

Government of the
District of Columbia



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

2013

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

Table of Contents

Listing of Major Tables	iii
Executive Summary.....	v
Acknowledgment	vi
 Part I: Tax Burdens in Washington, D.C. Compared with Those in the Largest City in Each State, 2013	
Overview.....	1
 Chapter I	How Tax Burdens are Computed for the Largest City in Each State.
	2
	Individual Income Tax 3
	Real Property Tax 5
	Sales and Use Tax 6
	Automobile Taxes 6
 Chapter II	Overall Tax Burdens for the Largest City in Each State.....
	7
 Chapter III	Comparing Specific Tax Burdens for a Hypothetical Family of Three in the Largest City in Each State.....
	14
	Individual Income Tax 14
	Real Property Tax 17
	Sales and Use Tax 22
	Automobile Taxes 24

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

Table of Contents

Chapter IV	How Do Tax Burdens in Washington, D.C. Compare with Those in the Largest City in Each State?	27
	Individual Income Tax	28
	Real Property Tax	28
	Sales Tax	29
	Automobile Taxes	29
	Summary	29
Chapter V	Why Do Tax Burdens Differ from One City to Another?	31
 Part II: A Comparison of Selected Tax Rates in the District of Columbia with Those in the 50 States as of January 1, 2014		
	Overview	36
Appendix A: Sensitivity Analysis of the Property Tax Assumptions ..		55
Appendix B: Additional Tax Burden Maps.....		57
Office Locations and Telephone Numbers.....		63

Listing of Major Tables and Maps

Part I: Tax Burdens in Washington, D.C. Compared with Those in the Largest City in Each State, 2013

Table 1a-e	Estimated Burden of Major Taxes for a Hypothetical Family of Three, 2013.....	8-12
Map 1	Total 2013 Tax Burdens as a % of Income, \$75,000/Year.....	13
Table 2	States That Index Some Part of Their Individual Income Tax, 2013	15
Table 3	Income Tax Burden as Percent of Income in the Largest Cities by Type of Income Tax for a Family of Three, 2013.....	16
Map 2	2013 Property Tax Burdens, \$75,000/Year	18
Table 4	Residential Property Tax Rates in the Largest City in Each State, 2013.....	19
Table 5	Housing Value Assumptions, 2013.....	20
Table 6	Cities That Allow Exemptions or Reduced Rates in the Calculation of Real Estate Taxes for Homeowners, 2013	21
Table 7	State and Local General Sales Tax Rates in Each of the 51 Cities as of December 31, 2013	23
Table 8	Gasoline Tax Rates in the 51 Cities as of December 31, 2013.....	25
Table 9	Summary of Types of Automobile Registration Taxes, 2013.....	26
Table 10	Automobile Tax Assumptions, 2013	26
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 Level, 2013.....	30
Table 12	Population of the Largest City in Each State	33
Map 3	Percentage of the State Population Represented by Largest City's Population...	34

Listing of Major Tables

Part II: A Comparison of Selected Tax Rates in the District of Columbia with Those in the 50 States as of January 1, 2014

Table 13	Comparison of Selected State Tax Rates	36
Table 14	Individual Income Tax: Washington Metropolitan Area, January 1, 2014.....	37
Table 15	Individual Income Tax: 43 States and D.C. as of January 1, 2014.....	38
Table 16	Characteristics of State Individual Income Taxes.....	42
Table 17	State Corporation Income Tax Rates	44
Table 18	State Gross Premiums Tax Rates on Foreign Life Insurers	45
Table 19	State General Sales and Use Tax Rates	46
Table 20	State Beer Tax Rates	47
Table 21	State Light Wine Tax Rates	48
Table 22	State Distilled Spirits Tax Rates	49
Table 23	State Cigarette Tax Rates.....	50
Table 24	Motor Fuel Tax Rates	51
Table 25	Motor Vehicle Sales and Excise Taxes.....	52
Table 26	State Motor Vehicle Registration Fees	53
Table 27	State Real Estate Deed Recordation and Transfer Tax Rates	54
Table 28	Sensitivity Analysis of Property Tax Assumptions	55
Map 4	Total 2013 Tax Burdens as a % of Income, \$25,000/Year.....	58
Map 5	Total 2013 Tax Burdens as a % of Income, \$50,000/Year.....	59
Map 6	Total 2013 Tax Burdens as a % of Income, \$75,000/Year.....	60
Map 7	Total 2013 Tax Burdens as a % of Income, \$100,000/Year.....	61
Map 8	Total 2013 Tax Burdens as a % of Income, \$150,000/Year.....	62

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 \$3.39 per \$100 of assessed value in Detroit, Michigan, to \$0.01 per \$100 of assessed value in Birmingham, Alabama, and Las Vegas, Nevada (Table 4, page 19). In addition, several jurisdictions allow tax exemptions, credits and caps in the calculation of the real property tax liability (Table 6, page 21). The District of Columbia has a \$69,100 homestead deduction in FY 2013 for owner-occupied residences as well as other credits. In FY 2013, 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 23, residents in 46 of the 51 cities studied are subject to some form of sales and use tax. The highest combined sales tax rates are found in Memphis, Tennessee; Birmingham, Alabama; Columbia, South Carolina; Seattle, Washington; Chicago, Illinois; Los Angeles, California; and New Orleans, Louisiana. Residents of Washington, D.C.; Milwaukee, Wisconsin; Portland, Maine; Virginia Beach, Virginia; and Honolulu, Hawaii pay the lowest combined sales tax rates.

Table 9, page 26, 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 16). 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 selected tax burdens in the District of Columbia with those of the most populous city in each state, through December 31, 2013. 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, 2014.

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, 2013 and (II) A Comparison of Selected Tax Rates in the District of Columbia with Those in the 50 States as of January 1, 2014. 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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Part I

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

2013

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 the income, property, sales, and auto 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. Map 3 (page 34) illustrates what percentage of the population in each state is represented by the population of its largest city. 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 2012, the methodology used to estimate house values by income across the cities was changed and is continued in this 2013 report. This change 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.

Further, the report does not include all taxes levied in a given jurisdiction, as there are state and/or local taxes not captured in the calculations here. However, the report makes every effort to consistently capture and measure tax burdens across jurisdictions, making comparisons of the relative tax burdens presented a key feature of the report.

CHAPTER I

How Tax Burdens are Computed for the Largest City in Each State

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

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 major 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 2013. 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 annual 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 2013 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. This involves dividing the median house value of each metropolitan statistical area (MSA) by the

MSA's median household income, and then multiplying that number (or multiplier) by each income level for which home ownership is assumed (\$50,000, \$75,000, \$100,000, and \$150,000).

- **Mortgage Interest.** The mortgage interest amount (for use as an itemized deduction in the income tax) in the 2013 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 2012 tax year data from the IRS.

Gross Income		Wages and Salaries	Interest	Long-Term Capital Gains 1/
\$25,000	Spouse 1	\$16,560	\$646	\$697
	Spouse 2	7,097		
\$50,000	Spouse 1	\$33,699	\$1,078	\$781
	Spouse 2	14,442		
\$75,000	Spouse 1	\$51,041	\$906	\$1,179
	Spouse 2	21,875		
\$100,000	Spouse 1	\$68,964	\$760	\$720
	Spouse 2	29,556		
\$150,000	Spouse 1	\$102,823	\$1,026	\$2,085
	Spouse 2	44,067		

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 2013 federal individual income tax at each income level using the above assumptions. Many states in 2013 allowed taxpayers to begin their state income tax computations with federal adjusted gross income (AGI) 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 2012.

Deduction	Gross Income Level				
	\$ 25,000	\$ 50,000	\$ 75,000	\$100,000	\$150,000
Medical (Gross)	6,754	6,996	8,437	9,643	12,650
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	4,879	3,246	2,812	2,143	1,400
Deductible Taxes	2/	2/	2/	2/	2/
Mortgage Interest	3/	3/	3/	3/	3/
Contribution Deduction	2,592	3,199	4,119	4,280	3,984
Gross Miscellaneous	2,699	4,578	3,642	3,866	4,503
Nondeductible 4/	<u>-500</u>	<u>-1,000</u>	<u>-1,500</u>	<u>-2,000</u>	<u>-3,000</u>
Net Miscellaneous Deduction	2,199	3,578	2,142	1,866	1,503
Other Miscellaneous Deductions	161	164	147	163	69
Total Deductions-without taxes And mortgage interest	9,831	10,187	9,221	8,452	6,956

- 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 2013 study and individual income taxes computed in the 2012 study.
- 3/ Mortgage interest is based on 5th year interest paid on a home purchased in 2008 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 2013 tax burdens. The 2013 deductible real and personal property taxes computed in the current year's 51-city burden study are used for the 2013 property tax deduction. For the 2013 state and local individual income tax deduction, 2012 data were used as a proxy. These figures were used in computing the 2013 federal income tax burden.

Real Property Tax

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

The property tax rates for each of the 51 cities, presented in Table 4, page 19, indicate a wide range in these rates. This information is based upon data received from various state research agencies and/or local assessors. In addition to tax rate differences, data presented in Table 5 (page 20) 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 2013 American Community Survey (ACS) data, the estimated house value at the \$75,000 income level ranges from a high of \$586,404 in Honolulu, Hawaii, to a low of \$170,051 in Charleston, West Virginia.

The housing values for each income level (except the \$25,000 income level) shown in Table 5 are derived from 2013 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 household incomes were retrieved from the Census Bureau's American Community Survey 2013. Data were collected for the Metropolitan Statistical Area (MSA) within which the largest city in each state falls.¹

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 MSA's median house value divided by its median household income. This multiplier was used to scale the house values to the various income levels in the report by multiplying them by each income level for the hypothetical house value at that level. This assumption serves as an input for both the property tax burden calculations and the mortgage interest deduction for the income tax burden. This method, which was also used in the 2012 Study, makes the assumption that house values increase in a linear fashion with income, which is the case up to near \$100,000 of annual income (all median household incomes in the 51 cities are below this level).

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 property tax equivalent of rent in each city was first calculated by obtaining data on median rents for each MSA from the U.S. Department of Housing and Urban Development.²

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

¹ Newark, New Jersey, falls in the New York City MSA and Wilmington, Delaware, falls in the Philadelphia MSA, thus those MSA data are used for both cities. See page 55 for a sensitivity analysis in which city level data (unavailable for all 51 cities) are used instead of MSA level data for select cities.

² U.S. Department of Housing and Urban Development, "2013 50th Percentile Rent Estimates." Data for studio apartments used.

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 is an attempt to reflect the different values of housing in different parts of the country and at different income levels. Data from the 2013 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 21). The variety of real property tax exemptions, most of which apply only to residential real property, is very broad. Table 6 does not include the many senior citizen exemptions and credits available in a large number of states, nor can it adjust for “caps” on the growth in tax liability over time. Some states have a type of assessment limitation or valuation freeze. Table 4 (page 19), which compares residential real estate tax rates for each city, does not reflect the various exemptions and credits noted in Table 6. The many 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 2013 Bureau of Labor Statistics’ Consumer Expenditure Survey (CES), and local and state sales tax rates. The CES provides data on average consumer expenditures by income level. 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 specific city and state tax rates on each type of item are used to determine the sales tax that these expenditures generate. This year, fewer CES categories are included, in order to attempt to only capture items that are generally taxed through the sales tax. Thus, lower sales tax burdens in 2013 likely reflect these lower levels of expenditures rather than reduced sales tax burdens, and the focus should be on the relative rankings across jurisdictions in a given year. The state and local general sales tax rates in each city are reported in Table 7, page 23.

Automobile Taxes

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

CHAPTER II

Overall Tax Burdens for the Largest City in Each State

The major state and local tax burdens by tax type for the five different income levels used in this study are presented in Table 1 (pages 8-12). As reflected in Table 1, tax burdens across the 51 cities vary widely at all income levels. At the \$25,000 income level, the \$4,210 burden for Philadelphia, Pennsylvania, is significantly greater than the \$1,370 refund that a similar taxpayer in Burlington, Vermont, would receive (due to a refundable EITC and property tax credit). Similarly, at the \$150,000 income level, the Bridgeport, Connecticut, burden of \$33,197 is nearly six times the Cheyenne, Wyoming, burden of \$5,578. The differences in the composition of state and local tax structures, as well as housing markets and varied costs-of-living each contribute to the wide variation in tax burdens at all income levels.

The highest combined tax burdens of all four taxes added together at the \$25,000 income level occur in Philadelphia, Pennsylvania; Honolulu, Hawaii; Los Angeles, California; and Chicago, Illinois. Philadelphia's high local wage tax adds to the state income tax to make it by far the highest income tax burden for a family at this income level. The high property tax burdens (which are assumed to be a portion of rent) due to expensive real estate markets in these cities generally put Honolulu and Los Angeles at the top of this list, while Chicago's high income tax burden and relatively high property tax burden contribute to its ranking.

The lowest combined tax burdens of all four taxes added together at the \$25,000 income level occur in Burlington, Vermont; Albuquerque, New Mexico; Portland, Oregon; Minneapolis, Minnesota; and Cheyenne, Wyoming. The first four of these states have a refundable EITC, which contributes to their low ranking.

The highest combined tax burdens of all four taxes added together at the \$150,000 income level occur in Bridgeport, Connecticut; Philadelphia, Pennsylvania; Newark, New Jersey; Milwaukee, Wisconsin; and Providence, Rhode Island. The lowest combined tax burdens at this income level are Sioux Falls, South Dakota; Anchorage, Alaska; Las Vegas, Nevada; Memphis, Tennessee; and Cheyenne, Wyoming. These lower tax burdens are primarily a result of the lack of an income tax in these jurisdictions. Map 1 (page 13) illustrates the combined burden of all four taxes for a family earning \$75,000/year. See Appendix B for Maps 4-8, showing combined burdens by state for a family at all of the income levels.

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-a
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2013
\$25,000

RANK	CITY	ST	TAXES				BURDEN		
			INCOME 2/	PROPERTY 3/	SALES 4/	AUTO	AMOUNT	PERCENT	
1	Philadelphia	PA	\$1,545	\$1,891	\$543	\$231	\$4,210	16.8%	
2	Honolulu	HI	283	3,062	511	254	4,111	16.4%	
3	Los Angeles	CA	0	2,371	717	815	3,904	15.6%	
4	Chicago	IL	900	1,843	565	369	3,677	14.7%	
5	Boston	MA	237	2,700	469	176	3,582	14.3%	
6	Birmingham	AL	696	1,452	1,001	229	3,378	13.5%	
7	New York City	NY	(634)	3,146	631	193	3,336	13.3%	
8	WASHINGTON	DC	(599)	2,942	550	219	3,112	12.4%	
9	Virginia Beach	VA	0	2,203	405	460	3,069	12.3%	
10	Atlanta	GA	397	1,726	664	225	3,012	12.0%	
11	Charlotte	NC	367	1,546	616	400	2,928	11.7%	
12	Indianapolis	IN	994	1,272	473	134	2,872	11.5%	
13	Seattle	WA	-	1,961	624	274	2,860	11.4%	
14	Bridgeport	CT	0	1,999	471	373	2,843	11.4%	
15	Newark	NJ	(374)	2,506	553	137	2,822	11.3%	
16	Louisville	KY	722	1,286	490	308	2,807	11.2%	
17	Little Rock	AR	268	1,373	853	271	2,764	11.1%	
18	New Orleans	LA	0	1,627	964	135	2,727	10.9%	
19	Memphis	TN	0	1,464	1,004	231	2,699	10.8%	
20	Charleston	WV	634	1,193	484	383	2,694	10.8%	
21	Providence	RI	(113)	1,745	362	683	2,676	10.7%	
22	Kansas City	MO	217	1,260	874	311	2,661	10.6%	
23	Columbia	SC	0	1,536	705	410	2,650	10.6%	
24	Las Vegas	NV	-	1,658	665	313	2,637	10.5%	
25	Portland	ME	0	1,726	487	385	2,598	10.4%	
26	Phoenix	AZ	76	1,423	807	245	2,552	10.2%	
27	Columbus	OH	515	1,231	590	210	2,546	10.2%	
28	Detroit	MI	647	1,272	389	169	2,477	9.9%	
29	Jackson	MS	113	1,241	686	416	2,456	9.8%	
30	Salt Lake City	UT	0	1,428	701	307	2,436	9.7%	
31	Jacksonville	FL	-	1,572	517	256	2,345	9.4%	
32	Houston	TX	-	1,526	619	185	2,330	9.3%	
33	Denver	CO	0	1,505	637	188	2,330	9.3%	
34	Baltimore	MD	(331)	2,030	342	282	2,324	9.3%	
35	Wilmington	DE	209	1,891	-	184	2,284	9.1%	
36	Oklahoma City	OK	(132)	1,284	817	191	2,160	8.6%	
37	Anchorage	AK	-	1,872	-	270	2,142	8.6%	
38	Sioux Falls	SD	-	1,166	751	210	2,128	8.5%	
39	Milwaukee	WI	14	1,358	469	286	2,127	8.5%	
40	Manchester	NH	0	1,666	158	265	2,089	8.4%	
41	Wichita	KS	(211)	1,090	813	362	2,053	8.2%	
42	Des Moines	IA	(141)	1,274	483	379	1,995	8.0%	
43	Boise	ID	17	1,092	636	244	1,989	8.0%	
44	Billings	MT	275	1,219	-	386	1,880	7.5%	
45	Omaha	NE	(302)	1,258	572	344	1,872	7.5%	
46	Fargo	ND	5	1,030	534	237	1,805	7.2%	
47	Cheyenne	WY	-	1,138	360	241	1,738	7.0%	
48	Minneapolis	MN	(895)	1,507	757	293	1,662	6.6%	
49	Portland	OR	(361)	1,666	-	268	1,573	6.3%	
50	Albuquerque	NM	(302)	1,289	446	133	1,566	6.3%	
51	Burlington	VT	(3,950)	1,846	509	226	(1,370)	-5.5%	
AVERAGE			1/	\$19	\$1,654	\$554	\$288	\$2,512	10.0%
MEDIAN				3	1,526	553	265	2,552	10.2%

1/ Based on jurisdictions actually levying tax.

2/ Amounts in parentheses represent refundable State Earned Income Tax Credits. States with dashes do not have an income tax.

3/ Based on 20 percent of estimated annual rent.

4/ States with dashes do not have a sales tax. NH does not have a general sales tax, but some selective sales taxes apply to consumption items included.

TABLE 1-b
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2013
\$50,000

RANK	CITY	ST	TAXES				BURDEN	
			INCOME 2/	PROPERTY	SALES 3/	AUTO	AMOUNT	PERCENT
1	Philadelphia	PA	\$3,428	\$6,038	\$718	\$248	\$10,433	20.9%
2	Newark	NJ	553	7,814	719	145	9,231	18.5%
3	Bridgeport	CT	517	7,507	639	439	9,103	18.2%
4	Milwaukee	WI	1,129	5,317	615	303	7,364	14.7%
5	Detroit	MI	1,980	3,939	500	190	6,609	13.2%
6	Providence	RI	878	4,302	475	853	6,509	13.0%
7	Baltimore	MD	1,452	4,123	453	295	6,323	12.6%
8	Los Angeles	CA	0	4,307	938	1,001	6,247	12.5%
9	Columbus	OH	2,043	2,868	713	225	5,850	11.7%
10	Burlington	VT	730	4,101	681	240	5,752	11.5%
11	Portland	ME	579	3,922	645	451	5,598	11.2%
12	Chicago	IL	2,041	2,091	745	385	5,262	10.5%
13	New York City	NY	1,854	2,260	837	208	5,159	10.3%
14	Des Moines	IA	961	3,193	588	389	5,131	10.3%
15	Portland	OR	1,676	3,120	-	287	5,083	10.2%
16	Charlotte	NC	1,718	2,055	779	454	5,005	10.0%
17	Indianapolis	IN	2,351	1,733	625	144	4,852	9.7%
18	Omaha	NE	794	2,793	751	503	4,841	9.7%
19	Minneapolis	MN	1,201	2,237	962	341	4,741	9.5%
20	Louisville	KY	1,630	1,934	643	356	4,563	9.1%
21	Manchester	NH	0	3,952	227	305	4,485	9.0%
22	Kansas City	MO	1,222	1,741	1,121	372	4,456	8.9%
23	Jackson	MS	801	2,285	857	504	4,447	8.9%
24	Boston	MA	2,068	1,549	623	189	4,429	8.9%
25	Oklahoma City	OK	1,420	1,727	1,022	200	4,370	8.7%
26	Atlanta	GA	1,165	2,059	835	272	4,331	8.7%
27	Birmingham	AL	1,735	994	1,245	266	4,240	8.5%
28	Little Rock	AR	1,158	1,643	1,109	327	4,236	8.5%
29	Wichita	KS	1,016	1,709	1,029	427	4,181	8.4%
30	Virginia Beach	VA	1,199	1,881	506	564	4,150	8.3%
31	Houston	TX	-	3,137	816	196	4,149	8.3%
32	New Orleans	LA	1,085	1,685	1,224	146	4,140	8.3%
33	Salt Lake City	UT	1,201	1,678	901	321	4,100	8.2%
34	Wilmington	DE	1,310	2,553	-	197	4,060	8.1%
35	Columbia	SC	1,126	1,482	915	497	4,019	8.0%
36	Phoenix	AZ	434	2,211	1,031	298	3,974	7.9%
37	Boise	ID	1,324	1,439	811	258	3,832	7.7%
38	Charleston	WV	1,766	924	634	444	3,769	7.5%
39	Albuquerque	NM	648	2,355	575	143	3,721	7.4%
40	Denver	CO	1,044	1,418	839	200	3,501	7.0%
41	Fargo	ND	294	2,234	698	250	3,475	7.0%
42	WASHINGTON	DC	1,275	1,173	736	232	3,417	6.8%
43	Sioux Falls	SD	-	2,094	940	223	3,258	6.5%
44	Seattle	WA	-	2,145	804	295	3,244	6.5%
45	Las Vegas	NV	-	1,736	874	365	2,976	6.0%
46	Honolulu	HI	922	1,088	648	273	2,931	5.9%
47	Anchorage	AK	-	2,507	-	274	2,782	5.6%
48	Jacksonville	FL	-	1,760	692	272	2,725	5.4%
49	Memphis	TN	0	1,164	1,283	242	2,689	5.4%
50	Billings	MT	1,192	939	-	401	2,532	5.1%
51	Cheyenne	WY	-	1,082	476	287	1,845	3.7%
AVERAGE 1/			\$1,260	\$2,588	\$716	\$327	\$4,669	9.3%
MEDIAN			1.196	2.094	719	287	4.331	8.7%

1/ Based on jurisdictions actually levying tax.

2/ States with dashes do not have an income tax.

3/ States with dashes do not have a sales tax. NH does not have a general sales tax, but some selective sales taxes apply to consumption items included.

TABLE 1-c
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2013
\$75,000

RANK	CITY	ST	TAXES				BURDEN		
			INCOME 2/	PROPERTY	SALES 3/	AUTO	AMOUNT	PERCENT	
1	Philadelphia	PA	\$5,145	\$9,057	\$1,029	\$531	\$15,762	21.0%	
2	Bridgeport	CT	2,662	11,261	946	860	15,728	21.0%	
3	Newark	NJ	1,025	11,721	1,059	344	14,149	18.9%	
4	Milwaukee	WI	2,552	7,976	900	638	12,066	16.1%	
5	Detroit	MI	4,293	5,908	718	244	11,163	14.9%	
6	Providence	RI	1,844	6,454	707	1,608	10,613	14.2%	
7	Baltimore	MD	2,978	6,184	692	615	10,470	14.0%	
8	Los Angeles	CA	75	6,501	1,365	1,897	9,838	13.1%	
9	Portland	ME	1,846	5,981	939	892	9,657	12.9%	
10	Columbus	OH	3,540	4,302	1,017	481	9,340	12.5%	
11	Burlington	VT	1,464	6,236	997	506	9,203	12.3%	
12	New York City	NY	3,558	3,516	1,207	447	8,728	11.6%	
13	Portland	OR	3,251	4,680	-	609	8,540	11.4%	
14	Des Moines	IA	2,013	4,851	875	799	8,538	11.4%	
15	Charlotte	NC	3,226	3,082	1,136	919	8,364	11.2%	
16	Chicago	IL	3,210	3,328	1,089	708	8,335	11.1%	
17	Omaha	NE	1,925	4,190	1,104	938	8,156	10.9%	
18	Minneapolis	MN	2,429	3,446	1,357	684	7,917	10.6%	
19	Boston	MA	3,361	3,185	905	406	7,858	10.5%	
20	Kansas City	MO	2,725	2,612	1,602	721	7,660	10.2%	
21	Louisville	KY	3,087	2,901	946	717	7,651	10.2%	
22	Jackson	MS	1,886	3,493	1,230	914	7,523	10.0%	
23	Indianapolis	IN	3,249	3,025	935	307	7,516	10.0%	
24	Atlanta	GA	2,437	3,208	1,215	522	7,381	9.8%	
25	Little Rock	AR	2,485	2,639	1,584	646	7,354	9.8%	
26	Boise	ID	2,748	2,860	1,147	544	7,298	9.7%	
27	Columbia	SC	2,621	2,222	1,356	943	7,142	9.5%	
28	Oklahoma City	OK	2,651	2,597	1,457	417	7,122	9.5%	
29	New Orleans	LA	1,825	3,085	1,780	317	7,006	9.3%	
30	Wichita	KS	2,131	2,579	1,453	835	6,998	9.3%	
31	Salt Lake City	UT	2,573	2,516	1,292	608	6,990	9.3%	
32	Virginia Beach	VA	2,320	2,822	748	1,065	6,955	9.3%	
33	Wilmington	DE	2,675	3,830	-	418	6,923	9.2%	
34	Manchester	NH	0	5,928	337	593	6,857	9.1%	
35	Birmingham	AL	3,021	1,513	1,776	530	6,839	9.1%	
36	Albuquerque	NM	1,799	3,546	871	327	6,543	8.7%	
37	Phoenix	AZ	1,122	3,317	1,511	575	6,525	8.7%	
38	Charleston	WV	3,284	1,386	945	890	6,505	8.7%	
39	WASHINGTON	DC	2,487	2,054	1,101	532	6,174	8.2%	
40	Houston	TX	-	4,385	1,214	414	6,013	8.0%	
41	Denver	CO	1,933	2,127	1,243	423	5,726	7.6%	
42	Fargo	ND	570	3,350	1,033	524	5,477	7.3%	
43	Honolulu	HI	2,176	1,772	915	582	5,445	7.3%	
44	Billings	MT	2,923	1,409	-	701	5,033	6.7%	
45	Seattle	WA	-	3,217	1,153	631	5,001	6.7%	
46	Sioux Falls	SD	-	3,141	1,341	473	4,955	6.6%	
47	Jacksonville	FL	-	3,090	1,023	577	4,690	6.3%	
48	Las Vegas	NV	-	2,604	1,288	691	4,583	6.1%	
49	Anchorage	AK	-	3,867	-	518	4,385	5.8%	
50	Memphis	TN	0	1,746	1,825	506	4,077	5.4%	
51	Cheyenne	WY	-	1,623	722	528	2,873	3.8%	
AVERAGE			1/	\$2,503	\$3,967	\$1,106	\$649	\$7,719	10.3%
MEDIAN				2,563	3,217	1,095	582	7,298	9.7%

1/ Based on jurisdictions actually levying tax.

2/ States with dashes do not have an income tax.

3/ States with dashes do not have a sales tax. NH does not have a general sales tax, but some selective sales taxes apply to consumption items included.

TABLE 1-d
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2013
\$100,000

RANK	CITY	ST	TAXES				BURDEN	
			INCOME 2/	PROPERTY	SALES 3/	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	\$4,127	\$15,014	\$1,063	\$1,102	\$21,306	21.3%
2	Philadelphia	PA	6,920	12,076	1,163	707	20,866	20.9%
3	Newark	NJ	1,956	15,629	1,176	426	19,186	19.2%
4	Milwaukee	WI	3,669	10,634	1,010	811	16,124	16.1%
5	Detroit	MI	6,060	7,877	813	301	15,051	15.1%
6	Providence	RI	3,011	8,605	795	2,103	14,514	14.5%
7	Baltimore	MD	4,529	8,246	783	748	14,306	14.3%
8	Portland	ME	3,490	8,039	1,061	1,157	13,747	13.7%
9	Los Angeles	CA	707	8,695	1,537	2,419	13,357	13.4%
10	Columbus	OH	5,241	5,736	1,126	639	12,742	12.7%
11	New York City	NY	5,395	4,772	1,361	615	12,142	12.1%
12	Burlington	VT	1,944	8,371	1,126	647	12,087	12.1%
13	Portland	OR	5,014	6,240	-	796	12,050	12.1%
14	Omaha	NE	3,433	5,586	1,241	1,216	11,476	11.5%
15	Charlotte	NC	4,870	4,110	1,257	1,194	11,432	11.4%
16	Des Moines	IA	3,040	6,510	973	907	11,430	11.4%
17	Chicago	IL	4,420	4,565	1,225	878	11,088	11.1%
18	Boston	MA	4,698	4,822	1,025	542	11,087	11.1%
19	Minneapolis	MN	3,795	4,770	1,507	907	10,978	11.0%
20	Indianapolis	IN	5,050	4,318	1,058	409	10,834	10.8%
21	Boise	ID	4,306	4,280	1,283	685	10,554	10.6%
22	Little Rock	AR	4,013	3,635	1,788	843	10,279	10.3%
23	Kansas City	MO	4,039	3,483	1,786	956	10,263	10.3%
24	Louisville	KY	4,385	3,868	1,064	945	10,262	10.3%
25	Jackson	MS	2,993	4,701	1,353	1,183	10,230	10.2%
26	Atlanta	GA	3,733	4,356	1,341	665	10,095	10.1%
27	Columbia	SC	4,142	2,963	1,520	1,183	9,808	9.8%
28	Wilmington	DE	4,121	5,107	-	548	9,776	9.8%
29	Oklahoma City	OK	3,898	3,468	1,613	508	9,486	9.5%
30	Salt Lake City	UT	3,917	3,355	1,441	747	9,460	9.5%
31	New Orleans	LA	2,575	4,486	1,966	433	9,459	9.5%
32	Virginia Beach	VA	3,506	3,763	818	1,345	9,432	9.4%
33	Wichita	KS	3,280	3,450	1,613	1,082	9,425	9.4%
34	Manchester	NH	-	7,904	385	747	9,036	9.0%
35	Albuquerque	NM	2,892	4,737	971	435	9,035	9.0%
36	Birmingham	AL	4,325	2,031	1,949	689	8,993	9.0%
37	Charleston	WV	4,938	1,848	1,040	1,166	8,992	9.0%
38	Phoenix	AZ	1,815	4,423	1,680	750	8,668	8.7%
39	WASHINGTON	DC	3,739	2,934	1,235	708	8,617	8.6%
40	Houston	TX	-	6,093	1,366	527	7,985	8.0%
41	Honolulu	HI	3,522	2,457	1,015	772	7,766	7.8%
42	Denver	CO	2,886	2,836	1,397	548	7,667	7.7%
43	Fargo	ND	943	4,467	1,161	654	7,225	7.2%
44	Billings	MT	4,455	1,878	-	854	7,187	7.2%
45	Seattle	WA	-	4,289	1,307	864	6,460	6.5%
46	Sioux Falls	SD	-	4,189	1,474	669	6,332	6.3%
47	Jacksonville	FL	-	4,420	1,156	747	6,324	6.3%
48	Anchorage	AK	-	5,260	-	583	5,843	5.8%
49	Las Vegas	NV	-	3,473	1,449	917	5,838	5.8%
50	Memphis	TN	-	2,328	2,032	619	4,979	5.0%
51	Cheyenne	WY	-	2,164	814	666	3,644	3.6%
AVERAGE 1/			\$3,133	\$5,358	\$1,163	\$834	\$10,489	10.5%
MEDIAN			3,669	4,467	1,176	747	10,095	10.1%

1/ Based on jurisdictions actually levying tax.

2/ States with dashes do not have an income tax.

3/ States with dashes do not have a sales tax. NH does not have a general sales tax, but some selective sales taxes apply to consumption items included.

TABLE 1-e
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2013
\$150,000

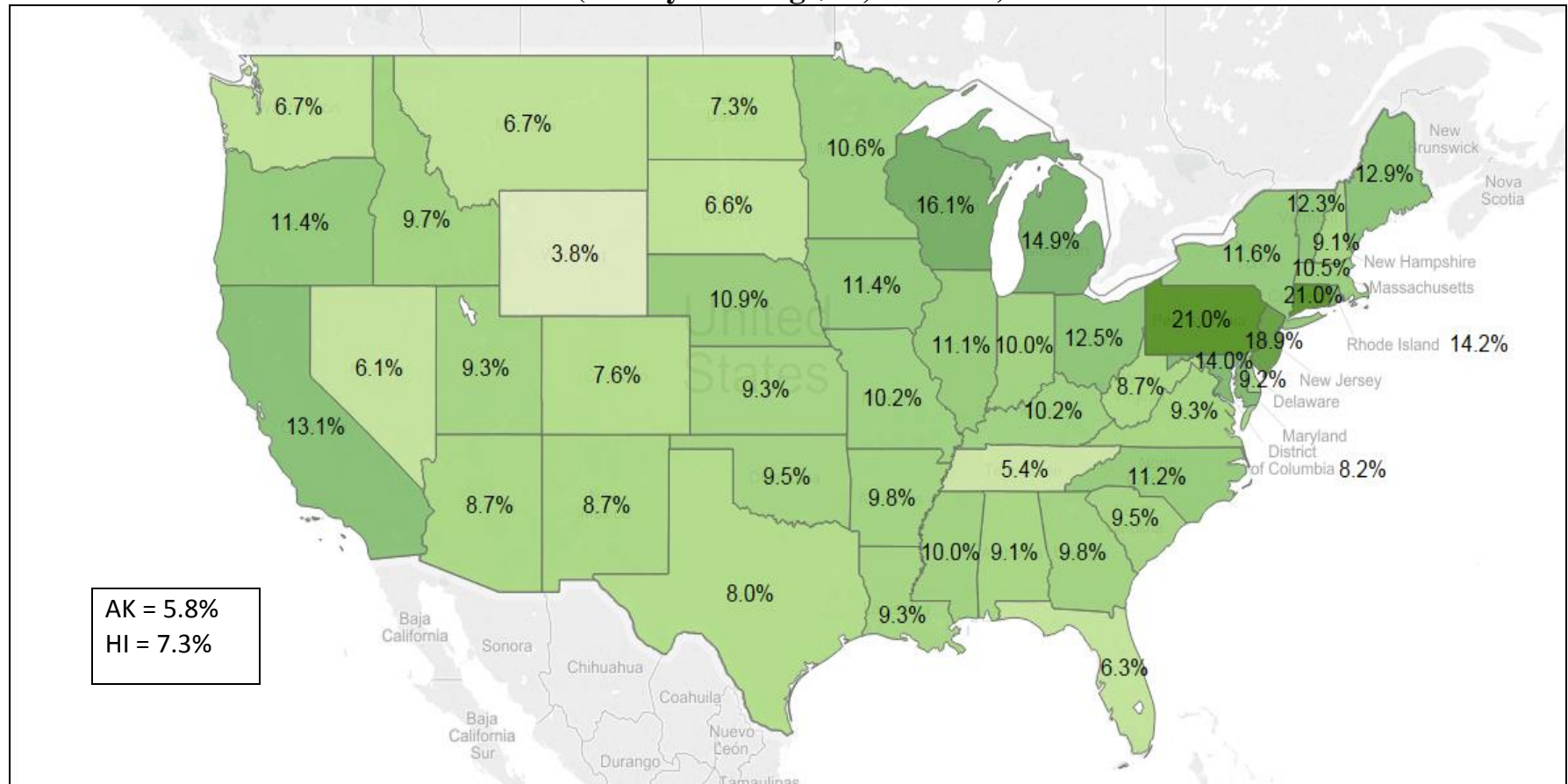
RANK	CITY	ST	TAXES				BURDEN		
			INCOME 2/	PROPERTY	SALES 3/	AUTO	AMOUNT	PERCENT	
1	Bridgeport	CT	\$7,561	\$22,522	\$1,497	\$1,617	\$33,197	22.1%	
2	Philadelphia	PA	10,310	18,115	1,591	644	30,659	20.4%	
3	Newark	NJ	4,651	23,443	1,623	396	30,113	20.1%	
4	Milwaukee	WI	6,405	15,952	1,382	749	24,488	16.3%	
5	Providence	RI	5,447	12,907	1,124	3,693	23,171	15.4%	
6	Detroit	MI	9,470	11,816	1,087	418	22,791	15.2%	
7	Portland	ME	7,357	12,156	1,435	1,631	22,578	15.1%	
8	Baltimore	MD	7,772	12,369	1,082	701	21,924	14.6%	
9	Los Angeles	CA	2,305	13,082	2,070	4,138	21,596	14.4%	
10	Burlington	VT	4,428	12,809	1,578	596	19,411	12.9%	
11	Columbus	OH	8,695	8,604	1,492	582	19,374	12.9%	
12	New York City	NY	9,331	7,284	1,892	557	19,065	12.7%	
13	Omaha	NE	6,243	8,379	1,708	2,316	18,646	12.4%	
14	Portland	OR	8,513	9,361	-	729	18,602	12.4%	
15	Boston	MA	7,251	8,095	1,383	493	17,222	11.5%	
16	Minneapolis	MN	6,519	7,417	2,037	1,194	17,167	11.4%	
17	Charlotte	NC	7,807	6,165	1,656	1,473	17,100	11.4%	
18	Des Moines	IA	4,931	9,826	1,336	868	16,962	11.3%	
19	Boise	ID	7,185	7,121	1,737	634	16,677	11.1%	
20	Indianapolis	IN	7,711	6,902	1,455	372	16,440	11.0%	
21	Chicago	IL	6,729	7,038	1,671	817	16,255	10.8%	
22	Jackson	MS	5,056	7,117	1,789	2,268	16,230	10.8%	
23	Little Rock	AR	6,947	5,628	2,433	1,180	16,187	10.8%	
24	Kansas City	MO	6,903	5,224	2,450	1,523	16,100	10.7%	
25	Atlanta	GA	6,147	6,654	1,814	1,081	15,696	10.5%	
26	Columbia	SC	7,032	4,445	2,050	1,992	15,520	10.3%	
27	Louisville	KY	6,857	5,802	1,464	1,215	15,338	10.2%	
28	Wilmington	DE	7,163	7,660	-	502	15,325	10.2%	
29	Virginia Beach	VA	5,669	5,644	1,064	2,330	14,707	9.8%	
30	New Orleans	LA	4,107	7,287	2,676	421	14,490	9.7%	
31	Wichita	KS	5,444	5,191	2,171	1,591	14,397	9.6%	
32	Salt Lake City	UT	6,417	5,033	1,956	797	14,203	9.5%	
33	Oklahoma City	OK	6,257	5,208	2,163	475	14,103	9.4%	
34	Charleston	WV	8,100	2,772	1,451	1,545	13,868	9.2%	
35	Albuquerque	NM	4,934	7,118	1,339	424	13,814	9.2%	
36	WASHINGTON	DC	6,665	4,695	1,720	661	13,740	9.2%	
37	Manchester	NH	-	11,856	534	1,217	13,607	9.1%	
38	Phoenix	AZ	3,198	6,634	2,310	1,195	13,337	8.9%	
39	Birmingham	AL	6,087	3,067	2,595	937	12,686	8.5%	
40	Honolulu	HI	6,137	3,825	1,366	704	12,032	8.0%	
41	Denver	CO	4,865	4,254	1,956	503	11,578	7.7%	
42	Houston	TX	-	8,951	1,878	486	11,316	7.5%	
43	Billings	MT	7,313	2,818	-	929	11,060	7.4%	
44	Fargo	ND	1,824	6,701	1,590	608	10,723	7.1%	
45	Jacksonville	FL	-	7,080	1,599	686	9,365	6.2%	
46	Seattle	WA	-	6,434	1,748	787	8,969	6.0%	
47	Sioux Falls	SD	-	6,283	1,985	620	8,888	5.9%	
48	Anchorage	AK	-	8,046	-	597	8,643	5.8%	
49	Las Vegas	NV	-	5,209	2,003	1,225	8,437	5.6%	
50	Memphis	TN	-	3,491	2,779	579	6,849	4.6%	
51	Cheyenne	WY	-	3,246	1,127	1,206	5,578	3.7%	
AVERAGE			1/	\$5,289	\$8,132	\$1,585	\$1,077	\$16,083	10.7%
MEDIAN				6,243	7,080	1,623	787	15,520	10.3%

1/ Based on jurisdictions actually levying tax.

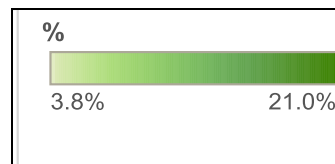
2/ States with dashes do not have an income tax.

3/ States with dashes do not have a sales tax. NH does not have a general sales tax, but some selective sales taxes apply to consumption items included.

**Map 1: Total 2013 Tax Burdens (Income, Property, Sales, & Auto) as a % of Income
(Family Earning \$75,000/Year)**



The lighter the green in the map, the lower the tax burden as a percentage of income.



CHAPTER III

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

Individual Income Tax

Residents of 44 of the 51 cities in the study are subject to some type of individual income tax at the state and/or local levels. Individual income tax burdens vary widely due to factors such as differences in tax base, tax rates, exemptions, deductions, and treatment of federal taxes. These variations are reflected in the individual income tax burdens shown in Table 3 (page 16).

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 twenty three of the cities in the study to a high of 6.2 percent in Philadelphia, Pennsylvania. At the \$150,000 income level, the burden ranges from 1.2 percent of income in Fargo, North Dakota, to 6.9 percent in Philadelphia, Pennsylvania. 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. Philadelphia has broad-based income taxes at both the state and local levels. The average individual income tax burden as a percent of income for the 44 cities levying the tax ranges from 0.1 percent at \$25,000 income to 4.3 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 26 of the cities. Taxpayers of six cities are subject to a flat state tax rate with exemptions.

Eleven 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. Table 2 on the following page summarizes the various portions that are indexed.

TABLE 2
STATES THAT INDEX SOME PART OF
THEIR INDIVIDUAL INCOME TAX, 2013

STATE	INDEXED PORTION
Arkansas	Tax brackets, Personal credits
California	Tax brackets, exemption (credit), standard deduction
Idaho	Tax brackets, standard deduction
Iowa	Tax brackets, standard deduction
Maine	Tax brackets, standard deduction
Massachusetts	Tax brackets, standard deduction
Michigan	Tax brackets, standard deduction
Minnesota	Tax brackets, exemptions, standard deduction
Montana	Tax brackets, exemptions, standard deduction
Nebraska	Tax brackets, standard deduction
North Dakota	Tax brackets, exemptions, standard deduction
Ohio	Tax brackets, standard deduction
Oklahoma*	Standard deduction
Oregon	Tax brackets, exemptions credit, standard deduction credit
Rhode Island	Tax brackets, standard deduction
South Carolina	Tax brackets, standard deduction
Utah*	Tax brackets, standard deduction
Vermont	Tax brackets, standard deduction
Wisconsin	Tax brackets, standard deduction
West Virginia	Family tax credit
Washington, D.C.	Standard deduction, personal exemptions

Sources: Federation of Tax Administrators, "State Individual Income Tax Rates (as of January 1, 2014)"; Wolters Kluwer/CCH 2014 State Tax Handbook; Institute for Taxation and Economic Policy, "Who Pays?", January 2013.

* Oklahoma and Utah use the federal standard deduction, which is indexed to inflation.

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

**TABLE 3: INCOME TAX BURDEN AS PERCENT OF INCOME IN THE LARGEST CITIES BY
TYPE OF INCOME TAX FOR A FAMILY OF THREE
2013**

CITIES WITH:	ST	INCOME LEVELS:				
		\$25,000	\$50,000	\$75,000	\$100,000	\$150,000
GRADUATED STATE AND LOCAL TAX RATES						
New York City	NY	-2.5%	3.7%	4.7%	5.4%	6.2%
GRADUATED STATE AND FLAT LOCAL RATES						
Birmingham	AL	2.8%	3.5%	4.0%	4.3%	4.1%
Wilmington	DE	0.8%	2.6%	3.6%	4.1%	4.8%
Louisville	KY	2.9%	3.3%	4.1%	4.4%	4.6%
Baltimore	MD	-1.3%	2.9%	4.0%	4.5%	5.2%
Kansas City	MO	0.9%	2.4%	3.6%	4.0%	4.6%
Newark 1/	NJ	-1.5%	1.1%	1.4%	2.0%	3.1%
Columbus	OH	2.1%	4.1%	4.7%	5.2%	5.8%
Portland 1/	OR	-1.4%	3.4%	4.3%	5.0%	5.7%
FLAT STATE AND LOCAL TAX RATES						
Indianapolis	IN	4.0%	4.7%	4.3%	5.1%	5.1%
Detroit	MI	2.6%	4.0%	5.7%	6.1%	6.3%
Philadelphia	PA	6.2%	6.9%	6.9%	6.9%	6.9%
GRADUATED STATE TAX RATE						
Phoenix	AZ	0.3%	0.9%	1.5%	1.8%	2.1%
Little Rock	AR	1.1%	2.3%	3.3%	4.0%	4.6%
Los Angeles	CA	0.0%	0.0%	0.1%	0.7%	1.5%
Bridgeport	CT	0.0%	1.0%	3.5%	4.1%	5.0%
WASHINGTON	DC	-2.4%	2.6%	3.3%	3.7%	4.4%
Atlanta	GA	1.6%	2.3%	3.2%	3.7%	4.1%
Honolulu	HI	1.1%	1.8%	2.9%	3.5%	4.1%
Boise	ID	0.1%	2.6%	3.7%	4.3%	4.8%
Des Moines	IA	-0.6%	1.9%	2.7%	3.0%	3.3%
Wichita	KS	-0.8%	2.0%	2.8%	3.3%	3.6%
New Orleans	LA	0.0%	2.2%	2.4%	2.6%	2.7%
Portland	ME	0.0%	1.2%	2.5%	3.5%	4.9%
Minneapolis	MN	-3.6%	2.4%	3.2%	3.8%	4.3%
Jackson	MS	0.5%	1.6%	2.5%	3.0%	3.4%
Billings	MT	1.1%	2.4%	3.9%	4.5%	4.9%
Omaha	NE	-1.2%	1.6%	2.6%	3.4%	4.2%
Albuquerque	NM	-1.2%	1.3%	2.4%	2.9%	3.3%
Charlotte	NC	1.5%	3.4%	4.3%	4.9%	5.2%
Fargo	ND	0.0%	0.6%	0.8%	0.9%	1.2%
Oklahoma City	OK	-0.5%	2.8%	3.5%	3.9%	4.2%
Providence	RI	-0.5%	1.8%	2.5%	3.0%	3.6%
Columbia	SC	0.0%	2.3%	3.5%	4.1%	4.7%
Virginia Beach	VA	0.0%	2.4%	3.1%	3.5%	3.8%
Burlington	VT	-15.8%	1.5%	2.0%	1.9%	3.0%
Charleston 1/	WV	2.5%	3.5%	4.4%	4.9%	5.4%
Milwaukee	WI	0.1%	2.3%	3.4%	3.7%	4.3%
FLAT STATE TAX RATE WITH EXEMPTIONS						
Denver	CO	0.0%	2.1%	2.6%	2.9%	3.2%
Chicago	IL	3.6%	4.1%	4.3%	4.4%	4.5%
Boston	MA	0.9%	4.1%	4.5%	4.7%	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%
Salt Lake City	UT	0.0%	2.4%	3.4%	3.9%	4.3%
AVERAGE	2/	0.1%	2.5%	3.3%	3.8%	4.3%

No income tax: Anchorage, AK; Jacksonville, FL; Las Vegas, NV; Sioux Falls, SD; Houston, TX; Seattle, WA; Cheyenne, WY.

Note: Negative numbers result from refundable State Earned Income Tax Credits.

Source for classifications: Wolters Kluwer/CCH 2014 State Tax Handbook and Tax Foundation, Local Income Tax Rates by Jurisdiction, 2011; percentages at each income level are effective tax rates calculated by ORA using the assumptions and methodologies specific to this report.

1/ Imposed on employers.

2/ Based on jurisdictions actually levying tax.

Real Property Tax

All 51 cities in the study levy a property tax on residential property located within the city. The real property tax is a function of housing values, real estate tax rates, assessment levels, homeowner exemptions, and credits. Nominal rates used in Table 4 (page 19), represent the "announced" rates levied by the jurisdiction, while effective rates consider the various assessment levels in the cities. As the data indicate, effective rates range from a high of \$3.39 per \$100 of assessed value in Detroit Michigan, to \$0.01 per \$100 of assessed value in Birmingham, Alabama and Las Vegas, Nevada (when not rounded, Birmingham has the lowest rate at 0.00695, and Las Vegas' rate is 0.0109). Assessment levels vary dramatically from 1.38 percent of assessed value in Billings, Montana, to 100 percent of assessed value in fourteen cities, including the District of Columbia. 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 net of property tax relief measures) is among the lowest of the 51 cities, ranking 41st.

The assumed housing values in the 51 cities at each of the five income levels are presented in Table 5, page 20. Housing values at the same income level vary a great deal 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 21). This study does not model the impact of property tax caps that are available in some 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.

At all four of the income levels for which home ownership is assumed (\$50,000 to \$150,000), Newark, New Jersey;³ Bridgeport, Connecticut; Philadelphia, Pennsylvania; Milwaukee, Wisconsin; and Los Angeles, California have the highest property tax burdens, in that order. 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 19).

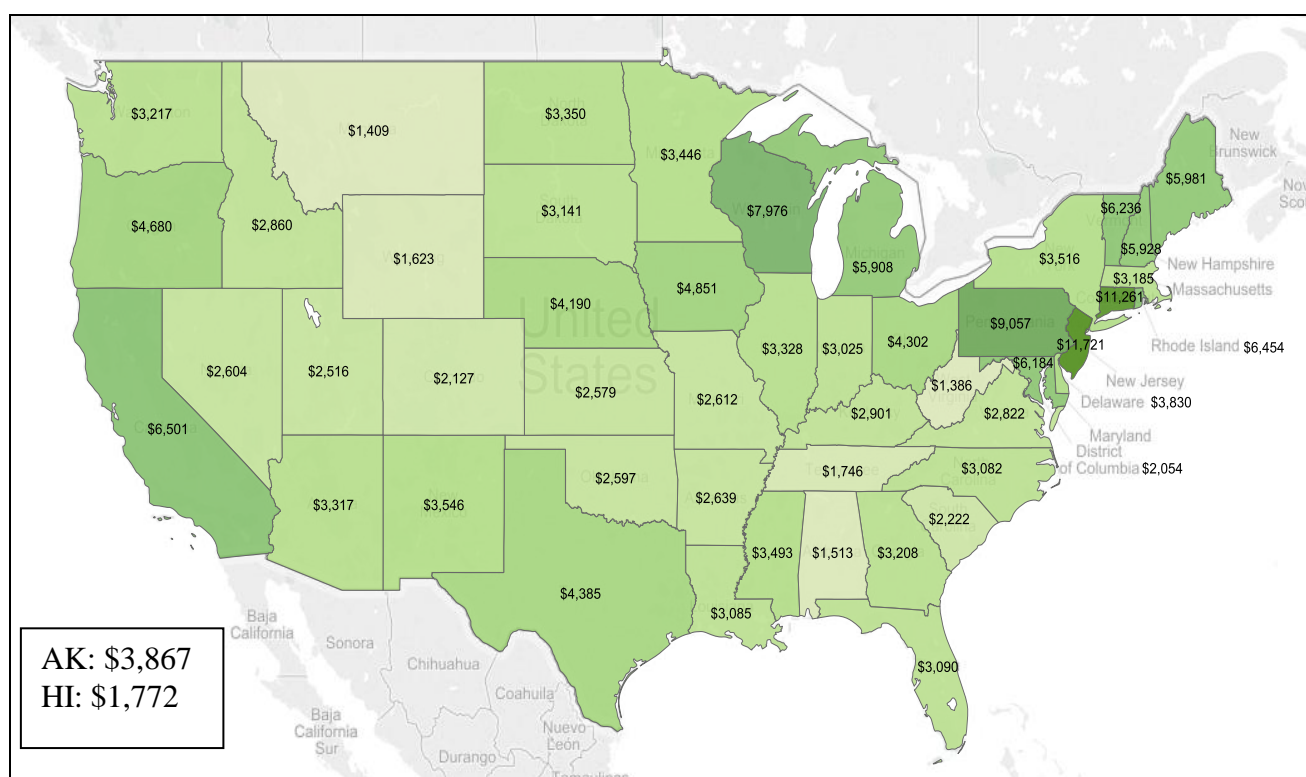
At all four of the income levels, the lowest property tax burdens can be found in Charleston, West Virginia; Billings, Montana; Birmingham, Alabama; and Cheyenne, Wyoming. These low real estate tax burdens result from a combination of a low effective real estate tax rate, below average housing values, or an exemption program.

³ Newark, NJ is in the New York City (NYC) Metropolitan Statistical Area, thus the data used for Newark are the same as for NYC. See page 55 for a sensitivity analysis of how several cities' (including Newark's) property tax burdens would change using city-level data.

At the \$25,000 income level, it is assumed that these families rent rather than own a home. At this level, New York City, New York; Honolulu, Hawaii; Washington, D.C.; Boston, Massachusetts; and Newark, New Jersey, have the five highest property tax burdens (as a portion of rent). This trend is solely due to the high cost of housing in these metropolitan areas, as actual property tax rates are not applied in the case of rental housing (as previously mentioned, 20 percent of the annual rent is assumed to go toward paying the property tax).

Map 2 below illustrates the range of property tax burdens for a family earning \$75,000 a year. The darker the green shading in a state, the higher the burden is.

**Map 2: 2013 Property Tax Burdens, in \$
(Family earning \$75,000 /year)**



The lighter the green in the map, the lower the tax burden.

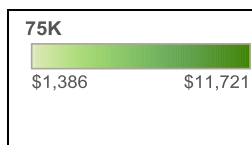


TABLE 4
RESIDENTIAL PROPERTY TAX RATES IN THE LARGEST CITY IN EACH STATE
2013

RANK	CITY	ST	NOMINAL RATE PER \$100	ASSESSMENT LEVEL	EFFECTIVE RATE PER \$100
1	Detroit	MI	6.78	50.0%	3.39
2	Philadelphia	PA	9.77	32.0%	3.13
3	Milwaukee	WI	3.13	100.0%	3.13
4	Bridgeport	CT	4.19	70.0%	2.93
5	Indianapolis	IN	2.91	100.0%	2.91
6	Newark	NJ	2.95	89.0%	2.62
7	Houston	TX	2.56	100.0%	2.56
8	Des Moines	IA	4.69	54.0%	2.55
9	Columbus	OH	6.80	34.0%	2.29
10	Manchester	NH	2.22	100.0%	2.22
11	Omaha	NE	2.20	96.0%	2.11
12	Burlington	VT	0.02	88.2%	2.10
13	Baltimore	MD	2.25	93.0%	2.09
14	Columbia	SC	50.90	4.0%	2.04
15	Portland	ME	1.94	100.0%	1.94
16	Providence	RI	1.93	100.0%	1.93
17	Jacksonville	FL	1.80	100.0%	1.80
18	Jackson	MS	17.39	10.0%	1.74
19	Atlanta	GA	4.35	37.0%	1.59
20	Anchorage	AK	1.56	100.0%	1.56
21	Minneapolis	MN	1.58	96.0%	1.51
22	Sioux Falls	SD	1.75	85.0%	1.49
23	New Orleans	LA	0.15	10.0%	1.49
24	Wichita	KS	12.31	12.0%	1.42
25	Little Rock	AR	7.01	20.0%	1.40
26	Portland	OR	2.20	63.7%	1.40
27	Fargo	ND	32.57	4.3%	1.39
28	Louisville	KY	1.32	100.0%	1.32
29	Wilmington	DE	4.07	32.5%	1.32
30	Boston	MA	1.31	100.0%	1.31
31	Albuquerque	NM	3.91	33.0%	1.30
32	Phoenix	AZ	12.89	10.0%	1.29
33	Charlotte	NC	1.28	100.0%	1.28
34	Kansas City	MO	6.55	19.0%	1.20
35	Oklahoma City	OK	11.57	11.0%	1.20
36	Los Angeles	CA	1.14	100.0%	1.14
37	Seattle	WA	1.03	90.9%	0.94
38	Virginia Beach	VA	0.93	99.0%	0.92
39	Billings	MT	66.75	1.4%	0.92
40	Salt Lake City	UT	1.67	55.0%	0.92
41	WASHINGTON	DC	0.85	100.0%	0.85
42	Memphis	TN	3.40	25.0%	0.85
43	New York City	NY	19.13	4.0%	0.85
44	Charleston	WV	1.36	60.0%	0.82
45	Denver	CO	8.70	8.0%	0.69
46	Cheyenne	WY	7.10	10.0%	0.67
47	Chicago	IL	5.46	10.0%	0.55
48	Honolulu	HI	0.35	100.0%	0.35
49	Boise	ID	0.02	93.0%	0.02
50	Las Vegas	NV	3.12	35.0%	0.01
51	Birmingham	AL	0.07	10.0%	0.01
UNWEIGHTED AVERAGE			6.90	62.0%	1.52
MEDIAN			2.91	85.0%	1.40

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, and state web sites.

TABLE 5
HOUSING VALUE ASSUMPTIONS
2013

CITY	ST	HOUSING VALUE ASSUMPTIONS AT INDICATED INCOME LEVELS:				
		TAX ON RENT \$25,000	\$50,000	\$75,000	\$100,000	\$150,000
Anchorage	AK	1,872	179,029	268,544	358,059	537,088
Birmingham	AL	1,452	149,085	223,628	298,171	447,256
Little Rock	AR	1,373	142,121	213,181	284,241	426,362
Phoenix	AZ	1,423	171,562	257,344	343,125	514,687
Los Angeles	CA	2,371	385,177	577,766	770,355	1,155,532
Denver	CO	1,505	204,748	307,122	409,496	614,245
Bridgeport	CT	1,999	256,201	384,301	512,402	768,603
WASHINGTON	DC	2,942	207,157	310,736	414,314	621,471
Wilmington	DE	1,891	193,115	289,673	386,231	579,346
Jacksonville	FL	1,572	147,781	221,672	295,563	443,344
Atlanta	GA	1,726	144,259	216,389	288,518	432,778
Honolulu	HI	3,062	390,936	586,404	781,872	1,172,808
Des Moines	IA	1,274	129,996	194,995	259,993	389,989
Boise	ID	1,092	164,169	246,254	328,338	492,508
Chicago	IL	1,843	170,316	255,474	340,631	510,947
Indianapolis	IN	1,272	136,630	204,945	273,259	409,889
Wichita	KS	1,090	122,989	184,483	245,978	368,967
Louisville	KY	1,286	146,056	219,085	292,113	438,169
New Orleans	LA	1,627	188,230	282,345	376,460	564,690
Boston	MA	2,700	249,084	373,627	498,169	747,253
Baltimore	MD	2,030	197,210	295,815	394,420	591,630
Portland	ME	1,726	212,084	318,126	424,168	636,252
Detroit	MI	1,272	116,185	174,277	232,370	348,555
Minneapolis	MN	1,507	153,362	230,043	306,724	460,086
Kansas City	MO	1,260	139,916	209,874	279,832	419,748
Jackson	MS	1,241	138,956	208,434	277,912	416,867
Billings	MT	1,219	183,710	275,564	367,419	551,129
Charlotte	NC	1,546	159,997	239,995	319,994	479,991
Fargo	ND	1,030	160,601	240,902	321,202	481,804
Omaha	NE	1,258	132,263	198,395	264,526	396,790
Manchester	NH	1,666	178,175	267,263	356,350	534,525
Newark	NJ	2,506	298,468	447,702	596,936	895,403
Albuquerque	NM	1,289	182,918	274,377	365,836	548,754
Las Vegas	NV	1,658	158,940	238,410	317,880	476,820
New York City	NY	3,146	298,468	447,702	596,936	895,403
Columbus	OH	1,231	143,124	214,686	286,248	429,372
Oklahoma City	OK	1,284	136,728	205,092	273,456	410,184
Portland	OR	1,666	223,094	334,640	446,187	669,281
Philadelphia	PA	1,891	193,115	289,673	386,231	579,346
Providence	RI	1,745	223,504	335,256	447,008	670,511
Columbia	SC	1,536	142,690	214,035	285,380	428,070
Sioux Falls	SD	1,166	140,478	210,716	280,955	421,433
Memphis	TN	1,464	136,919	205,379	273,838	410,758
Houston	TX	1,526	125,859	188,788	251,717	377,576
Salt Lake City	UT	1,428	182,949	274,423	365,897	548,846
Virginia Beach	VA	2,203	204,501	306,752	409,003	613,504
Burlington	VT	1,846	202,992	304,489	405,985	608,977
Seattle	WA	1,961	228,145	342,218	456,290	684,435
Milwaukee	WI	1,358	181,015	271,523	362,030	543,045
Charleston	WV	1,193	113,368	170,051	226,735	340,103
Cheyenne	WY	1,138	160,393	240,590	320,786	481,179
AVERAGE		\$1,654	\$182,917	\$274,376	\$365,834	\$548,751
MEDIAN		\$1,526	\$170,316	\$255,474	\$340,631	\$510,947

Source for "Tax on Rent": Rental cost data are from the U.S. Department of Housing and Urban Development, for median fair market rents by MSA. In order to select rents that were reasonable for a family earning \$25,000 per year, the rents for a studio apartments were selected. The property tax equivalent of rent is assumed to be 20 percent of annual rent.

Source for all other columns: ORA Calculations. Data on median household incomes and median house values for 2013 were retrieved from the Census Bureau's ACS 2013. A multiplier was applied to each income based on the relationship of median income to median home value.

TABLE 6
CITIES THAT ALLOW EXEMPTIONS OR REDUCED RATES
IN THE CALCULATION OF REAL ESTATE TAXES FOR HOMEOWNERS, 2013

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	AR	\$350 Credit against Homestead for Homeowners	Tax Credit
Phoenix	AZ	42% Exemption on School Tax Rates up to \$600	Assessed Value
Los Angeles	CA	\$7,000 Exemption	Assessed Value
WASHINGTON 1/	DC	\$69,100 Exemption	Assessed Value-Homestead
Jacksonville	FL	\$50,000 Homestead Exemption \$25,000 School	Assessed Value
Atlanta	GA	\$15,000 Exemption	Assessed Value
Honolulu	HI	\$80,000 Exemption (below age 65)	Assessed Value
Des Moines	IA	\$4,850 Exemption	Assessed Value
Boise	ID	50% of assessed value, up to \$81,000 Exemption	Assessed Value and Homestead up to 1 acre
Chicago	IL	\$7,000 exemption	Assessed Value- Homestead
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 on appraised value; \$2,300 on assessed value; up to a maximum tax exempted of \$46 School Levy Exemption	Assessed Value
New Orleans	LA	First \$75,000 of fair market value on owner-occupied homes are exempt	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	Market Value Homestead Exclusion may decrease tax by up to \$30,000.	Market Value
Jackson	MS	\$7,500 Exemption	Assessed Value
Billings	MT	45.5% 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	Equalized Assessed Value
Columbus	OH	12.5% Tax Rollback	Assessed Value
Oklahoma City	OK	\$1,000 Exemption	Assessed Value-Homestead
Columbia	SC	Owner occupied residential exempt from 49% of tax	Property Tax Relief Fund
Houston	TX	20% Exemption on Value Plus \$15,000 Exemption	Assessed Value -School District Only
Salt Lake City	UT	45% Residential	Taxable Value
Milwaukee	WI	School Levy Credit Lottery Credit: School Tax on 1 st \$10,900 Market Value 1st Dollar Credit: School Tax on 1 st \$6,400 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/ D.C.'s exemption amount increased to \$70,200 on October 1, 2013 (effective for D.C.'s Real Property Tax Year 2014)

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 11.50 percent in Memphis, Tennessee, to 4.5 percent in Honolulu, Hawaii, as indicated in Table 7, page 23. 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 26 of the 51 cities in addition to state sales taxes with the highest city rate at 5.75 percent in Washington, D.C. (followed by 4.5 percent in New York City). The lowest city rate (0.5 percent) is present in Honolulu, Hawaii; Charleston, West Virginia; and Minneapolis, Minnesota. Of the twenty counties levying a sales tax, the highest rate (3.0 percent) is in Fulton (Atlanta, Georgia). Seven school districts and six transit districts also levy sales taxes, with transit district rates ranging from 0.1 percent in Milwaukee, Wisconsin, to 1.2 percent in Denver, Colorado.

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 Memphis, Tennessee; Birmingham, Alabama; New Orleans, Louisiana; Kansas City, Missouri; and Little Rock, Arkansas.

Cities that levy a sales tax and that have the lowest general sales tax burdens at all income levels include Baltimore, Maryland; Cheyenne, Wyoming; Providence, Rhode Island; Detroit, Michigan; and Virginia Beach, Virginia.

TABLE 7
STATE AND LOCAL GENERAL SALES TAX
RATES IN EACH OF THE 51 CITIES
AS OF DECEMBER 31, 2013

CITY	ST	TOTAL RATE (%)	STATE (%)	CITY (%)	COUNTY (%)	SCHOOL (%)	TRANSIT (%)
Memphis	TN	11.500	7.000	2.250	2.250		
Birmingham	AL	10.000	4.000	4.000	2.000		
Columbia	SC	10.000	6.000	2.000	2.000		
Seattle	WA	9.500	6.500	3.000			
Chicago	IL	9.250	6.250	1.250	0.750		1.000
Los Angeles	CA	9.000	6.500	1.500	1.000		
New Orleans	LA	9.000	4.000	2.500		1.500	1.000
New York City	NY	8.880	4.000	4.500		0.380	
Little Rock	AR	8.500	6.000	1.500	1.000		
Oklahoma City	OK	8.375	4.500	3.875			
Kansas City	MO	8.350	4.225	3.000	1.125		
Phoenix	AZ	8.300	5.600	2.000	0.700		
Houston	TX	8.250	6.250	1.000		1.000	
Las Vegas	NV	8.100	2.000		2.250	3.850	
Minneapolis	MN	8.025	6.875	0.500	0.400		0.250
Atlanta	GA	8.000	4.000	1.000	3.000		
Philadelphia	PA	8.000	6.000		2.000		
Denver	CO	7.700	2.900	3.600			1.200
Charlotte	NC	7.250	4.750		2.000	0.500	
Wichita	KS	7.150	6.150		1.000		
Jacksonville	FL	7.000	6.000		0.500		0.500
Indianapolis	IN	7.000	7.000				
Jackson	MS	7.000	7.000				
Fargo	ND	7.000	5.000	2.000			
Omaha	NE	7.000	5.500	1.500			
Newark	NJ	7.000	7.000				
Albuquerque	NM	7.000	5.125	1.0625	0.813		
Columbus	OH	7.000	5.750		0.750	0.500	
Providence	RI	7.000	7.000				
Burlington	VT	7.000	6.000	1.000			
Salt Lake City	UT	6.850	4.700	1.000	0.600	0.550	
Charleston	WV	6.500	6.000	0.500			
Bridgeport	CT	6.350	6.350				
Boston	MA	6.250	6.250				
Des Moines	IA	6.000	6.000				
Boise	ID	6.000	6.000				
Louisville	KY	6.000	6.000				
Baltimore	MD	6.000	6.000				
Detroit	MI	6.000	6.000				
Sioux Falls	SD	6.000	4.000	2.000			
Virginia Beach	VA	6.000	5.000	1.000			
Cheyenne	WY	6.000	4.000		2.000		
WASHINGTON	DC	5.750		5.750			
Milwaukee	WI	5.600	5.000		0.500		0.100
Portland	ME	5.500	5.500				
Honolulu	HI	4.500	4.000	0.500			
UNWEIGHTED AVERAGE		7.355%	5.437%				
MEDIAN		7.000%	6.000%				

Source: Survey of State Revenue Department Officials.

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

Note: Unweighted average includes only those cities with a sales tax.

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, 2013, are compared in Table 8, page 25. The total gasoline tax rates vary from as high as 39.5 cents per gallon in Los Angeles, California; 37.5 in Charlotte, North Carolina, and Seattle, Washington; and 34.7 cents in Charleston, West Virginia, to a low of 8.0 cents per gallon in Anchorage, Alaska.

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 26.

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

The lowest tax burdens for a specific tax at all income levels in this study are the automobile tax burdens (except in those states that offer refundable EITCs at the \$25,000 income level). Los Angeles, California; Providence, Rhode Island; Virginia Beach, Virginia; Jackson, Mississippi; and Columbia, South Carolina, 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; Detroit, Michigan; and Albuquerque, New Mexico, 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, 2013
(STATE AND LOCAL RATES PER GALLON)

CITY	ST	TOTAL RATE	STATE RATE	LOCAL RATE
Los Angeles	CA	39.50	39.50	0.00
Charlotte	NC	37.50	37.50	0.00
Seattle	WA	37.50	37.50	0.00
Charleston	WV	34.70	34.70	0.00
Honolulu	HI	33.50	17.00	16.50
Portland	OR	33.00	30.00	3.00
Providence	RI	32.00	32.00	0.00
Philadelphia	PA	31.20	31.20	0.00
Milwaukee	WI	30.50	30.50	0.00
Jacksonville	FL	30.00	24.00	6.00
Chicago	IL	30.00	19.00	11.00
Portland	ME	30.00	30.00	0.00
Louisville	KY	29.90	29.90	0.00
Minneapolis	MN	28.50	28.50	0.00
Columbus	OH	28.00	28.00	0.00
Billings	MT	27.00	27.00	0.00
New York City	NY	26.40	26.40	0.00
Omaha	NE	26.30	26.30	0.00
Bridgeport	CT	25.00	25.00	0.00
Boise	ID	25.00	25.00	0.00
Burlington	VT	24.90	24.90	0.00
Salt Lake City	UT	24.50	24.50	0.00
Wichita	KS	24.00	24.00	0.00
Boston	MA	24.00	24.00	0.00
Sioux Falls	SD	24.00	24.00	0.00
WASHINGTON	DC	23.50	23.50	0.00
Baltimore	MD	23.50	23.50	0.00
Wilmington	DE	23.00	23.00	0.00
Fargo	ND	23.00	23.00	0.00
Las Vegas	NV	23.00	23.00	0.00
Denver	CO	22.00	22.00	0.00
Little Rock	AR	21.80	21.80	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
Birmingham	AL	19.00	16.00	3.00
Des Moines	IA	19.00	19.00	0.00
Detroit	MI	19.00	19.00	0.00
Manchester	NH	19.00	19.00	0.00
Indianapolis	IN	18.00	18.00	0.00
Jackson	MS	18.00	18.00	0.00
Virginia Beach	VA	17.50	17.50	0.00
Kansas City	MO	17.00	17.00	0.00
Albuquerque	NM	17.00	17.00	0.00
Phoenix	AZ	16.00	16.00	0.00
Oklahoma City	OK	16.00	16.00	0.00
Columbia	SC	16.00	16.00	0.00
Newark	NJ	14.50	14.50	0.00
Cheyenne	WY	14.00	14.00	0.00
Atlanta	GA	11.50	11.50	0.00
Anchorage	AK	8.00	8.00	0.00
UNWEIGHTED AVERAGE		23.85	23.07	
MEDIAN		23.50	23.00	

Source: Survey of State Revenue Department Officials.

TABLE 9

SUMMARY OF TYPES OF AUTOMOBILE
REGISTRATION TAXES
2013

<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
2013

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	2,862 lbs	2010	\$11,475	\$8,375	\$10,328	24	625 gallons
\$ 50,000	Sedan, 4 Door 4 Cylinder, Automatic	2.0	3,331 lbs	2010	\$14,750	\$10,925	\$13,275	22	681 gallons
\$ 75,000	Sedan, 4 Door 4 Cylinder, Automatic	2.5	3,263 lbs	2011	\$16,250	\$12,500	\$14,625	22	681 gallons
	4WD Utility, 4 Door 6 Cylinder, Automatic	2.4	3,750 lbs	2005	\$10,600	\$7,125	\$9,540	19	789 gallons
\$100,000	Sedan, 4 Door 6 Cylinder, Automatic	3.6	4,026 lbs	2011	\$19,675	\$15,775	\$17,708	17	882 gallons
	4WD Utility, 4 Door 6 Cylinder, Automatic	4.0	4,615 lbs	2006	\$12,450	\$8,750	\$11,205	13	1,154 gallons
\$150,000	Sedan, 4 Door 6 Cylinder, Automatic	6.2	4,222 lbs	2012	\$45,625	\$39,725	\$41,063	18	833 gallons
	AWD Utility, 4 Door 6 Cylinder, Automatic	3.5	4,288 lbs	2009	\$16,325	\$12,375	\$14,693	15	1,000 gallons

1/ Gas Mileage Guide, EPA fuel economy estimates for city driving, U.S. Department of Energy. <http://www.fueleconomy.gov/>

2/ National Automobile Dealers Association Used Car Guide. <http://www.nadaguides.com>

3/ Assumes 15,000 miles driven.

CHAPTER IV

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

The nation's capital, Washington, D.C., is unique in many respects. It has a special status in which the day-to-day activities and functions of state, county, city, and special districts are combined in one governmental unit. The Mayor and the 13-member District of Columbia Council combine the functions of a state legislature, a county board of commissioners, and a city council. Due to this combination of responsibilities, the District has the taxing powers of a state, a county, and a municipality, although these powers are limited by actions of the federal government. The graduated income tax, the general sales and use tax, and the per gallon gasoline tax are all comparable in form to those levied by most states. The property tax based on assessed value is similar to the type levied in cities and counties. As a result, the tax burden of District residents should be compared to 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 30. At the \$25,000 and \$75,000 income levels, Washington, D.C. has a lower income tax burden than the average for the other 51-cities. The income tax burden at the \$50,000, \$100,000, and \$150,000 income levels is slightly higher in D.C. than for the 51-city average. This is because the District has a somewhat more progressive income tax.

The property tax burden, as calculated in this study, is higher at the \$25,000 income level in Washington, D.C. than the average for the other 51 cities, which reflects the high cost of rental housing in the District. 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 spite 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.

The District of Columbia's sales tax burdens are very similar to the 51-city average at each

income level, and D.C.'s auto tax burdens are lower than the 51-city average at every income level, illustrating the District's competitive sales tax rates and its lower than average auto taxes.

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 2013): 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 2013 personal exemptions of \$1,700 per dependent were allowed, as well as a \$1,700 exemption for the filer and spouse, respectively. A standard deduction of \$4,050 (\$2,000 for married-filing separately), and indexed to the CPI, was in effect for the period of this study.⁴ 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 in general 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.⁵

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, page 30). 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 2013. D.C. homeowners deduct a homestead exemption of \$69,100 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.

⁴ "Notice of Increases in the 2013 Standard Deduction, Personal Exemption, Homestead Deduction and Trash Collection Credit Amounts." Government of the District of Columbia. Office of the Chief Financial Officer, Office of Revenue Analysis. Washington, D.C.: 2013. p. 1.

⁵ "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 the \$25,000 and \$75,000 income levels; while it is slightly higher than the average at the \$50,000, \$100,000, and \$150,000 income levels. In 2013, the District levied a sales tax with five different rates. This rate structure is utilized, in part, to take advantage of the District's special status as a tourist center and to increase the contribution of non-residents working in the city. These differential rates illustrate the concept of tax exporting. The following table details the sales tax rates in effect at the end of 2013. Items exempt from the District of Columbia sales tax include groceries and prescription drugs.

ITEMS	SALES TAX RATE
Retail rate for sales of certain tangible personal property and selected services, non-alcoholic soft drinks, food, or drinks sold in vending machines.	5.75% ^{1/}
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%
Other tobacco products, including cigars (except premium cigars are taxed at 6%), chewing tobacco, snuff, roll-your-own-tobacco, hookah tobacco, and pipe tobacco.	12.0%
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 2013." Government of D.C., Office of the Chief Financial Officer, Office of Revenue Analysis, p. 26.

^{1/} This rate decreased to 5.75% on October 1, 2013. It was 6.0% prior to that date.

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 the 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 exempt⁶), 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.

⁶ "D.C. Tax Facts 2013." 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 LEVEL, 2013

TAX	DISTRICT OF COLUMBIA	AVERAGE FOR CITIES LEVYING TAX ^{1/}	DIFFERENCE (D.C. Minus Average)
\$25,000 INCOME LEVEL			
Income	(\$599)	\$19	(618)
Property	2,942	1,654	1,288
Sales	550	554	(5)
Auto	219	288	(69)
TOTAL	\$3,112	\$2,512	\$600
\$50,000 INCOME LEVEL			
Income	\$1,275	\$1,260	\$15
Property	1,173	2,588	(1,415)
Sales	736	716	21
Auto	232	327	(95)
TOTAL	\$3,417	\$4,669	(\$1,252)
\$75,000 INCOME LEVEL			
Income	\$2,487	\$2,503	(\$16)
Property	2,054	3,967	(1,913)
Sales	1,101	1,106	(5)
Auto	532	649	(117)
TOTAL	\$6,174	\$7,719	(\$1,544)
\$100,000 INCOME LEVEL			
Income	\$3,739	\$3,133	\$606
Property	2,934	5,358	(2,424)
Sales	1,235	1,163	72
Auto	708	834	(126)
TOTAL	\$8,617	\$10,489	(\$1,872)
\$150,000 INCOME LEVEL			
Income	\$6,665	\$5,289	\$1,376
Property	4,695	8,132	(3,437)
Sales	1,720	1,585	134
Auto	661	1,077	(416)
TOTAL	\$13,740	\$16,083	(2,342)

^{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?

In the preceding chapters, the differences in tax burdens for the largest city in each state in the United States were discussed. For added context, the population of these cities is provided in Table 12, page 33. Further, a map showing the population of the largest cities as a portion of total state population illustrates how many people, and what portion of each state, are represented by the tax burdens calculated in this study. 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. 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 a few of 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 to the high rates of poverty and crime associated with an urban area, as well as a higher cost of living.⁷ Further, the District’s revenue capacity is restricted by the federal presence – the District cannot tax non-residents and as of Tax Year 2013 property assessments, 45.1 percent of the land value is tax exempt.⁸ 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.

⁷ “Structural Imbalance and Management Issues.” GAO–03–666. Government Accountability Office. Washington, D.C.: 2003. p. 1.

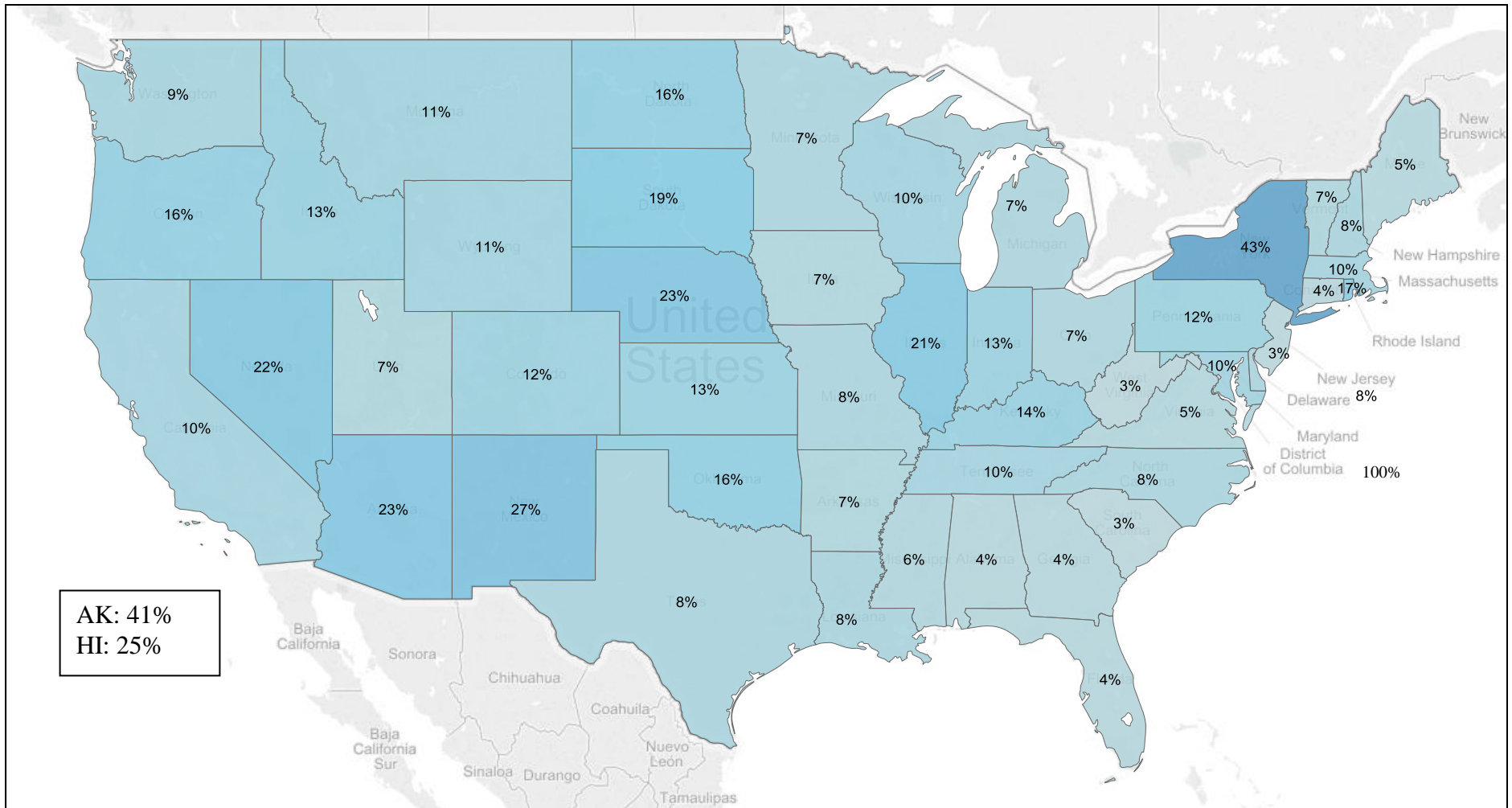
⁸ “D.C. Tax Facts 2014.” Tax Exempt Land value as a % of Total Taxable and Exempt Land Value. Government of the District of Columbia, Office of the Chief Financial Officer, Office of Revenue Analysis. Washington, D.C.: 2014. p. 38.

TABLE 12
POPULATION OF THE LARGEST CITY IN EACH STATE

STATE	CITY	2000 POPULATION	2010 POPULATION	2013 POPULATION	2010 to 2013 % DIFFERENCE
Alabama	Birmingham	242,820	212,237	212,113	-0.1%
Alaska	Anchorage	260,283	291,826	300,950	3.1%
Arizona	Phoenix	1,321,045	1,445,632	1,513,367	4.7%
Arkansas	Little Rock	183,133	193,524	197,357	2.0%
California	Los Angeles	3,694,820	3,792,620	3,884,307	2.4%
Colorado	Denver	554,636	600,158	649,495	8.2%
Connecticut	Bridgeport	139,529	144,229	147,216	2.1%
Delaware	Wilmington	72,664	70,851	71,525	1.0%
Florida	Jacksonville	735,617	821,784	842,583	2.5%
Georgia	Atlanta	416,474	420,003	447,841	6.6%
Hawaii	Honolulu	371,657	390,738	347,884	3.2%
Idaho	Boise	185,787	205,671	214,237	4.2%
Illinois	Chicago	2,896,016	2,695,598	2,718,782	0.9%
Indiana	Indianapolis	791,926	820,445	843,393	2.8%
Iowa	Des Moines	198,682	203,433	207,510	2.0%
Kansas	Wichita	344,284	382,368	386,552	1.1%
Kentucky	Louisville	256,231	597,337	609,893	2.1%
Louisiana	New Orleans	484,674	343,829	378,715	10.1%
Maine	Portland	64,249	66,194	66,318	0.2%
Maryland	Baltimore	651,154	620,961	622,104	0.2%
Massachusetts	Boston	589,141	617,594	645,966	4.6%
Michigan	Detroit	951,270	713,777	688,701	-3.5%
Minnesota	Minneapolis	382,618	382,578	400,070	4.6%
Mississippi	Jackson	184,256	173,514	172,638	-0.5%
Missouri	Kansas City	441,545	459,787	467,007	1.6%
Montana	Billings	89,847	104,170	109,059	4.7%
Nebraska	Omaha	390,007	408,958	434,353	6.2%
Nevada	Las Vegas	478,434	583,756	603,488	3.4%
New Hampshire	Manchester	107,006	109,565	110,378	0.7%
New Jersey	Newark	273,546	277,140	278,427	0.5%
New Mexico	Albuquerque	448,607	545,852	556,495	1.9%
New York	New York City	8,008,278	8,175,133	8,405,837	2.8%
North Carolina	Charlotte	540,828	731,424	792,862	8.4%
North Dakota	Fargo	90,599	105,549	113,658	7.7%
Ohio	Columbus	711,470	787,033	822,553	4.5%
Oklahoma	Oklahoma City	506,132	579,999	610,613	5.3%
Oregon	Portland	529,121	583,776	609,456	4.4%
Pennsylvania	Philadelphia	1,517,550	1,526,006	1,553,165	1.8%
Rhode Island	Providence	173,618	178,042	177,994	0.0%
South Carolina	Columbia	116,278	129,272	133,358	3.2%
South Dakota	Sioux Falls	123,975	153,888	164,676	7.0%
Tennessee	Memphis	650,100	646,889	653,450	1.0%
Texas	Houston	1,953,631	2,099,451	2,195,914	4.6%
Utah	Salt Lake City	181,743	186,440	191,180	2.5%
Vermont	Burlington	38,889	42,417	42,284	-0.3%
Virginia	Virginia Beach	425,257	437,994	448,479	2.4%
Washington	Seattle	563,374	608,660	652,405	7.2%
West Virginia	Charleston	53,421	51,400	50,821	-1.1%
Wisconsin	Milwaukee	596,974	594,833	599,164	0.7%
Wyoming	Cheyenne	53,011	59,466	62,448	5.0%
WASHINGTON, DC		572,059	601,723	646,449	7.4%

Source: U.S. Census Bureau. 2000 & 2010 data: Table DP-1. Profile of General Demographic Characteristics: 2010. 2013 Data: Annual Estimates of Resident Population Change for Incorporated Places of 50,000 or More in 2012, Ranked by Percent Change: July 1, 2012 to July 1, 2013, Release Date: May 2014. 2013 Estimates for Burlington, VT: Census Quick Facts, accessed July 14, 2014.

Map 3: Population of the Largest Cities as a % of the State's Total Population, 2013



Part II

A Comparison of Selected Tax Rates in the District of Columbia with Those in the 50 States as of January 1, 2014

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; and motor vehicle registration fees. In three tax categories -- beer, light wine, and distilled spirits -- the District has lower tax rates than most states. Insurance premiums has eighteen states higher than the District and fifteen states lower than the District. Motor vehicle fuel has twenty-three states higher than the District, and twenty-six 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/	36 3/	1	6 3/
Corporate Income	44	42	0	2
Insurance	50	18	17	15
Sales and Use	45	20	1	24
Beer	50	7	1	42
Light Wine	46	5	3	38
Distilled Spirits	33	0	1	32
Cigarette	50	44	0	6
Motor Fuel	50	26	1	23
Motor Vehicle Excise				
Cars < 3,500 lbs.	46	25	7	14
Motor Vehicle Registration	50	46	0	4
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.

TABLE 14
INDIVIDUAL INCOME TAX
WASHINGTON METROPOLITAN AREA
JANUARY 1, 2014

PERSONAL EXEMPTIONS	EXEMPTIONS	TAXABLE INCOME 5/	RATES
DISTRICT OF COLUMBIA			
Single	\$1,725	\$0 - \$10,000	4.0%
Married Filing Separately	\$1,725	\$10,001-\$40,000	\$ 400 + 6.00% of excess > \$ 10,000
Married Filing Jointly	\$3,450	\$40,001-\$350,000	\$ 2,200 + 8.50% of excess > \$ 40,000
Head of Household	\$3,450	Over \$350,000	\$28,550 + 8.95% of excess > \$350,000
Dependent (additional)	\$1,725		
Blind (additional)	\$1,725		
Age 65 and over (additional)	\$1,725		
Standard Deduction	1/		
MARYLAND 2/			
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	3/	Over \$300,001	\$15,072.50 + 5.75% of excess > \$300,000
VIRGINIA			
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	4/		

Source: Survey of State Revenue Department Officials and State Web Sites.

1/ Married persons filing separately - \$2,075; all others - \$4,150.

2/ 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 3.20%.

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

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

5/ Brackets and rates are for married filing jointly.

TABLE 15
INDIVIDUAL INCOME TAX
43 STATES AND DISTRICT OF COLUMBIA
AS OF JANUARY 1, 2014

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS				
SINGLE	MARRIED FILING JOINT	DEPENDENTS	TYPE OF RETURN	MINIMUM		MAXIMUM	
				RATE	UP TO	RATE	OVER
ALABAMA 1/							
\$1,500	\$3,000	\$500	S,HH,M M/J	2.0% 2.0%	\$ 500 1,000	5.0% 5.0%	\$ 3,000 6,000
ARIZONA 2/3/							
\$2,100	\$4,200	\$2,100	S,M/S M/J,HH	2.59% 2.59%	10,000 20,000	4.54% 4.54%	150,000 300,000
ARKANSAS							
(\$26)	(\$52)	(\$26)	S,HH,M, M/J	1.0%	\$ 4,199	7.0%	\$ 34,599
CALIFORNIA							
(\$106)	(\$212)	(\$326)	S,M/S HH M/J	1.0% 1.0% 1.0%	\$ 7,582 15,174 15,174	13.3% 13.3% 13.3%	\$1,000,000 1,000,000 1,000,000 1,000,000
COLORADO							
\$3,950	\$7,900	\$3,950	4.63% of federal taxable income with certain modifications.				
CONNECTICUT 4/							
\$13,000	\$24,000	\$0	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
DELAWARE							
(\$110)	(\$220)	(\$110)	S,M/S HH M/J	2.20%	\$ 5,000	6.60%	\$ 60,000
DISTRICT OF COLUMBIA							
\$1,725	\$3,450	\$1,725	S,M/S	4.00%	\$ 10,000	8.95%	\$ 350,000
GEORGIA							
\$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
HAWAII 5/							
\$1,040	\$2,280	\$1,040	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, 2014

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS				
SINGLE	MARRIED FILING JOINT	DEPENDENTS	TYPE OF RETURN	MINIMUM		MAXIMUM	
				RATE	UP TO	RATE	OVER
IDAHO 1/							
\$3,950	\$7,900	\$3,950	S,M/S HH,M/J	1.60% 1.60%	\$ 1,409 2,818	7.40% 7.40%	\$ 10568 1,136
ILLINOIS							
\$2,125	\$4,250	\$2,125	5.00% of taxable net income.				
INDIANA 2/ 3/							
\$1,000	\$2,000	\$2,500 3/	3.40% of federal adjusted gross income.				
IOWA							
(\$40)	(\$80)	(\$40)		0.36%	\$ 1,515	8.98%	\$ 68,175
KANSAS							
\$2,250	\$4,500	\$2,250	S.M/S M/J	2.7% 2.7%	\$ 15,000 30,000	4.8% 4.8%	\$ 15,000 30,000
KENTUCKY							
(\$20)	(\$40)	(\$20)		2.0%	\$ 3,000	6.0%	\$ 75,000
LOUISIANA							
\$4,500	\$9,000	\$1,000	S,M/S, M/J	2.0%	\$ 12,500	6.0%	\$ 50,000
MAINE							
\$3,900	\$7,800	\$3,900	S,M/S HH M/J	6.50%	\$ 5,200 7,850 10,450	7.95%	\$ 20,900 31,350 41,850
MARYLAND 2/							
\$3,200	\$6,400	\$3,200	S,M/S, M/J,SS,HH	2.0%	\$ 1,000	5.75% 5.75%	\$250,000 \$300,000
MASSACHUSETTS							
\$4,400	\$8,800	\$1,000	5.25% of taxable income.				
MICHIGAN 2/							
\$3,950	\$7,900	\$3,950	4.25% of taxable income.				

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

2/ Does not include various local income taxes.

3/ 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, 2014

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS				
SINGLE	MARRIED FILING JOINT	DEPENDENTS	TYPE OF RETURN	MINIMUM		MAXIMUM	
				RATE	UP TO	RATE	OVER
MINNESOTA							
\$3,950	\$7,900	\$3,950	S HH M/J,SS	5.35% 5.35% 5.35%	\$ 24,680 29,880 36,080	9.85%	\$ 152,541 254,240 200,000
MISSISSIPPI							
\$6,000	\$12,000	\$1,500	S,M/J,SS, HH	3.0%	\$ 5,000 5,000	5.0%	\$ 10,000 10,000
MISSOURI 1/							
\$2,100	\$4,200	\$1,200	S,M/J,SS, HH	1.5%	\$ 1,000 1,000	6.0%	\$ 9,000 9,000
MONTANA							
\$2,280	\$4,560	\$2,280	S,M/J,SS, HH	1.0%	\$ 2,800 2,800	6.9%	\$ 16,700 16,700
NEBRASKA							
(\$128)	(\$256)	(\$128)	M/S,S M/J	2.46%	\$ 3,000 6,000	6.84%	\$ 29,000 58,000
NEW HAMPSHIRE							
\$2,400	\$4,800	---	5.0% on dividend and interest income over personal exemption.				
NEW JERSEY							
\$1,000	\$2,000	\$1,500	S,M/S HH,M/J,SS	1.4% 1.4%	\$ 20,000 20,000	8.97% 8.97%	\$ 500,000 500,000
NEW MEXICO							
\$3,950	\$7,900	\$3,950	S,M/S HH,SS,M/J M/S	1.7% 1.7% 1.7%	\$ 5,500 8,000 4,000	4.9% 4.9% 4.9%	\$ 16,000 24,000 12,000
NEW YORK							
---	---	\$1,000	M/S,S HH M/J,SS	4.0% 4.0% 4.0%	\$ 8,200 12,350 16,450	8.82% 8.82% 8.82%	\$1,029,250 1,543,900 2,058,550
NORTH CAROLINA 2/							
\$0	\$0	\$0	5.8%				
NORTH DAKOTA							
\$3,950	\$7,900	\$3,950	S HH M/J,SS	1.22% 1.22% 1.22%	\$ 36,900 48,600 61,700	3.22% 3.22% 3.22%	\$ 405,100 405,100 405,100

^{1/} Does not include various local income taxes.

^{2/} A taxpayer whose Federal AGI exceeds the amount 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, 2014

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS				
SINGLE	MARRIED FILING JOINT	DEPENDENTS	TYPE OF RETURN	MINIMUM		MAXIMUM	
					RATE	UP TO	RATE
OHIO 1/							
\$1,700	\$3,400	\$1,700	S,M/J,M/S	5.39%	\$ 5,200	5.392%	\$208,500
OKLAHOMA							
\$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
OREGON 1/							
(\$191)	(\$383)	(\$191)	S,M/S M/J	5.0% 5.0%	\$ 3,250 6,500	9.9% 9.9%	\$125,000 300,000
PENNSYLVANIA 1/							
---	---	---	3.07% of specified classes of taxable income is effective rate.				
RHODE ISLAND							
\$3,800	\$7,600	\$3,800	S,HH,M/S SS, M/J	3.75%	\$ 59,600	5.99%	\$ 135,500
SOUTH CAROLINA							
\$3,950	\$7,600	\$3,950	S,M/S,M/J SS,HH	3.0%	\$ 2,880	7.0%	\$ 14,400
TENNESSEE							
\$1,250	\$2,500	---	5.0% on interest and dividend income.				
UTAH							
/2			5.0% flat rate.				
VERMONT							
\$3,950	\$7,900	\$3,950	S,M/S M/J,SS	3.55%	\$36,900 61,600	8.95%	\$ 405,100 405,100
VIRGINIA							
\$930	\$1,860	\$930	S,M/J	2.0%	\$ 3,000	5.75%	\$ 17,000
WEST VIRGINIA							
\$2,000	\$4,000	\$2,000	S,M/J	3.0%	\$ 10,000	6.5%	\$ 60,000
WISCONSIN							
\$700	\$1,400	\$700	S,HH M/J M/S	4.4% 4.4% 4.4%	\$ 10,750 14,330 7,160	7.65%	\$ 236,600 315,461 157,730

Source: Survey of State Revenue Department Officials; Federation of Tax Administrators, "State Individual Income Tax Rates as of January 1, 2014"; and Tax Foundation, "State Personal Income Tax Rates and Brackets 2014 Update" March 21, 2014.

^{1/} Does not include various local income taxes.

^{2/} 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
ALABAMA	AL		AL		AL
ALASKA		AK			
ARIZONA			AZ	AZ	
ARKANSAS			AR		AR
CALIFORNIA			CA	CA	
COLORADO			CO	CO*	
CONNECTICUT			CT	CT	
DELAWARE			DE	DE	
DISTRICT OF COLUMBIA			DC	DC	
FLORIDA		FL			
GEORGIA			GA	GA	
HAWAII			HI	HI	
IDAHO			ID	ID*	
ILLINOIS			IL	IL	
INDIANA			IN	IN	
IOWA	IA		IA	IA	
KANSAS			KS	KS	
KENTUCKY			KY	KY	
LOUISIANA	LA		LA	LA	
MAINE			ME	ME	
MARYLAND			MD	MD	
MASSACHUSETTS			MA	MA	
MICHIGAN			MI	MI	
MINNESOTA			MN	MN*	
MISSISSIPPI			MS		MS
MISSOURI	MO		MO	MO	

TABLE 16 (continued)

CHARACTERISTICS OF STATE INDIVIDUAL INCOME TAXES

JURISDICTION	FEDERAL INCOME TAX DEDUCTIBLE	NO INCOME TAX	WITH- HOLDING	FEDERAL DEFINITION OF INCOME FOR STATE TAX BASE	STATE DEFINITION OF INCOME FOR STATE TAX BASE
MONTANA 1/	MT		MT	MT	
NEBRASKA			NE	NE	
NEVADA		NV			
NEW HAMPSHIRE		NH 2/			
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 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/ North Dakota Colorado Mississippi South Carolina	4.00% 4.53% 4.463% 5.00% 5.00%	New York 4/ Idaho Connecticut 5/ New Mexico Oregon	7.10% 7.40% 7.50% 7.60% 7.60%
Utah Florida Georgia Kentucky Michigan	5.00% 5.50% 6.00% 6.00% 6.00%	Nebraska 6/ Wisconsin Louisiana Massachusetts Indiana 7/	7.81% 7.90% 8.00% 8.00% 8.00%
Oklahoma Virginia Missouri Hawaii Alabama	6.00% 6.00% 6.25% 6.40% 6.50%	Maryland New Hampshire Vermont Delaware California	8.25% 8.50% 8.50% 8.70% 8.84%
Arkansas Tennessee Montana 2/ North Carolina Arizona	6.50% 6.50% 6.75% 6.90% 6.97%	Maine New Jersey Rhode Island Alaska Illinois 8/	8.93% 9.00% 9.00% 9.40% 9.50%
West Virginia 3/	7.00%	Minnesota	9.80%
HIGHER THAN THE DISTRICT 2 STATES			
Pennsylvania	9.99%	Iowa 9/	12.00%
NO TAX 6 STATES			
Ohio 10/ Nevada South Dakota		Texas Washington Wyoming	

Source: Survey of State Revenue Department Officials; Wolters Kluwer/CCH 2014 State Tax Handbook.

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

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

3/ WV's rate will fall to 6.5% in 2014.

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/ Rate is 8.0% from June 30, 2012 to July 1, 2013, then 7.5% to July 1, 2014.

8/ Includes 2.5% Personal Property Replacement Tax.

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

10/ Ohio's Commercial Activity Tax (CAT) is imposed on the privilege of doing business in Ohio, measured by gross receipts.

TABLE 18

STATE GROSS PREMIUMS TAX RATES ON FOREIGN LIFE INSURERS

DISTRICT OF COLUMBIA: 2.0% ^{1/}

LOWER THAN THE DISTRICT 18 STATES			
Illinois ^{2/}	0.50%	Indiana	1.30%
New York ^{3/}	0.70%	Ohio	1.40%
South Carolina	0.75%	Minnesota	1.50%
Wyoming	0.75%	Idaho	1.70%
Iowa	1.00%	Connecticut	1.75%
Nebraska	1.00%	Florida	1.75%
Oregon	1.00%	Tennessee	1.75%
Michigan	1.25%	Texas	1.75%
New Hampshire	1.25%	North Carolina ^{4/}	1.90%
HIGHER THAN THE DISTRICT 15 STATES			
New Jersey ^{5/}	2.10%	Arkansas	2.50%
Georgia	2.25%	South Dakota	2.50%
Oklahoma	2.25%	Alaska	2.70%
Utah	2.25%	Hawaii	2.75%
Virginia	2.25%	Montana	2.75%
Alabama	2.30%	Mississippi	3.00%
California	2.35%	New Mexico	3.00%
		Nevada	3.50%
SAME AS THE DISTRICT 17 STATES			
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%
Louisiana	2.00%	Washington	2.00%
Maine	2.00%	West Virginia ^{6/}	2.00%
Maryland	2.00%	Wisconsin	2.00%
Massachusetts	2.00%		

Source: Survey of State Revenue Department Officials; Wolters Kluwer/CCH 2014 State Tax Handbook.

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/ An additional 6% insurance regulatory charge applied to premium tax liability. An additional 1.33% premium tax for fire related insurance policies.

5/ 2% plus 0.1% of taxable premiums, less personal property taxes.

6/ 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.

TABLE 19

STATE GENERAL SALES AND USE TAX RATES

(Maximum local rates in parentheses)

DISTRICT OF COLUMBIA: 5.75% 1/

LOWER THAN THE DISTRICT 20 STATES			
Nevada (1.25%)	2.000%	Oklahoma (6.5%)	4.500%
Colorado (7.5%)	2.900%	Utah (2.0%)	4.700%
Alabama (4.5%)	4.000%	North Carolina (2.5%)	4.750%
Georgia (4.0%)	4.000%	Maine	5.500%
Louisiana (7.0%)	4.000%	New Mexico	5.125%
Hawaii (.50%)	4.000%	North Dakota (3.0%)	5.000%
New York (4.875%)	4.000%	Virginia (1.0%)	5.000%
South Dakota (2.0%)	4.000%	Wisconsin (.6%)	5.000%
Wyoming (2.0%)	4.000%	Nebraska (1.5%)	5.500%
Missouri (4.7%)	4.225%	Arizona (5.125%) 2/	5.600%
SAME AS THE DISTRICT 1 STATE			
Ohio (2.25%)	5.75%		
HIGHER THAN THE DISTRICT 24 STATES			
Arkansas (7.5%)	6.000%	Illinois (3.25%)	6.250%
Florida (1.5%)	6.000%	Massachusetts	6.250%
Idaho (2.5%)	6.000%	Texas (2.0%)	6.250%
Iowa (3.25%)	6.000%	Connecticut	6.350%
Kentucky	6.000%	California (2.50%)	6.500%
Maryland	6.000%	Washington (3.0%)	6.500%
Michigan	6.000%	Minnesota (1.0%)	6.880%
Pennsylvania (2.0%)	6.000%	Indiana	7.000%
South Carolina (3.0%)	6.000%	Mississippi (0.25%)	7.000%
Vermont (1.0%)	6.000%	New Jersey	7.000%
West Virginia (1.0%)	6.000%	Rhode Island	7.000%
Kansas (3.5%)	6.150%	Tennessee (2.75%)	7.000%
NO TAX 5 STATES			
Alaska (8.0%)		New Hampshire	
Delaware		Oregon	
Montana			

Source: Survey of State Revenue Department Officials; State Revenue Department Web Sites; Wolters Kluwer/CCH 2014 State Tax Handbook, and all local rates from the Tax Foundation, "Table 1. State and Local Sales Rates, As of January 1, 2013."

1/ DC's sales tax rate was 6.0% until October 1, 2013, when it decreased to 5.75%.

2/ Arizona's sales tax rate was temporarily increased to 6.6% from June 1, 2010 to May 31, 2013.

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	.065	Pennsylvania	.08
Colorado	.08		
SAME AS THE DISTRICT 1 STATE			
Maryland	\$.09		
HIGHER THAN THE DISTRICT 42 STATES			
Rhode Island	\$.11	Connecticut	\$.24
Massachusetts	.107	Virginia	.2565
Indiana	.115	Washington 5/	.26
New Jersey	.12	Vermont	.265
Montana 1/	.14	South Dakota	.27
New York	.14	New Hampshire	.30
Tennessee 2/	.14	Nebraska	.31
Minnesota 3/	.148	Georgia	.32
Arizona	.16	Louisiana	.32
Delaware	.16	Maine	.35
Nevada	.16	Oklahoma	.40
North Dakota 4/	.16	New Mexico 6/	.41
Kansas	.18	Utah 7/	.4129
Ohio	.18	Idaho	.45
West Virginia	.18	Mississippi	.4268
Iowa	.19	Florida	.48
California	.20	Alabama	.53
Michigan	.20	North Carolina	.62
Texas	.20	South Carolina	.77
Illinois	.231	Hawaii 8/	.93
Arkansas	.234	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 - \$.14 per gallon).

2/ Additional tax of 17% of wholesale price.

3/ Credit allowed to small brewers.

4/ \$.08 per gallon for bulk beer.

5/ Credit allowed to small brewers; increased from \$.761 per gallon until 07/01/13.

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

7/ 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.

8/ Rate is \$.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 California Texas	\$.11 .20 .20	Wisconsin Colorado	\$.25 .28
SAME AS THE DISTRICT 3 STATES			
Kansas Minnesota	\$.30 .30	New York	\$.30
HIGHER THAN THE DISTRICT 38 STATES			
Ohio Mississippi Maryland Missouri Idaho	\$.32 .35 .40 .42 .45	New Jersey South Dakota Nebraska Delaware North Carolina	\$.875 .93 .95 .97 1.00
Indiana Kentucky North Dakota Michigan Vermont	.47 .50 .50 .51 .55	West Virginia Montana 3/ South Carolina Massachusetts Tennessee	1.00 1.02 1.08 1.10 1.21
Maine Rhode Island Oregon Connecticut Oklahoma	.60 .60 .67 .72 .72	Hawaii Illinois Georgia Virginia Alabama	1.38 1.39 1.51 1.51 1.70
Arkansas Nevada Arizona Washington	.75 .75 .84 .87	New Mexico Iowa Florida Alaska	1.70 1.75 2.25 2.50

Source: Survey of State Revenue Department Officials; Federation of Tax Administrators, "State Tax Rates on Wine, (January 1, 2014)."

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

2/ Wine markup is currently 86% above the "landed case cost" (cost of the product, shipping cost, Dept. of Alcoholic Beverage Control Administration fee of \$0.9 per case).

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 17 STATES			
Alabama Idaho Iowa 1/ Maine Michigan		Ohio Oregon Pennsylvania 4/ Utah 5/ Vermont	
Mississippi Montana 2/ New Hampshire North Carolina 3/		Virginia 6/ West Virginia Wyoming	
SAME AS THE DISTRICT 1 STATE			
Maryland	\$ 1.50		
HIGHER THAN THE DISTRICT 32 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	Washington	14.27

Source: Survey of State Revenue Department Officials; Federation of Tax Administrators, "State Tax Rates on Distilled Spirits, (January 1, 2014)."

1/ 50% markup.

2/ Excise Tax (16%) and License Tax (10%) on top of a 40% markup. Excise tax varies by size of producer: if national production level is <20,000 gallons; tax rate = 3% tax rate; 20,000 - 50,000 gallons = 8% tax rate; 50,001 - 200,000 gallons = 13.8% tax rate; >200,000 gallons = 16% tax rate.

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: \$2.86

LOWER THAN THE DISTRICT 44 STATES			
Missouri	.17	Oregon 1/	1.18
Virginia	.30	Ohio	1.25
Louisiana	.36	Florida	1.339
Georgia	.37	Iowa	1.36
Alabama	.425	Texas 2/	1.41
North Dakota	.44	South Dakota	1.53
North Carolina	.45	Delaware	1.60
West Virginia	.55	Pennsylvania	1.60
Idaho	.57	New Mexico	1.66
South Carolina	.57	Montana	1.70
Kentucky	.60	Utah	1.70
Wyoming	.60	New Hampshire	1.78
Tennessee	.62	Illinois	1.98
Nebraska	.64	Alaska	2.00
Mississippi	.68	Arizona	2.00
Kansas	.79	Maine	2.00
Nevada	.80	Maryland	2.00
Colorado	.84	Michigan	2.00
California	.87	Wisconsin	2.52
Indiana	.995	New Jersey	2.70
Oklahoma	1.03	Vermont	2.62
Arkansas	1.15	Minnesota 3/	2.83
HIGHER THAN THE DISTRICT 6 STATES			
Washington	3.025	Rhode Island	3.50
Hawaii	3.20	Massachusetts	3.51
Connecticut	3.40	New York	4.35

Source: Survey of State Revenue Department Officials; Federation of Tax Administrators, "State Excise Tax Rates on Cigarettes, (January 1, 2014)."

1/ Oregon's tax increased to \$1.31 for 2014.

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

3/ Health Impact Fee of \$0.75 per pack was eliminated.

TABLE 24

MOTOR FUEL TAX RATES

(Per Gallon)

DISTRICT OF COLUMBIA: \$.235

LOWER THAN THE DISTRICT 26 STATES			
Alaska	\$.08	Mississippi	\$.18
Virginia 1/	.111	Illinois 2/	.19
Georgia	.1150	Iowa	.19
Wyoming	.14	Michigan	.19
New Jersey	.145	New Hampshire	.19
South Carolina	.16	Texas	.20
Alabama	.16	Louisiana	.20
Arizona	.16	Tennessee	.20
Oklahoma	.16	Arkansas	.218
Hawaii	.17	Colorado	.22
Missouri	.17	Delaware	.23
New Mexico	.17	Nevada	.23
Indiana	.18	North Dakota	.23
SAME AS THE DISTRICT 1 STATE			
Maryland	.235		
HIGHER THAN THE DISTRICT 23 STATES			
Florida 3/	.24	Minnesota	.285
Kansas	.24	Kentucky	.299
Massachusetts	.24	Maine	.30
South Dakota	.24	Oregon	.30
Utah	.245	Wisconsin 4/	.305
Vermont	.249	Pennsylvania	.312
Connecticut	.25	Rhode Island	.32
Idaho	.25	West Virginia	.347
Nebraska	.263	Washington	.375
New York	.264	North Carolina	.375
Montana	.27	California 5/	.395
Ohio	.28		

Source: Survey of State Revenue Department officials.

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

1/ Effective July 1, 2013, Virginia's state gasoline tax rate changed from 17.5 cents per gallon to 3.5 percent of the statewide average wholesale price per gallon. In July 2013, this equated to 11.1 cents per gallon.

2/ An additional \$.003 per gallon charged for leaking underground storage tank tax and \$.008 environmental impact fee.

3/ Sales tax added to excise. Local taxes vary. There is also a state inspection fee per gallon of \$.00125 per gallon.

4/ An additional \$.02 per gallon charged for petroleum inspection fee.

5/ Rate is as of July 1, 2013; tax went down to \$.36 on July 1, 2014.

TABLE 25

MOTOR VEHICLE SALES AND EXCISE TAXES

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

DISTRICT OF COLUMBIA: 1/ 6% of fair market value - 3,499 pounds or less 7% of fair market value - 3,500 pounds and less than 5,000 pounds 8% of fair market value – 5,000 pounds or more			
Georgia (3%) 2/	0.0%	Ohio (0%-3%)	5.75%
Alabama (.125%-2.5%)	2.0%	Florida	6.0%
Colorado	2.9%	Idaho	6.0%
New Mexico	3.0%	Kentucky	6.0%
North Carolina 3/	3.0%	Maryland	6.0%
South Dakota	3.0%	Michigan	6.0%
Wyoming (1%)	3.0%	Pennsylvania (1%-2%) 7/	6.0%
Oklahoma	3.25%	Vermont	6.0%
Delaware	3.75%	Kansas (0%-2%)	6.15%
Hawaii (0.5%)	4.0%	Arkansas (0%-3%) 6/	6.5%
Louisiana (1%-6%)	4.0%	Illinois	6.25%
New York (3.0%-4.88%)	4.0%	Massachusetts	6.25%
Virginia	4.0%	Texas 7/	6.25%
Missouri (1.125%-3.5%)	4.23%	Connecticut 8/	6.35%
Utah (1.85%)	4.70%	Minnesota	6.50%
Iowa 4/	5.0%	Washington (.5%-3.0%) 9/	6.50%
Mississippi	5.0%	Indiana	7.0%
North Dakota	5.0%	New Jersey	7.0%
South Carolina 5/	5.0%	Tennessee (2.75%)	7.0%
West Virginia	5.0%	Rhode Island	7.0%
Wisconsin (0%-0.6%)	5.0%	California (1.25%-2.5%)	7.5%
Maine	5.5%	Nevada	8.1%
Nebraska (0%-1.5%)	5.5%		
Arizona (1.0%-4.0%)	5.6%		
NO TAX 4 STATES			
Alaska Montana New Hampshire Oregon			

Source: Survey of State Revenue Department officials and review of State Web Sites.

Note: Local rates in parentheses

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

2/ Vehicles exempt from sales tax effective 03/01/2013. Title Ad Valorem Tax collected at time of title application. Rate for 2013 is 6.5%.

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

4/ This is a statewide levy, but it is collected by the counties.

5/ Maximum of \$300.00.

6/ Local sales taxes are capped at \$25 per 1 percent of tax on a single transaction. Used cars below \$4,000 are exempt. Maximum local sales tax applied against transaction is \$62.50

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

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

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

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 ^{1/}

LOWER THAN THE DISTRICT 46 STATES			
Arizona ^{2/}	\$ 8.00	Washington ^{7/}	\$ 40.00
Mississippi	12.75	Virginia	40.75
Nebraska ^{3/}	15.00	New Mexico	42.00
Wyoming	15.00	Oregon	43.00
Georgia	20.00	New Hampshire	43.20
Missouri ^{4/}	20.00	Florida	44.00
Kentucky	21.00	Utah ^{8/}	44.00
Indiana	21.05	Hawaii	45.00
Alabama	23.00	California	46.00
Tennessee ^{5/}	24.00	Michigan	47.00
Arkansas	25.00	Colorado	50.00
Massachusetts	25.00	South Carolina	54.00
North Carolina	28.00	New York	56.50
Nevada	28.25	Texas	59.80
Louisiana	29.00	South Dakota	60.00
West Virginia	30.00	New Jersey	60.00
Ohio ^{6/}	31.00	Vermont	69.00
Maine	35.00	Wisconsin	75.00
Pennsylvania	36.00	Idaho	88.00
Kansas	39.00	Oklahoma	91.00
Rhode Island	40.00	North Dakota	93.00
Connecticut	40.00	Illinois	95.00
Delaware	40.00	Alaska	100.00
HIGHER THAN THE DISTRICT 4 STATES			
Maryland	135.00	Iowa	260.00
Montana ^{9/}	217.00	Minnesota ^{10/}	359.00

Source: Survey of State Revenue Department Officials; Review of State Motor Vehicle Registration Web Sites.

^{1/} \$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).

^{2/} There is also a \$1.50 fee earmarked for air quality research.

^{3/} Does not include local vehicle excise taxes levied in certain urban areas.

^{4/} Based on vehicle horsepower. Does not include \$1 insurance database fee.

^{5/} Does not include title fee, wheel tax, or city registration fees.

^{6/} Local fees not included.

^{7/} Includes \$11.00 fee earmarked for Emergency Medical Services System.

^{8/} Includes \$1 insurance database fee.

^{9/} There is an additional \$6 fee for Park access and a \$5 fee for police salaries.

^{10/} This fee is for the first registration, 1.25% of base vehicle value, plus \$10.

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	South Carolina	\$ 1.85
Alabama	.50	Tennessee	1.85
Georgia 1/	.50	Arizona	2.00
Illinois	.50	New York	2.00
Kentucky	.50	Rhode Island	2.00
Maryland 2/	.50	Maine	2.20
Ohio	.50	Massachusetts	2.28
South Dakota	.50	Nevada 3/	2.55
Oklahoma	.75	Florida	3.50
Iowa	.80	Michigan	3.75
North Carolina	1.00	New Hampshire	3.75
West Virginia	1.10	Pennsylvania	5.00
Virginia	1.25	Hawaii 4/	6.25
Connecticut	1.25	Vermont 5/	6.25
Nebraska	1.125	Washington	6.40
Wisconsin	1.50	Delaware	10.00
Arkansas	1.65	New Jersey	6/
Minnesota	1.65		
NO TAX 15 STATES			
Alaska		Montana	
California		New Mexico	
Idaho		North Dakota	
Indiana		Oregon	
Kansas		Texas	
Louisiana		Utah	
Mississippi		Wyoming	
Missouri			

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/ \$1.00 for the first \$1,000 or fractional part thereof. Thereafter, \$0.10 per each \$100.00.

2/ State transfer tax rate only. Rate is 0.25% of consideration for sales of improved residential real property to first-time home buyers who occupy the property as a principal residence. State recordation tax varies by county and is not reflected in this number.

3/ In county whose population is 400,000 or less, \$1.95 to \$2.00.

4/ 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.

5/ Unless \$500 part of first \$110,000 paid in consideration for a principal residence, in which case the tax would be \$2.50.

6/ Between \$4.00 and \$12.10, based on value.

Appendix A: Sensitivity Analysis of the Property Tax Assumptions

As previously mentioned in the report, the tax burden calculations presented here are sensitive to the assumptions made. In particular, the inputs to the property tax burden calculation highly impact the overall findings given that it is generally the largest of the four taxes that make up the tax burden calculations, and also because it is a direct input to the income tax burdens, as an income tax deduction.

A sensitivity analysis illustrates how the results would change if different data or assumptions were used. Here, the property tax burdens are re-calculated for the five cities with the highest median house values (using the Metropolitan Statistical Area as a geographic identifier), and the five with the lowest median house values, with the exception of the highest and lowest outliers being removed. These two outliers are left out because the Census does not provide the city-level data needed to do a sensitivity analysis for these two cities (the report relies on MSA level data, rather than city level data, because there is not city-level data available for all 51 cities). This is the case with Honolulu, Hawaii, which has the highest median house value of all of the MSAs, as well as Charleston, West Virginia, which has the lowest median house value of any of the 51 MSAs. Thus, these two outliers will be excluded, and the sensitivity analysis focuses on the next five cities with the highest and lowest median house values in their surrounding metropolitan areas.

Table 28: Sensitivity Analysis of Property Tax Assumptions

	Property Tax Burdens w/ MSA data				Property Tax Burdens w/ City data			
<i>Income level:</i>	\$50K	\$75K	\$100K	\$150K	\$50K	\$75K	\$100K	\$150K
<i>Cities w/ Highest MSA median house values:</i>								
Los Angeles, CA	4,307	6,501	8,695	13,082	5,222	7,873	10,524	15,826
Bridgeport, CT	7,507	11,261	15,014	22,522	5,608	8,412	11,216	16,825
Newark, NJ	2,260	3,516	4,772	7,284	8,186	12,280	16,373	24,559
New York, NY	2,260	3,516	4,772	7,284	3,681	5,648	7,615	11,548
Washington, DC	1,173	2,054	2,934	4,695	2,372	3,852	5,331	8,290
<i>Cities w/ Lowest MSA median house values:</i>								
Oklahoma City, OK	1,727	2,597	3,468	5,208	1,872	2,814	3,757	5,641
Memphis, TN	1,164	1,746	2,328	3,491	1,035	1,552	2,069	3,104
Wichita, KS	1,709	2,579	3,450	5,191	1,850	2,791	3,733	5,615
Jackson, MS	2,285	3,493	4,701	7,117	2,319	3,544	4,768	7,218
Detroit, MI	3,939	5,908	7,877	11,816	2,513	3,770	5,026	7,539

Source: MSA and city-level median house values and median incomes are from the U.S. Census' American Community Survey, 2013, in order to calculate property tax burdens. See property tax burden methodology on page 5 for a description of the calculations made.

When comparing the data in Table 28 above with the findings in Table 1, the main differences are in the cities with the higher median house values. All of the top five cities, except Bridgeport, Connecticut, would have even higher property tax burdens if the city-level house value data were

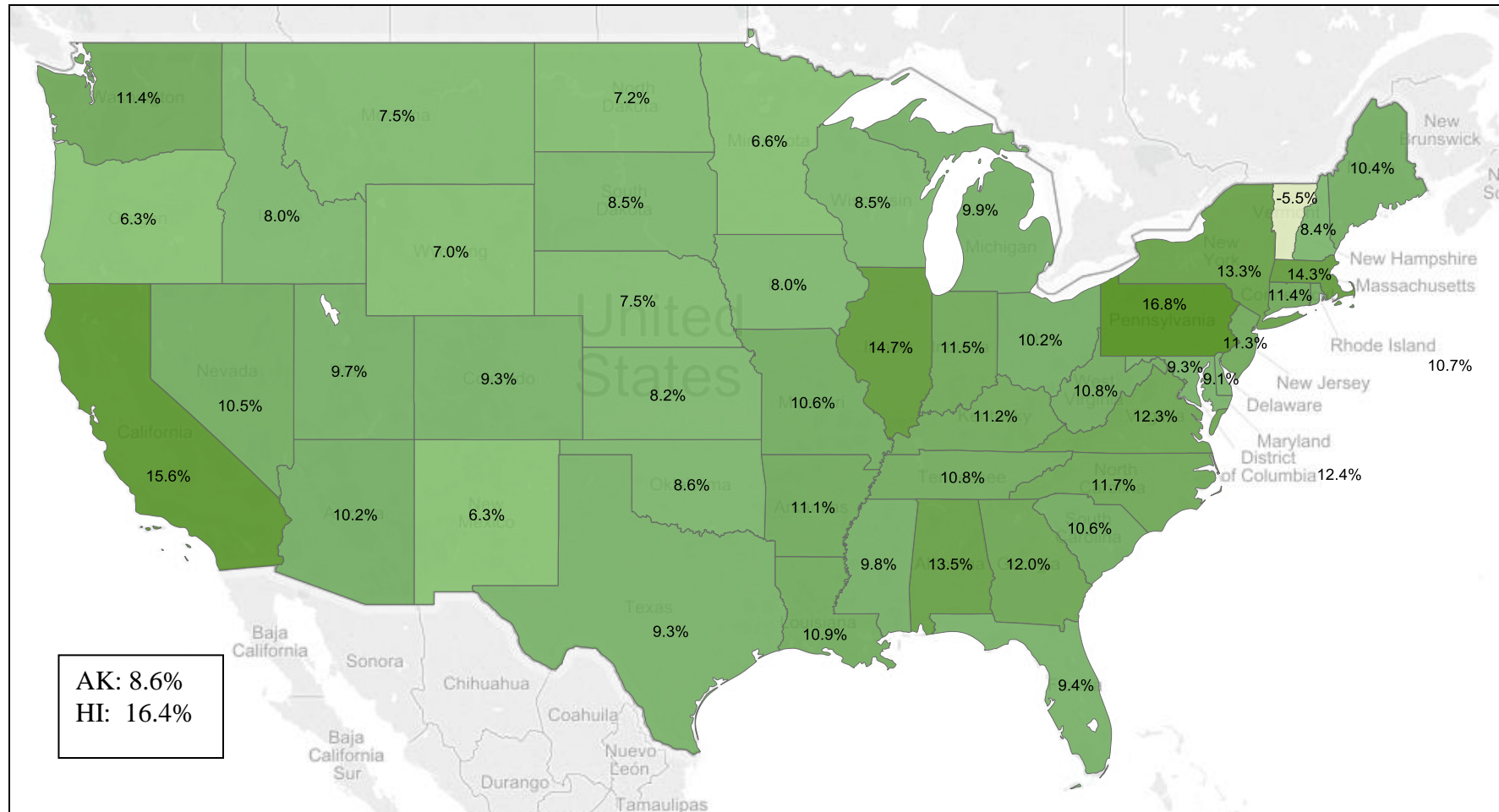
used, as compared to those of the surrounding MSAs. Because Bridgeport, Connecticut, ranks within the top three for property tax (and overall) burdens at all income levels, its ranking is affected by the methodology used in the report, though not drastically.

The property tax burdens presented above are a function of median house values, median household incomes, and property tax structures within each city and state for 2013. No single factor determines the property tax burden. However, in Washington, D.C., for example, 2013 median house values are almost \$100,000 higher within the District than in the surrounding MSA. However, the 2013 median household income of the District is over \$20,000 lower than the median income of the entire MSA. In this case, the higher house value impacts the calculation more and slightly increases the District's property tax burden as compared to using MSA-level data.

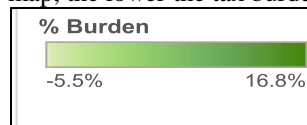
This is the opposite scenario of that in Bridgeport, CT, where the 2013 median house value and median income in Bridgeport property are significantly lower than the surrounding MSA, which includes Stamford and Norwalk, as well. Thus, the property tax burdens would be slightly lower in Bridgeport, CT, if the calculations were made with city-level rather than MSA-level data.

Appendix B: Additional Tax Burden Maps

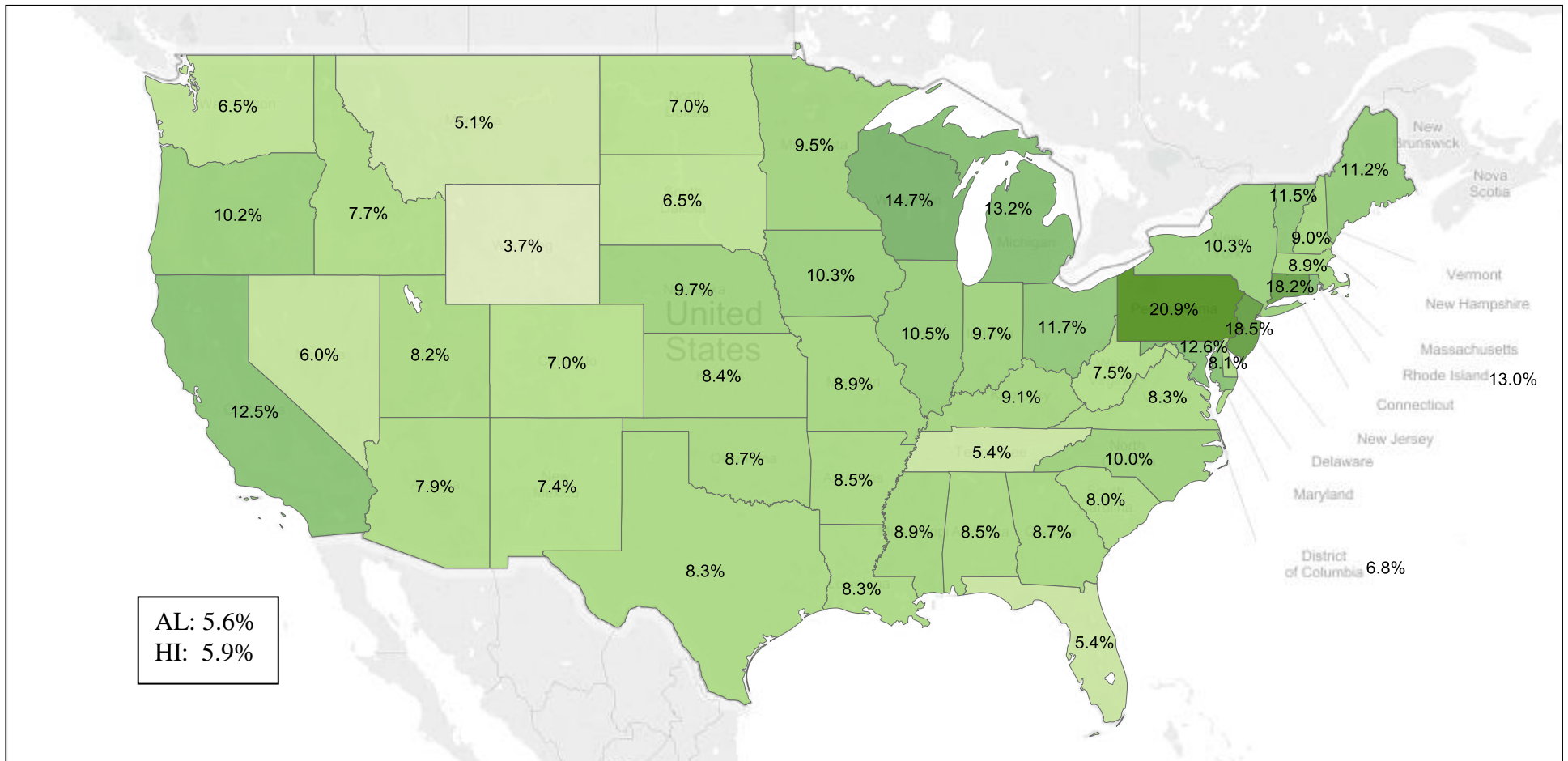
**Map 4: Total 2013 Tax Burdens (Income, Property, Sales, & Auto)
as a % of Income (Family Earning \$25,000/Year)**



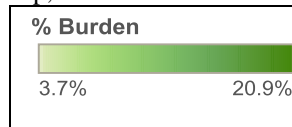
The lighter the green in the map, the lower the tax burden as a percentage of income.



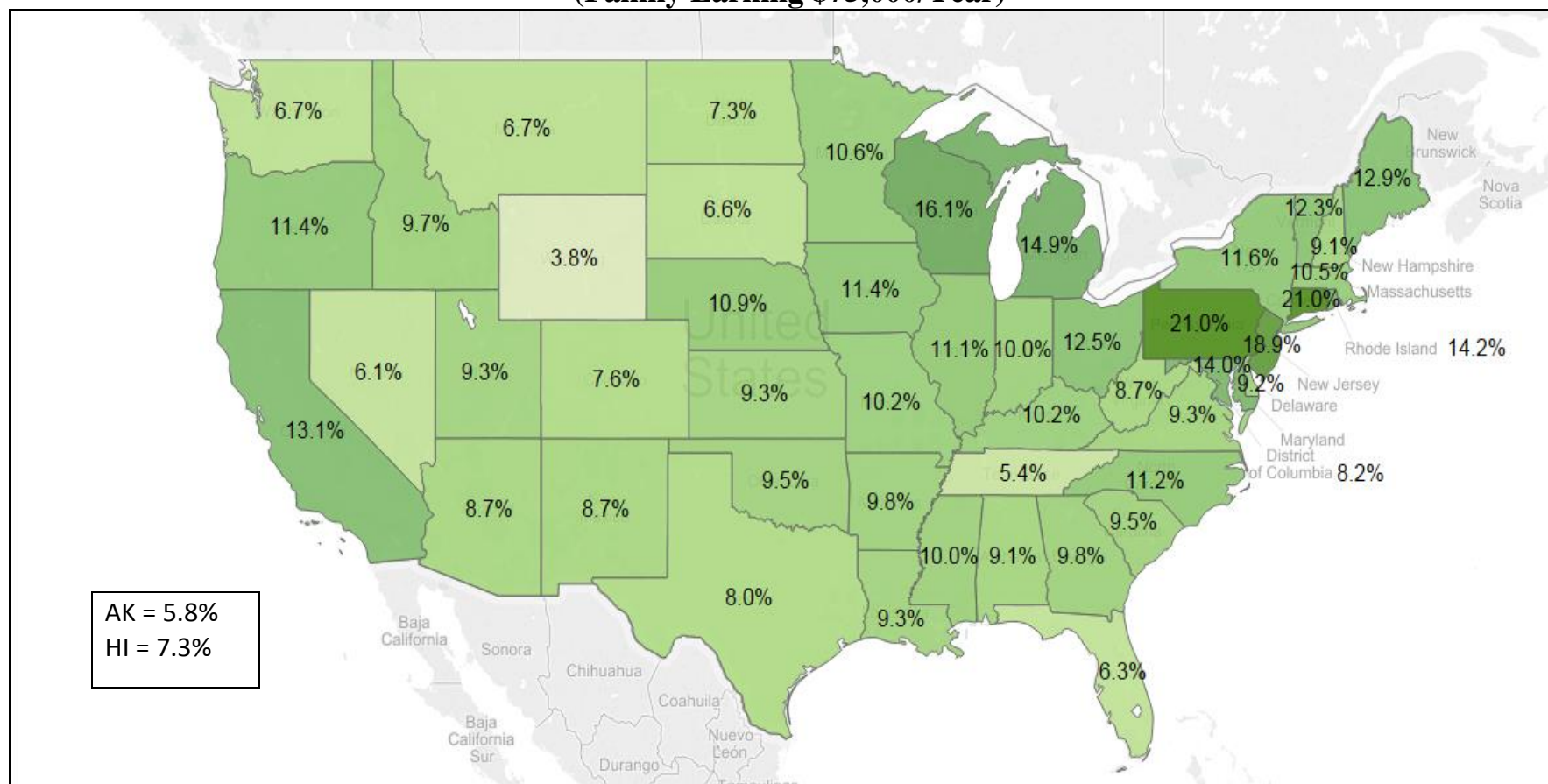
**Map 5: Total 2013 Tax Burdens (Income, Property, Sales, & Auto)
as a % of Income (Family Earning \$50,000/Year)**



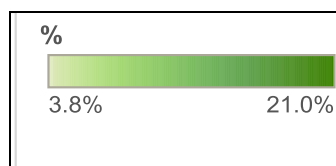
The lighter the green in the map, the lower the tax burden as a percentage of income.



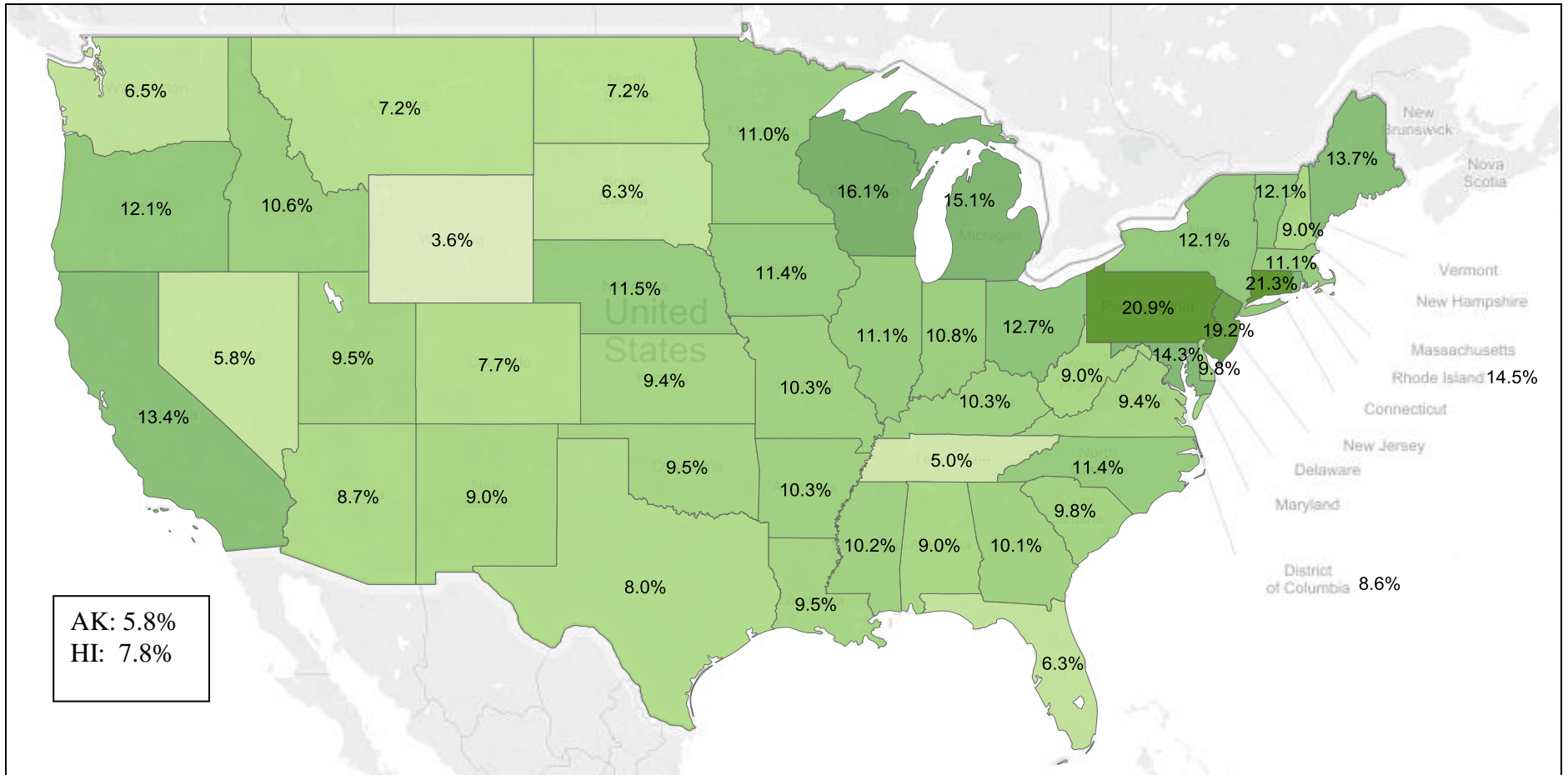
**Map 6: Total 2013 Tax Burdens (Income, Property, Sales, & Auto) as a % of Income
(Family Earning \$75,000/Year)**



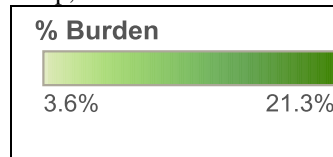
The lighter the green in the map, the lower the tax burden as a percentage of income.



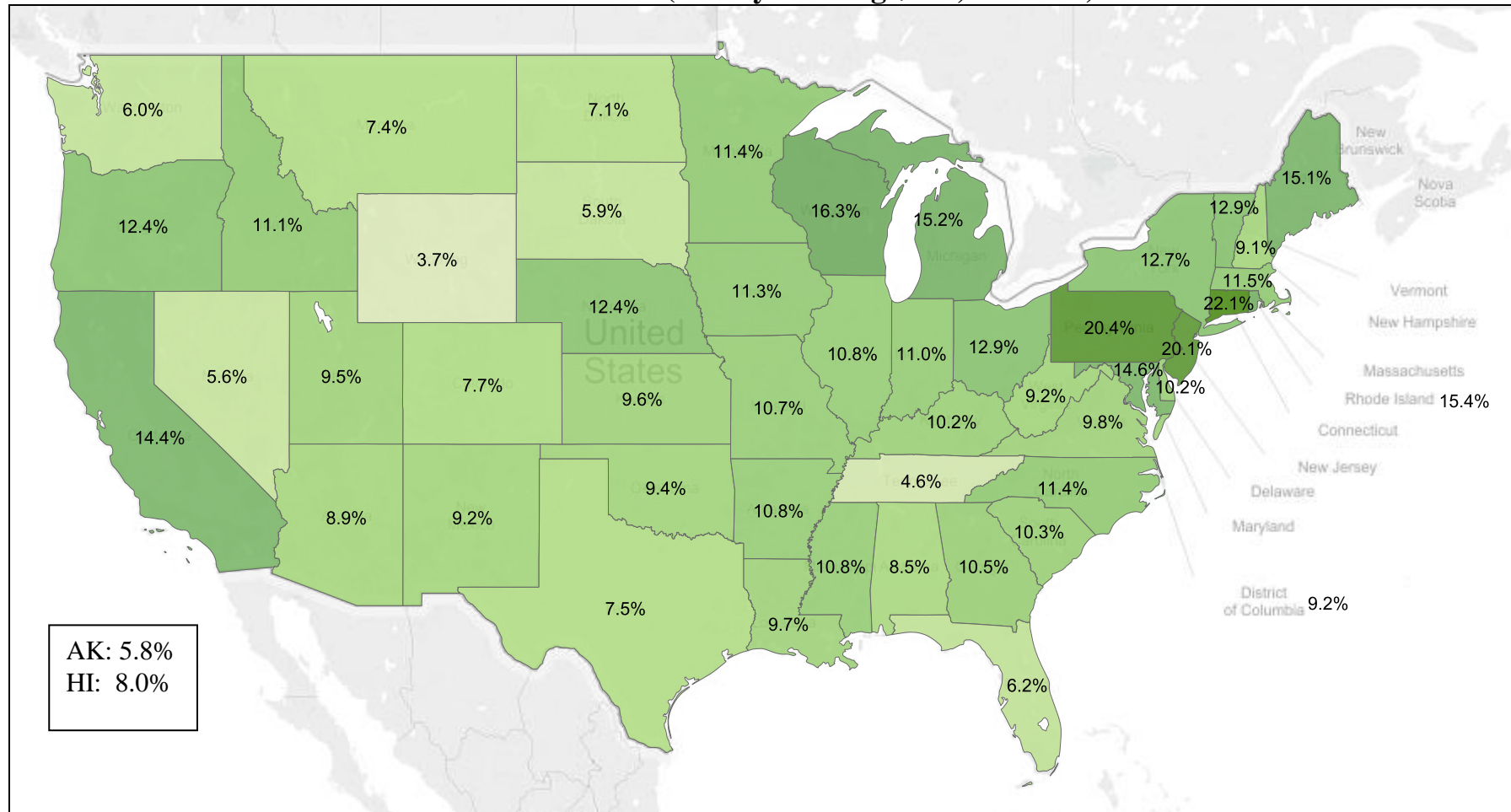
**Map 7: Total 2013 Tax Burdens (Income, Property, Sales, & Auto)
as a % of Income (Family Earning \$100,000/Year)**



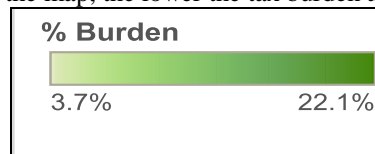
The lighter the green in the map, the lower the tax burden as a percentage of income.



**Map 8: Total 2013 Tax Burdens (Income, Property, Sales, & Auto)
as a % of Income (Family Earning \$150,000/Year)**



The lighter the green in the map, the lower the tax burden as a percentage of income.



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Economic Development and Regulation

EventsDC

Government Operations

Government Services

Health Benefits Exchange Authority

Human Support Services

Not-for-Profit Hospital Corporation

Primary and Secondary Education

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