

Government of the  
District of Columbia



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**Tax Rates and Tax Burdens**  
in the District of Columbia -  
A Nationwide Comparison

**2012**

Issued December 2013

**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 District of Columbia and the 50 states 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, constitutional limitations in some states, and the level of local government services demanded by residents.

The District's tax structure employs taxes typically used by local governments, such as real and personal property taxes, deed taxes, traffic fines, and others. At the same time, the District has taxes usually associated with the state level of government, such as the income tax, estate tax, sales and use taxes, excise taxes, gross receipts taxes and motor vehicle-related taxes. About two-thirds of the District's generated revenues come from taxes usually administered by the states.

The state and local tax rates of individual taxpayers vary from one jurisdiction to another. 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 \$3.57 per \$100 of assessed value in Columbus, Ohio to \$0.02 per \$100 of assessed value in Boise, Idaho (Table 4, page 18). In addition, several jurisdictions allow tax exemptions, credits and caps in the calculation of the real property tax liability (Table 6, page 20). The District of Columbia has a \$67,500 homestead deduction in FY 2012 for owner-occupied residences as well as other credits. In FY 2012, the Class One property tax rate for the District is \$0.85 per \$100 of assessed value; and the owner-occupied residential real property tax cap is 10 percent.

As noted in Table 7, page 22, 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 Minneapolis, Minnesota, Seattle, Washington, Phoenix, Arizona, Memphis, Tennessee, and Chicago, Illinois. Residents of Kansas City, Missouri, Honolulu, Hawaii, Virginia Beach, Virginia, Portland, Maine, and Milwaukee, Wisconsin pay the lowest sales tax rates.

Table 9, page 25, indicates that residents in all 51 cities in this study pay some type of automobile registration fee or tax -- usually either a flat rate per vehicle or by weight of vehicle. In addition, personal property taxes on automobiles are levied in 12 of the cities.

Residents in 44 of the 51 cities in this study are subject to some type of individual income tax at the state and/or local levels (Table 3, page 17). 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, graduated state tax rates, and flat state rates with exemptions.

There is no single pattern that characterizes either a high or 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 most populous city in each state, through December 31, 2012. Part II of this publication contains a compendium of tables that illustrate the tax rates in the District of Columbia and the 50 states for 12 different types of taxes as of January 1, 2013.

## **ACKNOWLEDGMENT**

Each year the Government of the District of Columbia, Office of the Chief Financial Officer, Office of Revenue Analysis publishes several reports to provide information to the citizens and taxpayers of the District of Columbia about the tax rates of states and large cities. The reports contain information about the rates and burdens of major taxes in the District of Columbia compared with states and the largest city in those states.

This publication contains two reports: (I) Tax Burdens in Washington, D.C. Compared with Those in the Largest City in Each State, 2012 and (II) A Comparison of Selected Tax Rates in the District of Columbia with Those in the 50 States as of January 1, 2013. This information is requested annually by committees of the U.S. Congress and the District of Columbia Council. It is provided pursuant to Public Law 93-407.

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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. We would also like to extend special thanks to the various state research offices for their assistance in compiling the state tax rate comparisons in Part II of this publication.

I would also like to thank Ed Wyatt, who until his retirement in April, diligently worked to prepare this document. His contribution and dedication of more than a decade are immensely appreciated. I would also like to thank Lori Metcalf, whose efforts in taking on the responsibility of working on this project made the publication of this study possible.

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## **Part I**

**Tax Burdens in Washington, D.C.  
Compared with Those in  
the Largest City in Each State**

**2012**

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## OVERVIEW

There is a wide diversity in state and local tax systems in the United States. The fifty 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 its revenue needs, the local government tax base, the fiscal relationships between the state and the local government, constitutional and legal limitations on the powers of taxation, and the jurisdiction's philosophy of government taxation.

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 individual and corporate income taxes, excise taxes and motor vehicle related taxes. About two-thirds of the District's locally generated revenues come from taxes usually administered by a state.

This study compares tax burdens in 51 different locations for a hypothetical family of three. 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 is instructive to compare the tax burdens in one jurisdiction with the burdens in other jurisdictions. Useful information and insights can be gleaned from such a comparison. However, in evaluating or interpreting these comparisons, consideration should be given to special circumstances within each jurisdiction that may affect tax burdens. 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. **The methodology used in this report is best suited to provide a relative comparison of tax burdens, within a single tax type and within a single year, across each of the 51 cities studied. Comparisons across the different types of taxes or across years should be made with caution.**

As in past years, it should be further noted that 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. **In particular, the assumptions and methodologies used to estimate house values by income across the cities is new to this report, and as such has implications for the findings.** 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

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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.

The taxing systems of states and local jurisdictions differ in many aspects. 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 has been true, for example, for energy producing states and states specializing in tourism.

This report compares the state and local tax burdens of hypothetical households in Washington, D.C., with the burden for the households in the largest city in each of the 50 states for 2012. The four major taxes used in the comparison are the individual income tax, the real property tax on residential property, the general sales and use tax, and automobile taxes, including the gasoline tax, registration fees, excise tax, and the 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 one school-age child. 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 wage and salary income is further assumed to have been earned in the city. 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. However, at the \$25,000 income level the study assumes that the household renter-occupies and not owner-occupies its housing unit. The particular assumptions used in the calculation of each major tax type are indicated on the following pages.

- **Housing Values.** Housing values across income levels in the 2012 study are based on data from the U.S. Census Bureau's American Community Survey (ACS) and adjusted using a linear multiplier for the different income levels.

- **Mortgage Interest.** The mortgage interest amount (for use as an itemized deduction in the income tax) in the 2012 study is derived by calculating an amortization schedule for the estimated home value for each income level in each city.
- **Renters versus Owners.** The hypothetical family at the \$25,000 income level in this year's study is assumed to rent, rather than own a home. Given the real estate values in most areas of the country, the assumption that families earning \$25,000 per year rent is likely more realistic than the assumption that they own a home.

## Individual Income Tax

The five income levels used in this study are divided between wage and salary income and other types of income. The table below shows the wages and salaries, interest income and capital gains for Washington, D.C. married filers. The following data have been updated from the previous year for all of the income categories using 2011 tax year data.

Gross Income		Wages and Salaries	Interest	Long-Term Capital Gains 1/
\$25,000	Spouse 1	\$17,159	\$615	(\$128)
	Spouse 2	7,354		
\$50,000	Spouse 1	\$33,833	\$1,071	\$597
	Spouse 2	14,500		
\$75,000	Spouse 1	\$51,760	\$831	\$226
	Spouse 2	22,183		
\$100,000	Spouse 1	\$69,010	\$792	\$623
	Spouse 2	29,576		
\$150,000	Spouse 1	\$103,417	\$1,102	\$1,161
	Spouse 2	44,321		

1/ Assumes a three-year holding period

Because the Federal Earned Income Tax credit (EITC) at the \$25,000 income level in some states will determine the state's EITC, and because several states (such as Alabama, Iowa, Louisiana, Missouri, Montana, and Oregon) 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 2012 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 during the time period used for this report.

Many states in 2012 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, where the deductions have been adjusted to reflect Washington, D.C. Statistics of Income (SOI) income levels for tax year 2011.

Deduction	Gross Income Level				
	\$ 25,000	\$ 50,000	\$ 75,000	\$100,000	\$150,000
Medical (Gross)	6,073	7,464	9,087	9,703	12,228
Nondeductible Medical 1/	<u>-1,875</u>	<u>-3,750</u>	<u>-5,625</u>	<u>-7,500</u>	<u>-11,250</u>
Net Medical Deduction	4,198	3,714	3,462	2,203	978
Deductible Taxes	2/	2/	2/	2/	2/
Mortgage Interest	3/	3/	3/	3/	3/
Contribution Deduction	2,456	3,140	4,033	4,196	4,292
Gross Miscellaneous	2,879	4,619	3,910	3,973	4,576
Nondeductible 4/	<u>-500</u>	<u>-1,000</u>	<u>-1,500</u>	<u>-2,000</u>	<u>-3,000</u>
Net Miscellaneous Deduction	2,379	3,619	2,410	1,973	1,576
Other Miscellaneous Deductions	153	163	206	184	134
<b>Total Deductions-without taxes And mortgage interest</b>	<b>9,186</b>	<b>10,636</b>	<b>10,110</b>	<b>8,555</b>	<b>6,980</b>

- 1/ Nondeductible medical equal 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 the 2012 study and individual income taxes computed in the 2011 study.
- 3/ Mortgage interest is based on 5th year interest paid on a home purchased in 2007 at an interest rate of 4.0%.
- 4/ Nondeductible miscellaneous deductions equal 2 percent of A.G.I.

The itemized deductions shown above are used in the calculation of the 2012 tax burdens. The 2012 deductible real and personal property taxes computed in the current year's 51-city burden study are used for the 2012 property tax deduction. For the 2012 state and local individual income tax deduction, 2011 data were used as a proxy. These figures were used in computing the 2012 federal income tax burden. States that allow state and local income tax deductions are Georgia, Hawaii, New Mexico, Oklahoma, Rhode Island, and Vermont. Alabama allows social security tax and Medicare tax deductions on their state tax. Iowa and New Jersey allow all medical expenses paid as an itemized state deduction. 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 18, 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, data presented in Table 5 (page 19) 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, based on extrapolations of 2012 American Community Survey (ACS) data, the estimated house value at the \$75,000 income level ranges from a high of \$591,984 in Honolulu, Hawaii, to a low of \$163,359 in Charleston, West Virginia.

The housing values for each income level (except the \$25,000 income level) shown in Table 5 are derived from 2012 ACS data. A series of assumptions and calculations were made in order to estimate the median house value in each city, for each income level used in the report. First, data on median house values and median incomes were retrieved from the Census Bureau's American Community Survey 2012. Data were collected for the Metropolitan Statistical Area (MSA) within which the largest city in each state falls.<sup>1</sup>

Since the focus of this study is identifying the median house value at the \$50,000, \$75,000, \$100,000 and \$150,000 income levels, a linear multiplier was calculated based on the relationship of an MSA's median income to its median house value. This multiplier was used to scale the house values to the various income levels in the report. This assumption serves as input for both the property tax burden calculations and the mortgage interest deduction for the income tax burden. It is important to note that this method is different than the method used in previous years' reports, and further, makes the assumption that house values increase in a linear fashion with income.

As stated previously, the study assumes that the family with an annual income of \$25,000 does not own a home (and as a result does not pay property tax directly), but instead rents. The assumptions for the property tax equivalent of rent in each city were calculated by adjusting the rental values presented in the 2011 Tax Burden Study for 2012 using the change in the Consumer Price Index for rent from 2011 to 2012.<sup>2</sup>

Because renters pay property tax indirectly through their rent, it was necessary to compute a percentage of said rent constituting property taxes. States with property tax circuit breaker

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<sup>1</sup> For Newark, New Jersey and Wilmington, Delaware, county level house values were used because Newark falls in the New York City MSA and Wilmington falls in the Philadelphia MSA.

<sup>2</sup> "CPI Detailed Report; Data for 2012." Bureau of Labor Statistics, Washington, D.C.: 2012. P. 2. The Consumer Price Index for all Urban Consumers (CPI-U) for rent increased by 2.7 % from December 2011 to December 2012.

programs estimate a “property tax rent equivalent” in order to calculate the amount that renters are paying in property taxes. While there is some variation in the assumption of rent constituting property taxes within different states, on average, states assume that about 20 percent of rent goes toward paying property taxes.

The use of the above methodology was an attempt to reflect the different values of housing in different parts of the country and at different income levels. Data from the 2012 ACS were used for estimating house values because they are the latest data comparable for all the jurisdictions in this study. It is important to note that these are **hypothetical** values based on income levels and do not represent **average** values for a particular jurisdiction.

In computing property tax burdens, it is also necessary to consider the various exemptions, limitations, and credits noted in Table 6 (page 20). 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, nor can it adjust for “caps” on the growth in tax liability over time. Table 4 (page 18), which compares residential real estate tax rates for each city, does not reflect the various exemptions and credits noted in Table 6. The many other exemptions and credits available, such as those for senior citizens, 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 for families owning and residing in their homes.

## **Sales and Use Tax**

The sales tax burdens included in this study are based on information from the 2012 Bureau of Labor Statistics’ Consumer Expenditure Survey (CES). The CES provides data on consumer expenditures for different income categories. For example, the CES data provide average annual expenditures on items such as food at home, food away from home, apparel and services, health care, and transportation. The expenditure data and the tax rates of cities are used to determine the sales tax that these expenditures generate. The state and local general sales tax rates in each city are reported in Table 7, page 22.

## **Automobile Taxes**

Automobile taxes included in this study are gasoline taxes, motor vehicle registration fees (state and local), excise taxes, and personal property taxes levied on automobiles. Table 10 (page 25) 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

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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 8-13). As reflected in Table 1, tax burdens across the 51 cities vary widely at all income levels. At the \$25,000 income level, the \$4,232 burden for Honolulu, Hawaii is more than nine times greater than the \$454 burden for Burlington, Vermont. Similarly, at the \$150,000 income level, the Bridgeport, Connecticut burden of \$33,208 is more than five times the Cheyenne, Wyoming burden of \$6,307. The differences in the composition of state and local tax structures cause a wide variation in tax burdens at all income levels.

The highest combined overall tax burden, based on all income levels, occurs in Bridgeport, Connecticut; followed by Philadelphia, Pennsylvania; Milwaukee, Wisconsin; and Baltimore, Maryland.

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

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 are 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.

**TABLE 1**  
**ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2012**  
**\$25,000**

RANK	CITY	ST	TAXES				BURDEN	
			INCOME 2/	PROPERTY 3/	SALES 4/	AUTO	AMOUNT	PERCENT
1	Honolulu	HI	89	2,820	1,052	272	4,232	16.9%
2	Chicago	IL	745	2,021	1,065	297	4,128	16.5%
3	Atlanta	GA	565	2,098	1,228	197	4,087	16.3%
4	Bridgeport	CT	8	2,667	905	422	4,001	16.0%
5	Phoenix	AZ	135	1,918	1,701	224	3,978	15.9%
6	Newark	NJ	0	2,290	1,474	110	3,873	15.5%
7	Philadelphia	PA	788	1,974	809	223	3,794	15.2%
8	Charlotte	NC	425	1,846	1,133	385	3,789	15.2%
9	Little Rock	AR	302	1,743	1,438	270	3,753	15.0%
10	Birmingham	AL	409	1,780	1,279	218	3,686	14.7%
11	Indianapolis	IN	865	1,708	975	120	3,669	14.7%
12	Boston	MA	299	2,544	554	241	3,638	14.6%
13	Jackson	MS	60	1,831	1,146	556	3,593	14.4%
14	New Orleans	LA	203	2,107	1,101	140	3,552	14.2%
15	New York City	NY	0	2,334	970	180	3,484	13.9%
16	Los Angeles	CA	0	2,327	759	396	3,481	13.9%
17	Virginia Beach	VA	144	2,428	584	291	3,447	13.8%
18	Detroit	MI	446	1,881	934	161	3,421	13.7%
19	Charleston	WV	666	1,513	883	358	3,420	13.7%
20	Kansas City	MO	192	1,713	1,113	392	3,410	13.6%
21	Providence	RI	(102)	2,066	766	652	3,381	13.5%
22	Houston	TX	0	1,807	1,382	180	3,368	13.5%
23	Memphis	TN	0	1,807	1,375	144	3,326	13.3%
24	Las Vegas	NV	0	2,221	694	345	3,260	13.0%
25	Seattle	WA	0	2,048	910	289	3,247	13.0%
26	Milwaukee	WI	301	1,804	860	280	3,245	13.0%
27	Jacksonville	FL	0	2,006	973	230	3,209	12.8%
28	Salt Lake City	UT	29	1,895	923	282	3,129	12.5%
29	Louisville	KY	532	1,612	756	218	3,118	12.5%
30	Minneapolis	MN	0	1,826	974	283	3,083	12.3%
31	Denver	CO	0	1,829	982	259	3,070	12.3%
32	Boise	ID	(171)	1,826	1,087	246	2,989	12.0%
33	Wichita	KS	(197)	1,496	1,311	351	2,961	11.8%
34	Oklahoma City	OK	(80)	1,585	1,258	193	2,956	11.8%
35	Columbus	OH	289	1,767	694	203	2,953	11.8%
36	Baltimore	MD	0	2,004	545	401	2,950	11.8%
37	Omaha	NE	0	1,661	1,037	242	2,941	11.8%
38	Albuquerque	NM	(272)	1,681	1,372	159	2,940	11.8%
39	Columbia	SC	0	1,802	680	358	2,839	11.4%
40	Portland	ME	0	1,900	568	320	2,788	11.2%
41	Des Moines	IA	78	1,693	733	269	2,773	11.1%
42	Sioux Falls	SD	0	1,565	1,007	199	2,772	11.1%
<b>43</b>	<b>WASHINGTON</b>	<b>DC</b>	<b>(319)</b>	<b>2,095</b>	<b>721</b>	<b>213</b>	<b>2,710</b>	<b>10.8%</b>
44	Manchester	NH	0	2,204	275	224	2,703	10.8%
45	Portland	OR	265	2,051	0	258	2,574	10.3%
46	Fargo	ND	28	1,432	845	231	2,536	10.1%
47	Cheyenne	WY	0	1,528	755	193	2,476	9.9%
48	Anchorage	AK	0	2,144	73	148	2,366	9.5%
49	Billings	MT	115	1,792	26	414	2,347	9.4%
50	Wilmington	DE	0	2,137	0	159	2,296	9.2%
51	Burlington	VT	(2,606)	2,226	655	179	454	1.8%
<b>AVERAGE</b>		<b>1/</b>	<b>132</b>	<b>1,942</b>	<b>925</b>	<b>266</b>	<b>3,180</b>	<b>12.7%</b>
<b>MEDIAN</b>			<b>168</b>	<b>1,881</b>	<b>934</b>	<b>242</b>	<b>3,245</b>	<b>13.0%</b>

1/ Based on jurisdictions actually levying tax.

2/ Amounts in parentheses represent refundable State Earned Income Tax Credits; for Idaho it represents the Refundable Grocery Credit.

3/ Based on 20 percent of estimated annual rent.

4/ AK, NH, and MT do not have a general sales tax but various selective sales taxes were applicable to consumption items used to estimate these sales tax burdens.

TABLE 1

ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2012  
\$50,000

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES 2/	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	904	7,003	1,179	554	9,641	19.3%
2	Philadelphia	PA	1,550	5,903	1,045	282	8,781	17.6%
3	Milwaukee	WI	1,607	5,272	1,009	339	8,226	16.5%
4	Baltimore	MD	1,209	4,591	718	519	7,037	14.1%
5	Columbus	OH	1,199	4,562	880	255	6,897	13.8%
6	Detroit	MI	1,713	3,440	1,126	197	6,476	13.0%
7	Providence	RI	880	3,624	944	895	6,343	12.7%
8	Louisville	KY	1,333	3,664	928	285	6,211	12.4%
9	Chicago	IL	2,079	2,278	1,269	342	5,968	11.9%
10	Wilmington	DE	665	4,900	0	202	5,768	11.5%
11	Portland	ME	580	3,999	715	460	5,754	11.5%
12	Los Angeles	CA	0	4,167	911	520	5,597	11.2%
13	Des Moines	IA	1,048	3,178	923	342	5,491	11.0%
14	Indianapolis	IN	2,189	1,896	1,178	154	5,417	10.8%
15	Jackson	MS	735	2,565	1,332	749	5,381	10.8%
16	Newark	NJ	630	2,718	1,810	129	5,287	10.6%
17	New Orleans	LA	845	2,941	1,315	178	5,279	10.6%
18	Charlotte	NC	1,466	1,932	1,386	494	5,278	10.6%
19	New York City	NY	1,471	2,254	1,207	232	5,164	10.3%
20	Albuquerque	NM	381	2,900	1,632	196	5,109	10.2%
21	Boston	MA	1,810	2,298	688	303	5,098	10.2%
22	Omaha	NE	709	2,789	1,270	320	5,088	10.2%
23	Kansas City	MO	676	2,215	1,437	521	4,848	9.7%
24	Atlanta	GA	1,015	2,128	1,421	260	4,825	9.6%
25	Phoenix	AZ	406	1,839	2,170	294	4,708	9.4%
26	Little Rock	AR	999	1,637	1,715	355	4,706	9.4%
27	Memphis	TN	0	2,675	1,708	182	4,565	9.1%
28	Oklahoma City	OK	1,100	1,693	1,526	225	4,545	9.1%
29	Minneapolis	MN	1,008	1,962	1,225	337	4,532	9.1%
30	Portland	OR	1,280	2,919	0	320	4,520	9.0%
31	Wichita	KS	927	1,507	1,608	459	4,502	9.0%
32	Manchester	NH	0	3,851	275	282	4,408	8.8%
33	Houston	TX	0	2,385	1,710	218	4,313	8.6%
34	Virginia Beach	VA	1,247	1,973	700	369	4,289	8.6%
35	Charleston	WV	1,817	896	1,106	469	4,288	8.6%
36	Fargo	ND	284	2,637	1,037	274	4,233	8.5%
37	Salt Lake City	UT	1,106	1,478	1,120	328	4,032	8.1%
38	Boise	ID	723	1,433	1,418	293	3,867	7.7%
39	Burlington	VT	595	2,215	827	217	3,854	7.7%
40	Denver	CO	873	1,406	1,221	332	3,832	7.7%
41	Birmingham	AL	1,033	899	1,504	285	3,721	7.4%
42	Seattle	WA	0	2,169	1,140	360	3,669	7.3%
<b>43</b>	<b>WASHINGTON</b>	<b>DC</b>	<b>1,179</b>	<b>1,197</b>	<b>945</b>	<b>257</b>	<b>3,579</b>	<b>7.2%</b>
44	Sioux Falls	SD	0	2,158	1,164	241	3,562	7.1%
45	Columbia	SC	998	1,039	792	477	3,306	6.6%
46	Honolulu	HI	679	1,101	1,183	335	3,298	6.6%
47	Jacksonville	FL	0	1,857	1,086	298	3,241	6.5%
48	Anchorage	AK	0	2,879	119	163	3,161	6.3%
49	Las Vegas	NV	0	1,681	906	451	3,038	6.1%
50	Cheyenne	WY	0	1,131	921	251	2,303	4.6%
51	Billings	MT	683	1,018	35	475	2,211	4.4%
<b>AVERAGE</b>		<b>1/</b>	<b>1,064</b>	<b>2,605</b>	<b>1,132</b>	<b>339</b>	<b>4,887</b>	<b>9.8%</b>
<b>MEDIAN</b>			<b>1,008</b>	<b>2,254</b>	<b>1,140</b>	<b>303</b>	<b>4,706</b>	<b>9.4%</b>

1/ Based on jurisdictions actually levying tax.

2/ AK, NH, and MT do not have a general sales tax but various selective sales taxes were applicable to consumption items used to estimate these sales tax burdens.

**TABLE 1**  
**ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2012**  
**\$75,000**

RANK	CITY	ST	TAXES				BURDEN		
			INCOME	PROPERTY	SALES 2/	AUTO	AMOUNT	PERCENT	
1	Bridgeport	CT	3,014	10,504	1,807	1,007	16,333	21.8%	
2	Philadelphia	PA	2,347	8,854	1,612	431	13,244	17.7%	
3	Milwaukee	WI	3,105	7,907	1,479	546	13,037	17.4%	
4	Baltimore	MD	2,672	6,886	1,122	943	11,622	15.5%	
5	Columbus	OH	2,248	6,844	1,327	391	10,811	14.4%	
6	Providence	RI	1,818	5,436	1,364	1,667	10,285	13.7%	
7	Louisville	KY	2,559	5,497	1,450	503	10,008	13.3%	
8	Detroit	MI	2,820	5,160	1,636	313	9,929	13.2%	
9	Portland	ME	1,886	6,095	1,141	728	9,851	13.1%	
10	Chicago	IL	3,263	3,607	1,941	582	9,394	12.5%	
11	Wilmington	DE	1,677	7,350	0	307	9,334	12.4%	
12	Des Moines	IA	2,469	4,827	1,403	605	9,305	12.4%	
13	Jackson	MS	1,788	3,912	1,945	1,428	9,073	12.1%	
14	Charlotte	NC	2,971	2,898	2,034	829	8,733	11.6%	
15	New York City	NY	3,112	3,501	1,719	360	8,692	11.6%	
16	Indianapolis	IN	3,414	3,289	1,726	232	8,661	11.5%	
17	Los Angeles	CA	0	6,290	1,367	901	8,557	11.4%	
18	Albuquerque	NM	1,447	4,366	2,301	308	8,422	11.2%	
19	Omaha	NE	1,758	4,183	1,896	548	8,386	11.2%	
20	New Orleans	LA	1,515	4,471	1,969	270	8,225	11.0%	
21	Boston	MA	3,136	3,446	1,070	523	8,176	10.9%	
22	Atlanta	GA	2,203	3,313	2,051	491	8,059	10.7%	
23	Kansas City	MO	1,588	3,323	2,202	944	8,057	10.7%	
24	Little Rock	AR	2,218	2,630	2,570	619	8,037	10.7%	
25	Newark	NJ	1,046	4,076	2,523	251	7,897	10.5%	
26	Minneapolis	N	2,200	3,246	1,898	549	7,893	10.5%	
27	Wichita	KS	2,217	2,401	2,403	820	7,841	10.5%	
28	Portland	OR	2,774	4,379	0	500	7,653	10.2%	
29	Boise	ID	2,219	2,713	2,170	480	7,582	10.1%	
30	Oklahoma City	OK	2,200	2,546	2,219	368	7,333	9.8%	
31	Phoenix	AZ	902	2,758	3,183	462	7,305	9.7%	
32	Charleston	WV	3,362	1,344	1,663	803	7,173	9.6%	
33	Virginia Beach	VA	2,430	2,959	1,076	666	7,131	9.5%	
34	Memphis	TN	0	4,012	2,608	278	6,898	9.2%	
35	Salt Lake City	UT	2,401	2,217	1,712	491	6,821	9.1%	
36	Manchester	NH	0	5,776	450	447	6,673	8.9%	
37	Fargo	ND	595	3,956	1,579	451	6,580	8.8%	
38	Houston	TX	0	3,665	2,549	350	6,563	8.8%	
39	Denver	CO	1,840	2,108	1,911	571	6,430	8.6%	
40	<b>WASHINGTON</b>	<b>DC</b>	<b>2,410</b>	<b>2,082</b>	<b>1,434</b>	<b>458</b>	<b>6,384</b>	<b>8.5%</b>	
41	Burlington	VT	1,308	3,323	1,265	348	6,244	8.3%	
42	Birmingham	AL	2,053	1,433	2,264	493	6,244	8.3%	
43	Columbia	SC	2,552	1,558	1,202	891	6,203	8.3%	
44	Honolulu	HI	1,661	1,792	1,635	527	5,615	7.5%	
45	Seattle	WA	0	3,253	1,737	559	5,550	7.4%	
46	Sioux Falls	SD	0	3,236	1,668	387	5,292	7.1%	
47	Jacksonville	FL	0	3,235	1,512	473	5,220	7.0%	
48	Anchorage	AK	0	4,455	168	292	4,915	6.6%	
49	Las Vegas	NV	0	2,522	1,356	763	4,642	6.2%	
50	Billings	MT	2,046	1,527	64	688	4,325	5.8%	
51	Cheyenne	WY	0	1,697	1,349	429	3,475	4.6%	
<b>AVERAGE</b>			<b>1/</b>	<b>2,225</b>	<b>3,978</b>	<b>1,688</b>	<b>574</b>	<b>7,963</b>	<b>10.6%</b>
<b>MEDIAN</b>				<b>2,218</b>	<b>3,446</b>	<b>1,668</b>	<b>500</b>	<b>7,893</b>	<b>10.5%</b>

1/ Based on jurisdictions actually levying tax.

2/ AK, NH, and MT do not have a general sales tax but various selective sales taxes were applicable to consumption items used to estimate these sales tax burdens.

**TABLE 1**  
**ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2012**  
**\$100,000**

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES 2/	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	4,555	14,006	2,035	1,065	21,660	21.7%
2	Milwaukee	WI	4,670	10,543	1,593	612	17,418	17.4%
3	Philadelphia	PA	3,118	11,806	1,826	498	17,248	17.2%
4	Baltimore	MD	4,243	9,181	1,235	997	15,655	15.7%
5	Columbus	OH	3,367	9,125	1,463	451	14,406	14.4%
6	Portland	ME	3,580	8,191	1,284	823	13,879	13.9%
7	Providence	RI	2,919	7,248	1,492	1,753	13,412	13.4%
8	Louisville	KY	3,856	7,329	1,614	540	13,338	13.3%
9	Detroit	MI	3,926	6,880	1,832	354	12,991	13.0%
10	Wilmington	DE	2,779	9,800	0	356	12,936	12.9%
11	Des Moines	IA	4,037	6,476	1,545	653	12,711	12.7%
12	Chicago	IL	4,446	4,937	2,158	634	12,174	12.2%
13	New York City	NY	4,990	4,748	1,900	430	12,068	12.1%
14	Jackson	MS	2,923	5,258	2,089	1,475	11,746	11.7%
15	Charlotte	NC	4,666	3,864	2,260	912	11,702	11.7%
16	Omaha	NE	3,295	5,577	2,114	597	11,583	11.6%
17	Indianapolis	IN	4,669	4,683	1,897	270	11,519	11.5%
18	Los Angeles	CA	343	8,413	1,485	976	11,217	11.2%
19	Albuquerque	NM	2,481	5,832	2,475	350	11,137	11.1%
20	Minneapolis	MN	3,730	4,554	2,111	610	11,005	11.0%
21	Boise	ID	3,799	4,146	2,470	534	10,949	10.9%
22	Boston	MA	4,515	4,595	1,209	585	10,904	10.9%
23	Little Rock	AR	3,699	3,623	2,834	668	10,824	10.8%
24	Portland	OR	4,372	5,838	0	571	10,781	10.8%
25	Atlanta	GA	3,463	4,498	2,208	510	10,678	10.7%
26	New Orleans	LA	2,225	6,000	2,127	313	10,666	10.7%
27	Kansas City	MO	2,714	4,431	2,475	999	10,619	10.6%
28	Wichita	KS	3,710	3,296	2,664	875	10,544	10.5%
29	Newark	NJ	1,831	5,435	2,817	299	10,382	10.4%
30	Oklahoma City	OK	3,355	3,399	2,397	404	9,555	9.6%
31	Charleston	WV	4,987	1,792	1,851	875	9,506	9.5%
32	Virginia Beach	VA	3,670	3,945	1,163	711	9,490	9.5%
<b>33</b>	<b>WASHINGTON</b>	<b>DC</b>	<b>4,157</b>	<b>2,968</b>	<b>1,589</b>	<b>551</b>	<b>9,265</b>	<b>9.3%</b>
34	Salt Lake City	UT	3,826	2,956	1,906	574	9,261	9.3%
35	Phoenix	AZ	1,450	3,678	3,503	528	9,159	9.2%
36	Manchester	NH	0	7,702	513	509	8,724	8.7%
37	Memphis	TN	0	5,349	2,917	321	8,587	8.6%
38	Fargo	ND	955	5,274	1,747	500	8,477	8.5%
39	Columbia	SC	4,176	2,078	1,293	930	8,477	8.5%
40	Denver	CO	2,860	2,811	2,134	620	8,425	8.4%
41	Burlington	VT	2,025	4,430	1,392	391	8,238	8.2%
42	Houston	TX	0	4,944	2,854	393	8,191	8.2%
43	Birmingham	AL	3,033	1,967	2,439	534	7,973	8.0%
44	Honolulu	HI	2,807	2,483	1,781	599	7,670	7.7%
45	Seattle	WA	0	4,338	1,913	640	6,891	6.9%
46	Jacksonville	FL	0	4,614	1,557	534	6,705	6.7%
47	Sioux Falls	SD	0	4,315	1,796	456	6,567	6.6%
48	Anchorage	AK	0	6,055	179	309	6,543	6.5%
49	Billings	MT	3,573	2,036	73	754	6,436	6.4%
50	Las Vegas	NV	0	3,362	1,504	836	5,703	5.7%
51	Cheyenne	WY	0	2,263	1,475	476	4,214	4.2%
<b>AVERAGE</b>		<b>1/</b>	<b>3,424</b>	<b>5,354</b>	<b>1,861</b>	<b>631</b>	<b>10,592</b>	<b>10.6%</b>
<b>MEDIAN</b>			<b>3,625</b>	<b>4,683</b>	<b>1,851</b>	<b>571</b>	<b>10,666</b>	<b>10.7%</b>

1/ Based on jurisdictions actually levying tax.

2/ AK, NH, and MT do not have a general sales tax but various selective sales taxes were applicable to consumption items used to estimate these sales tax burdens.

**TABLE 1**  
**ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2012**  
**\$150,000**

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES 2/	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	7,751	21,008	2,805	1,643	33,208	22.1%
2	Milwaukee	WI	7,634	15,815	2,246	602	26,296	17.5%
3	Philadelphia	PA	4,670	17,709	2,451	488	25,317	16.9%
4	Baltimore	MD	7,605	13,772	1,874	1,496	24,747	16.5%
5	Portland	ME	6,911	12,384	1,737	1,432	22,463	15.0%
6	Columbus	OH	6,081	13,687	2,123	442	22,333	14.9%
7	Providence	RI	5,292	10,872	2,109	3,020	21,294	14.2%
8	Louisville	KY	6,597	10,993	2,146	788	20,524	13.7%
9	Wilmington	DE	5,283	14,701	0	349	20,332	13.6%
10	Des Moines	IA	7,417	9,773	2,202	869	20,260	13.5%
11	New York City	NY	9,243	7,242	2,615	421	19,520	13.0%
12	Detroit	MI	6,138	10,320	2,339	347	19,145	12.8%
13	Jackson	MS	5,063	7,952	2,857	2,555	18,427	12.3%
14	Omaha	NE	6,251	8,366	2,787	997	18,402	12.3%
15	Charlotte	NC	7,820	5,796	3,111	1,160	17,888	11.9%
16	Los Angeles	CA	1,717	12,659	2,001	1,388	17,765	11.8%
17	Chicago	IL	6,813	7,596	2,706	626	17,742	11.8%
18	Boise	ID	6,835	7,012	3,368	525	17,740	11.8%
19	Burlington	VT	4,289	11,001	2,025	385	17,699	11.8%
20	Indianapolis	IN	7,179	7,471	2,713	265	17,628	11.8%
21	Portland	OR	7,861	8,758	0	560	17,179	11.5%
22	Minneapolis	MN	6,703	6,944	2,903	601	17,151	11.4%
23	Little Rock	AR	6,681	5,610	3,746	957	16,994	11.3%
24	Albuquerque	NM	4,485	8,763	3,391	344	16,983	11.3%
25	Kansas City	MO	5,155	6,646	3,286	1,565	16,652	11.1%
26	Wichita	KS	6,613	5,085	3,597	1,301	16,595	11.1%
27	Atlanta	GA	5,861	6,867	3,010	848	16,586	11.1%
28	Boston	MA	7,204	6,893	1,506	915	16,518	11.0%
29	Newark	NJ	4,359	8,153	3,612	296	16,419	10.9%
30	New Orleans	LA	3,552	9,060	3,018	307	15,936	10.6%
<b>31</b>	<b>WASHINGTON</b>	<b>DC</b>	<b>7,534</b>	<b>4,738</b>	<b>2,340</b>	<b>543</b>	<b>15,155</b>	<b>10.1%</b>
32	Virginia Beach	VA	6,045	5,918	1,674	1,021	14,658	9.8%
33	Charleston	WV	8,235	2,688	2,510	1,212	14,645	9.8%
34	Oklahoma City	OK	5,583	5,105	3,354	409	14,451	9.6%
35	Salt Lake City	UT	6,518	4,434	2,508	636	14,096	9.4%
36	Columbia	SC	7,289	3,117	1,806	1,538	13,750	9.2%
37	Phoenix	AZ	2,638	5,516	4,641	885	13,680	9.1%
38	Manchester	NH	0	11,552	769	742	13,063	8.7%
39	Fargo	ND	2,130	7,911	2,309	493	12,843	8.6%
40	Denver	CO	4,823	4,217	2,883	824	12,747	8.5%
41	Memphis	TN	0	8,024	3,839	315	12,177	8.1%
42	Birmingham	AL	4,738	3,034	3,340	748	11,860	7.9%
43	Honolulu	HI	5,146	3,864	2,242	588	11,840	7.9%
44	Houston	TX	0	7,503	3,848	386	11,737	7.8%
45	Billings	MT	6,511	3,054	140	963	10,668	7.1%
46	Jacksonville	FL	0	7,371	2,153	525	10,049	6.7%
47	Seattle	WA	0	6,507	2,767	628	9,901	6.6%
48	Anchorage	AK	0	9,253	230	307	9,790	6.5%
49	Sioux Falls	SD	0	6,473	2,481	470	9,425	6.3%
50	Las Vegas	NV	0	5,044	2,149	1,121	8,314	5.5%
51	Cheyenne	WY	0	3,394	2,100	813	6,307	4.2%
<b>AVERAGE</b>		<b>1/</b>	<b>6,006</b>	<b>8,189</b>	<b>2,538</b>	<b>836</b>	<b>16,410</b>	<b>10.9%</b>
<b>MEDIAN</b>			<b>6,381</b>	<b>7,471</b>	<b>2,508</b>	<b>636</b>	<b>16,595</b>	<b>11.1%</b>

1/ Based on jurisdictions actually levying tax.

2/ AK, NH, and MT do not have a general sales tax but various selective sales taxes were applicable to consumption items used to estimate these sales tax burdens.

**TABLE 1**  
**ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2012**  
**COMBINED TOTALS FOR ALL INCOME LEVELS**

RANK	CITY	ST	TAXES				BURDEN AMOUNT
			INCOME	PROPERTY	SALES 2/	AUTO	
1	Bridgeport	CT	16,232	55,188	8,731	4,691	84,842
2	Philadelphia	PA	12,472	46,246	7,743	1,923	68,384
3	Milwaukee	WI	17,317	41,342	7,186	2,379	68,223
4	Baltimore	MD	15,729	36,433	5,493	4,356	62,011
5	Columbus	OH	13,185	35,985	6,487	1,743	57,400
6	Providence	RI	10,909	29,246	6,675	7,987	54,817
7	Portland	ME	12,957	32,570	5,445	3,763	54,735
8	Louisville	KY	14,877	29,095	6,894	2,334	53,199
9	Detroit	MI	15,042	27,681	7,867	1,371	51,961
10	Wilmington	DE	10,404	38,888	0	1,373	50,665
11	Des Moines	IA	15,049	25,948	6,804	2,738	50,539
12	Chicago	IL	17,346	20,439	9,139	2,481	49,406
13	New York City	NY	18,816	20,080	8,410	1,622	48,929
14	Jackson	MS	10,569	21,518	9,370	6,762	48,219
15	Charlotte	NC	17,348	16,337	9,924	3,781	47,389
16	Indianapolis	IN	18,316	19,047	8,489	1,041	46,894
17	Los Angeles	CA	2,060	33,854	6,523	4,181	46,617
18	Omaha	NE	12,013	22,577	9,105	2,704	46,399
19	Albuquerque	NM	8,794	23,541	11,170	1,358	44,863
20	Boston	MA	16,964	19,776	5,027	2,568	44,335
21	Little Rock	AR	13,899	15,243	12,304	2,869	44,314
22	Atlanta	GA	13,107	18,903	9,919	2,306	44,235
23	Newark	NJ	7,866	22,672	12,236	1,085	43,859
24	Minneapolis	MN	13,641	18,532	9,111	2,379	43,664
25	New Orleans	LA	8,340	24,579	9,531	1,208	43,658
26	Kansas City	MO	10,325	18,329	10,512	4,420	43,586
27	Boise	ID	13,576	17,131	10,512	2,079	43,298
28	Portland	OR	16,552	23,945	0	2,209	42,706
29	Wichita	KS	13,467	13,784	11,583	3,806	42,640
30	Burlington	VT	8,217	23,194	6,164	1,520	39,095
31	Charleston	WV	19,067	8,234	8,013	3,717	39,031
32	Virginia Beach	VA	13,536	17,223	5,198	3,058	39,015
33	Oklahoma City	OK	12,238	14,329	10,754	1,599	38,920
34	Phoenix	AZ	5,531	15,709	15,197	2,393	38,830
35	<b>WASHINGTON</b>	<b>DC</b>	<b>15,280</b>	<b>13,080</b>	<b>7,030</b>	<b>2,022</b>	<b>37,412</b>
36	Salt Lake City	UT	13,880	12,981	8,169	2,310	37,340
37	Manchester	NH	0	31,084	2,282	2,204	35,571
38	Memphis	TN	0	21,866	12,447	1,240	35,553
39	Fargo	ND	3,992	21,210	7,516	1,949	34,668
40	Columbia	SC	15,015	9,594	5,772	4,194	34,575
41	Denver	CO	10,396	12,371	9,132	2,606	34,504
42	Houston	TX	0	20,303	12,343	1,526	34,172
43	Birmingham	AL	11,267	9,112	10,827	2,278	33,484
44	Honolulu	HI	10,382	12,059	7,894	2,319	32,655
45	Seattle	WA	0	18,315	8,467	2,476	29,258
46	Jacksonville	FL	0	19,084	7,280	2,060	28,424
47	Sioux Falls	SD	0	17,747	8,117	1,753	27,617
48	Anchorage	AK	0	24,787	769	1,219	26,775
49	Billings	MT	12,928	9,428	337	3,294	25,987
50	Las Vegas	NV	0	14,830	6,609	3,517	24,956
51	Cheyenne	WY	0	10,014	6,600	2,162	18,776
<b>AVERAGE</b>		<b>1/</b>	<b>12,742</b>	<b>22,068</b>	<b>8,145</b>	<b>2,646</b>	<b>43,033</b>
<b>MEDIAN</b>			<b>13,227</b>	<b>20,080</b>	<b>8,117</b>	<b>2,319</b>	<b>43,586</b>

1/ Based on jurisdictions actually levying tax.

2/ AK, NH, and MT do not have a general sales tax but various selective sales taxes were applicable to consumption items used to estimate these sales tax burdens.

## CHAPTER III

### Comparing Specific Tax Burdens for a Hypothetical Family of Three in the Largest City in Each State

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#### 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 17).

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 (or less than zero) percent in seventeen of the cities in the study to a high of 3.5 percent in Indianapolis, Indiana. At the \$150,000 income level, the burden ranges from zero percent of income in Manchester, New Hampshire and Memphis, Tennessee to 6.2 percent in New York City, New York. It should be noted that the New Hampshire and Tennessee income tax is applicable only to interest and dividend income and the exemptions are high enough to eliminate individual income taxes at all 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 0.3 percent at \$25,000 income to 3.3 percent at \$150,000 income.

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, 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 29 of the cities. Taxpayers of five cities are subject to a flat state tax rate with exemptions.

Nine states have either graduated or flat state rates and flat local rates. 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 on the following page summarizes the various indexing methods used by states:

**TABLE 2**  
**STATES THAT INDEX SOME PART OF**  
**THEIR INDIVIDUAL INCOME TAX, 2012**

STATE	INDEXED PORTION	STATUS
Arkansas	Tax brackets, Personal credits	Active
California	Tax brackets, exemption (credit), standard deduction	Active
Idaho	Tax brackets	Active
Iowa	Tax brackets, standard deductions	Active
Maine	Tax brackets, standard deductions	Active
Michigan	Personal exemptions	Active
Minnesota	Tax brackets, exemptions, standard deductions	Active
Montana	Tax brackets, exemptions, standard deductions	Active
Nebraska	Standard deductions	Active
North Dakota	Tax brackets, exemptions, standard deductions	Active
Ohio	Standard deductions	Active
Oklahoma	Standard deductions	Active
Oregon	Tax brackets, exemptions credit, standard deductions credit	Active
South Carolina	Tax brackets	Active
Utah	Tax brackets, standard deductions	Active
Wisconsin	Tax brackets, standard deductions	Active
West Virginia	Family tax credit	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.

## 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 18), 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 \$3.57 per \$100 of assessed value in Columbus, Ohio, to \$0.02 per \$100 of assessed value in Boise, Idaho. Assessment levels vary dramatically from 1.47 percent of assessed value in Billings, Montana, to 100.2 percent of assessed value in Charlotte, North Carolina. Fourteen cities, including the District of Columbia, assess at 100 percent of value. Local assessors, state tax and county officials, and state and local websites provided the assessment level and nominal rates used in the cities. The District's effective property tax rate (net of assessment value, and not of property tax relief measures) is among the lowest of the 51 cities, ranking 42nd.

The assumed housing values in the 51 cities at each of the five income levels are presented in Table 5, page 19. Housing values at the same income level vary a great deal based on housing markets in each city. As previously mentioned, these housing values are extrapolated from Census data and represent a hypothetical house value for each income level. In addition, several jurisdictions allow tax exemptions and credits in the calculation of the property tax. These exemptions and credits are noted in Table 6 (page 20). This study does not model the impact of property tax caps that are available in some jurisdictions. As such, the study may overstate property taxes in those jurisdictions.

Table 1 indicates that, based on the particular assumptions used in this report, the property tax is the highest of the four taxes at each income level. However, it is important to note that the main purpose of this report is to make comparisons across the 51 cities within a specific type of tax. As previously noted, these are hypothetical tax burdens based on various assumptions made in the report, and comparisons across tax types should be made with caution.

In Table 1, Bridgeport, Connecticut; Philadelphia, Pennsylvania; Milwaukee, Wisconsin; and Wilmington, Delaware, have the highest combined property tax burdens. For these cities, this is due primarily to a combination of high real estate tax rates and high housing values, as can be seen in Table 4 (page 18).

Charleston, West Virginia; Birmingham, Alabama; Billings, Montana; and Columbia South Carolina, have the lowest combined real estate tax burden at all income levels. This low real estate tax burden results from a combination of a low effective real estate tax rate, below average housing values, or 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 THREE**  
**2012**

CITIES WITH:	ST	INCOME LEVELS:				
		\$25,000	\$50,000	\$75,000	\$100,000	\$150,000
<b>GRADUATED STATE AND LOCAL TAX RATES</b>						
New York City	NY	0.0%	2.9%	4.1%	5.0%	6.2%
<b>GRADUATED STATE AND FLAT LOCAL RATES</b>						
Birmingham	AL	1.6%	2.1%	2.7%	3.0%	3.2%
Wilmington	DE	0.0%	1.3%	2.2%	2.8%	3.5%
Louisville	KY	2.1%	2.7%	3.4%	3.9%	4.4%
Baltimore	MD	0.0%	2.4%	3.6%	4.2%	5.1%
Kansas City	MO	0.8%	1.4%	2.1%	2.7%	3.4%
Columbus	OH	1.2%	2.4%	3.0%	3.4%	4.1%
<b>FLAT STATE AND LOCAL TAX RATES</b>						
Indianapolis	IN	3.5%	4.4%	4.6%	4.7%	4.8%
Detroit	MI	1.8%	3.4%	3.8%	3.9%	4.1%
Philadelphia	PA	3.2%	3.1%	3.1%	3.1%	3.1%
<b>GRADUATED STATE TAX RATE</b>						
Phoenix	AZ	0.5%	0.8%	1.2%	1.5%	1.8%
Little Rock	AR	1.2%	2.0%	3.0%	3.7%	4.5%
Los Angeles	CA	0.0%	0.0%	0.0%	0.3%	1.1%
Bridgeport	CT	0.0%	1.8%	4.0%	4.6%	5.2%
<b>WASHINGTON</b>	<b>DC</b>	<b>-1.3%</b>	<b>2.4%</b>	<b>3.2%</b>	<b>4.2%</b>	<b>5.0%</b>
Atlanta	GA	2.3%	2.0%	2.9%	3.5%	3.9%
Honolulu	HI	0.4%	1.4%	2.2%	2.8%	3.4%
Boise	ID	-0.7%	1.4%	3.0%	3.8%	4.6%
Des Moines	IA	0.3%	2.1%	3.3%	4.0%	4.9%
Wichita	KS	-0.8%	1.9%	3.0%	3.7%	4.4%
New Orleans	LA	0.8%	1.7%	2.0%	2.2%	2.4%
Portland	ME	0.0%	1.2%	2.5%	3.6%	4.6%
Minneapolis	MN	0.0%	2.0%	2.9%	3.7%	4.5%
Jackson	MS	0.2%	1.5%	2.4%	2.9%	3.4%
Billings	MT	0.5%	1.4%	2.7%	3.6%	4.3%
Omaha	NE	0.0%	1.4%	2.3%	3.3%	4.2%
Newark	NJ	0.0%	1.3%	1.4%	1.8%	2.9%
Albuquerque	NM	-1.1%	0.8%	1.9%	2.5%	3.0%
Charlotte	NC	1.7%	2.9%	4.0%	4.7%	5.2%
Fargo	ND	0.1%	0.6%	0.8%	1.0%	1.4%
Oklahoma City	OK	-0.3%	2.2%	2.9%	3.4%	3.7%
Portland	OR	1.1%	2.6%	3.7%	4.4%	5.2%
Providence	RI	-0.4%	1.8%	2.4%	2.9%	3.5%
Columbia	SC	0.0%	2.0%	3.4%	4.2%	4.9%
Salt Lake City	UT	0.1%	2.2%	3.2%	3.8%	4.3%
Virginia Beach	VA	0.6%	2.5%	3.2%	3.7%	4.0%
Burlington	VT	-10.4%	1.2%	1.7%	2.0%	2.9%
Charleston	WV	2.7%	3.6%	4.5%	5.0%	5.5%
Milwaukee	WI	1.2%	3.2%	4.1%	4.7%	5.1%
<b>FLAT STATE TAX RATE WITH EXEMPTIONS</b>						
Denver	CO	0.0%	1.7%	2.5%	2.9%	3.2%
Chicago	IL	3.0%	4.2%	4.4%	4.4%	4.5%
Boston	MA	1.2%	3.6%	4.2%	4.5%	4.8%
Manchester	NH	0.0%	0.0%	0.0%	0.0%	0.0%
Memphis	TN	0.0%	0.0%	0.0%	0.0%	0.0%
<b>AVERAGE</b>	<b>1/</b>	<b>0.3%</b>	<b>1.7%</b>	<b>2.4%</b>	<b>2.8%</b>	<b>3.3%</b>
<i>No income tax: Anchorage, AK; Jacksonville, FL; Las Vegas, NV; Sioux Falls, SD; Houston, TX; Seattle, WA; Cheyenne, WY</i>						

1/ Based on jurisdictions actually levying tax.

Note: Negative numbers result from refundable State Earned Income Tax Credits; Refundable grocery credit in Idaho. Percentages at each income level are effective tax rates calculated using the assumptions and methodologies specific to this report.

**TABLE 4**  
**RESIDENTIAL PROPERTY TAX RATES IN THE LARGEST CITY IN EACH STATE**  
**2012**

RANK	CITY	ST	NOMINAL RATE PER \$100	ASSESSMENT LEVEL	EFFECTIVE RATE PER \$100
1	Columbus	OH	9.99	35.7%	3.57
2	Providence	RI	3.19	100.0%	3.19
3	Milwaukee	WI	3.06	100.0%	3.06
4	Indianapolis	IN	3.05	100.0%	3.05
5	Philadelphia	PA	9.43	32.0%	3.02
6	Detroit	MI	6.77	44.0%	2.98
7	Bridgeport	CT	4.11	70.0%	2.88
8	Houston	TX	2.53	100.0%	2.53
9	Des Moines	IA	4.65	52.8%	2.46
10	Louisville	KY	2.55	95.4%	2.43
11	Baltimore	MD	2.27	100.0%	2.27
12	Newark	NJ	3.45	74.0%	2.23
13	Manchester	NH	2.20	100.0%	2.20
14	Omaha	NE	2.17	96.0%	2.09
15	Burlington	VT	2.03	100.0%	2.03
16	Columbia	SC	50.23	4.0%	2.01
17	Portland	ME	1.94	100.0%	1.94
18	Memphis	TN	7.13	26.1%	1.86
19	Jacksonville	FL	1.80	100.0%	1.80
20	Wilmington	DE	3.79	46.6%	1.77
21	Anchorage	AK	1.72	100.0%	1.72
22	Jackson	MS	17.14	10.0%	1.71
23	Fargo	ND	38.21	4.4%	1.70
24	Atlanta	GA	4.03	40.0%	1.61
25	New Orleans	LA	15.75	10.0%	1.58
26	Albuquerque	NM	4.68	33.3%	1.56
27	Kansas City	MO	8.15	19.0%	1.55
28	Minneapolis	MN	1.53	98.7%	1.51
29	Sioux Falls	SD	1.70	85.0%	1.45
30	Wichita	KS	12.27	11.5%	1.41
31	Little Rock	AR	7.01	20.0%	1.40
32	Portland	OR	2.03	65.7%	1.33
33	Boston	MA	1.31	100.0%	1.31
34	Oklahoma City	OK	11.47	11.0%	1.26
35	Charlotte	NC	1.23	100.2%	1.23
36	Phoenix	AZ	12.10	10.0%	1.21
37	Las Vegas	NV	3.28	35.0%	1.15
38	Los Angeles	CA	1.14	100.0%	1.14
39	Seattle	WA	1.08	89.9%	0.97
40	Billings	MT	65.40	1.47%	0.96
41	Virginia Beach	VA	0.95	99.7%	0.95
42	<b>WASHINGTON</b>	<b>DC</b>	<b>0.85</b>	<b>100.0%</b>	<b>0.85</b>
43	Charleston	WV	1.37	60.0%	0.82
44	Salt Lake City	UT	1.46	55.0%	0.80
45	New York City	NY	18.13	4.4%	0.80
46	Denver	CO	8.79	8.0%	0.70
47	Birmingham	AL	6.95	10.0%	0.70
48	Cheyenne	WY	7.10	9.5%	0.67
49	Chicago	IL	5.46	10.0%	0.55
50	Honolulu	HI	0.35	100.0%	0.35
51	Boise	ID	0.02	96.9%	0.02
<b>UNWEIGHTED AVERAGE</b>			<b>\$6.86</b>	<b>59.0%</b>	<b>\$1.65</b>
<b>MEDIAN</b>			<b>\$3.19</b>	<b>60.0%</b>	<b>\$1.56</b>

NOTE: All rates and percentages in this table are rounded. Effective tax rates listed here are net of assessment value and do not reflect any exemptions or credits noted in Table 6, or any other property tax credits, deductions, or exemptions offered by the state or locality.

Source: Data collected from surveys to State Revenue Department officials.

**TABLE 5  
HOUSING VALUE ASSUMPTIONS  
2012**

CITY	ST	HOUSING VALUE ASSUMPTIONS AT INDICATED INCOME LEVELS:				
		TAX ON RENT \$25,000	\$50,000	\$75,000	\$100,000	\$150,000
Anchorage	AK	2,144	186,519	279,779	373,038	559,557
Birmingham	AL	1,780	152,471	228,706	304,942	457,413
Little Rock	AR	1,743	141,708	212,561	283,415	425,123
Phoenix	AZ	1,918	151,969	227,954	303,939	455,908
Los Angeles	CA	2,327	374,099	561,148	748,197	1,122,296
Denver	CO	1,829	200,885	301,328	401,770	602,656
Bridgeport	CT	2,667	252,627	378,941	505,254	757,881
<b>WASHINGTON</b>	<b>DC</b>	<b>2,095</b>	<b>208,312</b>	<b>312,468</b>	<b>416,624</b>	<b>624,936</b>
Wilmington	DE	2,137	277,261	415,892	554,522	831,784
Jacksonville	FL	2,006	153,165	229,748	306,330	459,495
Atlanta	GA	2,098	147,177	220,766	294,355	441,532
Honolulu	HI	2,820	394,656	591,984	789,312	1,183,967
Des Moines	IA	1,693	134,304	201,455	268,607	402,911
Boise	ID	1,826	156,633	234,949	313,266	469,899
Chicago	IL	2,021	174,735	262,103	349,471	524,206
Indianapolis	IN	1,708	140,615	210,923	281,231	421,846
Wichita	KS	1,496	126,781	190,171	253,561	380,342
Louisville	KY	1,612	150,629	225,943	301,258	451,887
New Orleans	LA	2,107	194,236	291,354	388,472	582,708
Boston	MA	2,544	249,798	374,697	499,596	749,394
Baltimore	MD	2,004	202,404	303,606	404,808	607,212
Portland	ME	1,900	216,011	324,016	432,022	648,033
Detroit	MI	1,881	115,484	173,226	230,968	346,452
Minneapolis	MN	1,826	153,662	230,492	307,323	460,985
Kansas City	MO	1,713	143,069	214,604	286,139	429,208
Jackson	MS	1,831	157,145	235,717	314,290	471,435
Billings	MT	1,792	189,118	283,677	378,236	567,354
Charlotte	NC	1,846	156,947	235,420	313,894	470,840
Fargo	ND	1,432	155,459	233,188	310,917	466,376
Omaha	NE	1,661	133,591	200,386	267,181	400,772
Manchester	NH	2,204	175,354	263,030	350,707	526,061
Newark	NJ	2,290	121,703	182,555	243,407	365,110
Albuquerque	NM	1,681	187,908	281,862	375,816	563,724
Las Vegas	NV	2,221	146,530	219,796	293,061	439,591
New York City	NY	2,334	312,588	468,882	625,176	937,764
Columbus	OH	1,767	146,465	219,697	292,929	439,394
Oklahoma City	OK	1,585	135,202	202,803	270,404	405,606
Portland	OR	2,051	218,769	328,153	437,537	656,306
Philadelphia	PA	1,974	195,574	293,362	391,149	586,723
Providence	RI	2,066	227,218	340,827	454,437	681,655
Columbia	SC	1,802	143,346	215,020	286,693	430,039
Sioux Falls	SD	1,565	149,290	223,935	298,580	447,869
Memphis	TN	1,807	143,476	215,214	286,953	430,429
Houston	TX	1,807	126,453	189,680	252,906	379,360
Salt Lake City	UT	1,895	184,063	276,094	368,126	552,189
Virginia Beach	VA	2,428	208,315	312,472	416,629	624,944
Burlington	VT	2,226	205,045	307,568	410,090	615,136
Seattle	WA	2,048	223,594	335,391	447,189	670,783
Milwaukee	WI	1,804	183,348	275,021	366,695	550,043
Charleston	WV	1,513	108,906	163,359	217,811	326,717
Cheyenne	WY	1,528	167,737	251,605	335,474	503,211
<b>AVERAGE</b>		<b>\$1,942</b>	<b>\$182,399</b>	<b>\$273,599</b>	<b>\$364,798</b>	<b>\$547,197</b>
<b>MEDIAN</b>		<b>\$1,881</b>	<b>\$157,145</b>	<b>\$235,717</b>	<b>\$314,290</b>	<b>\$471,435</b>

Source for "Tax on Rent": The property tax equivalent of rent in each city was calculated by adjusting the rental values presented in the 2011 Tax Burden Study for 2012 using the change in the Consumer Price Index for rent from December 2011 to December 2012. The property tax equivalent of rent is assumed to be 20 percent of annual rent.

Source for all other columns: Data on median incomes and median house values for 2012 were retrieved from the Census Bureau's ACS 2012. A multiplier was applied to each income based on the relationship of median income to median home value. This is a different methodology than has been used in the past and thus makes different assumptions about house values at each income level, by city.

**TABLE 6**  
**CITIES THAT ALLOW EXEMPTIONS OR REDUCED RATES**  
**IN THE CALCULATION OF REAL ESTATE TAXES FOR HOMEOWNERS, 2012**

CITY	STATE	EXEMPTION OR TAX REDUCTION AMOUNT	BASIS OF TAX REDUCTION OR EXEMPTION
Anchorage	AK	10% up to \$20,000 maximum	Assessed Value
Birmingham	AL	\$4,000	Assessed Value-Homestead
Little Rock 1/	AR	\$350 Credit against Homestead for Homeowners	Tax Credit
Phoenix	AZ	40% Exemption on School Tax Rates up to \$600	Assessed Value
Los Angeles	CA	\$7,000 Exemption	Assessed Value
<b>WASHINGTON 2/</b>	<b>DC</b>	<b>\$67,500 Exemption</b>	<b>Assessed Value-Homestead</b>
Jacksonville 3/	FL	\$50,000 Homestead Exemption \$25,000 School	Assessed Value
Atlanta	GA	\$15,000 Exemption	Assessed Value
Honolulu 4/	HI	\$80,000 Exemption (below age 55)	Assessed Value
Des Moines	IA	\$4,850 Exemption	Assessed Value
Boise	ID	50% up to \$83,974 Exemption	Assessed Value and Homestead
Chicago	IL	\$7,000 exemption	Equalized Assessed Value
Indianapolis	IN	60% Deduction (maximum of \$45,000) Supplemental deduction of 35% deduction of AV less than \$600,000; 25% deduction of AV greater than \$600,000.	Assessed Value-Homestead
Wichita	KS	\$20,000 School Levy Exemption	Assessed Value
Des Moines	IA	Credit on 1 <sup>st</sup> \$4,850 Taxable Value	Assessed Value-Homestead
New Orleans	LA	\$7,500 Exemption	Assessed Value
Boston	MA	30% Residential Exemption	Assessed Value
Portland	ME	\$10,000 Homestead Exemption	Assessed Value
Detroit	MI	Homestead Property Exempt From Basic Local School Operating Millage Tax	Taxable Value
Minneapolis	MN	\$30,400 Exemption on AV up to \$76,000; decreasing up to \$413,800, at which value it phases out	Assessed Value
Jackson	MS	\$7,500 Exemption	Assessed Value
Billings	MT	44% Homestead Exemption 6 year phase-in of new value (6 year value lag)	Market Value
Albuquerque	NM	\$2,000 Household Head Exemption	Taxable Value
New York City	NY	\$30,000 exemption on primary residence	Full Value (NYS STAR Program)
Columbus	OH	12.5% Tax Rollback	Assessed Value
Oklahoma City	OK	\$1,000 Exemption	Assessed Value-Homestead
Providence	RI	50% Exemption	Assessed Value
Columbia	SC	30% 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 Lottery Credit: School Tax on 1 <sup>st</sup> \$9,200 Market Value 1st Dollar Credit: School Tax on 1 <sup>st</sup> \$6,600 Market Value	Equalized Assessed Value Equalized Assessed Value Equalized Assessed Value

Source: Data collected from surveys to State Revenue Department officials and review of State Revenue Department Web Sites.

1/ Annual assessment increases limited to 5% for homesteads.

2/ D.C.'s exemption amount increased to \$69,100 on October 1, 2012 (effective for D.C.'s Real Property Tax Year 2013)

3/ Assessed value increases limited to lesser of change in CPI or 3%.

4/ Annual assessment increases limited to 4% for homeowners.

## Sales and Use Tax

Residents of 46 of the 51 cities in this study are subject to some form of sales and use tax. The combined sales tax rates range from 9.90 percent in Minneapolis, Minnesota, to 4.5 percent in Honolulu, Hawaii, as indicated in Table 7, page 22. The highest state sales tax rate is 7 percent in Indiana, Mississippi, New Jersey, Rhode Island, and Tennessee; while the lowest state rate of 2 percent is found in Nevada. Sales taxes are levied by twenty three of the 51 cities in addition to state sales taxes with the highest city rate at 4.5 percent in New York City. The lowest city rates are Boston, Massachusetts, and Los Angeles, California. Of the twenty two counties levying a sales tax, the highest rate (3.5 percent) is in Clark County (Las Vegas). Two school districts and nine transit districts also levy sales taxes, with rates ranging from 0.375 percent in New York City, to 2.25 percent in Las Vegas, Nevada.

According to Table 1, and based on the assumptions made in the report, the average sales tax burden is the second highest of the four major tax types at the \$25,000 income level. For families subject to a sales tax, the highest sales tax burdens across each of the income levels are in Phoenix, Arizona; Memphis, Tennessee; Little Rock, Arkansas; Houston, Texas; and Newark, New Jersey. Cities with the lowest sales tax burdens include Billings, Montana; Anchorage, Alaska; Manchester, New Hampshire; Virginia Beach, Virginia; and Boston, Massachusetts.



## 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. Twelve 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 December 31, 2012 are compared in Table 8, page 24. The gasoline tax rates vary from as high as 37.75 cents per gallon in Charlotte, North Carolina; 37.5 cents in Seattle, Washington; and 33.5 cents in Honolulu, Hawaii, and Los Angeles, California, to a low of 7.5 cents per gallon in Atlanta, Georgia.

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 either weight or value. The types of registration and other automobile taxes to which residents of the 51 cities are subject are summarized in Table 9, page 25.

Twelve 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 25.

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

**TABLE 8**  
**GASOLINE TAX RATES IN THE 51 CITIES AS OF DECEMBER 31, 2012**  
**(STATE AND LOCAL RATES PER GALLON)**

CITY	ST	TOTAL RATE	STATE RATE	LOCAL RATE
Charlotte	NC	37.75	37.75 <sup>1</sup>	0.00
Seattle	WA	37.50	37.50	0.00
Los Angeles	CA	33.50	33.50	0.00
Honolulu	HI	33.50	17.00	16.50
Charleston	WV	33.40	33.40	0.00
Las Vegas	NV	33.00	24.00	9.00
Portland	OR	33.00	30.00	3.00
Philadelphia	PA	31.20	31.20	0.00
Providence	RI	31.00	31.00	0.00
Milwaukee	WI	30.90	30.90	0.00
Portland	ME	30.00	30.00	0.00
Jacksonville	FL	28.80	14.90	13.90
Minneapolis	MN	28.50	28.50	0.00
Columbus	OH	28.00	28.00	0.00
Billings	MT	27.75	27.75	0.00
New York City	NY	26.65	26.65	0.00
Omaha	NE	26.20	26.20	0.00
Bridgeport	CT	25.00	25.00	0.00
Boise	ID	25.00	25.00	0.00
Salt Lake City	UT	24.50	24.50	0.00
Chicago	IL	24.00	19.00	5.00
Wichita	KS	24.00	24.00	0.00
Kansas City	MO	24.00	17.00	7.00
<b>WASHINGTON</b>	<b>DC</b>	<b>23.50</b>	<b>23.50</b>	<b>0.00</b>
Baltimore	MD	23.50	23.50	0.00
Wilmington	DE	23.00	23.00	0.00
Fargo	ND	23.00	23.00	0.00
Denver	CO	22.00	22.00	0.00
Sioux Falls	SD	22.00	22.00	0.00
Little Rock	AR	21.80	21.80	0.00
Boston	MA	21.00	21.00	0.00
New Orleans	LA	20.00	20.00	0.00
Memphis	TN	20.00	20.00	0.00
Houston	TX	20.00	20.00	0.00
Burlington	VT	20.00	20.00	0.00
Manchester	NH	19.70	19.70	0.00
Albuquerque	NM	19.50	19.50	0.00
Des Moines	IA	19.00	19.00	0.00
Detroit	MI	19.00	19.00	0.00
Jackson	MS	18.40	18.40	0.00
Birmingham	AL	18.30	18.30	0.00
Phoenix	AZ	18.00	18.00	0.00
Indianapolis	IN	18.00	18.00	0.00
Virginia Beach	VA	17.50	17.50	0.00
Oklahoma City	OK	17.00	17.00	0.00
Louisville	KY	16.40	16.40	0.00
Columbia	SC	16.00	16.00	0.00
Cheyenne	WY	14.00	14.00	0.00
Newark	NJ	10.50	10.50	0.00
Anchorage	AK	8.00	8.00	0.00
Atlanta	GA	7.50	7.50	0.00
<b>UNWEIGHTED AVERAGE</b>		<b>23.41</b>	<b>22.03</b>	
<b>MEDIAN</b>		<b>23.00</b>	<b>21.40</b>	

Source: Survey of State Revenue Department Officials.

1/ Includes a 0.25 cent per gallon inspection tax.

TABLE 9

SUMMARY OF TYPES OF AUTOMOBILE  
REGISTRATION TAXES  
2012

<u>TYPE OF REGISTRATION</u>	<u>NUMBER OF STATES</u>
Flat Rate Only	30
Weight Only	13
Weight and Age	3
Horsepower Only	1
Age Only	2
Value Only	1
Value and Age	<u>1</u>
	51
 <u>OTHER AUTO TAXES (INCLUDING LOCAL)</u>	
Personal Property	12
Excise:	
Value and Age	9
Value Based	5
Age Based	1

TABLE 10  
AUTOMOBILE TAX ASSUMPTIONS  
2012

Income Level	Description Of Auto	Engine Size Liters 1/	Weight 2/	Year	Market Values			Estimated Mileage Per Gallon 1/	Estimated Annual Gasoline Usage 3/
					Retail Price 2/	Trade-In Value 2/	Loan Value 2/		
\$ 25,000	Sedan, 4 Door 4 cylinder, Automatic	2.0	2,930 lbs.	2009	\$10,450	\$8,175	\$ 9,405	25	600 Gallons
\$ 50,000	Sedan, 4 Door 4 Cylinder, Automatic	2.0	3,344 lbs.	2009	\$13,950	\$11,250	\$12,555	19	789 Gallons
\$ 75,000	Sedan, 4 Door 4 Cylinder, Automatic	2.5	3,263 lbs.	2010	\$14,900	\$12,250	\$13,410	22	682 Gallons
	4WD Utility, 4 Door 6 Cylinder, Automatic	3.3	3,935 lbs.	2004	\$13,100	\$10,425	\$11,790	16	469 Gallons
\$100,000	Sedan, 4 Door 6 Cylinder, Automatic	3.0	3,929 lbs.	2010	\$17,050	\$14,275	\$15,345	19	789 Gallons
	4WD Utility, 4 Door 6 Cylinder, Automatic	4.0	4,469 lbs.	2005	\$11,175	\$8,550	\$10,058	13	577 Gallons
\$150,000	Sedan, 4 Door 6 Cylinder, Automatic	3.6	4,134 lbs.	2011	\$32,725	\$29,225	\$29,453	18	833 Gallons
	AWD Utility, 4 Door 6 Cylinder, Automatic	3.5	4,288 lbs.	2008	\$17,625	\$14,725	\$15,863	15	500 Gallons

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

2/ National Automobile Dealers Association Used Car Guide.

3/ Assumes 15,000 miles driven for all primary vehicles; 7,500 miles driven for secondary vehicles.

## CHAPTER IV

### How Do Tax Burdens in Washington, D.C. Compare with Those in the Largest City in Each State?

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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 the combined state and local burdens 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 29. At the \$25,000 income level, Washington, D.C. has a lower income tax burden than the average for the other 51-cities. The income tax burden at the other four income levels is slightly higher in D.C. than for the 51-city average. This is because the District has a somewhat more progressive tax burden than the average of the 51 cities in the study.

The property tax burden, as calculated in this study, is slightly higher at the \$25,000 income level in Washington, D.C. than the average for the other 51-cities. However, at the other four income levels (\$50,000, \$75,000, \$100,000, and \$150,000), the property tax burden is lower in D.C. than in the 51-city average. In light of the fact that the District's rental and house values are higher than the 51-city average at each income level, these rankings highlight the District's low property tax burden, as compared to the other 51 cities.

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 and state university systems.

## Individual Income Tax

According to Table 11 and based on the assumptions made in this report, the individual income tax burden for Washington, D.C. is below the average for the 44 cities that levy an individual income tax at the \$25,000 level. Washington, D.C. levies an individual income tax with four rates (for tax year 2012): 4.0 percent on the first \$10,000 of taxable income; 6.0 percent on the next \$30,000 of taxable income; 8.5 percent on taxable income over \$40,000 up to \$350,000; and 8.95 percent on taxable income over \$350,000. For tax year 2012 personal exemptions of \$1,675 per dependent were allowed, as well as a \$1,675 exemption for the filer and spouse, respectively. A standard deduction of \$4,000 (\$2,000 for married-filing separately), and indexed to the CPI, was in effect for the period of this study.<sup>3</sup> 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 "circuit-breaker" property tax relief programs for both elderly and non-elderly qualified homeowners and renters, through which a credit can be claimed against a taxpayers income tax liability. The District's low-income credit eliminates the District income tax for taxpayers with no federal income tax liability.

Even though the rates have decreased over the last several years, the higher income tax burden for the higher income levels is due in part to restrictions on the individual income tax base of the District. Federal law 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, the District of Columbia taxes residents at a higher rate than would otherwise be the case since approximately 60 percent of the wages and salaries earned in the District of Columbia are earned by non-residents.<sup>4</sup>

## Real Property Tax

As previously noted, and based on the assumptions in this report, the property tax burdens in the District of Columbia are below the 51-city average at the \$50,000, \$75,000, \$100,000 and \$150,000 income levels (See Table 11). 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. The tax rate on residential owner-occupied property in the District of Columbia is \$0.85 per \$100 of assessed value for 2012. D.C. homeowners deduct a homestead exemption of \$67,500 from the assessed base, not the tax bill, before calculation of the property tax for all owner-occupied dwellings. The District has capped the growth of property assessments at 10 percent, when calculating the tax due. The calculations in this study do not adjust for capped growth.

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<sup>3</sup> "D.C. Tax Facts 2012." Government of the District of Columbia, Office of the Chief Financial Officer, Office of Revenue Analysis. Washington, D.C.: 2012. P. 7.

<sup>4</sup> "District of Columbia Economic and Revenue Trends: October 2013." Government of the District of Columbia, Office of the Chief Financial Officer, Office of Revenue Analysis. Washington, D.C.: 2013. P. 6.

## Sales Tax

According to Table 11, the sales tax burden in the District of Columbia is lower than the 51-city average at all income levels. In 2012, the District levied a sales tax with four 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 following table details the sales tax rates in effect at the end of 2012. Items exempt from the District of Columbia sales tax include groceries and prescription drugs.

ITEMS	SALES TAX RATE
Tangible personal property, selected services, and food sold in vending machines	6.0%
Restaurant meals, liquor sold for consumption on and off the premises, rental vehicles, prepaid telephone cards, tickets sold for baseball games, merchandise sold at the baseball stadium, tickets sold for events at the Verizon Center and merchandise sold at the Verizon Center.	10.0%
Transient accommodations	14.5%
Parking motor vehicles in commercial lots, rolled tobacco products usually used for smoking, chewing or as snuff, made in whole or in part with tobacco, except for cigarettes, premium cigars or pipe leaf tobacco products.	18.0%

Source: "D.C. Tax Facts 2012." Government of the District of Columbia, Office of the Chief Financial Officer, Office of Revenue Analysis, p. 26.

## Automobile Taxes

Washington, D.C., automobile tax burdens are below the 51-city average for all income levels, as shown in Table 11. Washington, D.C. taxes gasoline and requires registration fees for automobile owners. The gasoline tax rate is 23.5 cents per gallon. Registration fees of \$72 on cars weighing less than 3,500 pounds; \$115 on cars equal to or greater than 3,500 pounds and less than 5,000 pounds; and \$155 on automobiles weighing more than 5,000 pounds were in effect for the period of this study. The District of Columbia does not impose an annual excise tax or personal property tax on automobiles.

## 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 income tax burden is above the average at the \$150,000 income level 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 properties (fifty-six percent of District acreage is tax exempt<sup>5</sup>), 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 the large volume of business and lobbying activity generated by the federal presence.

<sup>5</sup> "D.C. Tax Facts 2012." Government of the District of Columbia, Office of the Chief Financial Officer, Office of Revenue Analysis, p. 37.

**TABLE 11**  
**TAX BURDENS IN WASHINGTON, D.C. FOR A HYPOTHETICAL FAMILY COMPARED WITH**  
**THE AVERAGE FOR THE LARGEST CITY IN EACH STATE BY INCOME CLASS, 2012**

<b>TAX</b>	<b>DISTRICT OF COLUMBIA</b>	<b>AVERAGE FOR CITIES LEVYING TAX 1/</b>	<b>DIFFERENCE (D.C. Minus Average)</b>
<b>\$25,000 INCOME LEVEL</b>			
Income	\$(319)	\$132	\$(451)
Property	2,095	1,942	153
Sales	721	925	(204)
Auto	213	266	(53)
<b>TOTAL</b>	<b>\$2,710</b>	<b>\$3,180 1/</b>	<b>\$(470)</b>
<b>\$50,000 INCOME LEVEL</b>			
Income	\$1,179	\$1,064	\$115
Property	1,197	2,605	(1,408)
Sales	945	1,132	(187)
Auto	257	339	(82)
<b>TOTAL</b>	<b>\$3,579</b>	<b>\$4,887 1/</b>	<b>\$(1,308)</b>
<b>\$75,000 INCOME LEVEL</b>			
Income	\$2,410	\$2,225	\$185
Property	2,082	3,978	(1,895)
Sales	1,434	1,688	(254)
Auto	458	574	(117)
<b>TOTAL</b>	<b>\$6,384</b>	<b>\$7,963 1/</b>	<b>\$(1,579)</b>
<b>\$100,000 INCOME LEVEL</b>			
Income	\$4,157	\$3,424	\$733
Property	2,968	5,354	(2,387)
Sales	1,589	1,861	(272)
Auto	551	631	(80)
<b>TOTAL</b>	<b>\$9,265</b>	<b>\$10,592 1/</b>	<b>\$(1,327)</b>
<b>\$150,000 INCOME LEVEL</b>			
Income	\$7,534	\$6,006	\$1,528
Property	4,738	8,189	(3,451)
Sales	2,340	2,538	(198)
Auto	543	836	(293)
<b>TOTAL</b>	<b>\$15,155</b>	<b>16,410 1/</b>	<b>\$(1,255)</b>

1/ Income and sales averages are based on cities actually levying tax. As a result, the overall average is not equal to the sum of the averages for each separate tax type.

## CHAPTER V

### Why Do Tax Burdens Differ From One City To Another?

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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 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. Also, tax caps may cause differences in property burdens for otherwise likewise situated families. 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. Rates for these taxes are listed at the end of the report.
- 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 above, 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, in addition to the assumptions and methodologies used.

The Government Accountability Office has documented in the past that the District of Columbia has had a structural imbalance, due primarily to two factors. First, The District has a higher service delivery cost than the average state fiscal system – due the high rates of poverty and crime associated with an urban area, as well as a higher cost of living.<sup>6</sup> Further, the District’s revenue capacity is restricted by the federal presence – the District cannot tax non-residents and as of Tax Year 2012 property assessments, 45.5 percent of the land value is tax exempt.<sup>7</sup> In spite of this restriction, GAO notes that the District has high revenue capacity. The city’s economic and fiscal situation has changed over the the past decade, however these factors remain relevant when considering the District’s tax structure and its tax burdens.

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<sup>6</sup> “Structural Imbalance and Management Issues.” GAO–03–666. Government Accountability Office. Washington, D.C.: 2003. Pg. 1.

<sup>7</sup> “D.C. Tax Facts 2013.” Tax Exempt Land value as a % of Total Taxable and Exempt Land Value. Government of the District of Columbia, Office of the Chief Financial Officer, Office of Revenue Analysis. Washington, D.C.: 2013. Pg. 37.

TABLE 12  
POPULATION OF THE LARGEST CITY IN EACH STATE

STATE	CITY	2000 POPULATION	2010 POPULATION	2012 POPULATION	2000 to 2012 % DIFFERENCE
Alabama	Birmingham	242,820	212,237	212,038	-12.7%
Alaska	Anchorage	260,283	291,826	298,610	14.7%
Arizona	Phoenix	1,321,045	1,445,632	1,488,750	12.7%
Arkansas	Little Rock	183,133	193,524	196,537	7.3%
California	Los Angeles	3,694,820	3,792,620	3,857,799	4.4%
Colorado	Denver	554,636	600,158	634,265	14.4%
Connecticut	Bridgeport	139,529	144,229	146,425	4.9%
Delaware	Wilmington	72,664	70,851	71,292	-1.9%
Florida	Jacksonville	735,617	821,784	836,507	13.7%
Georgia	Atlanta	416,474	420,003	443,775	6.6%
Hawaii	Honolulu	371,657	390,738	345,610	-7.0%
Idaho	Boise	185,787	205,671	212,303	14.3%
Illinois	Chicago	2,896,016	2,695,598	2,714,856	-6.3%
Indiana	Indianapolis	791,926	820,445	834,852	5.4%
Iowa	Des Moines	198,682	203,433	206,688	4.0%
Kansas	Wichita	344,284	382,368	385,577	12.0%
Kentucky	Louisville	256,231	597,337	605,110	136.2%
Louisiana	New Orleans	484,674	343,829	369,250	-23.8%
Maine	Portland	64,249	66,194	66,214	3.1%
Maryland	Baltimore	651,154	620,961	621,342	-4.6%
Massachusetts	Boston	589,141	617,594	636,479	8.0%
Michigan	Detroit	951,270	713,777	701,475	-26.3%
Minnesota	Minneapolis	382,618	382,578	392,880	2.7%
Mississippi	Jackson	184,256	173,514	175,437	-4.8%
Missouri	Kansas City	441,545	459,787	464,310	5.2%
Montana	Billings	89,847	104,170	106,954	19.0%
Nebraska	Omaha	390,007	408,958	421,570	8.1%
Nevada	Las Vegas	478,434	583,756	596,424	24.7%
New Hampshire	Manchester	107,006	109,565	110,209	3.0%
New Jersey	Newark	273,546	277,140	277,727	1.5%
New Mexico	Albuquerque	448,607	545,852	555,417	23.8%
New York	New York City	8,008,278	8,175,133	8,336,697	4.1%
North Carolina	Charlotte	540,828	731,424	775,202	43.3%
North Dakota	Fargo	90,599	105,549	109,779	21.2%
Ohio	Columbus	711,470	787,033	809,798	13.8%
Oklahoma	Oklahoma City	506,132	579,999	599,199	18.4%
Oregon	Portland	529,121	583,776	603,106	14.0%
Pennsylvania	Philadelphia	1,517,550	1,526,006	1,547,607	2.0%
Rhode Island	Providence	173,618	178,042	178,432	2.8%
South Carolina	Columbia	116,278	129,272	131,686	13.3%
South Dakota	Sioux Falls	123,975	153,888	159,908	29.0%
Tennessee	Memphis	650,100	646,889	655,155	0.8%
Texas	Houston	1,953,631	2,099,451	2,160,821	10.6%
Utah	Salt Lake City	181,743	186,440	189,314	4.2%
Vermont	Burlington	38,889	42,417	42,282 1/	8.7%
Virginia	Virginia Beach	425,257	437,994	447,021	5.1%
Washington	Seattle	563,374	608,660	634,535	12.6%
West Virginia	Charleston	53,421	51,400	51,018	-4.5%
Wisconsin	Milwaukee	596,974	594,833	598,916	0.3%
Wyoming	Cheyenne	53,011	59,466	61,537	16.1%
<b>WASHINGTON, DC</b>		<b>572,059</b>	<b>601,723</b>	<b>632,323</b>	<b>10.5%</b>

Sources: 2000 & 2010 data: U.S. Census Bureau 2010. Table DP-1. Profile of General Demographic Characteristics: 2010. 2012 Data: Annual Estimates of the Resident Population for Incorporated Places Over 50,000, Ranked by July 1, 2012 Population: April 1, 2010 to July 1, 2012, Released May 2013.

1/ Burlington, VT figure from U.S. Census Bureau, State and County Quick Facts, 2012 Population estimate.

## **Part II**

# **A Comparison of Selected Tax Rates in the District of Columbia with Those in the 50 States as of January 1, 2013**

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## Overview

As can be seen from a review of the major taxes compared in this report and presented below, the tax rates in the District of Columbia are among the highest in the nation. Of the 12 taxes compared, tax categories for which District rates 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 three tax categories -- beer, light wine, and distilled spirits -- the District has lower tax rates than most states. Insurance premiums has seventeen states higher than the District and sixteen state lower than the District. Motor vehicle fuel has twenty-two states higher than the District, and twenty-seven states lower than the District.

**TABLE 13**  
**COMPARISON OF SELECTED STATE TAX RATES**

TAX	LEVYING TAX 1/	NUMBER OF JURISDICTIONS		
		LOWER THAN DC	SAME AS DC	HIGHER THAN DC
Individual Income	43 2/	37 3/	1	5 3/
Corporate Income	44	42	0	2
Insurance	49	17	16	16
Sales and Use	45	21	13	11
Beer	50	7	1	42
Light Wine	46	5	3	38
Distilled Spirits	32	0	1	31
Cigarette	50	41	0	9
Motor Fuel	50	27	1	22
<b>Motor Vehicle Excise</b>				
Cars < 3,500 lbs.	46	25	8	13
Cars > 3,500 lbs. Cars < 5,000 lbs.	46	41	4	1
Cars > 5,000 lbs.	46	46	0	0
Motor Vehicle Registration 4/	50	48	0	2
Deed Recordation	35	35	0	0

1/ This count excludes D.C.

2/ Includes two states that tax dividends and/or interest only.

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

4/ Heavy cars (> 5,000 lbs.).

**TABLE 14**  
**INDIVIDUAL INCOME TAX**  
**WASHINGTON METROPOLITAN AREA**  
**JANUARY 1, 2013**

PERSONAL EXEMPTIONS	EXEMPTIONS	TAXABLE INCOME	RATES
<b>DISTRICT OF COLUMBIA</b>			
Single	\$1,675	\$0 - \$10,000	4.0%
Married Filing Separately	\$1,675	\$10,001-\$40,000	\$ 400 + 6.00% of excess > \$ 10,000
Married Filing Jointly	\$3,350	\$40,001-\$350,000	\$ 2,200 + 8.50% of excess > \$ 40,000
Head of Household	\$3,350	Over \$350,000	\$28,550 + 8.95% of excess > \$350,000
Dependent (additional)	\$1,675		
Blind (additional)	\$1,675		
Age 65 and over (additional)	\$1,675		
Standard Deduction	2/		
<b>MARYLAND</b> 3/			
Single	\$3,200	\$0 - \$1,000	2.0%
Married Filing Separately	\$3,200	\$1,001-\$2,000	\$ 20 + 3.00% of excess > \$1,000
Married Filing Jointly	\$6,400	\$2,001-\$3,000	\$ 50 + 4.00% of excess > \$2,000
Head of Household	\$3,200	\$3,001-\$150,000	\$ 90 + 4.75% of excess > \$3,000
Dependent (additional)	\$3,200	\$150,001-\$175,000	\$7,072.50 + 5% of excess > \$150,000
Blind (additional)	\$1,000	\$175,001-\$225,000	\$8,322.50 + 5.25% of excess > \$175,000
Age 65 and over (additional)	\$1,000	\$225,001-\$300,000	\$10,947.50 + 5.5% of excess > \$225,000
Standard Deduction	4/	Over \$300,000	\$15,072.50 + 5.75% of excess > \$300,000
<b>VIRGINIA</b>			
Single	\$ 930	\$0 - \$3,000	2.0%
Married Filing Separately	\$ 930	\$3,001-\$5,000	\$ 60 + 3.00% of excess > \$ 3,000
Married Filing Jointly	\$1,860	\$5,001-\$17,000	\$ 120 + 5.00% of excess > \$ 5,000
Head of Household	\$ 930	Over \$17,000	\$ 720 + 5.75% of excess > \$17,000
Dependent (additional)	\$ 930		
Blind (additional)	\$ 800		
Age 65 and over (additional)	\$ 800		
Standard Deduction	5/		

Source: Survey of State Revenue Department Officials.

1/ Added new bracket at 8.95% for D.C. adjusted gross income in excess of \$350,000, effective 10/01/11.

2/ Married persons filing separately - \$2,000; all others - \$4,000.

3/ Maryland rates do not include local rates that may be as low as 1.25% in Worcester County and as much as 3.2% in Howard, Montgomery and Prince George's Counties. Baltimore City, which is used in this study, has a local rate of 3.05%.

4/ 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.

5/ Single - \$3,000; married persons filing separately - \$3,000; and married persons filing jointly or combined separate - \$6,000.

**TABLE 15**  
**INDIVIDUAL INCOME TAX**  
**43 STATES AND DISTRICT OF COLUMBIA**  
**AS OF JANUARY 1, 2013**

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS				
SINGLE	MARRIED FILING JOINT	DEPENDENTS	TYPE OF RETURN	MINIMUM		MAXIMUM	
				RATE	UP TO	RATE	OVER
<b>ALABAMA</b> <sup>1/</sup>							
\$1,500	\$3,000	\$300	S,HH,M M/J	2.0% 2.0%	\$ 500 1,000	5.0% 5.0%	\$ 3,000 6,000
<b>ARIZONA</b> <sup>2/3/</sup>							
\$2,100	\$4,200	\$2,300	S,M/S	2.59% 2.59%	10,000 20,000	4.54% 4.54%	150,000 300,000
<b>ARKANSAS</b>							
(\$23)	(\$46)	(\$23)		1.0%	\$ 4,009	7.0%	\$ 34,000
<b>CALIFORNIA</b>							
(\$99)	(\$198)	(\$309)	S,M/S HH M/J	1.0% 1.0% 1.0%	\$ 7,168 14,632 14,632	12.3% 12.3% 12.3%	\$ 508,500 691,560 1,017,000
<b>COLORADO</b>							
4.63% of federal taxable income with certain modifications.							
<b>CONNECTICUT</b> <sup>4/</sup>							
\$14,000	\$24,000	---	S,M/S HH M/J	3.0% 3.0% 3.0%	\$ 10,000 16,000 20,000	6.7% 6.7% 6.7%	\$ 250,000 400,000 500,000
<b>DELAWARE</b>							
(\$110)	(\$220)	(\$110)		2.20%	\$ 5,000	6.75%	\$ 60,000
<b>DISTRICT OF COLUMBIA</b>							
\$1,675	\$3,350	\$1,675		4.00%	\$ 10,000	8.95%	\$ 350,000
<b>GEORGIA</b>							
\$2,700	\$5,400	\$3,000	M/S S HH,M/J	1.0% 1.0% 1.0%	\$ 500 750 1,000	6.00% 6.00% 6.00%	\$ 5,000 7,000 10,000
<b>HAWAII</b> <sup>5/</sup>							
\$1,144	\$2,288	\$1,144	M/S,S HH SS,M/J	1.40% 1.40% 1.40%	\$ 2,400 3,600 4,800	11.0% 11.0% 11.0%	\$200,000 300,000 400,000

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 does not exceed \$10,000 and if M/J income is up to \$26,575 based on number of dependents, and if 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, and married filing separately personal exemption is \$12,000. For single filers with CT AGI in excess of \$26,000, the exemption decreases by \$1,000 for each \$1,000 increase in CT AGI. The exemption is phased out at \$37,000. For married persons filing jointly, filing jointly for CT, or qualifying widow(er) with dependent child the exemption decreases by \$1,000, for each \$1,000 in CT AGI that exceeds \$48,000. The exemption is phased out at \$71,000. For married persons filing separately and filing separately for CT only with CT AGI in excess of \$24,000, the exemption decreases by \$1,000 for each \$1,000 increase in CT AGI. The exemption is phased out at \$35,000. For heads of household filers with a CT AGI in excess of \$38,000, the exemption decreases by \$1,000 for each additional \$1,000 of CT AGI. There is no exemption if the taxpayer earns more than \$56,000.

5/ Civil unions are treated the same as M/J.

**TABLE 15 (continued)**  
**INDIVIDUAL INCOME TAX**  
**43 STATES AND DISTRICT OF COLUMBIA**  
**AS OF JANUARY 1, 2013**

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS				
SINGLE	MARRIED FILING JOINT	DEPENDENTS	TYPE OF RETURN	MINIMUM		MAXIMUM	
				RATE	UP TO	RATE	OVER
<b>IDAHO</b> <sup>1/</sup>							
\$3,800	\$7,600	\$3,800	S,M/S HH,M/J	1.60% 1.60%	\$ 1,380 2,760	7.40% 7.40%	\$ 10,350 20,700
<b>ILLINOIS</b>							
\$2,100	\$4,200	\$2,100				5.00% of taxable net income.	
<b>INDIANA</b> <sup>2/ 3/</sup>							
\$1,000	\$2,000	\$1,000 <sup>3/</sup>				3.40% of federal adjusted gross income.	
<b>IOWA</b>							
(\$40)	(\$80)	(\$40)		0.36%	\$ 1,494	8.98%	\$ 67,320
<b>KANSAS</b>							
\$2,250	\$4,500	\$2,250	S.M/S M/J	3.0% 3.0%	\$ 15,000 30,000	4.9% 4.9%	\$ 15,000 30,000
<b>KENTUCKY</b>							
(\$20)	(\$40)	(\$20)		2.0%	\$ 3,000	6.0%	\$ 75,000
<b>LOUISIANA</b>							
\$4,500	\$9,000	\$1,000		2.0%	\$ 12,500	6.0%	\$ 50,000
<b>MAINE</b>							
\$2,850	\$5,700	\$2,850	S,M/S HH M/J	2.0% 2.0% 2.0%	\$ 5,100 7,650 10,200	8.5% 8.5% 8.5%	\$ 20,350 30,500 40,700
<b>MARYLAND</b> <sup>2/</sup>							
\$3,200	\$6,400	\$3,200		2.0%	\$ 1,000	5.75%	\$300,000
<b>MASSACHUSETTS</b>							
\$4,400	\$8,800	\$1,000				5.25% of taxable income.	
<b>MICHIGAN</b> <sup>2/</sup>							
\$3,950	\$7,900	\$3,950				4.25% of taxable income.	

<sup>1/</sup> Does not include filing fee of \$10.

<sup>2/</sup> Does not include various local income taxes.

<sup>3/</sup> An additional \$1,500 exemption is allowed for certain dependent children.

**TABLE 15 (continued)**  
**INDIVIDUAL INCOME TAX**  
**43 STATES AND DISTRICT OF COLUMBIA**  
**AS OF JANUARY 1, 2013**

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS					
SINGLE	MARRIED FILING JOINT	DEPENDENTS	TYPE OF RETURN	MINIMUM		MAXIMUM		
				RATE	UP TO	RATE	OVER	
<b>MINNESOTA</b>								
\$3,900	\$7,800	\$3,900	M/S	5.35%	\$ 17,740	7.85%	\$ 70,480	
			S	5.35%	24,270	7.85%	79,730	
			HH	5.35%	29,880	7.85%	120,070	
			M/J	5.35%	35,480	7.85%	140,960	
<b>MISSISSIPPI</b>								
\$6,000	\$12,000	\$1,500		3.0%	\$ 5,000	5.0%	\$ 10,000	
<b>MISSOURI</b> <sup>1/</sup>								
\$2,100	\$4,200	\$1,200		1.5%	\$ 1,000	6.0%	\$ 9,000	
<b>MONTANA</b>								
\$2,240	\$4,480	\$2,240		1.0%	\$ 2,700	6.9%	\$ 16,400	
<b>NEBRASKA</b>								
(\$126)	(\$252)	(\$126)	M/S,S	2.46%	\$ 2,399	6.84%	\$ 27,000	
			M/J	2.46%	4,799	6.84%	54,000	
			HH	2.46%	4,499	6.84%	40,000	
<b>NEW HAMPSHIRE</b>								
\$2,400	\$4,800	---	5.0% on dividend and interest income over personal exemption.					
<b>NEW JERSEY</b>								
\$1,000	\$2,000	\$1,500	S,M/S	1.4%	\$ 20,000	8.97%	\$ 500,000	
			HH,M/J	1.4%	20,000	8.97%	500,000	
<b>NEW MEXICO</b>								
\$3,900	\$7,800	\$3,900	M/S	1.7%	\$ 4,000	4.9%	\$ 20,000	
			S	1.7%	5,500	4.9%	16,000	
			HH	1.7%	8,000	4.9%	33,000	
			M/J	1.7%	8,000	4.9%	24,000	
<b>NEW YORK</b>								
---	---	\$1,000	M/S,S	4.0%	\$ 8,200	8.82%	\$1,029,250	
			HH	4.0%	12,350	8.82%	1,543,900	
			M/J	4.0%	16,450	8.82%	2,058,550	
<b>NORTH CAROLINA</b> <sup>2/</sup>								
\$2,500	\$5,000	\$2,500	M/S	6.0%	\$ 10,625	7.75%	\$ 50,000	
			S	6.0%	12,750	7.75%	60,000	
			HH	6.0%	17,000	7.75%	80,000	
			M/J,SS	6.0%	21,250	7.75%	100,000	
<b>NORTH DAKOTA</b>								
\$3,900	\$7,800	\$3,900	M/S	1.22%	\$ 30,325	3.22%	\$ 199,175	
			S	1.22%	36,250	3.22%	398,350	
			HH	1.22%	48,600	3.22%	398,350	
			M/J,SS	1.22%	60,650	3.22%	398,350	

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, 2013**

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS					
SINGLE	MARRIED FILING JOINT	DEPENDENTS	TYPE OF RETURN	MINIMUM		MAXIMUM		
				RATE	UP TO	RATE	OVER	
<b>OHIO</b> <sup>1/</sup>								
\$1,600	\$3,300	\$1,650		5.9%	\$ 5,200	5.93%	\$208,500	
<b>OKLAHOMA</b>								
\$1,000	\$2,000	\$1,000	S,M/S SS,HH,M/J	0.5% 0.5%	\$ 1,000 2,000	5.25% 5.25%	\$ 8,700 15,000	
<b>OREGON</b> <sup>1/</sup>								
(\$188)	(\$376)	(\$188)	S,M/S HH,M/J	5.0% 5.0%	\$ 3,250 6,500	9.9% 9.9%	\$125,000 250,000	
<b>PENNSYLVANIA</b> <sup>1/</sup>								
---	---	---	3.07% of specified classes of taxable income is effective rate.					
<b>RHODE ISLAND</b>								
\$3,650	\$7,500	\$3,650	S,HH,M/S M/J	3.75% 3.75%	\$ 57,150 57,150	5.99% 5.99%	\$ 129,900 129,900	
<b>SOUTH CAROLINA</b>								
\$3,900	\$7,800	\$3,900		3.0%	\$ 2,760	7.0%	\$ 13,800	
<b>TENNESSEE</b>								
\$1,250	\$2,500	---	6.0% on interest and dividend income.					
<b>UTAH</b>								
<sup>2/</sup>			5.0% flat rate.					
<b>VERMONT</b>								
---	---	---	S	3.55%	\$35,350	8.95%	\$388,350	
			M/S	3.55%	\$29,525	8.95%	\$194,175	
			M/J	3.55%	\$59,500	8.95%	\$388,350	
			HH	3.55%	\$47,350	8.95%	\$388,350	
<b>VIRGINIA</b>								
\$930	\$1,860	\$930		2.0%	\$ 3,000	5.75%	\$ 17,000	
<b>WEST VIRGINIA</b>								
\$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	
<b>WISCONSIN</b>								
\$700	\$1,400	\$700	M/S	4.6%	\$ 7,160	7.75%	\$ 155,110	
			HH,S	4.6%	10,570	7.75%	232,660	
			M/J	4.6%	14,330	7.75%	315,460	

Source: Survey of State Revenue Department Officials; Federation of Tax Administrators, "State Individual Income Tax Rates," January 2013; and Tax Foundation, "State Individual Income Tax Rates, As of July 1, 2012."

<sup>1/</sup> Does not include various local income taxes.

<sup>2/</sup> Utah provides a tax credit equal to 6% of the federal personal exemption amounts (and applicable standard deduction).

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		
<b>DISTRICT OF COLUMBIA</b>			<b>DC</b>	<b>DC</b>		
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 1/	MT		MT	MT		
NEBRASKA			NE	NE		
NEVADA		NV				
NEW HAMPSHIRE 2/					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			OK	OK		
OREGON 3/	OR		OR	OR*		
PENNSYLVANIA			PA		PA	
RHODE ISLAND			RI	RI		
SOUTH CAROLINA			SC	SC*		
SOUTH DAKOTA		SD				
TENNESSEE 2/					TN	
TEXAS		TX				
UTAH			UT	UT		
VERMONT			VT	VT*		
VIRGINIA			VA	VA		
WASHINGTON		WA				
WEST VIRGINIA			WV	WV		
WISCONSIN			WI	WI		
WYOMING		WY				

Source: Federation of Tax Administrators, "State Personal Income Taxes: Federal Starting Points;" and survey of State Revenue Department Officials.

\* 'Federal taxable income' is the definition of income for state base.

1/ Federal taxes used as a deduction are limited to \$5,000. Plus "additions" & "subtractions" to arrive at Montana Adjusted Gross Income.

2/ Tax only on interest and dividends.

3/ Federal deductibility is limited to \$6,100, and begins to phase out at a FAGI of \$125,000 for Single or Married Filing Separate or \$250,000 for Head of Household or Married Filing Joint.

TABLE 17

STATE CORPORATION INCOME TAX RATES

(Maximum Rates)

DISTRICT OF COLUMBIA: 9.975%

LOWER THAN THE DISTRICT 42 STATES			
Kansas 1/	4.00%	Idaho	7.40%
Colorado	4.63%	Connecticut 5/	7.50%
Mississippi	5.00%	New Mexico	7.60%
South Carolina	5.00%	Oregon	7.60%
Utah	5.00%	West Virginia 2/	7.75%
North Dakota 2/	5.15%	Nebraska 6/	7.81%
Florida	5.50%	Wisconsin	7.90%
Georgia	6.00%	Louisiana	8.00%
Kentucky	6.00%	Massachusetts 7/	8.00%
Michigan	6.00%	Maryland	8.25%
Oklahoma	6.00%	Indiana	8.50%
Virginia	6.00%	New Hampshire	8.50%
Missouri	6.25%	Vermont	8.50%
Hawaii	6.40%	Delaware	8.70%
Alabama	6.50%	California	8.84%
Arkansas	6.50%	Maine	8.93%
Tennessee	6.50%	New Jersey	9.00%
Montana 3/	6.75%	Rhode Island	9.00%
North Carolina	6.90%	Alaska	9.40%
Arizona	6.97%	Illinois 8/	9.50%
New York 4/	7.10%	Minnesota	9.80%
HIGHER THAN THE DISTRICT 2 STATES			
Pennsylvania	9.99%	Iowa 9/	12.00%
NO TAX 6 STATES			
Ohio		Texas	
Nevada		Washington (Gross Receipts Tax)	
South Dakota		Wyoming	

Source: Survey of State Revenue Department Officials.

1/ Rate does not include a 3.0% surtax on taxable income in excess of \$50,000.

2/ ND's top rate will fall to 4.53%, effective January 1, 2013; WV's rate will fall to 7% in 2013 and 6.5% in 2014.

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

4/ Lower rates apply to qualified small businesses and manufacturers.

5/ There is a 20% surtax applied for income in 2012 and 2013. Corporations whose gross income is less than \$100 million are exempt from surtax unless they file as part of a combined or unitary return.

6/ Income < \$100k = 5.58%.

7/ The rate is 9% for financial institutions.

8/ Includes 2.5% Personal Property Replacement Tax.

9/ Offers a 50% deduction of federal tax liability.

TABLE 18

STATE GROSS PREMIUMS TAX RATES ON FOREIGN LIFE INSURERS

DISTRICT OF COLUMBIA: 2.0% <sup>1/</sup>

LOWER THAN THE DISTRICT 17 STATES			
Illinois <sup>2/</sup>	0.50%	Ohio	1.40%
New York <sup>3/</sup>	0.70%	Minnesota	1.50%
South Carolina	0.75%	Idaho <sup>5/</sup>	1.70%
Wyoming	0.75%	Connecticut	1.75%
Iowa	1.00%	Florida	1.75%
Nebraska	1.00%	Tennessee	1.75%
Michigan	1.25%	Texas	1.75%
New Hampshire <sup>4/</sup>	1.25%	North Carolina <sup>6/</sup>	1.90%
Indiana	1.30%		
HIGHER THAN THE DISTRICT 16 STATES			
New Jersey	2.10%	Arkansas	2.50%
Georgia	2.25%	South Dakota	2.50%
Louisiana <sup>7/</sup>	2.25%	Alaska	2.70%
Oklahoma	2.25%	Hawaii	2.75%
Utah	2.25%	Montana	2.75%
Virginia	2.25%	Mississippi	3.00%
Alabama	2.30%	New Mexico	3.00%
California	2.35%	Nevada	3.50%
SAME AS THE DISTRICT 16 STATE			
Arizona	2.00%	Missouri	2.00%
Colorado	2.00%	North Dakota	2.00%
Delaware	2.00%	Pennsylvania	2.00%
Kansas	2.00%	Rhode Island	2.00%
Kentucky	2.00%	Vermont	2.00%
Maine	2.00%	Washington	2.00%
Maryland	2.00%	West Virginia <sup>8/</sup>	2.00%
Massachusetts	2.00%	Wisconsin	2.00%
NO TAX 1 STATES			
Oregon <sup>9/</sup>			

Source: Survey of State Revenue Department Officials.

- 1/ The District levies an additional fee of 0.30 percent to offset the administrative costs of regulations.
- 2/ An additional 1% premium tax for fire or fire related insurance policies.
- 3/ Life insurers pay a franchise tax which is equal to the sum of the premiums tax and a tax based on the highest of four bases, plus a tax on subsidiary capital. The sum of the two components cannot be less than 1.5% or greater than 2% of premiums.
- 4/ 2% against bodily injury or death by accident, and against disablement resulting from sickness and every insurance pertaining thereto, including quarantine and identification; or providing for the mental and emotional welfare of an individual and members of his/her family by defraying the costs of legal service.
- 5/ 1.48% if qualified for reduced rate.
- 6/ An additional 5.5% insurance regulatory charge applied to premium tax liability. An additional 1.33% premium tax for fire related insurance policies.
- 7/ Maximum rate.
- 8/ 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.
- 9/ Corporate Excise Tax.

**TABLE 19**

**STATE GENERAL SALES AND USE TAX RATES**

(Maximum local rates in parentheses)

**DISTRICT OF COLUMBIA: 6.000%**

<b>LOWER THAN THE DISTRICT 21 STATES</b>			
Nevada (5.75%)	2.000%	California (2.50%)	4.188%
Colorado (5.0%)	2.900%	Missouri (5.3125%)	4.225%
Alabama (4.5%)	4.000%	Oklahoma (5%)	4.500%
Georgia (3%)	4.000%	Utah (1.85%)	4.700%
Hawaii (.50%)	4.000%	North Carolina (2.5%)	4.750%
Louisiana (6%)	4.000%	Maine	5.000%
New York (4.75%)	4.000%	New Mexico 1/	5.000%
South Dakota (2%)	4.000%	North Dakota (2.0%)	5.000%
Virginia (1%)	4.000%	Wisconsin (.6%)	5.000%
Wyoming (2%)	4.000%	Nebraska (2.6875%)	5.500%
		Ohio (3%)	5.500%
<b>HIGHER THAN THE DISTRICT 13 STATES</b>			
Illinois (3%)	6.250%	Indiana	7.000%
Massachusetts	6.250%	Mississippi	7.000%
Texas (2%)	6.250%	New Jersey	7.000%
Kansas (2%)	6.300%	Rhode Island	7.000%
Connecticut	6.350%	Tennessee (2.75%)	7.000%
Washington (3.0%)	6.500%		
Arizona	6.600%		
Minnesota (1%)	6.875%		
<b>SAME AS THE DISTRICT 11 STATES</b>			
Arkansas	6.000%	Michigan	6.000%
Florida	6.000%	Pennsylvania (2%)	6.000%
Idaho	6.000%	South Carolina	6.000%
Iowa (1%)	6.000%	Vermont	6.000%
Kentucky	6.000%	West Virginia	6.000%
Maryland	6.000%		
<b>NO TAX 5 STATES</b>			
Alaska (7.500%)			
Delaware			
Montana			
New Hampshire			
Oregon			

Source: Survey of State Revenue Department Officials; State Revenue Department Web Sites; Federation of Tax Administrators, "State General Sales tax Rates, 2012"; and Tax Foundation, "State and Local Sales Taxes at Midyear 2012."

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

TABLE 20

STATE BEER TAX RATES

(Per Gallon, Alcoholic Content of 4.5%)

DISTRICT OF COLUMBIA: \$0.09

LOWER THAN THE DISTRICT 7 STATES			
Wyoming	\$ .02	Kentucky	\$ .08
Missouri	.06	Oregon	.08
Wisconsin	.064	Pennsylvania	.08
Colorado	.08		
SAME AS THE DISTRICT 1 STATE			
Maryland	\$ .09		
HIGHER THAN THE DISTRICT 42 STATES			
Rhode Island	\$ .10	Illinois	\$ .23
Massachusetts	.11	Connecticut	.24
Indiana	.115	Virginia	.2565
New Jersey	.12	Vermont	.265
Montana <sup>1/</sup>	.14	South Dakota	.27
New York	.14	New Hampshire	.30
Tennessee <sup>2/</sup>	.14	Nebraska	.31
Minnesota <sup>3/</sup>	.148	Georgia	.32
Idaho	.15	Louisiana	.32
Arizona	.16	Maine	.35
Delaware	.16	Oklahoma	.40
Nevada	.16	New Mexico <sup>5/</sup>	.41
North Dakota <sup>4/</sup>	.16	Utah <sup>6/</sup>	.41
Kansas	.18	Mississippi	.4268
Ohio	.18	Florida	.48
West Virginia	.18	Alabama	.53
Iowa	.19	North Carolina	.671
California	.20	Washington <sup>7/</sup>	.761
Michigan	.20	South Carolina	.77
Texas	.20	Hawaii <sup>8/</sup>	.93
Arkansas	.23	Alaska	1.07

Source: Survey of State Revenue Department Officials; and Federation of Tax Administrators, "State Tax Rates on Beer."

1/ Montana taxes beer at different rates per size of brewer (< 5k barrels produced - \$.04 per gallon; 5k to 10k - \$.07 per gallon; 10k to 20k - \$.11 per gallon; and > 20k - \$.11 per gallon).

2/ Additional tax of 17% of wholesale price.

3/ Credit allowed to small brewers.

4/ \$0.08 per gallon for bulk beer.

5/ Rate is \$0.08 per gallon for microbrewer.

6/ In Utah, "beer" is not more than 4% of alcohol by volume. This is the rate shown. For "heavy beer" which is >4% in Utah, there is a higher tax rate above the landed case cost and is sold at State Liquor Stores.

7/ Credit allowed to small brewers; increased from \$0.261 per gallon until 07/01/13.

8/ Rate is \$0.54 per gallon for draft beer.

TABLE 21

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

DISTRICT OF COLUMBIA: \$0.30

MONOPOLY STATES 4 STATES			
New Hampshire Pennsylvania 1/		Utah 2/ Wyoming	
LOWER THAN THE DISTRICT 5 STATES			
Louisiana	\$ .11	Wisconsin	\$ .25
California	.20	Colorado	.28
Texas	.20		
SAME AS THE DISTRICT 3 STATES			
Kansas	\$ .30	New York	\$ .30
Minnesota	.30		
HIGHER THAN THE DISTRICT 38 STATES			
Ohio	\$ .32	New Jersey	\$ .875
Mississippi	.35	South Carolina	.90
Maryland	.40	South Dakota	.93
Missouri	.42	Nebraska	.95
Idaho	.45	Delaware	.97
Indiana	.47	North Carolina	1.00
Kentucky	.50	West Virginia	1.00
North Dakota	.50	Montana 3/	1.02
Michigan	.51	Tennessee	1.21
Massachusetts	.55	Hawaii	1.38
Vermont	.55	Illinois	1.39
Maine	.60	Georgia	1.51
Rhode Island	.60	Virginia	1.51
Oregon	.67	Alabama	1.70
Nevada	.70	New Mexico	1.70
Connecticut	.72	Iowa	1.75
Oklahoma	.72	Florida	2.25
Arkansas	.75	Alaska	2.50
Arizona	.84		
Washington	.87		

Source: Survey of State Revenue Department Officials; Federation of Tax Administrators, "State Tax Rates on Wine, (January 1, 2013)."

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

2/ 13% wine & liquor tax on top of monopoly markup of at least 64.5%.

3/ \$1.06 per gallon if sold to an agency owned liquor store.

TABLE 22

STATE DISTILLED SPIRITS TAX RATES

(Per Gallon)

DISTRICT OF COLUMBIA: \$1.50

CONTROL BOARD STATES 18 STATES			
Alabama		Ohio	
Idaho		Oregon	
Iowa 1/		Pennsylvania 4/	
Maine		Utah 5/	
Michigan		Vermont	
Mississippi		Virginia 6/	
Montana 2/		Washington	
New Hampshire		West Virginia	
North Carolina 3/		Wyoming	
SAME AS THE DISTRICT 1 STATE			
Maryland	\$ 1.50		
HIGHER THAN THE DISTRICT 31 STATES			
Kentucky	\$ 1.92	Rhode Island	\$3.75
Missouri	2.00	Georgia	3.79
Colorado	2.28	South Dakota	3.93
Texas	2.40	Massachusetts	4.05
Arkansas 7/	2.50	Tennessee	4.40
Kansas	2.50	Minnesota	5.03
Louisiana	2.50	Connecticut	5.40
North Dakota	2.50	New Jersey	5.50
Indiana	2.68	Oklahoma	5.56
South Carolina	2.72	Hawaii	5.98
Arizona	3.00	New Mexico	6.06
Wisconsin	3.25	New York	6.44
California	3.30	Florida	6.50
Nevada	3.60	Illinois	8.55
Delaware 8/	3.75	Alaska	12.80
Nebraska	3.75		

Source: Survey of State Revenue Department Officials; Federation of Tax Administrators, "State Tax Rates on Distilled Spirits, (January 1, 2013)."

1/ 50% markup.

2/ Excise Tax (16%) and License Tax (10%) on top of a 40% markup.

3/ 30% Excise Tax. An additional 7% state sales tax.

4/ 18% wine & liquor tax on top of a 30% markup.

5/ 13% wine & liquor tax on top of at least 64.5% markup.

6/ Virginia levies a tax of 20% of the price charged on alcoholic beverages.

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

8/ Distilled spirits with 25% or less ethyl alcohol at \$2.50 per gallon

**TABLE 23**

**STATE CIGARETTE TAX RATES**

(Per Pack of 20)

**DISTRICT OF COLUMBIA: \$2.50**

<b>LOWER THAN THE DISTRICT 41 STATES</b>			
Missouri	.17	Arkansas	1.15
Virginia	.30	Oregon	1.18
Louisiana	.36	Ohio	1.25
Georgia	.37	Florida	1.339
Alabama	.425	Iowa	1.36
North Dakota	.44	Texas 2/	1.41
North Carolina	.45	South Dakota	1.504
Minnesota 1/	.48	Delaware	1.60
West Virginia	.55	Pennsylvania	1.60
Idaho	.57	New Mexico	1.66
South Carolina	.57	New Hampshire	1.68
Kentucky	.60	Montana	1.70
Wyoming	.60	Utah	1.70
Tennessee	.62	Illinois	1.98
Nebraska	.64	Indiana	1.98
Mississippi	.68	Alaska	2.00
Kansas	.695	Arizona	2.00
Nevada	.79	Maine	2.00
Colorado	.80	Maryland	2.00
California	.84	Michigan	2.00
Oklahoma	1.03		
<b>HIGHER THAN THE DISTRICT 9 STATES</b>			
Massachusetts	2.51	Hawaii	3.20
Wisconsin	2.52	Connecticut	3.40
Vermont	2.62	Rhode Island	3.50
New Jersey	2.70	New York	4.35
Washington	3.025		

Source: Survey of State Revenue Department Officials; Federation of Tax Administrators, "State Excise Tax Rates on Cigarettes, (January 1, 2013)."

1/ An additional \$0.37 sales tax is added to the wholesale price of a tax stamp, and additional cigarette fee of \$0.75 per pack is also imposed.

2/ Tax is \$1.75 cents per pack for a pack of 25 cigarettes.

TABLE 24

MOTOR FUEL TAX RATES

(Per Gallon)

DISTRICT OF COLUMBIA: \$ .235

LOWER THAN THE DISTRICT 27 STATES			
Alaska	.08	Arizona	.19
Wyoming	.14	Michigan	.19
New Jersey	.145	Georgia	.195
South Carolina	.1675	New Hampshire	.19625
Florida 1/	.169	Texas	.20
Hawaii	.17	Illinois 2/	.201
Oklahoma	.17	Louisiana	.20125
Missouri	.173	Massachusetts	.21
Virginia	.175	Tennessee 3/	.214
Alabama	.18	Arkansas	.218
Indiana	.18	Colorado	.22
Mississippi	.184	Iowa	.22
New Mexico	.18875	Delaware	.23
		North Dakota	.23
SAME AS THE DISTRICT 1 STATE			
Maryland	.235		
HIGHER THAN THE DISTRICT 22 STATES			
Nevada	.23805	Minnesota	.286
South Dakota	.24	Kentucky	.299
Utah	.245	Maine	.30
Connecticut	.25	Oregon	.30
Kansas	.2503	Pennsylvania	.312
Nebraska	.255	Wisconsin 4/	.329
Idaho	.26	Rhode Island	.33
New York	.266	West Virginia	.347
Vermont	.2668	Washington	.375
Montana	.27	North Carolina	.3775
Ohio	.28	California	.43

Source: Survey of State Revenue Department officials; Federation of Tax Administrators. "State Motor Fuel Rates (January 1, 2013)." From column: "Gasoline, Total."

Note: Tax rates do not include local option taxes (see Table 8).

1/ Sales tax added to excise. Local taxes vary; Additional pollution tax of 2.071 cents per gallon.

2/ An additional \$0.003 per gallon charged for leaking underground storage tank tax.

3/ An additional \$0.0014 per gallon charged for petroleum products inspection and underground storage tank cleanup.

4/ An additional \$0.02 per gallon charged for petroleum inspection fee.

TABLE 25

MOTOR VEHICLE SALES AND EXCISE TAXES

PAID AT TIME OF SALE OR TITLING  
46 STATES AND D.C.

DISTRICT OF COLUMBIA: <sup>1/</sup> 6% of fair market value - 3,499 pounds or less 7% of fair market value - 3,500 pounds and less than 5,000 pounds 8% of fair market value - 5,000 pounds or more			
Alabama (.125%-2.5%)	2.00%	Ohio (0%-3%)	5.5%
Colorado	2.9%	Arkansas (0%-3%) <sup>3/</sup>	6.0%
Mississippi	3.0%	Florida	6.0%
New Mexico	3.0%	Idaho	6.0%
North Carolina	3.0%	Kentucky	6.0%
South Dakota	3.0%	Maryland	6.0%
Virginia	3.0%	Michigan	6.0%
Wyoming (1%)	3.0%	Pennsylvania (1%-2%)	6.0%
Oklahoma	3.25%	Vermont	6.0%
Delaware	3.75%	Illinois	6.25%
Georgia (3%)	4.0%	Massachusetts	6.25%
Hawaii (0.5%)	4.0%	Texas <sup>4/</sup>	6.25%
Louisiana (1%-6%)	4.0%	Kansas (0%-2%)	6.30%
New York (3.0%-4.75%)	4.0%	Connecticut <sup>5/</sup>	6.35%
Missouri (1.125%-3.5%)	4.23%	Minnesota	6.50%
Utah (1.85%)	4.70%	Nevada	6.5%
Iowa	5.0%	Arizona (1.0%-4.0%) <sup>6/</sup>	6.6%
Maine	5.0%	Washington (.5%-3.0%) <sup>7/</sup>	6.8%
North Dakota	5.0%	Indiana	7.0%
South Carolina <sup>2/</sup>	5.0%	New Jersey	7.0%
West Virginia	5.0%	Tennessee (2.75%) <sup>8/</sup>	7.0%
Wisconsin (0%-0.6%)	5.0%	Rhode Island	7.0%
Nebraska (0%-1.5%)	5.5%	California (1.25%-2.5%)	7.25%
<b>NO TAX 4 STATES</b>			
Alaska			
Montana			
New Hampshire			
Oregon			

Source: Survey of State Revenue Department officials.

Note: Local rates in parentheses

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. Used cars below \$4,000 are exempt.

4/ Tax on sales price less trade-in allowance.

5/ 7% on most vehicles with sales price of more than \$50,000.

6/ Arizona's sales tax decreases to 5.6% effective June 1, 2013.

7/ Includes 0.3% sales and use tax that only applies to sales or leases of new or used motor vehicles.

8/ Maximum of \$44.00 (2.75% on 1<sup>st</sup> \$1,600). Memphis tax maximum is \$36 (2.25% of 1<sup>st</sup> \$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 \$27,900, Bought New and Weighing 3,522 Pounds  
(4-Door, 6-Passenger, 8-Cylinder)

DISTRICT OF COLUMBIA: \$115.00 <sup>1/</sup>

LOWER THAN THE DISTRICT 48 STATES			
Arizona <sup>2/</sup>	\$ 8.00	Virginia	\$ 40.75
Mississippi	15.00	New Mexico	42.00
Nebraska <sup>3/</sup>	15.00	South Dakota	42.00
Wyoming	15.00	Oregon	43.00
Georgia	20.00	New Hampshire	43.20
Louisiana	20.00	Utah	44.00
Kentucky	21.00	Hawaii	45.00
Indiana	21.05	Colorado	45.54
Alabama	23.00	Michigan	47.00
South Carolina	24.00	Massachusetts	50.00
Tennessee	24.00	Missouri <sup>5/</sup>	51.25
Arkansas	25.00	Texas	59.80
North Carolina	28.00	Maryland <sup>6/</sup>	61.50
Rhode Island	30.00	Washington <sup>7/</sup>	63.75
West Virginia	30.00	Vermont	70.00
California	31.00	Wisconsin	75.00
Florida	33.00	New Jersey	84.00
Nevada	33.00	Oklahoma	91.00
Ohio <sup>4/</sup>	34.50	Idaho	91.30
Maine	35.00	North Dakota	93.00
New York	36.00	Illinois	99.00
Pennsylvania	36.00	Alaska	100.00
Kansas	39.00	Minnesota	109.00
Connecticut	40.00		
Delaware	40.00		
HIGHER THAN THE DISTRICT 2 STATES			
Montana <sup>8/</sup>	217.00	Iowa	293.00

Source: Survey of State Revenue Department Officials; Review of State Motor Vehicle Registration Web Sites; and National Conference of State Legislatures, "Registration And Title Fees By State (2012 chart)."

<sup>1/</sup> \$72 (3,499 lbs. or less); \$115 (3,500 lbs. to 4,999 lbs.); \$155 (5,000 lbs. and over); and \$36 (clean fuel or electric vehicle).

<sup>2/</sup> There is also a \$1.50 fee earmarked for air quality research.

<sup>3/</sup> Does not include local vehicle excise taxes levied in certain urban areas.

<sup>4/</sup> Local fees not included.

<sup>5/</sup> Includes \$1 insurance database fee.

<sup>6/</sup> Maximum tax.

<sup>7/</sup> Includes \$11.00 fee earmarked for Emergency Medical Services System.

<sup>8/</sup> There is an additional \$6 fee for Park access and a \$5 fee for police salaries.

TABLE 27

STATE REAL ESTATE DEED RECORDATION AND TRANSFER TAX RATES

(Per \$500 of Consideration)

DISTRICT OF COLUMBIA: \$11.00\*

LOWER THAN THE DISTRICT 35 STATES			
Colorado	\$ .05	Arizona	\$ 2.00
Alabama	.50	New Jersey <sup>1/</sup>	2.00
Georgia	.50	New York <sup>2/</sup>	2.00
Illinois	.50	Rhode Island	2.00
Kentucky	.50	Maine	2.20
South Dakota	.50	Maryland <sup>3/</sup>	2.20
Oklahoma	.75	Massachusetts	2.28
Iowa	.80	Nevada <sup>4/</sup>	2.55
North Carolina	1.00	Florida	3.50
West Virginia	1.10	Connecticut	3.75
Nebraska	1.125	Michigan	3.75
Kansas	1.30	New Hampshire	3.75
Virginia	1.25	Pennsylvania	5.00
Wisconsin	1.50	Vermont	5.00
Arkansas	1.65	Hawaii <sup>5/</sup>	6.25
Minnesota	1.65	Washington	6.40
South Carolina	1.85	Delaware	10.00
Tennessee	1.85		
NO TAX 15 STATES			
Alaska		New Mexico	
California		North Dakota	
Idaho		Ohio	
Indiana		Oregon	
Louisiana		Texas	
Mississippi		Utah	
Missouri		Wyoming	
Montana			

Source: Survey of State Revenue Department Officials.

\* \$11.00 represents the deed recordation tax + the deed transfer tax per \$500. In D.C. 1.1% of consideration or fair market value for residential property transfers <\$400,000; 1.45% of consideration of fair market value on the entire amount if transfer is >\$400,000.

- 1/ An additional tax of \$3.35 per \$500 of consideration in excess of \$150,000 but not in excess of \$200,000 is also imposed. An additional tax of \$3.90 is imposed for every \$500 of consideration in excess of \$200,000.
- 2/ An additional tax of 1 percent of consideration is imposed on conveyances of residential real property for \$1 million or more. The additional tax is typically paid by the grantee (buyer).
- 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/ In county whose population is 400,000 or less, \$1.95 to \$2.00.
- 5/ If the property is residential for which the buyer is not eligible for a homeowner's exemption, the tax rate graduates from \$0.75 to \$6.25 per \$500 of value, as value rises from less than \$600,000 to over \$10,000,000. Otherwise, the tax rate graduates from \$0.50 to \$5.00 per \$500 of value.

TABLE 28

TYPES OF STATE INHERITANCE AND ESTATE TAXES

INHERITANCE TAX STATES WITH AN ESTATE TAX TO ABSORB FEDERAL CREDIT 7 STATES	
Indiana Kentucky Louisiana <b>MARYLAND</b> 1/	New Hampshire New Jersey Tennessee
ESTATE TAX STATES WITH AN ESTATE TAX TO ABSORB FEDERAL CREDIT 9 STATES	
Alaska Connecticut 2/ Idaho Illinois 3/ Massachusetts	Mississippi Ohio Rhode Island South Dakota
ABSORB FEDERAL CREDIT 25 STATES AND D.C.	
Alabama Arizona California Colorado Delaware  <b>District of Columbia</b> 4/ Florida Georgia Kansas 5/ Maine  Minnesota 6/ Michigan Missouri	Montana Nevada New Mexico New York 7/ North Carolina 8/  North Dakota South Carolina Texas Utah Vermont  <b>VIRGINIA</b> Wisconsin Wyoming
NO ESTATE TAX 6 STATES	
Arkansas Iowa 9/ Nebraska 10/	Oklahoma Pennsylvania 11/ West Virginia
ONLY STATE ESTATE TAX 3 STATES	
Hawaii Oregon	Washington

Source: Survey of State Revenue Department Officials.

1/ Decoupled from federal estate tax except for thresholds.

2/ CT's estate tax does not easily fit into these categories. In 2005, CT created a unified gift and estate tax, replacing a separate gift tax and Separate estate tax that had been based on the federal credit and repealing the succession tax. For taxable gifts after January 1, 2011, the gift tax is not payable unless the aggregate amount of the CT taxable gifts made during all calendar years in or after January 1, 2005 exceeds \$2 million. For the estate tax of a decedent dying on or after January 1, 2011, the estate is not subject to CT estate tax unless the amount of the estate taxable in CT exceeds \$2 million.

3/ The Illinois Estate Tax is equal to the Federal State Death Tax Credit provision in effect on 12/31/01.

4/ 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 (January 1, 2002), the Estate and Inheritance Tax Clarification Temporary Act of 2004 raised the estate tax filing threshold from \$675,000 to \$1,000,000 to decedents whose death occurs on or after January 1, 2003. Hence, some District estate tax payers may have been and others may be required in the future to file and pay District estate taxes even when no federal filing or tax is due.

5/ Repealed for deaths on or after 01/01/11.

6/ Tax equal to the maximum credit for state death taxes allowed against the Federal Estate Tax under pre 2001 federal law.

7/ New York has a pick-up tax tied to pre-2002 Federal Estate Tax law.

8/ North Carolina imposes an estate tax based on the Federal Estate Tax calculation. The North Carolina Estate Tax is equal to

the state death tax credit that was allowable under section 2011 of the IRC as it existed prior to 2002. For decedents dying on or after January 1, 2005, the North Carolina Estate Tax is limited to the Federal Estate Tax that would be payable if the Federal Estate Tax was computed without regard to the deduction for state death taxes.

- 9/ Iowa levies an inheritance tax on any inheritance to nonlineal descendants.
- 10/ Estate Tax has been repealed on decedents dying or transfers made on or after January, 2007. Inheritance tax is administered at the county level.
- 11/ Pennsylvania no longer receives estate taxes because it is coupled with the death tax credit that was phased out by 2005. The state death tax credit is scheduled to be reinstated on the federal estate tax return, IRS form 706, for decedents dying on or after January 1, 2013.
- 12/ Hawaii has an estate tax that is based on the Federal State Death Tax Credit as it existed on December 31, 2000. The taxable estate is determined under Federal Estate Law as it read on December 31, 2009.

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