houston	1,953,631	1,630,553	19.8%
Utah	Salt Lake City	181,743	159,936	13.6%
Vermont	Burlington	38,889	39,127	-0.6%
Virginia	Virginia Beach	425,257	393,069	8.2%
Washington	Seattle	563,374	516,259	9.1%
West Virginia	Charleston	53,421	57,287	-6.7%
Wisconsin	Milwaukee	596,974	628,088	-5.0%
Wyoming	Cheyenne	53,011	50,008	6.0%
WASHINGTON, DC		572,059	606,900	-5.7%

1/ Source: U.S. Census Bureau, Census 2000. Table DP-1. Profile of General Demographic Characteristics: 2000.

Part II

A Comparison of Selected Tax Rates In The District of Columbia With Those In The 50 States As of January 1, 2002

Overview

As can be seen from a review of the major taxes compared in this report, the tax rates in the District of Columbia are among the highest in the nation. Of the 13 taxes compared, District tax categories that are higher than in most of the states include: cigarette; corporate income; individual income; deed recordation; motor vehicle excise; motor vehicle registration fees; and sales and use. In four tax categories -- insurance premiums, beer, dessert wine, and distilled spirits, -- the District has lower tax rates than most states. The District's motor fuel tax rate is very close to average.

TABLE 13				
COMPARISON OF SELECTED STATE TAX RATES				
NUMBER OF JURISDICTIONS				
TAX	LEVYING TAX	LOWER THAN DC	SAME AS DC	HIGHER THAN DC
Beer	50	7	2	41
Cigarette	50	40	5	5
Corporate Income	44	41	0	3
Deed Recordation	36	36	0	0
Light Wine	46	6	2	38
Distilled Spirits	32	0	1	31
Individual Income	42	38	1	3
Insurance	49	5	0	44
Motor Fuel	50	22	6	22
Motor Vehicle Excise				
Light Cars < 3,500 lbs.	46	31	8	7
Heavy Cars > 3,500 lbs.	46	44	2	0
Motor Vehicle Registration ^{3/}	49	49	0	0
Sales and Use	45	30	0	15

1/ Includes two states, which tax dividends and/or interest only.

2/ Comparisons are based on highest comparable rate in each jurisdiction. Those based on federal liability are not included.

3/ Heavy cars (> 3,500 lbs.)

TABLE 14
INDIVIDUAL INCOME TAX
WASHINGTON METROPOLITAN AREA
JANUARY 1, 2003

PERSONAL EXEMPTIONS	(CREDITS)	TAXABLE INCOME	RATES
DISTRICT OF COLUMBIA			
Single	\$1,370	\$0 - \$10,000	5.0%
Married Filing Separately	\$1,370	\$10,000-\$30,000	\$ 500 + 7.5% of excess > \$10,000
Married Filing Jointly	\$2,740	Over \$30,000	\$2,000 + 9.3% of excess > \$30,000
Head of Household	\$2,740		
Dependent (additional)	\$1,370		
Blind (additional)	\$1,370		
Age 65 and over (additional)	\$1,370		
Standard	1/		
MARYLAND 2/			
Single	\$2,400	\$0 - \$1,000	2.0%
Married Filing Separately	\$2,400	\$1,001-\$2,000	\$20 + 3.00% of excess > \$1,000
Married Filing Jointly	\$4,800	\$2,001-\$3,000	\$50 + 4.00% of excess > \$2,000
Head of Household	\$2,400	Over \$3,000	\$90 + 4.75% of excess > \$3,000
Dependent (additional)	\$2,400		
Blind (additional)	\$1,000		
Age 65 and over (additional)	\$1,000		
Standard	3/		
VIRGINIA			
Single	\$ 800	\$0 - \$3,000	2.0%
Married Filing Separately	\$ 800	\$3,001-\$5,000	\$ 60 + 3.00% of excess > \$ 3,000
Married Filing Jointly	\$1,600	\$5,001-\$17,000	\$ 120 + 5.00% of excess > \$ 5,000
Head of Household	\$ 800	Over \$17,000	\$ 720 + 5.75% of excess > \$17,000
Dependent (additional)	\$ 800		
Blind (additional)	\$ 800		
Age 65 and over (additional)	\$ 800		
Standard	4/		

1/ Married persons filing separately - \$1,000; all others - \$2,000.

2/ Maryland rates do not include local rates of which may be as much as 3.08%.

3/ 15% of Maryland AGI not to exceed \$2,000 (\$4,000 for joint and head of household returns and those filing as qualifying widow(er) with dependent child). The minimum is \$1,500 for single, married filing separately and dependent taxpayers. All others are allowed a minimum of \$3,000.

4/ Single - \$3,000; married persons filing separately - \$2,500; and married persons filing jointly or combined separate - \$5,000.

**TABLE 15
INDIVIDUAL INCOME TAX
43 STATES AND DISTRICT OF COLUMBIA
AS OF JANUARY 1, 2003**

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS					
SINGLE	M/J	DEPENDENTS		MINIMUM		MAXIMUM		
				RATE	UP TO	RATE	OVER	
ALABAMA 1/								
\$1,500	\$3,000	\$300	S,HH,M	2.0%	\$ 500	5.0%	\$ 3,000	
			M/J	2.0%	1,000	5.0%	6,000	
ARIZONA 2/3/								
\$2,100	\$4,200	\$2,300	S,M/S	2.87%	\$ 10,000	5.04%	\$150,000	
			M/J,HH	2.87%	20,000	5.04%	300,000	
ARKANSAS								
(\$20)	(\$40)	(\$20)		1.0%	\$ 3,299	7.0%	\$ 27,500	
CALIFORNIA								
(\$80)	(\$160)	(\$251)	S,M/S	1.0%	\$ 5,748	9.3%	\$ 37,725	
			HH	1.0%	11,500	9.3%	51,350	
			M/J	1.0%	11,496	9.3%	75,450	
COLORADO								
4.63% of federal taxable income with certain modifications.								
CONNECTICUT 4/								
\$12,500	\$24,000	---	S,M/S	3.0%	\$ 10,000	4.5%	\$ 10,000	
			HH	3.0%	16,000	4.5%	16,000	
			M/J	3.0%	20,000	4.5%	20,000	
DELAWARE								
(\$110)	(\$220)	(\$110)		2.2%	\$ 5,000	5.95%	\$ 60,000	
DISTRICT OF COLUMBIA								
\$1,370	\$2,740	\$1,370		5.0%	\$ 10,000	9.3%	\$ 30,000	
GEORGIA								
\$2,700	\$5,400	\$2,700	M/S	1.0%	\$ 500	6.0%	\$ 5,000	
			S	1.0%	750	6.0%	7,000	
			HH,M/J	1.0%	1,000	6.0%	10,000	
HAWAII								
\$1,040	\$2,080	\$1,040	M/S,S	1.4%	\$ 2,000	8.25%	\$ 40,000	
			HH	1.4%	3,000	8.25%	60,000	
			SS,M/J	1.4%	4,000	8.25%	80,000	

1/ Does not include various local income taxes.

2/ If married filing joint with at least one dependent, exemption = \$6,300.

3/ If M/S, S and FAGI do not exceed \$10,000 and if M/J, HH income limitation up to \$31,000, based on the number of dependents. Limit of credit for M/J, HH is \$240 and for M/S, S is \$120, exemption for M/J = \$80; and dependents = \$40.

4/ Head of Household personal exemption is \$19,000.

TABLE 15 (continued) INDIVIDUAL INCOME TAX 43 STATES AND DISTRICT OF COLUMBIA AS OF JANUARY 1, 2003							
PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS				
SINGLE	M/J	DEPENDENTS		MINIMUM		MAXIMUM	
				RATE	UP TO	RATE	OVER
IDAHO ^{1/}							
\$2,900	\$5,800	\$2,900	S	1.6%	\$ 1,056	7.8%	\$ 21,129
			M/J	1.6%	2,112	7.8%	42,258
ILLINOIS							
\$2,000	\$4,000	\$2,000				3.0% of taxable net income.	
INDIANA ^{2/}							
\$1,000	\$2,000	\$1,000				3.4% of federal adjusted gross income.	
IOWA							
(\$40)	(\$80)	(\$40)		0.36%	\$ 1,148	8.98%	\$ 51,660
KANSAS							
\$2,250	\$4,500	\$2,250	S,M/S	3.5%	\$ 15,000	6.45%	\$ 30,000
			M/J	3.5%	30,000	6.45%	60,000
KENTUCKY							
(\$20)	(\$40)	(\$20)		2.0%	\$ 3,000	6.0%	\$ 8,000
LOUISIANA							
\$4,500	\$9,000	\$1,000	S,M/S,HH	2.0%	\$ 10,000	6.0%	\$ 51,000
			M/J	2.0%	20,000	6.0%	101,000
MAINE							
\$2,850	\$5,700	\$2,850	S,M/S	2.0%	\$ 4,200	8.5%	\$ 16,700
			HH	2.0%	6,300	8.5%	25,050
			M/J	2.0%	8,400	8.5%	33,400
MARYLAND ^{2/}							
\$2,400	\$4,800	\$2,400	M/S,S,D	2.0%	\$ 1,000	4.75%	\$ 3,000
			HH,M/J,Q	2.0%	1,000	4.75%	3,000
			W				
MASSACHUSETTS							
\$4,400	\$8,800	\$1,000				5.3% of taxable income.	
MICHIGAN ^{2/}							
\$2,900	\$5,800	\$2,900				4.2% of federal adjusted gross income.	

^{1/} Does not include filing fee of \$10.

^{2/} Does not include various local income taxes.

TABLE 15 (continued) INDIVIDUAL INCOME TAX 43 STATES AND DISTRICT OF COLUMBIA AS OF JANUARY 1, 2003							
PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS				
SINGLE	M/J	DEPENDENTS		MINIMUM		MAXIMUM	
				RATE	UP TO	RATE	OVER
MINNESOTA							
\$3,000	\$6,000	\$3,000	M/S	5.35%	\$ 13,680	7.85%	\$ 54,330
			S	5.35%	18,710	7.85%	61,460
			HH	5.35%	23,040	7.85%	92,560
			M/J	5.35%	27,350	7.85%	108,660
MISSISSIPPI							
\$6,000	\$12,000	\$1,500		3.0%	\$ 10,000	5.0%	\$ 10,000
MISSOURI 1/							
\$2,100	\$4,200	\$1,200		1.5%	\$ 1,000	6.0%	\$ 9,000
MONTANA							
\$1,740	\$3,480	\$1,740		2.0%	\$ 2,200	11.0%	\$ 76,200
NEBRASKA							
(\$99)	(\$198)	(\$99)	S,M/S	2.56%	\$ 2,400	6.84%	\$ 26,500
			M/J	2.56%	4,000	6.84%	46,750
			HH	2.56%	3,800	6.84%	35,000
NEW HAMPSHIRE							
\$2,400	\$4,800	---	5.0% on dividend and interest income over personal exemption.				
NEW JERSEY							
\$1,000	\$2,000	\$1,500	S,M/S	1.4%	\$ 20,000	6.37%	\$ 75,001
			HH,M/J	1.4%	20,000	6.37%	150,001
NEW MEXICO							
\$2,800	\$5,600	\$2,800	M/S	1.7%	\$ 4,000	8.2%	\$ 50,000
			S	1.7%	5,500	8.2%	65,000
			HH	1.7%	7,000	8.2%	83,000
			M/J	1.7%	8,000	8.2%	100,000
NEW YORK							
---	---	\$1,000	M/S,S	4.0%	\$ 8,000	6.85%	\$ 20,000
			HH	4.0%	11,000	6.85%	30,000
			M/J	4.0%	16,000	6.85%	40,000
NORTH CAROLINA 2/							
\$2,500	\$5,000	\$2,500	M/S	6.0%	\$ 10,625	8.25%	\$ 100,000
			S	6.0%	12,750	8.25%	120,000
			HH	6.0%	17,000	8.25%	160,000
			M/J,SS	6.0%	21,250	8.25%	200,000
NORTH DAKOTA							
\$2,900	\$5,800	\$2,900	M/S	2.1%	\$ 22,600	5.54%	\$ 148,675
			S	2.1%	27,050	5.54%	297,350
			HH	2.1%	36,250	5.54%	297,350
			M/J,SS	2.1%	45,200	5.54%	297,350

1/ Does not include various local income taxes.

2/ A taxpayer whose Federal AGI is \geq 50% of the amounts shown in the "maximum over" column is allowed a personal exemption of \$2,000 and \$2,000 for each dependent.

TABLE 15 (continued) INDIVIDUAL INCOME TAX 43 STATES AND DISTRICT OF COLUMBIA AS OF JANUARY 1, 2003								
PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS					
SINGLE	M/J	DEPENDENTS		MINIMUM		MAXIMUM		
				RATE	UP TO	RATE	OVER	
OHIO 1/								
\$1,150 (\$20)	\$2,300 (\$40)	\$1,150 (\$20)		0.743%	\$ 5,000	7.5%	\$200,000	
OKLAHOMA								
<i>Without federal deduction</i>								
\$1,000	\$2,000	\$1,000	S,M/S SS,HH,M/J	0.5% 0.5%	\$ 1,000 2,000	7.0% 7.0%	\$ 10,000 21,000	
<i>With federal deduction</i>								
\$1,000	\$2,000	\$1,000	S,M/S SS,HH,M/J	0.5% 0.5%	\$ 1,000 2,000	10.0% 10.0%	\$ 16,000 24,000	
OREGON 1/								
(\$142)	(\$284)	(\$142)	S,M/S HH,M/J	5.0% 5.0%	\$ 2,500 5,000	9.0% 9.0%	\$ 6,250 12,500	
PENNSYLVANIA 1/								
---	---	---	2.8% of specified classes of taxable income is effective rate.					
RHODE ISLAND								
---	---	---	M/S S HH M/J	3.8% 3.8% 3.8% 3.8%	\$ 864 1,035 1,387 1,729	10.098% 10.098% 10.098% 10.098%	\$ 148,675 297,350 297,350 297,350	
SOUTH CAROLINA								
\$2,750	\$5,500	\$2,750 2/		2.5%	\$ 2,340	7.0%	\$ 11,700	
TENNESSEE								
\$1,250	\$2,500	---	6.0% on interest and dividend income.					
UTAH								
\$2,250	\$4,300	\$2,250	M/S,S HH,M/J	2.3% 2.3%	\$ 863 1,726	7.0% 7.0%	\$ 4,313 8,626	
VERMONT								
---	---	---	24% of federal income tax liability.					
VIRGINIA								
\$800	\$1,600	\$800		2.0%	\$ 3,000	5.75%	\$ 17,000	
WEST VIRGINIA								
\$2,000	\$4,000	\$2,000	M/S S,SS,HH,M/ J	3.0% 3.0%	\$ 5,000 10,000	6.5% 6.5%	\$ 30,000 60,000	
WISCONSIN 3/								
\$700	\$1,400	\$700	M/S S M/J	4.6% 4.6% 4.6%	\$ 5,620 8,430 11,240	6.75% 6.75% 6.75%	\$ 84,280 126,420 168,560	

1/ Does not include various local income taxes.

2/ Additional \$2,750 for child under 6.

3/ Additional exemption of \$250 for taxpayer or spouse age 65 or over.

TABLE 16
CHARACTERISTICS OF STATE INDIVIDUAL INCOME TAXES

JURISDICTION	FEDERAL INCOME TAX DEDUCTIBLE	NO INCOME TAX	WITH-HOLDING	FEDERAL DEFINITION OF INCOME FOR STATE TAX BASE	STATE DEFINITION OF INCOME FOR STATE TAX BASE	FEDERAL TAX LIABILITY FOR STATE TAX BASE
ALABAMA	AL		AL		AL	
ALASKA		AK				
ARIZONA			AZ		AZ	
ARKANSAS			AR		AR	
CALIFORNIA			CA	CA		
COLORADO			CO	CO		
CONNECTICUT			CT	CT		
DELAWARE			DE	DE		
DISTRICT OF COLUMBIA			DC	DC		
FLORIDA		FL				
GEORGIA			GA	GA		
HAWAII			HI	HI		
IDAHO			ID	ID		
ILLINOIS			IL	IL		
INDIANA			IN	IN		
IOWA	IA		IA	IA		
KANSAS			KS	KS		
KENTUCKY			KY	KY		
LOUISIANA	LA		LA	LA		
MAINE			ME	ME		
MARYLAND			MD	MD		
MASSACHUSETTS			MA	MA		
MICHIGAN			MI	MI		
MINNESOTA			MN	MN		
MISSISSIPPI			MS		MS	
MISSOURI	MO		MO	MO		

TABLE 16 (continued)

CHARACTERISTICS OF STATE INDIVIDUAL INCOME TAXES

JURISDICTION	FEDERAL INCOME TAX DEDUCTIBLE	NO INCOME TAX	WITH-HOLDING	FEDERAL DEFINITION OF INCOME FOR STATE TAX BASE	STATE DEFINITION OF INCOME FOR STATE TAX BASE	FEDERAL TAX LIABILITY FOR STATE TAX BASE
MONTANA	MT		MT	MT		
NEBRASKA			NE	NE		
NEVADA		NV				
NEW HAMPSHIRE ^{1/}						NH
NEW JERSEY			NJ		NJ	
NEW MEXICO			NM	NM		
NEW YORK			NY	NY		
NORTH CAROLINA			NC	NC		
NORTH DAKOTA			ND	ND		
OHIO			OH	OH		
OKLAHOMA ^{2/}	OK		OK	OK		
OREGON ^{3/}	OR		OR	OR		
PENNSYLVANIA			PA		PA	
RHODE ISLAND			RI			RI
SOUTH CAROLINA			SC	SC		
SOUTH DAKOTA		SD				
TENNESSEE					TN	
TEXAS		TX				
UTAH ^{3/}	UT		UT	UT		
VERMONT			VT			
VIRGINIA			VA	VA		
WASHINGTON		WA				
WEST VIRGINIA			WV	WV		
WISCONSIN			WI	WI		
WYOMING		WY				

^{1/} Tax only on interest and dividends.

^{2/} Method 2 only.

^{3/} Federal deductibility is limited.

TABLE 17

STATE CORPORATION INCOME TAX RATES

(Maximum Rates)

DISTRICT OF COLUMBIA: 9.975%

LOWER THAN THE DISTRICT 41 STATES			
Colorado	4.63%	Connecticut	7.50%
Mississippi	5.00%	New York	7.50%
South Carolina	5.00%	Idaho	7.60%
Utah	5.00%	New Mexico	7.60%
Florida	5.50%	Nebraska	7.81%
Georgia	6.00%	Wisconsin	7.90%
Oklahoma	6.00%	Louisiana	8.00%
VIRGINIA	6.00%	Kentucky	8.25%
Missouri	6.25%	New Hampshire	8.50%
Hawaii	6.40%	Indiana	8.50%
Alabama	6.50%	Ohio	8.50%
Arkansas	6.50%	Delaware	8.70%
Tennessee	6.50%	California	8.84%
Oregon	6.60%	Maine	8.93%
Montana 1/	6.75%	New Jersey 2/	9.00%
North Carolina	6.90%	Rhode Island	9.00%
Arizona	6.968%	West Virginia	9.00%
MARYLAND	7.00%	Alaska	9.40%
Illinois	7.30%	Massachusetts	9.50%
Kansas	7.35%	Vermont	9.75%
		Minnesota	9.80%
HIGHER THAN THE DISTRICT 3 STATES			
Pennsylvania	9.99%	Iowa	12.00%
North Dakota	10.50%		
NO TAX 6 STATES			
Michigan (Single Business Tax)		Texas	
Nevada		Washington (Gross Receipts Tax)	
South Dakota		Wyoming	

1/ The rate is 7% for corporations making a "water's edge" election.

2/ The rate is 7.5% for corporations with net income of \$100,000 or less. Corporations with net income of \$50,000 or less are taxed at 6.5%. All corporations are required to pay a minimum tax.

TABLE 18

STATE GROSS PREMIUMS TAX RATES ON FOREIGN LIFE INSURERS

DISTRICT OF COLUMBIA: 1.7%

LOWER THAN THE DISTRICT 5 STATES			
New York	0.70%	Michigan	1.29%
South Carolina	0.75%	Ohio	1.62%
Nebraska	1.00%		
HIGHER THAN THE DISTRICT 44 STATES			
Connecticut	1.75%	Washington	2.00%
Florida	1.75%	Wisconsin	2.00%
Tennessee	1.75%	New Jersey	2.10%
Texas	1.75%	Georgia	2.25%
North Carolina ^{1/}	1.90%	Louisiana ^{2/}	2.25%
Arizona	2.00%	Oklahoma	2.25%
Colorado	2.00%	Utah	2.25%
Delaware	2.00%	VIRGINIA	2.25%
Indiana	2.00%	Alabama	2.30%
Iowa	2.00%	California	2.35%
Kansas	2.00%	Arkansas	2.50%
Kentucky	2.00%	South Dakota	2.50%
Maine	2.00%	Wyoming ^{3/}	2.50%
MARYLAND	2.00%	Alaska	2.70%
Massachusetts	2.00%	Hawaii	2.75%
Minnesota	2.00%	Montana	2.75%
Missouri	2.00%	Idaho	3.00%
New Hampshire	2.00%	Mississippi	3.00%
North Dakota	2.00%	New Mexico	3.00%
Pennsylvania	2.00%	West Virginia	3.00% ^{4/}
Rhode Island	2.00%	Nevada	3.50%
Vermont	2.00%	Illinois ^{5/}	4.00%
NO TAX 1 STATE			
Oregon			

1/ An additional 6.5% insurance regulatory charge applied to premium tax liability. An additional 1.33% premium tax for fire related insurance policies.

2/ Maximum rate.

3/ For premium income relieved in 1994 & thereafter, the tax rate shall be seventy-five hundredths (.75%) percent (on net premiums and net considerations computed on the cited note).

4/ An additional 1% premium tax for fire and casualty insurance. There is also a surcharge on fire and casualty insurance policyholders that is equal to 1% of the gross direct premium paid on each policy.

5/ An additional 1% premium tax for fire or fire related insurance policies.

TABLE 19

STATE GENERAL SALES AND USE TAX RATES

DISTRICT OF COLUMBIA: 5.75%

LOWER THAN THE DISTRICT 30 STATES			
Nevada (4.5)	2.00%	Arizona	5.00%
Colorado (5.0%)	2.90%	Idaho	5.00%
VIRGINIA (1%)	3.50%	Indiana	5.00%
Alabama (4.5%)	4.00%	Iowa (1%)	5.00%
Georgia (3%)	4.00%	Maine	5.00%
Hawaii	4.00%	MARYLAND	5.00%
Louisiana (5%)	4.00%	Massachusetts	5.00%
New York (4.5%)	4.00%	New Mexico 1/	5.00%
South Dakota (2%)	4.00%	North Dakota (2.0%)	5.00%
Wyoming (1%)	4.00%	Ohio (3%)	5.00%
Missouri (5.3125%)	4.225%	South Carolina	5.00%
North Carolina (2.5%)	4.50%	Vermont	5.00%
Oklahoma (5%)	4.50%	Wisconsin (.6%)	5.00%
Utah (1.85%)	4.75%	Arkansas (3%)	5.125%
Kansas (2%)	4.90%	Nebraska (2.6875%)	5.50%
HIGHER THAN THE DISTRICT 15 STATES			
California (2.50%)	6.00%	Illinois (3%)	6.25%
Connecticut	6.00%	Texas (2%)	6.25%
Florida	6.00%	Minnesota (1%)	6.50%
Kentucky	6.00%	Washington (2.3%)	6.50%
Michigan	6.00%	Mississippi	7.00%
New Jersey	6.00%	Rhode Island	7.00%
Pennsylvania (1%)	6.00%	Tennessee (2.75%)	7.00%
West Virginia	6.00%		
NO TAX 5 STATES			
Alaska			
Delaware			
Montana			
New Hampshire			
Oregon			

1/ .5% credit within municipal boundaries => 4.5% state rate within municipalities.

Note: Maximum local rates in parentheses

TABLE 20

STATE BEER TAX RATES

(Per Gallon, Alcoholic Content of 4.5%) ^{1/}

DISTRICT OF COLUMBIA: \$0.09

LOWER THAN THE DISTRICT 7 STATES			
Wyoming	\$.02	Kentucky	\$.08
Missouri	.06	Oregon	.08
Wisconsin ^{2/}	.06	Pennsylvania	.08
Colorado	.08		
SAME AS THE DISTRICT 2 STATES			
MARYLAND	\$.09	Nevada	\$.09
HIGHER THAN THE DISTRICT 41 STATES			
Rhode Island ^{2/}	\$.10	Arkansas	\$.23
Massachusetts	.11	Nebraska	.23
Indiana	.12	VIRGINIA	.256
New Jersey	.12	Washington ^{2/}	.26
New York ^{3/}	.125	Vermont	.265
Montana	.14	South Dakota	.27
Tennessee ^{4/}	.14	New Hampshire	.30
Minnesota ^{2/}	.15	Louisiana	.32
Idaho	.15	Alaska	.35
Delaware	.156	Maine	.35
Arizona	.16	Utah	.3548
North Dakota ^{5/}	.16	Oklahoma	.40
Kansas	.18	New Mexico ^{6/}	.41
Ohio	.18	Mississippi	.43
West Virginia	.18	Florida	.48
Illinois	.185	Georgia	.48
Iowa	.19	Alabama	.53
Texas	.19	North Carolina	.53177
California	.20	South Carolina	.77
Connecticut	.20	Hawaii	.93
Michigan	.20		

^{1/} Rates per 31-gallon barrel have been converted to rates per gallon. In some cases this required rounding of the per gallon rate.

^{2/} Credit allowed to small brewers.

^{3/} Scheduled to decrease to \$.11 per gallon, effective September 1, 2003.

^{4/} Additional tax of 17% of wholesale price.

^{5/} \$.08 per gallon for bulk beer.

^{6/} Rate is \$.08 per gallon for microbrewer.

TABLE 21

STATE LIGHT WINE TAX RATES
(Per Gallon, Alcoholic Content of 12%)

DISTRICT OF COLUMBIA: \$0.30

MONOPOLY STATES 4 STATES			
New Hampshire		Utah 2/	
Pennsylvania 1/		Wyoming	
LOWER THAN THE DISTRICT 6 STATES			
Louisiana	\$.11	Texas	\$.20
New York	.19	Wisconsin	.25
California	.20	Colorado	.28
SAME AS THE DISTRICT 2 STATES			
Kansas	\$.30	Minnesota	\$.30
HIGHER THAN THE DISTRICT 38 STATES			
Ohio	\$.32	Arkansas	\$.75
Mississippi	.35	Nebraska	.75
Missouri	.36	North Carolina	.79
MARYLAND	.40	Arizona	.84
Nevada	.40	Alaska	.85
Idaho	.45	Washington	.87
Indiana	.47	South Carolina	.90
Kentucky	.50	South Dakota	.93
North Dakota	.50	Delaware	.97
Michigan	.51	West Virginia	1.00
Massachusetts	.55	Montana	1.02
Vermont	.55	Tennessee	1.21
Connecticut	.60	Hawaii	1.38
Maine	.60	Georgia	1.51
Rhode Island	.60	VIRGINIA	1.51
Oregon	.67	Alabama	1.70
New Jersey	.70	Iowa	1.75
Oklahoma	.72	New Mexico	1.90
Illinois	.73	Florida	2.25

1/ 18% wine & liquor tax on top of a 30% markup.

2/ 13% wine & liquor tax on top of monopoly markup of at least 61%.

TABLE 22

STATE DISTILLED SPIRITS TAX RATES

(Per Gallon)

DISTRICT OF COLUMBIA: \$ 1.50

CONTROL BOARD STATES 18 STATES			
Alabama		Ohio	
Idaho		Oregon	
Iowa		Pennsylvania 2/	
Maine		Utah 3/	
Michigan		Vermont	
Mississippi		VIRGINIA	
Montana		Washington	
New Hampshire		West Virginia	
North Carolina 1/		Wyoming	
SAME AS THE DISTRICT 1 STATE			
MARYLAND	\$ 1.50		
HIGHER THAN THE DISTRICT 31 STATES			
Kentucky	\$ 1.92	Rhode Island	\$ 3.75 6/
Missouri	2.00	Georgia	3.79
Nevada	2.05	South Dakota	3.93
Colorado	2.28	Massachusetts	4.05
Texas	2.40	New Jersey	4.40
Arkansas 4/	2.50	Tennessee	4.40
Kansas	2.50	Connecticut	4.50
Louisiana	2.50	Illinois	4.50
North Dakota	2.50	Minnesota	5.03
Indiana	2.68	Oklahoma	5.56
South Carolina	2.72	Alaska	5.60
Arizona	3.00	Hawaii	5.98
Nebraska	3.00	New York	6.43
Wisconsin	3.25	Florida	6.50
California	3.30	New Mexico	6.75
Delaware	3.75 5/		

1/ 25% Excise Tax. An additional 6% state sales tax.

2/ 18% wine & liquor tax on top of a 30% markup.

3/ 13% wine & liquor tax on top of at least 61% markup.

4/ Containing more than 21% of alcohol by weight.

5/ Distilled spirits less than 30% proof at \$1.10 per gallon.

6/ Spirits with more than 25% ethyl alcohol. Spirits with less than 25% ethyl alcohol by volume at \$2.50/gallon.

TABLE 23

STATE CIGARETTE TAX RATES

(Per Pack of 20)

DISTRICT OF COLUMBIA: \$ 1.00

LOWER THAN THE DISTRICT 40 STATES			
VIRGINIA	\$.025	South Dakota	\$.33
Kentucky	.03	Florida	.339
North Carolina	.05	Arkansas	.34
South Carolina	.07	Nevada	.35
Georgia	.12	Iowa	.36
Wyoming ^{1/}	.12	Texas	.41
Indiana	.155	North Dakota	.44
Alabama	.165	Vermont	.44
Missouri	.17	Minnesota	.48
Mississippi	.18	Utah	.515
Montana	.18	New Hampshire	.52
Colorado	.20	West Virginia	.55
Tennessee	.20	Arizona	.58
New Mexico	.21	Illinois	.58
Oklahoma	.23	Nebraska	.64
Delaware	.24	Oregon	.68
Kansas	.24	Rhode Island	.71
Louisiana	.24	Massachusetts	.76
Ohio	.24	Wisconsin	.77
Idaho	.28	California	.87
SAME AS THE DISTRICT 5 STATES			
Alaska	\$ 1.00	Michigan	\$1.00
Maine	1.00	Pennsylvania	1.00
MARYLAND	1.00		
HIGHER THAN THE DISTRICT 5 STATES			
Connecticut	\$1.11	New Jersey	\$1.50
Hawaii	1.217	New York	1.50
Washington	1.425		

^{1/} Cigarette tax rate will increase from \$0.12 to \$0.60 per pack of 20, effective July 1, 2003.

TABLE 24

MOTOR FUEL TAX RATES

(Per Gallon)

DISTRICT OF COLUMBIA: \$.20

LOWER THAN THE DISTRICT 22 STATES			
Georgia	\$.075	Missouri	\$.17
Alaska	.08	New Mexico	.17
New York	.08	Oklahoma	.17
New Jersey	.105	VIRGINIA	.175
Wyoming ^{1/}	.13	Arizona	.18
Florida	.139	California	.18
Indiana	.15	Mississippi	.18
Kentucky	.15	New Hampshire	.18
Alabama	.16	Illinois	.19
Hawaii	.16	Michigan	.19
South Carolina	.16	Vermont	.19
SAME AS THE DISTRICT 6 STATES			
Iowa	\$.20	Minnesota	\$.20
Louisiana	.20	Tennessee	.20
Kansas	.20	Texas	.20
HIGHER THAN THE DISTRICT 22 STATES			
Massachusetts	\$.21	Oregon	\$.24
North Dakota	.21	Nevada	.24
Arkansas	.215	Utah	.245
Colorado	.22	Connecticut	.25
Ohio	.22	Nebraska	.25
Maine	.22	Idaho	.25
South Dakota	.22	West Virginia	.2535
North Carolina	.221	Pennsylvania	.259
Delaware	.23	Montana	.27
Washington	.23	Rhode Island	.28
MARYLAND	.235	Wisconsin ^{2/}	.281

^{1/} Motor fuel tax rate will increase from \$0.13 to \$0.14, effective July 1, 2003.

^{2/} Motor fuel tax rate will increase from \$0.281 to \$0.285, effective April 1, 2003.

TABLE 25

MOTOR VEHICLE SALES AND EXCISE TAXES

PAID AT TIME OF SALES OR TITLING
47 STATES AND D.C.

DISTRICT OF COLUMBIA: 1/ 6% of fair market value - 3,499 pounds or less 7% of fair market value - 3,500 pounds or more			
Alabama (.125-2.5%)	2.75%	Mississippi	5.0%
Delaware	2.75%	North Dakota	5.0%
Colorado	2.9%	Ohio (0%-3%)	5.0%
North Carolina	3.0%	South Carolina 2/	5.0%
New Mexico	3.0%	West Virginia	5.0%
South Dakota	3.0%	Wisconsin (.6%)	5.0%
VIRGINIA	3.0%	Arkansas (0%-3%) 3/	5.125%
Wyoming (1%)	3.0%	Nebraska	5.5%
Oklahoma	3.25%	California (1.25%-2.5%)	6.0%
Georgia (3%)	4.0%	Connecticut	6.0%
Hawaii	4.0%	Florida	6.0%
Louisiana (1%-5%)	4.0%	Kentucky	6.0%
New York (2.75%-4.5%)	4.0%	Michigan	6.0%
Missouri (.375-3%)	4.225%	New Jersey	6.0%
Utah (1.85%)	4.75%	Pennsylvania	6.0%
Kansas (0%-2%)	4.9%	Vermont	6.0%
Arizona (1.0%-3%)	5.0%	Illinois (.25%-1%)	6.25%
Idaho	5.0%	Texas	6.25%
Indiana	5.0%	Minnesota	6.5%
Iowa	5.0%	Nevada	6.5%
Maine	5.0%	Washington (.5%-2.3%)	6.5%
MARYLAND	5.0%	Tennessee (2.75%) 4/	7.0%
Massachusetts	5.0%	Rhode Island	7.0%
NO TAX 4 STATES			
Alaska Montana New Hampshire Oregon			

1/ Tax does not apply to vehicles previously titled in another jurisdiction, when owners move to the District.

2/ Maximum of \$300.00.

3/ Local sales taxes are capped at \$25 per 1 percent of tax on a single transaction.

4/ Maximum of \$44.00 (2.75% on 1st \$1,600). Local tax is maximum of \$44 (2.75% of 1st \$1,600); additional state tax is maximum of \$44 (2.75% of excess single article sale over \$1,600 to \$3,200).

TABLE 26

STATE MOTOR VEHICLE REGISTRATION FEES

Automobile Costing \$7,900, Bought New and Weighing 3,522 Pounds
(4-Door, 6-Passenger, 8-Cylinder)

DISTRICT OF COLUMBIA: \$ 115.00

LOWER THAN THE DISTRICT 49 STATES			
Arizona ^{1/}	\$ 8.00	Washington	\$ 30.00
Indiana	12.00	West Virginia	30.00
Kentucky	12.00	VIRGINIA	30.50
South Carolina	12.00	New Hampshire	31.20
Mississippi	15.00	Florida	32.50
Oregon	15.00	Nevada	33.00
Wyoming	15.00	Alaska	34.00
Nebraska	17.50	Connecticut	35.00
Montana	18.25	Pennsylvania	36.00
Delaware	20.00	MARYLAND ^{2/}	38.00
Georgia	20.00	Missouri	39.00
North Carolina	20.00	New Mexico	42.00
Tennessee	21.50	South Dakota	42.00
New York	22.50	Vermont	43.00
Ohio	22.75	Wisconsin	45.00
Alabama	23.00	Hawaii	46.42
Maine	23.00	Idaho	48.00
Utah	24.50	Texas	59.80
Arkansas	25.00	New Jersey ^{3/}	73.50
Kansas	25.00	Illinois	78.00
Massachusetts	25.00	North Dakota	79.00
Louisiana	26.50	Oklahoma	90.00
Colorado	28.74	Iowa	93.00
California	30.00	Minnesota ^{4/}	108.75
Rhode Island	30.00		
OTHER BASIS			
Michigan			

^{1/} There is also a \$1.50 fee earmarked for air quality.

^{2/} Includes \$11 fee earmarked for Emergency Medical Services System.

^{3/} Includes \$11 fee earmarked for Emergency Medical Services System.

^{4/} Maximum tax.

TABLE 27

STATE REAL ESTATE DEED RECORDATION AND TRANSFER TAX RATES

(Per \$500 of Consideration)

DISTRICT OF COLUMBIA: \$ 15.00

LOWER THAN THE DISTRICT 36 STATES			
Colorado	\$.05	Wisconsin	\$ 1.50
Alabama	.50	Arkansas	1.65
Georgia	.50	Minnesota	1.65
Hawaii	.50	New Jersey ^{2/}	1.75
Illinois	.50	Tennessee	1.85
Ohio	.50	Arizona	2.00
South Dakota	.50	New York	2.00
Nevada	.65 ^{1/}	Massachusetts (\$10.25)	2.28
Oklahoma	.75	MARYLAND (\$ 10.25) ^{3/}	2.50
VIRGINIA (\$.25)	.75	Connecticut	3.05
Iowa	.80	Florida	3.50
Nebraska	.875	Kentucky	3.50
North Carolina	1.00	Michigan (.55%)	3.75
Maine	1.10	Pennsylvania (\$5.00)	5.00
West Virginia (\$1.10)	1.10	Washington (\$2.50)	6.40
Kansas	1.30	Vermont ^{4/}	6.50
South Carolina	1.30	New Hampshire	7.50
Rhode Island	1.40	Delaware (\$5.00)	10.00
NO TAX 14 STATES			
Alaska		Montana	
California (\$.55)		New Mexico	
Idaho		North Dakota	
Indiana		Oregon	
Louisiana		Texas	
Mississippi		Utah	
Missouri		Wyoming	

NOTE: Maximum local rate in parentheses.

1/ In county whose population is 400,000 or more, \$1.25.

2/ Additional \$0.75 for each \$500 of consideration over \$150,000.

3/ State transfer tax rate only. Rate is \$1.25 for first-time home buyers. State recordation tax is only collected in certain instances and is not reflected in this number.

4/ \$2.50 on first \$100,000.

TABLE 28

TYPES OF STATE INHERITANCE AND ESTATE TAXES

INHERITANCE TAX STATES WITH AN ESTATE TAX TO ABSORB FEDERAL CREDIT	
12 STATES	
Connecticut Idaho Indiana Iowa Kentucky Louisiana	MARYLAND Nebraska New Hampshire New Jersey Pennsylvania Tennessee
ESTATE TAX STATES WITH AN ESTATE TAX TO ABSORB FEDERAL CREDIT	
10 STATES	
Alaska Illinois Massachusetts Mississippi Montana	Ohio Oklahoma Rhode Island South Dakota West Virginia
ESTATE TAX TO ABSORB FEDERAL CREDIT	
29 STATES AND D.C.	
Alabama Arizona Arkansas California Colorado Delaware District of Columbia ^{1/} Hawaii Florida Georgia Kansas Maine Minnesota Michigan Missouri	Nevada New Mexico New York North Carolina North Dakota Oregon South Carolina Texas Utah Vermont VIRGINIA Washington Wisconsin ^{2/} Wyoming

^{1/} The District's Estate Tax is no longer in conformity with the Federal Estate Tax. Except for raising the filing threshold from \$600,000 to \$675,000 (effective January 1, 2002), the District's Inheritance and Estate Tax Act of 2002 retains all aspects of the District Estate Tax, as it existed on January 1, 1986. Hence, the District Estate Tax is decoupled from recent and forthcoming Federal Estate Tax law changes as stipulated in the Federal Economic Growth and Tax Relief Reconciliation Act of 2001.

^{2/} For deaths after September 30, 2002, and before January 1, 2008, Wisconsin's estate tax equals the credit allowed under federal law in effect in December 31, 2000. Thus, Wisconsin will not follow phase-out of the state death tax credit enacted in the Federal Economic Growth and Tax Relief Reconciliation Act of 2001, until January 1, 2008.

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