Government of the District of Columbia



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

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

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EXECUTIVE SUMMARY

State and local tax systems in the United States are widely diverse. The District of Columbia and governments in the 50 states employ a broad range of taxes and fees to fund state and local government operations. The combination of taxes and fees used 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, 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 taxes. About two-thirds of the District's generated revenues come from taxes usually administered by the states.

However, the District's tax rates are often compared to either state rates, or other city rates, and not usually a combination of both rates that would be applicable to residents living in those locales. As such, this study aims to calculate the combined state and local tax burdens that would apply to a hypothetical family at five different income levels living in D.C. as well as the largest city in each state. The study includes four main tax types in its tax burden calculations: income, property, sales, and auto taxes. For these four tax types, tax burdens are calculated by applying the relevant state and local tax rates to economic data on average and median costs of various consumer goods and housing. The study assumes that the incidence of each tax is on the individual, and also makes other assumptions that affect the findings. These assumptions, the sources of data and the steps taken to arrive at the tax burdens are laid out in the following pages.

The main findings are presented in Charts 1a-e and Tables 1a-e (pages 13-22), with combined tax burdens broken out by tax type and income level. Readers may view the rankings at five income levels: \$25,000, \$50,000, \$75,000, \$100,000, and \$150,000. At the \$25,000/year income level, the lowest combined tax burden is on a family living in Burlington, Vermont, while the highest combined tax burden falls on a family earning \$150,000 and living in Bridgeport, Connecticut.

Income tax: 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 27). 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. Income tax burdens in jurisdictions levying an income tax ranged from a low of negative \$4,004 in Burlington, Vermont, for a family earning \$25,000 (this negative amount represents an income tax refund due to refundable credits), to a high of \$10,915 for a family earning \$150,000 and living in New York City, New York.

The District's 2016 income tax structure included six rates, with the highest rate of 8.95 percent applying to income over \$1,000,000. The District's income tax burden was below the average for the 44 cities that levied an income tax for a family earning \$25,000, and slightly higher than the average for the other four income levels.

<u>Property tax</u>: All 51 cities in this study levy a tax on real property located within the city, and effective tax rates range from a high of \$3.81 per \$100 of assessed value in Bridgeport, Connecticut to \$0.35 per \$100 of assessed value in Honolulu, Hawaii (Table 4, page 32). In addition, several jurisdictions allow tax exemptions and credits in the calculation of the real property tax liability (Table 6, page 35). Property tax burdens range from a low of \$698 on a family earning \$50,000 a year and living in Honolulu, Hawaii to a high of \$18,340 on a family earning \$150,000/year and living in Bridgeport, Connecticut.

In 2016, the District taxed residential property at a rate of \$0.85 per \$100 of assessed value; and offered a \$71,700 homestead deduction for owner-occupied residences. D.C.'s property tax burdens were below the 51-city average for the top four income levels (all of those assumed to own homes). However, the District's property tax burden for those earning \$25,000 was the second highest of all the cities, due to the high cost of rental housing, and the assumption that a portion of rental payments goes toward the property tax.

<u>Sales tax</u>: As noted in Table 7, page 39, residents in 46 of the 51 cities studied are subject to some form of sales and use tax. In 2016, the highest combined (state + local) sales tax rates were in Chicago, Illinois; Birmingham, Alabama; and New Orleans, Louisiana, at 10.5 percent 10 percent, and 10 percent, respectively. Residents of Honolulu, Hawaii; Milwaukee, Wisconsin; Portland, Maine; and Washington, D.C.; have the lowest combined sales tax rates. These lowest rates range from 4.5 to 5.75 percent total. Sales tax burdens in jurisdictions levying a general sales tax ranged from a low of \$534 for a family earning \$25,000 in Des Moines, Iowa; to a high of \$3,314 for a family earning \$150,000 in Memphis, Tennessee.

The District's general sales tax of 5.75 percent is the fourth lowest of all 51 cities, when looking at total state and local sales tax rates combined. Consequently, sales tax burdens in D.C. were lower than the 51-city average at all five income levels.

<u>Auto tax</u>: Table 9, page 43, 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 the vehicle. In addition, personal property taxes on automobiles are levied in eleven of the cities. Auto tax burdens ranged from a low of \$110 for a family earning \$25,000 in New Orleans, Louisiana, to a high of \$4,061 for a family earning \$150,000 in Providence, Rhode Island.

The District's annual auto registration fees range from \$72 to \$155, depending on vehicle weight, and are among the highest in the study; however, D.C. does not charge an annual excise tax or personal property tax on automobiles. District gas tax rates were 23.5 cents per gallon, and D.C. auto tax burdens were below the 51-city average for all five income levels.

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 compares selected tax burdens in D.C. with those of the most populous city in each state, through December 31, 2016. Part II contains tax rate tables for D.C. and the 50 states for 12 different types of taxes as of January 1, 2017.

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 residents 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, 2016 and (II) A Comparison of Selected Tax Rates in the District of Columbia with Those in the 50 States as of January 1, 2017. This information is requested annually by committees of the U.S. Congress and the District of Columbia Council. It is provided pursuant to Public Law 93-407.

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Appreciation is extended to the many state and local officials in various state offices who responded to our state survey and provided data in response to our follow up inquiries. Their cooperation in providing information and their helpful suggestions make this publication possible. I would also like to thank Lori Metcalf, who conducted the research and prepared this document, and Bob Zuraski, who offered editing assistance.

Fitzroy Lee, Chief Economist & Deputy Chief Financial Officer December 2017

Part I

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

2016

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 used 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 also levies 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.

The District is often compared to other cities, or states, independently, and without taking into account its unique situation of having taxes that both a city and a state normally levy. Therefore, a primary goal of this study is to add the nominal state and local tax rates in a consistent way in order to provide a comparison of tax burdens across major taxes in the District and the largest city in each state.¹ Further, this study defines the term 'tax burden' as the dollar amount of taxes owed if the final incidence of each major tax examined (income, property, sales, and auto) is on the individual.²

This study compares the income, property, sales, and auto tax burdens in 51 different jurisdictions for a hypothetical family of three, at five different income levels. For context, Appendix Table 27 presents data on population and recent changes in population in these jurisdictions. Appendix Map 10 shows the population of the largest cities as a portion of total state population and illustrates how many people, and what portion of each state would be represented by the tax burdens calculated in this study.

Useful information and insights can be gleaned from comparing the tax burdens in one jurisdiction with the burdens in other jurisdictions. However, in evaluating or interpreting these comparisons, consideration should be given to special circumstances within each jurisdiction that may affect tax burdens. Further, these tax 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.

As in past years, readers are advised not to compare the hypothetical tax burdens across years; any number of small changes in the assumptions of the study can result in misleading

¹After the 2016 surveys were sent out to the 50 states with the previous year's largest cities referenced, the U.S. Census released data showing that in two states, South Carolina and Tennessee, the largest cities changed. As of July 1, 2016, Charleston, South Carolina had 76 more persons than Columbia; and Nashville, Tennessee had about 7,000 more residents than Memphis. These changes will be reflected in future reports. The current Study includes Columbia, South Carolina, and Memphis, Tennessee. ² This approach differs from the use of the phrase 'tax burden' that may be more common in the field of economics, which includes an economic

 $^{^{2}}$ This approach differs from the use of the phrase 'tax burden' that may be more common in the field of economics, which includes an economic analysis of which group bears the 'burden' of a tax by ultimately having to pay it, also known as the 'incidence' of a tax.

information under such comparisons. The purpose of the study remains to compare tax burdens on a hypothetical household in different jurisdictions in a specific year, and not over time.

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 for the taxes we include, making comparisons of the relative tax burdens presented a key feature of the report.

Why Do Tax Burdens Differ from One City to Another?

In the following chapters, the differences in tax burdens for the largest city in each state in the United States will be discussed. The assumptions used to compute the various tax burdens will affect the relative tax burdens for the 51 cities. This is especially true for the real estate tax, because both the methodology used to derive housing values and the relative housing values from one income level to another and from one city to another are important determinants of the real property tax burden. However, no matter what set of assumptions is used in such a study; there will be substantial tax burden differences from one city to another. 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.
- 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, residents 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 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 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 which are levied on individuals, but not covered by the study, include liquor and cigarette taxes and taxes on public utility bills. Rates for some of these taxes are listed at the end of the report.

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 should be studied in the context of these differing conditions, in addition to the assumptions and methodologies used.

In addition to these factors which may apply to any jurisdiction, D.C.'s particular circumstances further set it apart from other state and local governments. The Government Accountability Office (GAO) has documented in the past that the District 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.³ Further, the District's revenue capacity is restricted by the federal presence – D.C. cannot tax non-residents who work in the city under its income tax, and as of Tax Year 2016 property assessments, 42 percent of the land value in the District is tax exempt.⁴ In spite of this restriction, GAO notes that the District has a high revenue capacity. The city's economic and fiscal situation has changed over the past decade; however, these factors remain relevant when considering the District's tax structure and its tax burdens.

³ "Structural Imbalance and Management Issues." GAO-03-666. Government Accountability Office. Washington, D.C.: 2003. p. 1.

⁴ "D.C. Tax Facts 2017." 2016 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.: 2017. p. 42.

CHAPTER I

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

Many 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 2016. 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, and income is assumed to have been earned in the city. The wage and salary split is assumed to be 70-30 between the two spouses. The families at the top four income levels are assumed to own a single-family home and to reside within the confines of the city. At the \$25,000 income level, the study assumes that the household rents and does not own its housing unit. The 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 2016 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 of mortgage holders, and then multiplying that number 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 2016 study is derived by calculating an amortization schedule for the estimated home value for each income level in each city. Home values for the Mortgage Interest Deduction (MID) are calculated in the same manner as in the previous bullet, based on median house values and median incomes for mortgage holders for a house purchased in 2011.
- **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. In previous versions of this report, capital gains and interest income were included, as well as the assumptions of major itemized deductions on the following page. However, capital gains and interest income are *not* included in the current report to remove some of the variation that inconsistently changed the original income levels used, with little methodological benefit. (See the following page for more information on the itemized deductions that continue to be included in this report). The following income levels are used for the income tax starting point in each state and the District of Columbia, where Spouse 1 is assumed to earn 70 percent of the total income and Spouse 2 is assumed to earn 30 percent.

Gross	<u>\$25,000</u>	<u>\$50,000</u>	<u>\$75,000</u>	<u>\$100,000</u>	<u>\$150,000</u>
Income:					
Spouse 1:	\$17,500	\$35,000	\$52,500	\$70,000	\$105,000
Spouse 2:	7,500	15,000	22,500	30,000	45,000

Total itemized deductions used for calculating state and local income taxes, which were also used in the federal tax computation, are shown below. These amounts are based on actual average deduction amounts at each income level for Washington, D.C. taxpayers who were married filing jointly and itemizing deductions in tax year 2015.

		Gross	Income Level		
Deduction	\$ 25,000	\$ 50,000	\$ 75,000	\$100,000	\$150,000
Medical (Gross) Nondeductible Medical 1/ Net Medical Deduction	3,993 <u>-2,500</u> 1,493	6,101 <u>-5,000</u> 1,101	7,982 <u>-7,500</u> 482	10,276 <u>-10,000</u> 276	15,225 <u>-15,000</u> 225
Deductible Taxes	2/	2/	2/	2/	2/
Mortgage Interest	3/	3/	3/	3/	3/
Contribution Deduction 4/	2,154	2,828	3,566	3,198	2,804
Total Deductions-without taxes And mortgage interest 5/	3,647	3,929	4,048	3,474	3,028

1/ Medical deductions allowed when the total is more than 10 percent of federal A.G.I. All or part of medical deduction 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 2016 study and individual income taxes computed in the 2015 study for tax year 2015.

3/ Mortgage interest varies from city to city and is based on 5th year interest paid on a home purchased in 2011 at an interest rate of 4.46%.

4/ Contribution Deduction represents charitable contributions claimed.

5/ Note: the current report does not include "miscellaneous deductions," which have been included in previous reports. If all itemized deductions do not exceed the amount of the standard deduction, the standard deduction amount will be automatically used.

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 2016 federal individual income tax at each income level using the above assumptions. Many states in 2016 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.

Further, depending on levels of deductions used in each state, the standard deduction may be more advantageous for certain taxpayers. In 2016, the federal standard deduction was \$12,600; and the state level standard deduction varies by state (see Table 14 for more detail on state income tax parameters).

The 2016 deductible real and personal property taxes computed in the current year's 51city study are used for the 2016 property tax deduction. For the 2016 state and local individual income tax deduction, 2015 tax burdens from the previous year's study were used (unless the pre-calculated sales tax deduction in the tax calculator used was higher, which was often the case for the lower two income levels). Each of these figures was used in computing the 2016 federal income tax burden, which is the starting point for the state income tax burden calculations.

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 32) indicate a wide range in these rates. This information is based upon survey data received from various state research agencies and/or local assessors, and is intended to represent the total rate applicable to a homeowner in each city, inclusive of any state, city, and other local property taxes. In addition to tax rate differences, data presented in Table 5 (page 34) 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 2016 American Community Survey (ACS) data, the estimated house value at the \$75,000 income level ranges from a high of \$419,243 in Honolulu, Hawaii, to a low of \$132,361 in Charleston, West Virginia.

The housing values for each income level (except the \$25,000 income level) shown in Table 5 are derived from 2016 ACS data. A series of assumptions and calculations were made 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 of mortgage holders were retrieved from the Census Bureau's American Community Survey 2016. Data were collected for the Metropolitan Statistical Area (MSA) within which the largest city in each state falls.⁵

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 median house value in the MSA divided by the median household income of mortgage holders in that MSA. This multiplier was used to scale the house values to the various income levels in the report by multiplying them by each income level to determine 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 has been used in each of the Tax Burden Studies since 2012, assumes 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). A modification made in the 2014 Study and all subsequent reports is the use of median household income of *mortgage holders*, rather than the median income of all households, within an MSA to calculate the linear multiplier. This change results in a lower multiplier, in general, which moderates the increase in house values as incomes rise. This change generally leads to lower property tax burdens overall than in the 2012 and 2013 Studies. However, any analysis should focus on the relative rankings within a given year.

⁵ 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. A sensitivity analysis presented in the 2013 Tax Rates and Tax Burdens Report shows how this choice affects the findings.

²⁰¹⁶ Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison

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 2016 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 and credits noted in Table 6 (page 35). The variety of real property tax exemptions, most of which apply only to residential real property, is very broad. Table 6 does not include senior citizen exemptions and credits that are available in many states, nor can it adjust for "caps" on the growth of assessed values or limitations on tax liability over time. Some states have a type of assessment limitation or valuation freeze. For example, strict limits in California mean many families' assessments would be much lower than those assumed here, particularly if they have owned their home for many years. Table 4 (page 32), which compares residential real estate tax rates for each city, does not reflect the various exemptions and credits noted in Table 6. Other exemptions and credits may be available, such as those for senior citizens, but 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 provisions in Table 6 applicable to families owning and residing in their homes.

Property Tax Equivalent of Rent

As previously noted, 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. Because renters indirectly pay property taxes through their rent,⁶ this study computes a percentage of said rent constituting property taxes. This concept is called the property tax equivalent of rent (PTER) and is an important tool in comparing the incidence of the property tax on renters versus homeowners. In a 50-State Property Tax Comparison report, the Lincoln Institute of Land Policy and the Minnesota Center for Fiscal Excellence note that states vary in how they tax rental properties in comparison to homesteads.⁷ Their report presents a table illustrating this information for the largest city in each state; New York City has the largest difference in effective rates between apartment buildings and homesteads. For example, the effective tax rate on a \$600,000 rental building in New York City is five times higher than the rate on a median valued home, providing the most drastic example of a tax system that subsidizes homeowners at the expense of business and renters.⁸ The lowest ratio is in Chicago, Illinois, where apartments are given preferential treatment over homesteads.⁹

To relieve this implicit tax burden on renters, some states have property tax circuit breaker programs that offset renters' tax burdens in some way (often through the income tax since they do not pay property taxes directly). These programs must make assumptions of the PTER to calculate the amount that renters are paying in property taxes, and the amount of relief

⁶ "50-State Property Tax Comparison Study For Taxes Paid in 2016." The Lincoln Institute of Land Policy and the Minnesota Center for Fiscal Excellence. June 2017: pg. 11.

⁷ Ibid, pg. 102.

⁸ Ibid, pg. 11.

⁹ The study found that in Washington, D.C., the classification ratio between apartments and homesteads is 1.102, indicating that homesteads are treated slightly preferentially to rental buildings by the property tax.

they will receive through the circuit breaker program. Of the states that offer circuit breaker programs, the PTER assumptions generally range from 6 to 25 percent (NM has a low of 6 percent while MA uses a 25 percent assumption); on average, states assume that 18 percent of rent goes toward paying property taxes.¹⁰ D.C.'s circuit breaker program assumes 20 percent.

Previous Tax Burden Studies have used a 20 percent assumption with some reservation given that it has a large impact on the calculated tax burdens of the families earning \$25,000 per year. The assumption often seemed unrealistic in cities with higher rental prices in which calculated PTERs would be the highest, when rental buildings in more competitive markets may not be able to pass on all taxes paid, given that prices are set by the local market, and as the Lincoln report illustrates, the specific PTER level in a city is primarily based on the tax system in each jurisdiction. It is not clear whether states with higher PTER percentages in their circuit breakers have data backing up the percentage of PTER in their state, or if these states are using the circuit breaker to provide a subsidy to lower income renters hit hardest by higher rental markets.¹¹ The only published evidence found of this calculation is from a January 2016 report in which the Minnesota Department of Revenue (MN DOR) used several techniques based on both ACS and internal tax data to assess the percentage of rent that constitutes property taxes throughout Minnesota. MN DOR found the statewide PTER hovered around 15 percent each year from 2009 to 2014, though in Minneapolis it was often up to 16.9 percent.¹²

There is a clear need for continued study on this issue; in the meantime, we have considered the available information and decided to use a level of 15 percent for PTER in the current Study to attempt to be more realistic in the property tax burden on renters, particularly in cities with more expensive rental markets. Future refinements may be made as new information and data become available. The PTER in each city was calculated as 15 percent of median rents in each MSA. These data were obtained from the U.S. Department of Housing and Urban Development.¹³ This flat assumption means that any variation in the property tax burden for renters (families earning \$25,000) is driven entirely by the housing market in each jurisdiction, and not the tax system in place.

Even with the lower assumption of PTER in the current study, this number still implies that the lowest income families are spending 62 percent of their incomes on rent. This figure is quite high for some jurisdictions, however, viewed in the context of some D.C. metro area statistics it may not be that unrealistic. In 2016, over 30 percent of all renters in the Washington, D.C. MSA spent more than 40 percent of their income in rent.¹⁴ Further, a 2016 D.C. Fiscal Policy Institute analysis of 2014 Census data found that 42 percent of extremely low-income renters (between \$16,100 - \$32,100/year for a family of four) in D.C. paid 80 percent of their income or more in rent, while over half of renters at this income level paid more than half of their

¹³ U.S. Department of Housing and Urban Development, "2016 50th Percentile Rent Estimates." Data for studio apartments used. ¹⁴ U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates.

2016 Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison

¹⁰ Based on analysis of state programs in the Lincoln Institute of Land Policy's *Significant Features of the Property Tax Database* for 2015 (most recent year available).

¹¹ This discussion does not intend to assess appropriate levels of PTER used in circuit breaker programs, or to advocate that they be lower. It is intended solely to consider whether and how these levels are used as an input for the Tax Burden Study's calculation of renter's tax burdens as compared to home owner's tax burdens across the 50 states.

¹² The MN Renter's Property Tax Refund program allowed renters to qualify for a refund on their rent of up to 17% of rent paid (dependent on the renter's income level) in 2016.

income in rent.¹⁵

Sales and Use Tax

The sales tax burdens included in this study are based on information from the 2016 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, and transportation. The CES expenditure data and the specific state and local tax rates on each type of item are used to determine the sales tax that these expenditures would generate. The same CES categories have been included since the 2013 Study. The state and local general sales tax rates in each city are reported in Table 7, page 39.

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 43) summarizes automobile ownership assumptions for each income level, including types of vehicles, weight, value, and annual gasoline consumption.

¹⁵ Zippel, Claire. "A Broken Foundation: Affordable Housing Crisis Threatens DC's Lowest-Income Residents." D.C. Fiscal Policy Institute. December 8, 2016.

²⁰¹⁶ Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison

CHAPTER II

Overall Tax Burdens for Hypothetical Families in 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 Tables 1a-e (pages 14-22). As reflected in Table 1, tax burdens across the 51 cities vary widely at all income levels. At the \$25,000 income level, the \$4,367 combined burden of all four taxes added together for Philadelphia, Pennsylvania, is significantly greater than the *negative* tax burden of \$1,418 that a similar taxpayer in Burlington, Vermont, would receive as a net refund. At the \$150,000 income level, the Bridgeport, Connecticut, burden of \$30,241 is more than five times the Anchorage, Alaska, burden of \$5,751. Differences in state and local tax structures, as well as housing markets and costs-of-living, contribute to the variation at each income level.

The highest combined tax burdens at the \$25,000 income level occur in Philadelphia, Pennsylvania; Honolulu, Hawaii; Birmingham, Alabama; Seattle, Washington; and Chicago, Illinois. Philadelphia's 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 Honolulu put it at the top of this list, while Birmingham's high sales tax burden contributes to its ranking.

The lowest combined tax burdens of all four taxes added together at the \$25,000 income level occur in Burlington, Vermont; Minneapolis, Minnesota; Albuquerque, New Mexico; Billings, Montana; and Boise, Idaho. The first three states and Idaho have a refundable EITC or other credits, which contributes to their low ranking, and Montana has no general sales tax.

The highest combined tax burdens of all four taxes added together at the \$150,000 income level occur in Bridgeport, Connecticut; Newark, New Jersey; Detroit, Michigan; Baltimore, Maryland; and New York, New York. High property values drive the first four cities, while New York's progressive income tax puts it in the top five. The lowest combined tax burdens at this income level are Anchorage, Alaska; Cheyenne, Wyoming; Fargo, North Dakota; Sioux Falls, South Dakota; and Seattle, Washington. These lower tax burdens are primarily a result of the lack of an income tax in these jurisdictions. Map 1 (page 23) illustrates the combined burden of all four taxes for a family earning \$75,000/year. See the Appendix for maps showing the combined burdens by state for a family at each of the other income levels.

No single pattern characterizes a high or a low tax burden city. Generally, 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 in the Northeast. Low tax burden cities generally have a low individual income tax (if at all) and average or below average property tax rates.



Chart 1a: 2016 Estimated Burdens of Major Taxes for a Hypothetical Family Earning \$25,000/Year

Source: ORA analysis. Cities are ranked by total estimated tax burden as a percentage of income (highest at the top). Negative bars represent tax refunds due to state EITC (or other refundable credits). See Table 1a on the following page for tax burdens as a percent of income.

Table 1a: 2016 Estimated Burdens of Major Taxes for a Hypothetical
Family Earning \$25,000/Year

				TAX	ES		BURDEN			
RANK	CITY	ST	INCOME 2/	PROPERTY 3/	SALES 4/	AUTO	AMOUNT	PERCENT		
1	Philadelphia	PA	1,743	1,494	837	293	4,367	17.5%		
2	Honolulu	HI	473	2,401	781	315	3,970	15.9%		
3	Birmingham	AL	958	1,103	1,478	132	3,672	14.7%		
4	Seattle	WA	-	1,888	1,189	428	3,505	14.0%		
5	Chicago	IL	376	1,548	1,108	443	3,475	13.9%		
6	Indianapolis	IN	1,260	994	771	274	3,298	13.2%		
7	Louisville	KY	1,315	992	747	151	3,205	12.8%		
8	Kansas City	MO	410	1,012	1,286	442	3,150	12.6%		
9	Los Angeles	CA	0	1,705	1,076	338	3,119	12.5%		
10	Little Rock	AR	385	947	1,333	259	2,924	11.7%		
11	Detroit	MI	963	958	727	233	2,881	11.5%		
12	Charleston	WV	792	895	804	376	2,867	11.5%		
13	Memphis	TN	-	1,084	1,551	224	2,859	11.4%		
14	New Orleans	LA	194	1,204	1,318	110	2,826	11.3%		
15	Atlanta	GA	439	1,375	765	178	2,756	11.0%		
16	Charlotte	NC	364	1,175	825	381	2,746	11.0%		
17	Virginia Beach	VA	0	1,705	643	388	2,736	10.9%		
18	Boston	MA	(138)	1,901	728	243	2,735	10.9%		
19	Jackson	MS	207	952	1,374	163	2,695	10.8%		
20	New York	NY	(1,005)	2,327	1,085	255	2,662	10.6%		
21	Columbus	OH	625	958	871	195	2,648	10.6%		
22	Portland	OR	732	1,595	_	237	2,563	10.3%		
23	Phoenix	AZ	86	1.073	1,199	183	2.540	10.2%		
24	Las Vegas	NV	-	1,138	989	371	2,498	10.0%		
25	Washington	DC	(813)	2.353	684	190	2.413	9.7%		
26	Houston	TX	-	1.231	936	215	2.382	9.5%		
27	Denver	CO	(248)	1,395	963	261	2,371	9.5%		
28	Salt Lake City	UT	(2.0)	1,085	975	304	2,364	9.5%		
29	Sioux Falls	SD	-	837	1.269	222	2,328	9.3%		
30	Providence	RI	(396)	1.179	862	666	2,310	9.2%		
31	Oklahoma City	OK	(120)	976	1.203	181	2,239	9.0%		
32	Columbia	SC	(120)	974	1 100	138	2 211	8.8%		
33	Portland	ME	(318)	1 372	771	350	2,211	8.7%		
34	Jacksonville	FI	(510)	1,572	872	177	2,105	8.6%		
35	Baltimore	MD	(371)	1,107	586	235	1 982	7.9%		
36	Wilmington	DE	313	1,552	500	160	1,962	7.9%		
37	Wichita	KS KS	(538)	824	1 202	353	1,000	7.2%		
38	Milwaukee	WI	(127)	1 073	1,292	260	1,932	7.7%		
30	Manchester	NH	(127)	1,075	256	266	1,917	7.7%		
40	Newark	NI	(569)	1,353	735	200	1,917	7.7%		
41	Des Moines	IΔ	17	1,794	524	252	1,092	7.070		
42	Bridgeport	CT	(864)	1,039	534 707	402	1,004	7.470		
42	Anchorage		(804)	1,504	191	492	1,000	7.270		
43	Omehe	AK NE	(217)	1,566	028	203	1,792	7.2%		
44	Chavanna	WV	(317)	929	502	252	1,791	7.270		
45	Fargo		-	230	592	100	1,756	7.1%		
40	Boise		(286)	080 77	000	100	1,/30	/.U% 6.0%		
4/	Billings	MT	(200)	0//	924	305	1,730	6.0%		
40	Albuquorque		217	922	17	393	1,/15	6.9%		
49	Minneepolie	INIVI	(31/)	1,004	/50	132	1,029	0.5%		
51	Durlington	IVIIN VT	(1,001)	1,181	00/	231	1,257	5.0%		
51	Durnington	V I	(4,004)	1,302	/90	228	(1,418)	-3.1%		
	AVERAGE	1/	13	1,277	909	269	2,411	9.6%		
	MEDIAN		0	1,138	866	251	2,382	9.5%		

1/ Based on jurisdictions levying tax.

2/ Amounts in parentheses represent refundable State Earned Income Tax Credits. VT's negative burden also includes a renter's rebate through the income tax. States with dashes do not have an income tax.

3/ Based on 15 percent of estimated annual rent.

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

Chart 1b: 2016 Estimated Burdens of Major Taxes for a Hypothetical Family Earning \$50,000/Year

City, State											
Bridgeport, CT	923			6,113					6	49	541
Newark, NJ	854			5,432				1	,147	282	
Detroit, MI	836	3,	350			2,	719		264		
Baltimore, MD	657	3,333	3			2,168	26	9			
Philadelphia, PA	967	1,371		3,485		•	344				
Louisville. KY	858	1.227		3.296							
Columbus, OH	1.001	2.017		2.253	3	223	-				
Kansas City, MO	1.425	1.495		2.083		441					
Des Moines, IA	590	2.641		1.90	6	300					
Chicago, IL	1.293	1.936		1.533	-	494					
Milwaukee WI	815	2.630		1.47	2	292					
Portland, OR	2.221	_,		2.607	-	272					
Jackson MS	1 509	1	984	1 200		365					
Burlington VT	923	2 9	3	8	96	259					
Boston MA	838	1 871		1 867	37	200					
Providence RI	993	2 321		815	725	-					
Portland ME	881	2,621		850	428						
Birmingham Al	1 596	720	2	248	420						
Los Angeles CA	1 244	120	3 026	.,240	304						
New Orleans I A	1 504	1 73	71	1 225	554						
Virginia Beach VA	703 1	401	2 112	1,225	306						
Little Pock AP	1 502	1 067	2,112	686	287						
Charlotte NC	031	1 3/3	1 826	,000	08						
Atlanta GA	846	1,545	1,020	20	200						
Alianta, GA	040	1,510	7	004 01	209						
Indianapolio IN	1,374	1,90	1 222	004 22	29						
Solt Loke City, UT	009 00	4 225	2,323	274	5						
Salt Lake City, UT	1,094	1,220	1,400	3/4							
Wishits KS	1,247	1,//2	1.072	293							
Columbia SC	1,420	1,191	1,073	387							
Columbia, SC	1,219	1,420	1,2								
Charlasten W/V	1,004	1,010	4 0 4 7	446							
Wilmington DE	910 14	+1	1,947	410							
Wilmington, DE	1,750	4 202	2,002								
Mamphia Th	1,278	1,202	1,190	0.45							
Albuguergue MM	1,707	2 4 4 0	1,919	245							
Albuquerque, NM	020	2,110	4 007	240							
Washington DC	770 700	1,124	1,207	310			Salaa				
Washington, DC	112 730	1,	980	213			Sales				
Denver, CO	1,104	1,179	1,076	307			_				
Billings, MI	1,435	1,674	4	35		F	Property				
Boise, ID	1,024	1,173	1,079	267							
Honolulu, HI	855 698	1,58	b <u>3</u> :	59			ncome				
Manchester, NH	304	2,736	357			'	ncome				
Las vegas, NV	1,136	1,778	438				A				
Seattle, WA	1,369	1,482	479			/	Auto				
SIOUX Fails, SD	1,392	1,529	252								
Houston, IX	1,076	1,856	235								
Jacksonville, FL	1,004	1,520	208								
Fargo, ND	765 1	,300 278 <mark>2</mark> 7	1								
Cheyenne, WY	659 1,19	95 350									
Anchorage, AK	1,668	234									
	0 500 1,000	1,500 2,000 2,	500 3,000	3,500 4,000	4,500	5,000 5,5	6,000	6,500	7,000	7,500	8,000
					\$						

Source: ORA analysis. See Table 1b on the following page for tax burdens as a percent of income.

TAXES BURDEN RANK CITY ST INCOME 2/ PROPERTY SALES 3/ AUTO AMOUNT PERCENT 1 Bridgeport CT 649 6,113 923 541 8,226 16.5% 2 Newark NJ 1,147 5,432 854 282 7,715 15.4% MI 2,719 3,350 836 264 3 Detroit 7.169 14.3% 4 Baltimore MD 2,168 3,333 657 269 6,427 12.9% 5 Philadelphia PA 3,485 1,371 967 344 6,168 12.3% 6 KΥ 3,296 1.227 858 177 11.1% Louisville 5.557 2,253 7 Columbus OH 2,017 1,001 223 5,493 11.0% 8 10.9% Kansas City MO 2,083 1,495 1,425 441 5,444 5,437 9 Des Moines IA 1.906 2.641 590 300 10.9% 10 IIL 1,533 1,936 1,293 494 5,257 10.5% Chicago 11 1,472 2,630 292 Milwaukee WI 815 5,209 10.4% Portland OR 2,607 2,221 272 5,100 10.2% 12 13 Jackson MS 1,200 1,984 1,509 365 5,059 10.1% 14 Burlington VT 896 2,933 923 259 5,011 10.0% 15 MA 1,867 1,871 838 372 4,948 9.9% Boston 16 Providence RI 815 2,321 993 725 4,854 9.7% 17 ME 850 881 428 4,801 Portland 2,641 9.6% 18 Birmingham AL 2,248 720 1,596 153 4,717 9.4% 19 Los Angeles CA 0 3,026 1,244 394 4,664 9.3% 20 New Orleans 1,225 1,771 1,504 130 4,630 9.3% LA 21 Virginia Beach VA 2,112 1,401 703 396 4,612 9.2% 22 Little Rock AR 1,686 1,067 1,502 287 4,541 9.1% 23 4,507 Charlotte NC 1,826 1,343 931 408 9.0% 24 1,939 209 4,504 9.0% Atlanta GA 1,510 846 25 Phoenix ΑZ 804 <u>1,</u>987 1,374 229 4,394 8.8% 336 26 2,323 IN 851 859 4,368 8.7% Indianapolis 27 UT 374 Salt Lake City 1,486 1,225 1,094 4,180 8.4% 28 New York NY 830 1,772 1,247 293 4,142 8.3% 29 Wichita KS 1,073 1,191 1,420 387 4,071 8.1% 30 Columbia SC 1,272 1,420 1,219 155 4,066 8.1% 31 1,818 Omaha NE 866 1,064 306 4,054 8.1% 32 Charleston WV 1,947 741 916 416 4,021 8.0% 33 Wilmington DE 2,002 1,750 183 3,935 7.9% 34 Oklahoma City OK 1,196 1.202 1.278 198 3,874 7.7% 35 1,919 1,707 245 3,872 7.7% Memphis TN 36 Albuquerque NM 756 2,110 828 151 3,846 7.7% 37 Minneapolis MN 1,287 1.124 1,013 310 3.734 7.5% 38 Washington DC 1.980 736 213 3.701 7.4% 772 39 Denver CO 1,076 1,179 1,104 307 3,666 7.3% 40 3,565 Billings MT 1,674 1.435 435 7.1% 21 41 Boise ID 1,079 1,173 1,024 267 3,543 7.1% 42 Honolulu HI 1,586 698 855 359 3,498 7.0% 43 NH 304 357 3,397 Manchester 2,736 6.8% 44 NV 1,778 1,136 438 3,353 6.7% Las Vegas 45 Seattle WA 1,482 1,369 479 3,330 6.7% 46 Sioux Falls SD 1,529 1,392 252 3,173 6.3% 47 1,856 1,076 235 6.3% Houston ТΧ 3,167 48 Jacksonville 1,520 1,004 208 5.5% FL 2,733 49 Fargo ND 278 1,300 765 211 2,554 5.1% 50 Cheyenne WY 1,195 659 350 2,204 4.4% 51 1,668 234 1,902 Anchorage AK 3.8% AVERAGE 1/ 1,559 1,025 313 4,439 8.9% 1,877

Table 1b: 2016 Estimated Burdens of Major Taxes for a Hypothetical FamilyEarning \$50,000/Year

MEDIAN 1/ Based on jurisdictions levying tax.

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

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

1,668

1,510

997

293

4,368

8.7%

Chart 1c: 2016 Estimated Burdens of Major Taxes for a Hypothetical Family Earning \$75,000/Year

City, State													
Bridgeport, CT	1,173				9,170					2	2,844		1,216
Newark, NJ	1,076			8,148	3				1,883	517			
Detroit. MI	1.025		5,025				4,4	178		527			
Baltimore, MD	851		4,999			3	3,709		510				
Philadelphia, PA	1,189	2,266			5,228			607	′				
Milwaukee, WI	1,013		4,207			3,201		533					
New York, NY	1.572	-	2.838		3,91	Ś		542					
Des Moines, IA	739	4.0	26		3.41	2		634					
Kansas Citv. MO	1,759	2.	242		3,607		1,09	91					
Columbus, OH	1,248	3.0	26		3,745		40)1					
Providence, RI	1.233	Í	3.481	1	.752	1.85	58						
Louisville, KY	1,070	1,840		5,0	092								
Portland, ME	1,092		4,160		2.30	0	758						
Portland, OR		3.331		4.	318		488	-					
Indianapolis, IN	1,099	1,658		4,766	;		605						
Chicago, IL	1,599	, 	3,154		2,410	9	959						
Jackson, MS	1.860		3.057		2.239	66	66						
Burlington, VT	1,167		4,486		1,59	9 40	69						
Boston, MA	1.030	2,818	,	3,1	142	644							
Los Angeles, CA	1,530	, 	4.57	79	590	728							
Charlotte, NC	1,172	2,014		3,264		862							
Little Rock, AR	1,852	1,7	75	2,958		660							
Columbia, SC	1,501	2,13	0	3,022	2								
Virginia Beach, VA	864	2,101		2,993	932								
Omaha, NE	1,335	2,7	28	2,177	7 60	6							
New Orleans, LA	1,888		2,713	1	,965								
Birmingham, AL	1,968	1,102	2	3,408									
Salt Lake City, UT	1,353	1,837		2,900	631								
Charleston, WV	1,143	1,112	3.	492	906								
Atlanta, GA	1,075	2,531		2,677	36	3							
Wichita, KS	1,735	1,80	03	2,221	885								
Boise, ID	1,258	2,013		2,836	470								
Minneapolis, MN	1,264	1,840		2,867	570								
Phoenix, AZ	1,724		2,982	1,4	106 <mark>428</mark>								
Albuquerque, NM	1,051	3,18	31	1,91	2								
Oklahoma City, OK	1,569	1,809		2,616					Calaa				
Wilmington, DE	2,	625		3,400					Sales				
Washington, DC	1,002	1,409	3,1	164	475				_				
Billings, MT	2,15	3	3,082	2	685				Property	/			
Denver, CO	1,383	1,768		2,206	559								
Honolulu, HI	1,043	1,187	2,884	6	90				Income				
Memphis, TN	2,10	0	2,879	<mark>457</mark>	1				moonno				
Manchester, NH	<mark>411</mark>	4,104	•	649					Auto				
Las Vegas, NV	1,424	2,6	68	837					Auto				
Seattle, WA	1,685	2,2	223	922									
Houston, TX	1,352	2,8	374	<mark>438</mark>									
Sioux Falls, SD	1,709	2,	294	492									
Jacksonville, FL	1,258	2,66	0	<mark>387</mark>									
Fargo, ND	966	1,949	551 425										
Cheyenne, WY	846	1,792	654										
Anchorage, AK	2,5	509 <mark>39</mark>	3										
	0 1,000	2,000 3	3,000 4,	000 5,000	6,000	7,000	8,000	9,00	10,000	11,000	12,000	13,000	14,000
							\$						

Source: ORA analysis. See Table 1c on the following page for tax burdens as a percent of income.

Table 1c: 2016 Estimated Burdens of Major Taxes for a Hypothetical Family
Earning \$75,000/Year

				ТАУ	KES		BU	BURDEN		
RANK	CITY	ST	INCOME 2/	PROPERTY	SALES 3/	AUTO	AMOUNT	PERCENT		
1	Bridgeport	CT	2,844	9,170	1,173	1,216	14,403	19.2%		
2	Newark	NJ	1,883	8,148	1,076	517	11,624	15.5%		
3	Detroit	MI	4,478	5,025	1,025	527	11,055	14.7%		
4	Baltimore	MD	3,709	4,999	851	510	10,069	13.4%		
5	Philadelphia	PA	5,228	2,266	1,189	607	9,290	12.4%		
6	Milwaukee	WI	3,201	4,207	1,013	533	8,954	11.9%		
7	New York	NY	3,918	2,838	1,572	542	8,871	11.8%		
8	Des Moines	IA	3,412	4,026	739	634	8,811	11.7%		
9	Kansas City	MO	3,607	2,242	1,759	1,091	8,700	11.6%		
10	Columbus	OH	3,745	3,026	1,248	401	8,420	11.2%		
11	Providence	RI	1,752	3,481	1,233	1,858	8,323	11.1%		
12	Louisville	KY	5,092	1,840	1,070	313	8,314	11.1%		
13	Portland	ME	2,300	4,160	1,092	758	8,310	11.1%		
14	Portland	OR	4,318	3,331	-	488	8,137	10.8%		
15	Indianapolis	IN	4,766	1,658	1,099	605	8,128	10.8%		
16	Chicago	IL	2,410	3,154	1,599	959	8,121	10.8%		
17	Jackson	MS	2,239	3,057	1,860	666	7,822	10.4%		
18	Burlington	VT	1,599	4,486	1,16/	469	7,722	10.3%		
19	Boston	MA	3,142	2,818	1,030	644	7,634	10.2%		
20	Los Angeles	CA	590	4,579	1,530	128	7,427	9.9%		
21	Charlotte	NC	3,264	2,014	1,1/2	862	7,312	9.7%		
22	Little Rock	AR	2,958	1,//5	1,852	660	7,246	9.7%		
23	Vincinia Basah	SC	3,022	2,130	1,501	292	6,945	9.3%		
24	Virginia Beach	VA	2,995	2,101	804	932	6,890	9.2%		
25	Umana Narra Ordanara	INE I A	2,177	2,728	1,335	000	0,840	9.1%		
20	New Orleans		1,905	2,/13	1,888	230	6,802	9.1%		
27	Salt Laka City	AL	3,408	1,102	1,908	201 621	6,738	9.0%		
20	Charleston	WV	2,900	1,037	1,555	006	6,653	9.0%		
30	Atlanta	GA	2,492	2 531	1,145	368	6,652	8.9%		
21	Wighita	VS	2,077	2,331	1,075	308	6,642	8.9%		
32	Poiso	ID	2,221	1,005	1,755	470	6,043	8.970		
32	Minneapolis	MN	2,850	1 840	1,256	470 570	6 5/1	8.8%		
34	Phoenix		1 406	2 982	1,204	428	6 539	8.7%		
35	Albuquerque	NM	1,400	3 181	1,724	289	6 432	8.6%		
36	Oklahoma City	OK	2 616	1 809	1,051	362	6 356	8.5%		
37	Wilmington	DE	3 400	2 625	1,505	329	6 353	8.5%		
38	Washington	DC	3,164	1,409	1.002	475	6,050	8.1%		
39	Billings	MT	3.082	2.153	31	685	5,951	7.9%		
40	Denver	CO	2.206	1.768	1.383	559	5,917	7.9%		
41	Honolulu	HI	2.884	1.187	1.043	690	5.804	7.7%		
42	Memphis	TN	_,001	2.879	2.100	457	5.436	7.2%		
43	Manchester	NH	-	4,104	411	649	5,164	6.9%		
44	Las Vegas	NV	-	2,668	1,424	837	4,929	6.6%		
45	Seattle	WA	-	2,223	1,685	922	4,830	6.4%		
46	Houston	TX	-	2,874	1,352	438	4,665	6.2%		
47	Sioux Falls	SD	-	2,294	1,709	492	4,495	6.0%		
48	Jacksonville	FL	-	2,660	1,258	387	4,305	5.7%		
49	Fargo	ND	551	1,949	966	425	3,892	5.2%		
50	Cheyenne	WY	-	1,792	846	654	3,292	4.4%		
51	Anchorage	AK	-	2,509	-	393	2,902	3.9%		
	AVERAGE	1/	2,910	2,888	1,277	612	7,099	9.5%		
	-			,	,					
	MEDIAN		2 020	2 625	1 240	550	6 802	0.19/		
	MEDIAN		2,929	2,025	1,240	227	0,002	9.170		

1/ Based on jurisdictions levying tax.

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

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

Chart 1d: 2016 Estimated Burdens of Major Taxes for a Hypothetical Family Earning \$100,000/Year

City, State											
Bridgeport, CT	1,449			12,22	27				4,397	1,42	28
Newark, NJ	1,336			10,865				3,006	<mark>679</mark>		
Detroit, MI	1,251		6,700			6,14	0	<mark>666</mark>			
Baltimore, MD	1,061		6,665			5,248		659			
New York, NY	1,948	3,	904		5,955		694				
Philadelphia, PA	1,464	3,161		6	,970		797				
Milwaukee, WI	1,241		5,784		4,23	В	654				
Portland, ME	1,336		5,679		3,964	9	35				
Des Moines, IA	909	5,41	12		4,179	782					
Portland, OR		4,442		6,20	6	<mark>618</mark>					
Columbus, OH	1,533	4,03	35	5	,173						
Kansas City, MO	2,13	5 2,99	90	4,78	7	1,240					
Louisville, KY	1,314	2,453		6,973							
Providence, RI	1,519	4,	641	2,79	B	2,147					
Indianapolis, IN	1,365	2,466		6,417		785					
Chicago, IL	1,966	<u> </u>	4,372	3,	286	1,147					
Burlington, VT	1,453		6,040		2,428						
Los Angeles, CA	1,863		6,133		1,568	898					
Jackson, MS	2,24	0	4,130	3,1	187	817					
Boston, MA	1,262	3,764		4,417		801					
Charlotte, NC	1,441	2,686		4,701	1,0	20					
Omaha, NE	1,642	3,63	7	3,721	82	8					
Boise, ID	1,517	3,186		4,423	<mark>5</mark> 9	<mark>)1</mark>					
Columbia, SC	1,815	2,840		4,373							
Atlanta, GA	1,330	3,553		3,925							
Little Rock, AR	2,25	2 2,48	4	3,660	784						
Minneapolis, MN	1,556	2,555		4,289	719						
Salt Lake City, UT	1,645	2,450		4,270	742						
Charleston, WV	1,402	1,482	5,11	7	1,074						
New Orleans, LA	2,33	1	3,656	2,685							
Albuquerque, NM	1,298	4,25	2	2,961							
Virginia Beach, VA	1,044	2,801	3,9	971	1,063			Sale	9		
Wichita, KS	2,082	2,414		3,330	1,043				0		
Birmingham, AL	2,34	8 1,483	4	4,638				Pron	ertv		
Phoenix, AZ	2,095	. 3	3,976	2,130					oncy		
Oklahoma City, OK	1,879	2,417		3,754				Inco	me		
Wilmington, DE	3	,500	4,4	33					ile ile		
Billings, MI	2,8	370	4,574	80)4			Auto			
Honolulu, HI	1,250	1,676	4,358	87	0						
wasnington, DC	1,243	2,082	4,22	2 56	1						
Denver, CO	1,705	2,358	3,1	692 692							
Memohaster NU	2,53	58 E 470	3,839	705							
	4 754	5,472	7 4 (795							
Las vegas, NV	1,754	3,55	97 <mark>1,0</mark>	20							
Seattle, WA	2,063	2,96	04 1,13	88							
Houston, IX	1,667	3,85	93								
Sieux Felle, SD	1,549	3,79	9 603								
Sloux Falls, SD	2,027	3,05									
Chovenne WV	1,191	2,599	96								
Anchorago AK	1,000	2,309 7	00								
Antibiage, AN	3	,				10.000	10 225	44.000	10 555	10 000	00.00-
	0	2,000 4	,000 6	,000 8,	000	10,000 \$	12,000	14,000	16,000	18,000	20,000

Source: ORA analysis. See Table 1d on the following page for tax burdens as a percent of income.

Table 1d: 2016 Estimated Burdens of Major Taxes for a Hypothetical FamilyEarning \$100,000/Year

				,	TAXES		URDEN	
RANK	CITY	ST	INCOME 2/	PROPERTY	SALES 3/	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	4,397	12,227	1,449	1,428	19,500	19.5%
2	Newark	NJ	3,006	10,865	1,336	679	15,886	15.9%
3	Detroit	MI	6,140	6,700	1,251	666	14,758	14.8%
4	Baltimore	MD	5,248	6,665	1,061	659	13,634	13.6%
5	New York	NY	5,955	3,904	1,948	694	12,501	12.5%
6	Philadelphia	PA	6,970	3,161	1,464	797	12,393	12.4%
7	Milwaukee	WI	4,238	5,784	1,241	654	11,917	11.9%
8	Portland	ME	3,964	5,679	1,336	935	11,915	11.9%
9	Des Moines	IA	4,179	5,412	909	782	11,282	11.3%
10	Portland	OR	6,206	4,442	-	618	11,265	11.3%
11	Columbus	OH	5,173	4,035	1,533	504	11,244	11.2%
12	Kansas City	MO	4,787	2,990	2,135	1,240	11,153	11.2%
13	Louisville	KY	6,973	2,453	1,314	409	11,149	11.1%
14	Providence	RI	2,798	4,641	1,519	2,147	11,105	11.1%
15	Indianapolis	IN	6,417	2,466	1,365	785	11,033	11.0%
16	Chicago	IL	3,286	4,372	1,966	1,147	10,771	10.8%
17	Burlington	VT	2,428	6,040	1,453	582	10,503	10.5%
18	Los Angeles	CA	1,568	6,133	1,863	898	10,462	10.5%
19	Jackson	MS	3,187	4,130	2,240	817	10,374	10.4%
20	Boston	MA	4,417	3,764	1,262	801	10,244	10.2%
21	Charlotte	NC	4,701	2,686	1,441	1,020	9,847	9.8%
22	Omaha	NE	3,721	3,637	1,642	828	9,828	9.8%
23	Boise	ID	4,423	3,186	1,517	591	9,718	9.7%
24	Columbia	SC	4,373	2,840	1,815	354	9,382	9.4%
25	Atlanta	GA	3,925	3,553	1,330	485	9,293	9.3%
26	Little Rock	AR	3,660	2,484	2,252	784	9,179	9.2%
27	Minneapolis	MN	4,289	2,555	1,556	719	9,119	9.1%
28	Salt Lake City	UT	4,270	2,450	1,645	742	9,107	9.1%
29	Charleston	WV	5,117	1,482	1,402	1,074	9,076	9.1%
30	New Orleans	LA	2,685	3,656	2,331	312	8,984	9.0%
31	Albuquerque	NM	2,961	4,252	1,298	374	8,885	8.9%
32	Virginia Beach	VA	3,971	2,801	1,044	1,063	8,880	8.9%
33	Wichita	KS	3,330	2,414	2,082	1,043	8,868	8.9%
34	Birmingham	AL	4,638	1,483	2,348	357	8,827	8.8%
35	Phoenix	AZ	2,130	3,976	2,095	529	8,730	8.7%
36	Oklahoma City	OK	3,754	2,417	1,879	425	8,474	8.5%
37	Wilmington	DE	4,433	3,500	-	417	8,350	8.4%
38	Billings	MT	4,574	2,870	42	804	8,290	8.3%
39	Honolulu	HI	4,358	1,676	1,250	870	8,154	8.2%
40	Washington	DC	4,222	2,082	1,243	561	8,108	8.1%
41	Denver	CO	3,169	2,358	1,705	692	7,924	7.9%
42	Memphis	TN	-	3,839	2,538	536	6,913	6.9%
43	Manchester	NH	-	5,472	511	795	6,779	6.8%
44	Las Vegas	NV	-	3,557	1,754	1,020	6,331	6.3%
45	Seattle	WA	-	2,964	2,063	1,138	6,165	6.2%
46	Houston	TX	-	3,893	1,667	512	6,072	6.1%
47	Jacksonville	FL	-	3,799	1,549	501	5,849	5.8%
48	Sioux Falls	SD	-	3,058	2,027	603	5,689	5.7%
49	Fargo	ND	887	2,599	1,191	528	5,205	5.2%
50	Cheyenne	WY	-	2,389	1,053	786	4,228	4.2%
51	Anchorage	AK	-	3,436	-	426	3,862	3.9%
	AVERAGE	1/	4,165	3,906	1,561	748	9,553	9.6%
	MEDIAN		4,254	3,553	1,518	694	9,179	9.2%

1/ Based on jurisdictions levying tax.

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

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

Chart 1e: 2016 Estimated Burdens of Major Taxes for a Hypothetical Family Earning \$150,000/Year

City, State														
Bridgeport, CT	1,910			18	,340						7,749		2,2	241
Newark, NJ	1,706			16,297					6,	267				
Detroit, MI	1,596		10,051				9,465			841				
Baltimore, MD	1,500		9,998				8,492							
New York, NY	2,531	6,0	37			10,915								
Portland, ME	1,734	8	3,717			7,259		1,82	4					
Milwaukee, WI	1,612	8	3,937			7,182								
Des Moines, IA	1,256	8,18	3		7,	677								
Providence, RI	1,965	6,90	62		5,172		4,061							
Philadelphia, PA	1,823	4,952			10,456									
Portland, OR		6,662			10,314									
Kansas City, MO	2,804	4,485		7	,799		2,085							
Columbus, OH	1,997	6,052			8,543									
Los Angeles, CA	2,365		9,239			4,344								
Indianapolis, IN	1,926	4,081		9,8	300									
Burlington, VT	1,885		9,147			5,191								
Louisville, KY	1,712	3,680		10,7	763									
Jackson, MS	2,935		5,275		5,334	1,	643							
Boise, ID	1,969	5,532			7,878									
Boston, MA	1,624	5,657		6,9	67	1,6	19							
Omana, NE	2,162	5,455		٥,	/ 34	1,4	73							
Little Beek AB	2,004	2 004	,808	6 964	5,040									
Charlotta NC	2,904	4,020	_	7 297		4 272								
Columbia SC	1,939	4,029		7 49	4	1,373								
Minneenelie MN	2,305	2,006		7 260	•									
Atlanta GA	2,045	5,900	_	1,200	12									
Charleston WV	1,070	2 224	8.3	65	1	504								
Virginia Beach VA	1 405	4 202	0,0	396	1.67	'6								
	1 819	6 394		5.0	42	Ĭ								
Salt Lake City UT	2 139	3 675		6.986	-									
Wichita, KS	2.680	3.636		5.519	1.66	6								
Phoenix, AZ	2.808	5.	966	3.65	2 88	5								
New Orleans, LA	3,086	5,	541	4,2	43									
Wilmington, DE	5	5,250		7,508										
Billings, MT	4,3	306	7,51	4										
Washington, DC	1,752	3,428		,247										
Oklahoma City, OK	2,534	3,631		6,063								_		
Honolulu, HI	1,608	2,655	7,44	3	<mark>841</mark>					Sale	20			
Birmingham, AL	3,051	2,247	6	,847						Ould	.0			
Denver, CO	2,237	3,536	5,0	53	1,396					Dror	o orth (
Manchester, NH		8,208		1,440						FIO	Jerty			
Memphis, TN	3,314	1 -	5,758											
Las Vegas, NV	2,304	5,335	1,1	627						Inco	me			
Houston, IX	2,207	5,930	0											
Jacksonville, FL	2,022	6,077	1 40							Auto)			
Seattle, WA	2,642	4,446	1,490											
SIOUX FAILS, SU	2,657	4,588	4 700											
Chovenne WV	1,055	3,899	1,709											
Anchorage	1,490	3,584 <mark>1,</mark> 2	290											
Anchorage, AK		D,209								1				
	0 2,00	00 4,000 6	,000 8,00	0 10,000	12,000	14,000	16,000	18,000	20,000	22,000	24,000	26,000	28,000	30,000
							\$							

Source: ORA analysis. See Table 1e on the following page for tax burdens as a percent of income.

Table 1e: 2016 Estimated Burdens of Major Taxes for a Hypothetical FamilyEarning \$150,000/Year

			TAXES			BURDEN		
RANK	CITY	ST	INCOME 2/	PROPERTY	SALES 3/	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	7,749	18,340	1,910	2,241	30,241	20.2%
2	Newark	NJ	6,267	16,297	1,706	658	24,928	16.6%
3	Detroit	MI	9,465	10,051	1,596	841	21,953	14.6%
4	Baltimore	MD	8,492	9,998	1,500	641	20,631	13.8%
5	New York	NY	10,915	6,037	2,531	670	20,153	13.4%
6	Portland	ME	7,259	8,717	1,734	1,824	19,534	13.0%
7	Milwaukee	WI	7,182	8,937	1,612	636	18,367	12.2%
8	Des Moines	IA	7,677	8,183	1,256	1,086	18,202	12.1%
9	Providence	RI	5,172	6,962	1,965	4,061	18,160	12.1%
10	Philadelphia	PA	10,456	4,952	1,823	768	17,999	12.0%
11	Portland	OR	10,314	6,662	-	598	17,575	11.7%
12	Kansas City	MO	7,799	4,485	2,804	2,085	17,172	11.4%
13	Columbus	OH	8,543	6,052	1,997	488	17,081	11.4%
14	Los Angeles	CA	4,344	9,239	2,365	1,102	17,050	11.4%
15	Indianapolis	IN	9,800	4,081	1,926	1,127	16,934	11.3%
16	Burlington	VT	5,191	9,147	1,885	565	16,788	11.2%
17	Louisville	KY	10,763	3,680	1,712	394	16,549	11.0%
18	Jackson	MS	5,334	6,275	2,935	1,643	16,187	10.8%
19	Boise	ID	7,878	5,532	1,969	573	15,952	10.6%
20	Boston	MA	6,967	5,657	1,624	1,619	15,866	10.6%
21	Omaha	NE	6,734	5,455	2,162	1,473	15,824	10.5%
22	Chicago	IL	5,040	6,808	2,538	1,119	15,505	10.3%
23	Little Rock	AR	6,861	3,901	2,904	1,218	14,883	9.9%
24	Charlotte	NC	7,387	4,029	1,939	1,373	14,727	9.8%
25	Columbia	SC	7,484	4,260	2,385	345	14,474	9.6%
26	Minneapolis	MN	7,260	3,986	2,045	1,101	14,393	9.6%
27	Atlanta	GA	6,402	5,597	1,878	467	14,344	9.6%
28	Charleston	WV	8,365	2,224	1,850	1,594	14,032	9.4%
29	Virginia Beach	VA	6,396	4,202	1,405	1,676	13,679	9.1%
30	Albuquerque	NM	5,042	6,394	1,819	372	13,627	9.1%
31	Salt Lake City	UT	6,986	3,675	2,139	755	13,555	9.0%
32	Wichita	KS	5,519	3,636	2,680	1,666	13,502	9.0%
33	Phoenix	AZ	3,652	5,966	2,808	885	13,312	8.9%
34	New Orleans	LA	4,243	5,541	3,086	333	13,203	8.8%
35	Wilmington	DE	7,508	5,250	-	404	13,162	8.8%
36	Billings	MT	7,514	4,306	60	1,100	12,980	8.7%
37	Washington	DC	7,247	3,428	1,752	548	12,975	8.7%
38	Oklahoma City	OK	6,063	3,631	2,534	422	12,650	8.4%
39	Honolulu	HI	7,443	2,655	1,608	841	12,547	8.4%
40	Birmingham	AL	6,847	2,247	3,051	378	12,522	8.3%
41	Denver	CO	5,053	3,536	2,237	1,396	12,222	8.1%
42	Manchester	NH	-	8,208	731	1,440	10,379	6.9%
43	Memphis	TN	-	5,758	3,314	524	9,597	6.4%
44	Las Vegas	NV	-	5,335	2,304	1,627	9,265	6.2%
45	Houston	TX	-	5,930	2,207	501	8,638	5.8%
46	Jacksonville	FL	-	6,077	2,022	484	8,584	5.7%
47	Seattle	WA	-	4,446	2,642	1,490	8,579	5.7%
48	Sioux Falls	SD	-	4,588	2,657	587	7,832	5.2%
49	Fargo	ND	1,709	3,899	1,655	498	7,761	5.2%
50	Cheyenne	WY	-	3,584	1,490	1,295	6,369	4.2%
51	Anchorage	AK	-	5,289		461	5,751	3.8%
AVERAGE 1/			7,008	5,944	2,057	1,020	14,670	9.8%
MEDIAN			7,215	5,455	1,967	841	14,393	9.6%

1/ Based on jurisdictions levying tax.

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

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



Map 1: Total 2016 Tax Burdens (Income, Property, Sales, & Auto) as a % of Income (Family Earning \$75,000/Year)

Source: ORA Analysis. The lighter green shading represents a lower tax burden.

Burden Range				
3.9%	19.2%			

2016 Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison

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 29) and Chart 2 (page 26).

In twenty-two of the cities that are in states that levy an income tax, the percentage of income paid in individual income taxes by residents at the income level of \$25,000 is zero percent (or less than zero due to refundable credits). Notably, Burlington, Vermont residents would receive a refundable income tax credit of \$4,004, marking the lowest income tax burden on a family earning \$25,000 per year. The highest income tax burden is at 7.0 percent in Philadelphia, Pennsylvania, and next at 5.3 percent in Louisville, Kentucky. At the \$150,000 income level, the burden ranges from a low of 1.1 percent of income in Fargo, North Dakota, to 7.3 percent in New York City, New York. It should be noted that the New Hampshire and Tennessee income tax is applicable only to interest and dividend income and the exemptions are high enough to eliminate individual income taxes at all income levels used in the study.

Chart 2 provides the hypothetical income tax burdens on each family, sorted by the family earning \$150,000 per year. Viewing the data this way allows for assessing how income tax burdens differ between the low- and high- income families in a particular city and state. Map 2 presents the income tax burdens for the family earning \$75,000/year.

Several 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. 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 2 lists the various portions that are indexed.

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 25 of the cities. Taxpayers in six cities are subject to a flat state tax rate with exemptions. Twelve 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. Fourteen cities in the current study apply a local income tax or fee on wages (see table below). These were not all included in previous years; however, an attempt has been made to include any local income taxes that apply.

City	State	Tax	Rate
Birmingham	AL	Income Tax	1.0%
Denver	CO	Occupational Privilege Tax	\$5.75/month
Wilmington	DE	Income Tax	1.25%
Indianapolis	IN	(County) Income Tax	1.7%
Louisville	KY	Income Tax	2.2%
Baltimore	MD	Income Tax	3.2%
Detroit	MI	Income Tax	2.4%
Kansas City	MO	Income Tax	1.0%
Newark	NJ	Payroll Tax	1.0%
New York	NY	Income Tax	2.9 - 3.8676% (graduated rates)
Columbus	OH	Income Tax	2.5%
Portland	OR	(Tri-Met Transit District) Income Tax	0.73%
Philadelphia	PA	Income Tax	3.9%
Charleston	WV	City Service Fee	\$10.83/month

Local Income Tax Rates, 2016

Sources: ORA analysis of City and State web pages; Tax Foundation, "Local Income Taxes: City- and County-Level Income and Wage Taxes Continue to Wane," August 31, 2011.

City, State	Income = \$25K/	/yr Income=\$50K/yr	Income=\$75K/yr	Income=\$100K/yr	Income=\$150K/yr
New York NY	-1 005	830	3 918	5 955	10 015
Louisville KY	-1,000	315 3 296	5 092	6 973	10,518
Philadelphia, PA	1	743 3 485	5 228	6,970	10 456
Portland, OR	732	2 607	4 318	6 206	10,400
Indianapolis, IN	1.2	260 2 323	4 766	6 417	9 800
Detroit. MI	96	3 2.719	4.478	6.140	9,465
Columbus, OH	625	2.253	3.745	5.173	8.543
Baltimore, MD	-371	2.168	3.709	5.248	8.492
Charleston, WV	792	2 1,947	3,492	5,117	8,365
Boise, ID	-286	1,079	2,836	4,423	7,878
Kansas City, MO	410	2,083	3,607	4,787	7,799
Bridgeport, CT	-864	649	2,844	4,397	7,749
Des Moines, IA	17	1,906	3,412	4,179	7,677
Billings, MT	380	1,674	3,082	4,574	7,514
Wilmington, DE	313	2,002	3,400	4,433	7,508
Columbia, SC	0	1,272	3,022	4,373	7,484
Honolulu, HI	473	1,586	2,884	4,358	7,443
Charlotte, NC	364	1,826	3,264	4,701	7,387
Minneapolis, MN	-1,061	1,287	2,867	4,289	7,260
Portland, ME	-318	850	2,300	3,964	7,259
Washington, DC	-813	1,980	3,164	4,222	7,247
Milwaukee, WI	-127	1,472	3,201	4,238	7,182
Salt Lake City, UT	0	1,486	2,900	4,270	6,986
Boston, MA	-138	1,867	3,142	4,417	6,967
Little Rock, AR	385	1,686	2,958	3,660	6,861
Birmingham, AL	95	8 2,248	3,408	4,638	6,847
Omaha, NE	-317	866	2,177	3,721	6,734
Atlanta, GA	439	1,939	2,677	3,925	6,402
Virginia Beach, VA	0	2,112	2,993	3,971	6,396
Newark, NJ	-569	1,147	1,883	3,006	6,267
Oklahoma City, OK	-120	1,196	2,616	3,754	6,063
Wichita, KS	-538	1,073	2,221	3,330	5,519
Jackson, MS	207	1,200	2,239	3,187	5,334
Burlington, VT	-4,004	896	1,599	2,428	5,191
Providence, RI	-396	815	1,752	2,798	5,172
Denver, CO	-248	1,076	2,206	3,169	5,053
Albuquerque, NM	-317	756	1,912	2,961	5,042
Chicago, IL	376	1,533	2,410	3,286	5,040
Los Angeles, CA	0	0	590	1,568	4,344
New Orleans, LA	194	1,225	1,965	2,685	4,243
Phoenix, AZ	86	804	1,406	2,130	3,652
rargo, ND	U	2/8	251	<u>88</u> /	1,/09
	-5,000 0 5, \$	000 0 2,000 4,000 \$	0 6,000 \$	0 5,000 10,000 \$	0 15,000 \$

Chart 2: 2016 Income Tax Burdens for All Income Levels

Source: ORA analysis; see description on page 6-7 for data sources and methodology.

Note: All data are sorted by the \$150,000/year income level. Negative bars under the \$25,000/year category represent tax refunds due to state EITC or other refundable credits. Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming do not have an income tax. Tennessee and New Hampshire tax interest and dividend income but the exemptions are high enough to eliminate individual income taxes at all income levels used in the study.



Map 2: 2016 Income Tax Burdens for Family Earning \$75,000/Year (\$)

Source: ORA Analysis. Note: The lighter green shading represents a lower tax burden. States labeled 'n/a' do not have an income tax.



²⁰¹⁶ Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison

Table 2: States That Index Some Part of Their Individual Income Tax, 2016

STATE	INDEXED PORTION			
Arizona	Standard deduction, tax brackets			
Arkansas	Tax brackets, personal exemption			
California	Tax brackets (partial), exemption (credit), standard deduction			
Colorado*	Tax brackets, personal exemption, standard deduction			
Connecticut	Standard deduction			
Idaho*	Tax brackets, standard deduction, personal exemption			
Illinois	Tax brackets, standard deduction, personal exemption			
Indiana	Tax brackets, standard deduction			
Iowa	Tax brackets, standard deduction			
Kentucky	Standard deduction			
Maine*	Tax brackets, standard deduction			
Massachusetts	Tax brackets, standard deduction,			
Michigan	Tax brackets, standard deduction, personal exemption			
Minnesota*	Tax brackets, exemptions, standard deduction			
Missouri*	Tax brackets (beginning in 2017), standard deduction			
Montana	Tax brackets, exemptions, standard deduction			
Nebraska*	Personal exemption, standard deduction			
New Jersey	Standard deduction			
New Hampshire	Tax brackets, standard deduction			
New Mexico*	Personal exemption, standard deduction			
New York	Tax brackets, standard deduction			
North Carolina	Tax brackets, personal exemption			
North Dakota*	Tax brackets, personal exemption, standard deduction			
Ohio	Tax brackets, standard deduction, personal exemption			
Oklahoma*	Standard deduction			
Oregon	Tax brackets (up to \$125,000), standard deduction credit			
Pennsylvania	Tax brackets, personal exemption, standard deduction			
Rhode Island	Tax brackets, standard deduction, personal exemption			
South Carolina*	Tax brackets, standard deduction, personal exemption			
Tennessee	Tax brackets, standard deduction			
Utah	Tax brackets, standard deduction, personal exemption			
Vermont	Tax brackets, standard deduction, personal exemption			
Washington, D.C.*	Standard deduction, personal exemptions			
West Virginia	Standard deduction			
Wisconsin	Tax brackets, standard deduction			

Sources: Federation of Tax Administrators, "State Individual Income Tax Rates (as of January 1, 2017)"; Federation of Tax Administrators, "State Personal Income Taxes: Federal Starting Points (as of January 1, 2017)." Wolters Kluwer/CCH 2017 State Tax Handbook; Urban Brookings Tax Policy Center, "State Income Tax Standard Deductions 2003, 2006-2012; 2015." February 7, 2017; Tax Foundation, "2017 Business Tax Climate Index." pg. 67; and Wisconsin Legislative Fiscal Bureau, "Individual Income Tax Provisions in the States, Informational Paper 4." January 2017.

* Colorado, Idaho, Maine, Minnesota, Missouri, Nebraska, New Mexico, North Dakota, Oklahoma, South Carolina, Utah, and Vermont use the federal standard deduction, which is indexed to inflation. Washington, D.C. amounts are increased annually by a cost-of-living adjustment.
Table 3: Income Tax Burden as Percent of Income in the Largest Cities byType of Income Tax for a Hypothetical Family of Three, 2016

				INCOME LEVE	LS:	
CITIES WITH:	ST	\$25,000	\$50,000	\$75,000	\$100,000	\$150,000
GRADUATED STATE ANI	D LOCAL	TAX RATES				
New York City	NY	-4.0%	1.7%	5.2%	6.0%	7.3%
GRADUATED STATE ANI	D FLAT LO	OCAL RATES				
Birmingham	AL	3.8%	4.5%	4.5%	4.6%	4.6%
Wilmington	DE	1.3%	4.0%	4.5%	4.4%	5.0%
Louisville	KY	5.3%	6.6%	6.8%	7.0%	7.2%
Baltimore	MD	-1.5%	4.3%	4.9%	5.2%	5.7%
Kansas City	MO	1.6%	4.2%	4.8%	4.8%	5.2%
Newark 1/	NJ	-2.3%	2.3%	2.5%	3.0%	4.2%
Columbus	OH	2.5%	4.5%	5.0%	5.2%	5.7%
Portland 1/	OR	2.9%	5.2%	5.8%	6.2%	6.9%
FLAT STATE AND LOCAL	L TAX RA	TES				
Denver	CO	-1.0%	2.2%	2.9%	3.2%	3.4%
Indianapolis	IN	5.0%	4.6%	6.4%	6.4%	6.5%
Detroit	MI	3.9%	5.4%	6.0%	6.1%	6.3%
Philadelphia	PA	7.0%	7.0%	7.0%	7.0%	7.0%
GRADUATED STATE TAX	K RATE					
Little Rock	AR	1.5%	3.4%	3.9%	3.7%	4.6%
Phoenix	AZ	0.3%	1.6%	1.9%	2.1%	2.4%
Los Angeles	CA	0.0%	0.0%	0.8%	1.6%	2.9%
Bridgeport	CT	-3.5%	1.3%	3.8%	4.4%	5.2%
WASHINGTON	DC	-3.3%	4.0%	4.2%	4.2%	4.8%
Atlanta	GA	1.8%	3.9%	3.6%	3.9%	4.3%
Honolulu	HI	1.9%	3.2%	3.8%	4.4%	5.0%
Des Moines	IA	0.1%	3.8%	4.5%	4.2%	5.1%
Boise	ID	-1.1%	2.2%	3.8%	4.4%	5.3%
Wichita	KS	-2.2%	2.1%	3.0%	3.3%	3.7%
New Orleans	LA	0.8%	2.5%	2.6%	2.7%	2.8%
Portland	ME	-1.3%	1.7%	3.1%	4.0%	4.8%
Minneapolis	MN	-4.2%	2.6%	3.8%	4.3%	4.8%
Jackson	MS	0.8%	2.4%	3.0%	3.2%	3.6%
Billings	MT	1.5%	3.3%	4.1%	4.6%	5.0%
Fargo	ND	0.0%	0.6%	0.7%	0.9%	1.1%
Omaha	NE	-1.3%	1.7%	2.9%	3.7%	4.5%
Albuquerque	NM	-1.3%	1.5%	2.5%	3.0%	3.4%
Oklahoma City	OK	-0.5%	2.4%	3.5%	3.8%	4.0%
Providence	RI	-1.6%	1.6%	2.3%	2.8%	3.4%
Columbia	SC	0.0%	2.5%	4.0%	4.4%	5.0%
Virginia Beach	VA	0.0%	4.2%	4.0%	4.0%	4.3%
Burlington	VT	-16.0%	1.8%	2.1%	2.4%	3.5%
Milwaukee	WI	-0.5%	2.9%	4.3%	4.2%	4.8%
Charleston 1/	WV	3.2%	3.9%	4.7%	5.1%	5.6%
FLAT STATE TAX RATE	WITH EXI	EMPTIONS			-	
Chicago	IL	1.5%	3.1%	3.2%	3.3%	3.4%
Boston	MA	-0.6%	3.7%	4.2%	4.4%	4.6%
Charlotte	NC 2/	1.5%	3.7%	4.4%	4.7%	4.9%
Manchester	NH 3/	0.0%	0.0%	0.0%	0.0%	0.0%
Memphis	TN 3/	0.0%	0.0%	0.0%	0.0%	0.0%
Salt Lake City	UT	0.0%	3.0%	3.9%	4.3%	4.7%
AVERAGE	4/	0.1%	3.1%	3.9%	4.2%	4.7%

No income tax: Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming.

Note: Negative numbers result from refundable state credits.

Source for classifications: Survey of State Revenue Department Officials; State Department of Revenue web sites; FTA, "State Individual Income Tax Rates as of January 1, 2017"; 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/ North Carolina has a flat rate, but no personal exemption.

3/ New Hampshire and Tennessee have a flat 5 percent income tax on dividends and interest income only.

3/ Based on jurisdictions 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 32); represent the "announced" rates levied by the jurisdiction, while effective rates consider the various assessment levels in the cities. Effective rates range from a high of \$3.81 per \$100 of assessed value in Bridgeport, Connecticut to \$0.35 per \$100 of assessed value in Honolulu, Hawaii. Assessment levels vary dramatically from 1.35 percent of assessed value in Billings, Montana, to 100 percent assessment in thirteen 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) is among the lowest of the 51 cities, ranking 45th. Chart 3 (page 33) provides a graphic of these rates.

The assumed housing values in the 51 cities at each of the five income levels are presented in Table 5 (page 34). 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 35). This study does not consider the impact of property tax caps that are available in some jurisdictions.

Table 1 indicates that, based on the assumptions used in this report, the property tax is *generally* the highest of the four taxes at each income level (though not always the case). 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), Bridgeport, Connecticut; Newark, New Jersey;¹⁶ Detroit, Michigan; and Baltimore, Maryland; and Los Angeles, California, have the highest property tax burdens, in that order for each income level. 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 32) and Table 5 (page 34).

At the \$50,000 income level, the lowest property tax burdens can be found in Honolulu, Hawaii; Birmingham, Alabama; and Washington, D.C. At the \$75,000, \$100,000 and \$150,000 income levels, the lowest are in Charleston, West Virginia; and Birmingham, Alabama. 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.

¹⁶ 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 of the 2013 Tax Rates and Tax Burdens Study 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 the families rent rather than own a home. At this level, Honolulu, Hawaii; Washington, D.C.; New York, New York; and Boston, Massachusetts have the highest property tax burdens (assumed 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, 15 percent of the annual rent is assumed to go toward paying the property tax).

Map 3 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. Chart 4 (page 36) presents property tax burdens at each income level on one chart, sorted by the (rental) burden on the family earning \$25,000 per year. Viewing the data this way illustrates the differing burdens on renters versus homeowners (however the methodology for calculating the property tax burdens on the lowest income group--using the property tax equivalent of rent--is different than the property tax burden calculations for the other four income groups).



Map 3: 2016 Property Tax Burdens (\$) (Family earning \$75,000/year)

Source: ORA Analysis. The lighter green shading represents a lower tax burden.

Burden Range						
1,102	9,170					

Table 4: Residential Property Tax Rates in the Largest City in Each State2016

DANK	CITY	ст	NOMINAL RATE DED \$100	ASSESSMENT	EFFECTIVE RATE DED \$100
1	Bridgenort	CT	5 44	70.00%	3.81
2	Detroit	MI	6.91	50.00%	3.61
3	Newark	NI	3 44	88.86%	3.40
4	Milwaukee	WI	2.76	100.00%	2.76
5	Des Moines	IA	4.74	56.94%	2.70
6	Indianapolis	IN	2.61	100.00%	2.61
7	Houston	TX	2.53	100.00%	2.53
8	Baltimore	MD	2.25	100.00%	2.25
9	Columbus	OH	7.47	30.00%	2.24
10	Manchester	NH	2.34	93.90%	2.20
11	Burlington	VT	2.57	84.52%	2.17
12	Columbia	SC	53.67	4.00%	2.15
13	Jackson	MS	21.44	10.00%	2.14
14	Portland	ME	2.24	94.00%	2.11
15	Omaha	NE	2.24	94.00%	2.10
16	Chicago	IL	7.15	28.00%*	2.00
17	Memphis	TN	7.78	25.00%	1.95
18	Jacksonville	FL	1.86	100.00%	1.86
19	Atlanta	GA	4.45	40.00%	1.78
20	Providence	RI	1.88	90.00%	1.69
21	Albuquerque	NM	4.80	33.30%	1.60
22	Boise	ID	1.64	97.03%	1.59
23	New Orleans	LA	15.18	10.00%	1.52
24	Kansas City	MO	7.80	19.00%	1.48
25	Sioux Falls	SD	1.74	85.00%	1.47
26	Little Rock	AR	7.00	20.00%	1.40
27	Philadelphia	PA	1.40	100.00%	1.40
28	Wilmington	DE	4.46	30.67%	1.37
29	Phoenix	AZ	13.56	10.00%	1.36
30	Anchorage	AK	1.36	100.00%	1.36
31	Wichita	KS	11.72	11.50%	1.35
32	Minneapolis	MN	1.37	94.88%	1.30
33	Portland	OR	2.09	60.35%	1.26
34 25	Oklanoma City		11.34	11.00%	1.25
20	I seriesille	IN I IVV	1 1 9	100.00%	1.20
30	Louisville	K Y ND	1.18	100.00%	1.18
3/	Fargo	ND NC	29.75	3.90%	1.10
30		NV	3.28	35.00%	1.15
40	Las Vegas Los Angeles		1.14	100.00%	1.15
40	Boston	MA	1.14	100.00%	1.14
41	Virginia Beach	VA	0.00	100.00%	0.00
42	Billings	MT	68 57	1 35%	0.99
43	Chevenne	WV	9.32	9 50%	0.95
45	WASHINGTON	DC	0.85	100.00%	0.85
46	Charleston	WV	1 40	60.00%	0.84
47	Seattle	WA	0.92	90.60%	0.83
48	Salt Lake City	UT	1.50	55.00%	0.83
49	Birmingham	AL	7.25	10.00%	0.73
50	Denver	CO	8.32	7.96%	0.66
51	Honolulu	HI	0.35	100.00%	0.35
	UNWEIGHTED AVER	AGE	7.62	58.97%	1.63
	MEDIAN		2.76	60 35%	1.40
	MILDIAN		2.70	00.3370	1.40

NOTE: All rates and percentages in this table are rounded and include state and local property taxes levied by multiple taxing authorities as identified by state survey respondents. 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. *For Chicago, IL, the state equalizer of 2.8% was applied to the assessment level of 10% to reflect the equalizer's impact on the final rate.

Chart 3: Residential Property Tax Rates in the Largest City in Each State 2016

City. State	Nominal Pate	Assessment loval	Total Effective Pate
,,	(por \$100 of assessed value)	Assessment level	(por \$100 of assassed value)
	(per \$100 of assessed value)		(per \$100 of assessed value)
Bridgeport, CT	5.44	70.00%	3.81
Detroit, MI	6.91	50.00%	3.46
Newark, NJ	3.44	88.86%	3.06
Milwaukee, WI	2.76	100.00%	2.76
Des Moines, IA	4.74	56.94%	2.70
Indianapolis, IN	2.61	100.00%	2.61
Houston, TX	2.53	100.00%	2.53
Baltimore, MD	2.25	100.00%	2.25
Columbus, OH	7.47	30.00%	2.24
Manchester, NH	2.34	93.90%	2.20
Burlington, VT	2.57	84.52%	2.17
Columbia, SC	53.67	4.00%	2.15
Jackson, MS	21.44	10.00%	2.14
Portland, ME	2.24	94.00%	2.11
Omaha, NE	2.24	94.00%	2.10
Chicago, IL	7.15	28.00%	2.00
Memphis, TN	7.78	25.00%	1.95
Jacksonville, FL	1.86	100.00%	1.86
Atlanta, GA	4.45	40.00%	1.78
Providence, RI	1.88	90.00%	1.69
Albuquerque, NM	4.80	33.30%	1.60
Boise, ID	1.64	97.03%	1.59
New Orleans, LA	15.18	10.00%	1.52
Kansas City, MO	7.80	19.00%	1.48
Sioux Falls, SD	1.74	85.00%	1.47
Little Rock, AR	7.00	20.00%	1.40
Philadelphia, PA	1.40	100.00%	1.40
Wilmington, DE	4.46	30.67%	1.37
Phoenix, AZ	13.56	10.00%	1.36
Anchorage, AK	1.36	100.00%	1.36
Wichita, KS	11.72	11.50%	1.35
Minneapolis, MN	1.37	94.88%	1.30
Portland, OR	2.09	60.35%	1.26
Oklahoma City, OK	11.34	11.00%	1.25
New York, NY	19.99	6.00%	1.20
Louisville, KY	1.18	100.00%	1.18
Fargo, ND	29.75	3.90%	1.16
Charlotte, NC	1.34	86.28%	1.15
Las Vegas, NV	3.28	35.00%	1.15
Los Angeles, CA	1.14	100.00%	1.14
Boston, MA	1.10	100.00%	1.10
Virginia Beach, VA	0.99	100.00%	0.99
Billings, MT	68.57	1.35%	0.93
Cheyenne, WY	9.32	9.50%	0.89
Washington, DC	0.85	100.00%	0.85
Charleston, WV	1.40	60.00%	0.84
Seattle, WA	0.92	90.60%	0.83
Salt Lake City, UT	1.50	55.00%	0.83
Birmingham, AL	7.25	10.00%	0.73
Denver, CO	8.32	7.96%	0.66
Honolulu, HI	0.35	100.00%	0.35
	0 20 40 60 80	0% 50% 100%	0 1 2 3 4
		0070 10070	

Source: ORA Analysis of data from State Revenue Officials and State Department of Revenue Web sites.

Note: Rates include state and local property taxes levied by multiple taxing authorities as identified by state survey respondents.

Table 5: Housing Value Assumptions, 2016

		HOUSING ASSUMPTIONS AT INDICATED INCOME LEVELS:					
		TAX ON RENT		HOUSE	VALUE		
CITY	ST	\$25,000	\$50,000	\$75,000	\$100,000	\$150,000	
Anchorage	AK	1,588	136,787	205,181	273,574	410,361	
Birmingham	AL	1,103	105,293	157,940	210,587	315,880	
Little Rock	AR	947	101,207	151,811	202,415	303,622	
Phoenix	AZ	1,073	146,430	219,645	292,860	439,289	
Los Angeles	CA	1,705	272,003	408,004	544,006	816,009	
Denver	CO	1,395	177,984	266,976	355,968	533,952	
Bridgeport	CT	1,384	160,630	240,946	321,261	481,891	
WASHINGTON	DC	2,353	158,333	237,500	316,667	475,000	
Wilmington	DE	1,494	127,926	191,889	255,852	383,777	
Jacksonville	FL	1,109	122,738	184,107	245,476	368,215	
Atlanta	GA	1,375	114,804	172,206	229,608	344,412	
Honolulu	HI	2,401	279,495	419,243	558,991	838,486	
Des Moines	IA	1,039	102,758	154,137	205,516	308,274	
Boise	ID	877	147,644	221,467	295,289	442,933	
Chicago	IL	1,548	121,622	182,434	243,245	364,867	
Indianapolis	IN	994	95,097	142,646	190,194	285,291	
Wichita	KS	824	90,549	135,823	181,098	271,647	
Louisville	KY	992	103,603	155,405	207,206	310,809	
New Orleans	LA	1,204	124,185	186,278	248,370	372,556	
Boston	MA	1,901	172,066	258,099	344,133	516,199	
Baltimore	MD	1,532	141,218	211,827	282,436	423,655	
Portland	ME	1,372	143,976	215,965	287,953	431,929	
Detroit	MI	958	102,249	153,374	204,499	306,748	
Minneapolis	MN	1,181	120,832	181,248	241,664	362,497	
Kansas City	MO	1,012	101,007	151,510	202,014	303,020	
Jackson	MS	952	100,034	150,050	200,067	300,101	
Billings	MT	922	155,042	232,564	310,085	465,127	
Charlotte	NC	1,175	116,779	175,168	233,557	350,336	
Fargo	ND	880	112,032	168,047	224,063	336,095	
Omaha	NE	929	90,391	135,587	180,783	271,174	
Manchester	NH	1,395	124,362	186,542	248,723	373,085	
Newark	NJ	1,494	177,758	266,637	355,517	533,275	
Albuquerque	NM	1,064	133,914	200,871	267,828	401,742	
Las Vegas	NV	1,138	154,994	232,490	309,987	464,981	
New York City	NY	2,327	177,758	266,637	355,517	533,275	
Columbus	OH	958	100,066	150,098	200,131	300,197	
Oklahoma City	OK	976	97,341	146,011	194,681	292,022	
Portland	OR	1,595	176,256	264,385	352,513	528,769	
Philadelphia	PA	1,494	127,926	191,889	255,852	383,777	
Providence	RI	1,179	137,151	205,726	274,301	411,452	
Columbia	SC	974	103,890	155,835	207,780	311,669	
Sioux Falls	SD	837	103,690	155,535	207,380	311,070	
Memphis	TN	1,084	98,684	148,026	197,368	296,053	
Houston	TX	1,231	100,197	150,296	200,394	300,592	
Salt Lake City	UT	1,085	148,459	222,689	296,919	445,378	
Virginia Beach	VA	1,705	141,486	212,230	282,973	424,459	
Burlington	VT	1,562	143,082	214,623	286,163	429,245	
Seattle	WA	1,888	177,814	266,721	355,628	533,442	
Milwaukee	WI	1,073	114,393	171,589	228,785	343,178	
Charleston	WV	895	88,241	132,361	176,481	264,722	
Cheyenne	WY	938	134,917	202,375	269,834	404,750	
AVERAGE		1,277	133,472	200,209	266,945	400,417	
MEDIAN		1,138	124,362	186,542	248,723	373,085	

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. Rents for studio apartments were selected. The property tax equivalent of rent is assumed to be 15 percent of annual rent (Note: this is a change from previous years when the PTER was assumed to be 20 percent of rent).

Source for all other columns: ORA Calculations. Data on MSA median household incomes and MSA median house values of mortgage holders for 2016 were retrieved from the Census Bureau's ACS 2016. A multiplier was applied to each income based on the relationship of median income to median home value. Newark, NJ is in the same MSA as NYC, thus the same house value and income data are used for both. Similarly, Wilmington, DE, is in the same MSA as Philadelphia, thus the same house value and income data are used for both.

Table 6: Cities That Allow Exemptions or Reduced Rates in the Calculation ofReal Estate Taxes for Homeowners, 2016

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	Up to \$4,000 (local option to exempt \$2,000 to \$4,000)	Assessed Value-Homestead
Little Rock	AR	\$350 Credit against Homestead for Homeowners	Tax Credit
Phoenix	AZ	47.19% Exemption on School Tax Rates up to \$600	Assessed Value
Los Angeles	CA	\$7,000 Exemption	Assessed Value
WASHINGTON 1/	DC	\$71,700 Exemption	Assessed Value-Homestead
Jacksonville	FL	1.First Homestead Exemption - \$25,000 2. Second Homestead exemption \$25,000	Assessed Value
Atlanta	GA	\$30,000 Exemption	Assessed Value
Honolulu	HI	\$80,000 Exemption	Assessed Value
Des Moines	IA	\$4,850 Exemption	Assessed Value
Boise	ID	50% of Assessed Value, up to \$94,745 Exemption	Assessed Value and Homestead up to 1 acre
Chicago	IL	Up to \$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	Assessed Value
New Orleans	LA	\$7,500 Exemption	Assessed Value
Boston	MA	\$1,961.58 Homeowner Exemption	Assessed Value
Portland	ME	\$18,800 Homestead Exemption	Assessed Value
Detroit	MI	Homestead Property Exempt from Up to 18 mills of Local School Operating Millage Tax	Taxable Value
Minneapolis	MN	Market Value Homestead Exclusion = (40%*MV of first \$76,000) minus (9%*MV of the value over \$76,000)	Market Value
Jackson	MS	\$7,500 Exemption, limit of \$300 of actual exempted tax dollars	Assessed Value
Omaha	NE	Real property tax credit = reduction in tax bill of \$89.57 per 100.000 assessed value	Assessed Value
Albuquerque	NM	\$2,000 Household Head Exemption	Taxable Value
New York City	NY	\$30,000 Exemption on Primary Residence (STAR)	Equalized Assessed Value
Columbus	OH	10% Credit	Assessed Value
Oklahoma City	OK	\$1,000 Exemption	Assessed Value-Homestead
Philadelphia	PA	\$30,000 Exemption	Assessed Value-Homestead
Columbia	SC	Owner occupied residential exempt from all school operating taxes, approximately 47% of all taxes exempted	Property Tax Relief Fund
Houston	TX	20% County Exemption on Value -Plus \$15,000 Exemption on School District Taxes Only -Plus, various exemptions on local levies, between 10% - 20% of assessed value	Assessed Value
Salt Lake City	UT	45% Residential (included in 55% assessment in Table 4)	Taxable Value
Burlington	VT	Up to \$8,000 reduction for those with incomes up to \$137,500	Household Income
Milwaukee	WI	For \$150,000 home: -\$306.60 School Levy Credit; -\$142.16 Lottery Credit; -\$75.59 1st Dollar Credit	Equalized Assessed Value Equalized Assessed Value Equalized Assessed Value

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

1/ DC's exemption amount increased to \$72,450 on October 1, 2016 (effective for D.C.'s Real Property Tax Year 2017).

Chart 4: 2016 Property Tax Burdens for All Income Levels, Sorted by Lowest Income Level

City, State	Income = \$25,000	Income = \$50,000	Income = \$75,000	Income = \$100,000	Income = \$150,000
Honolulu, HI	2.401	698	1.187	1.676	2.655
Washington, DC	2.353	736	1,409	2.082	3.428
New York NY	2 327	1 772	2.838	3 904	6.037
Boston MA	1 901	1.871	2,818	3 764	5,657
Seattle WA	1,001	1 482	2 223	2 964	4.446
Los Angeles CA	1 705	3.026	4 579	6 133	9 239
Virginia Beach VA	1,705	1 401	2 101	2 801	4 202
Portland OR	1,703	2 221	3 331	4 442	6 662
Anchorage AK	1,555	1 668	2 509	3 436	5 289
Burlington VT	1,500	1,000	2,309	5,430	0.147
Chicago II	1,502	2,900	4,400	4 272	5,147
Baltimore MD	1,040	1,930	3,134	4,372	0,000
Nowark NI	1,532	3,333 E 433	4,999	0,003	9,990
Dhiladalahia DA	1,494	5,452	0,140	10,805	10,297
Milmington DE	1,494	1,371	2,200	3,101	4,952
Wilmington, DE	1,494	1,750	2,020	3,500	5,250
Denver, CO	1,395	1,179	1,768	2,358	3,536
Manchester, NH	1,395	2,730	4,104	5,472	8,208
Bridgeport, CT	1,384	6,113	9,170	12,227	18,340
Atlanta, GA	1,375	1,510	2,531	3,553	5,597
Portland, ME	1,372	2,641	4,160	5,679	8,/1/
Houston, IX	1,231	1,856	2,874	3,893	5,930
New Orleans, LA	1,204	1,//1	2,713	3,656	5,541
Minneapolis, MN	1,181	1,124	1,840	2,555	3,986
Providence, RI	1,179	2,321	3,481	4,641	6,962
Charlotte, NC	1,175	1,343	2,014	2,686	4,029
Las Vegas, NV	1,138	1,778	2,668	3,557	5,335
Jacksonville, FL	1,109	1,520	2,660	3,799	6,077
Birmingham, AL	1,103	720	1,102	1,483	2,247
Salt Lake City, UT	1,085	1,225	1,837	2,450	3,675
Memphis, TN	1,084	1,919	2,879	3,839	5,758
Milwaukee, WI	1,073	2,630	4,207	5,784	8,937
Phoenix, AZ	1,073	1,987	2,982	3,976	5,966
Albuquerque, NM	1,064	2,110	3,181	4,252	6,394
Des Moines, IA	1,039	2,641	4,026	5,412	8,183
Kansas City, MO	1,012	1,495	2,242	2,990	4,485
Indianapolis, IN	994	851	1,658	2,466	4,081
Louisville, KY	992	1,227	1,840	2,453	3,680
Oklahoma City, OK	976	1,202	1,809	2,417	3,631
Columbia, SC	974	1,420	2,130	2,840	4,260
Columbus, OH	958	2,017	3,026	4,035	6,052
Detroit, MI	958	3,350	5,025	6,700	10,051
Jackson, MS	952	1,984	3,057	4,130	6,275
Little Rock, AR	947	1,067	1,775	2,484	3,901
Cheyenne, WY	938	1,195	1,792	2,389	3,584
Omaha, NE	929	1,818	2,728	3,637	5,455
Billings, MT	922	1,435	2,153	2,870	4,306
Charleston, WV	895	741	1,112	1,482	2,224
Fargo, ND	880	1,300	1,949	2,599	3,899
Boise, ID	877	1,173	2,013	3,186	5,532
Sioux Falls, SD	837	1,529	2,294	3,058	4,588
Wichita, KS	824	1,191	1,803	2,414	3,636
	0K 1K 2K 3K	0K 2K 4K 6K 8K	0K 5K 10K	0K 5K 10K 15K	0K 10K 20K

Source: ORA analysis; see description on page 8-10 for data sources and methodology. Note: the methodology for calculating burdens for the \$25,000/year income earning family differ from the calculations for the other four income groups.

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 10.5 percent in Chicago, Illinois to 4.5 percent in Honolulu, Hawaii, as illustrated in Chart 5, page 38, and presented in Table 7, page 39. The highest state sales tax rate is 7.5 percent in Los Angeles, California; while the lowest state rate of 2.9 percent is found in Colorado. 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 was 0.5 percent Minneapolis, Minnesota. Of the 19 counties levying a sales tax, the highest rate (3.0 percent) is in Fulton County (Atlanta, Georgia). Five school districts and nine transit districts also levy sales taxes, with transit district rates ranging from 0.125 percent in Kansas City, Missouri to 1.25 percent in Chicago, Illinois.

Based on the results in Table 1, 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 general sales tax, the highest sales tax burdens across each of the income levels are in Memphis, Tennessee (highest at each income level); Birmingham, Alabama; New Orleans, Louisiana; Little Rock, Arkansas; and Jackson, Mississippi.

Cities and states that levy a general sales tax and that have the lowest sales tax burdens at all income levels include Cheyenne, Wyoming; Baltimore, Maryland; Des Moines, Iowa; and Virginia Beach, Virginia. (In Table 1, Billings, Montana, and Manchester, New Hampshire have lower sales tax burdens than these four cities. However, the Billings and Manchester sales tax burdens are due to selective sales taxes that apply to certain consumption items that are included in the calculations for this report. However, these two jurisdictions do not have a general sales tax and are therefore excluded from any of the counts on this page, as well as Charts 4 and 5, and Table 7.)

Chart 5: State and Local General Sales Tax Rates in Each of the 51 Cities as of December 31, 2016



Source: ORA analysis of data collected from a 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.

* The 0.700 "transit district rate" in Virginia is a regional sales tax that is dedicated to a transportation fund.

Table 7: State and Local General Sales Tax Rates in Each of the 51 Cities as ofDecember 31, 2016

СІТҮ	STATE	TOTAL RATE (%)	STATE RATE (%)	CITY RATE (%)	COUNTY RATE (%)	SCHOOL/ OTHER RATE (%)	TRANSIT RATE (%)
Chicago	IL	10.500	6.250	1.250	1.750		1.250
New Orleans	LA	10.000	5.000	2.500		1.500	1.000
Birmingham	AL	10.000	4.000	4.000	2.000		
Seattle	WA	9.600	6.500	3.100			
Memphis	TN	9.250	7.000	2.250			
Los Angeles	CA	9.000	7.500*	1.500			
Little Rock	AR	9.000	6.500	1.500	1.000		
New York City	NY	8.875	4.000	4.500			0.375
Phoenix	AZ	8.600	5.600	2.300	0.700		
Kansas City	MO	8.475	4.225	2.875	1.250		0.125
Oklahoma City	OK	8.375	4.500	3.875			
Houston	TX	8.250	6.250	1.000			1.000
Las Vegas	NV	8.150	6.850		1.300		
Jackson	MS	8.000	7.000	1.000			
Philadelphia	PA	8.000	6.000	2.000			
Columbia	SC	8.000	6.000		2.000		
Atlanta	GA	8.000	4.000	1.000	3.000		
Minneapolis	MN	7.775	6.875	0.500	0.150		0.250
Denver	CO	7.650	2.900	3.650		0.100	1.000
Wichita	KS	7.500	6.500		1.000		
Columbus	OH	7.500	5.750		1.250	0.500	
Fargo	ND	7.500	5.000	2.000	0.500		
Albuquerque	NM	7.313	5.125	1.188	1.000		
Charlotte	NC	7.250	4.750		2.000	0.500	
Newark	NJ	7.000	7.000				
Charleston	WV	7.000	6.000	1.000			
Omaha	NE	7.000	5.500	1.500			
Indianapolis	IN	7.000	7.000				
Providence	RI	7.000	7.000				
Jacksonville	FL	7.000	6.000		1.000		
Burlington	VT	7.000	6.000	1.000			
Salt Lake City	UT	6.850	5.950*			0.10	0.800
Sioux Falls	SD	6.500	4.500	2.000			
Bridgeport	СТ	6.350	6.350				
Boston	MA	6.250	6.250				1
Des Moines	IA	6.000	6.000				1
Boise	ID	6.000	6.000				1
Louisville	KY	6.000	6.000				1
Baltimore	MD	6.000	6.000				
Detroit	MI	6.000	6.000				
Virginia Beach	VA	6.000	5.300*				0.700
Cheyenne	WY	6.000	4.000		2.000		1
WASHINGTON	DC	5.750		5.750			
Milwaukee	WI	5.600	5.000		0.500	0.100	1
Portland	ME	5.500	5.500				
Honolulu	HI	4.500	4.000		0.500		
							•
UNWEIGHTED A	VERAGE	7.341	5.541	2.130	1.266	0.700	0.625
MEDIAN		7.250	6.000	2.000	1.000	0.500	0.625

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 jurisdictions with a sales tax.

*These rates include state-side mandatory local add-on rates: CA: 1.25%; UT: local 1.0% and county 0.25%; VA: 1.0%



Map 4: 2016 Sales Tax Burdens, Family Earning \$75,000/Year

Source: ORA Analysis. The lighter green shading represents a lower tax burden. Anchorage, AK; Billings, MT; Manchester, NH; Portland, OR; and Wilmington, DE do not have a general sales tax. Montana and New Hampshire have select sales taxes on some items included in the sales tax burden calculation, thus they both have small sales tax burdens while the others are labeled 'n/a.'



2016 Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison

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. Eleven 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, 2016, are compared in Table 8, page 42. The total gasoline tax rates vary from a high of 51.4 cents per gallon in Philadelphia, Pennsylvania; 51.1 in Chicago, Illinois; and 49.4 in Seattle, Washington; to a low of 8.95 cents per gallon in Anchorage, Alaska. Seven states apply a sales tax to gasoline, and those rates are included in the rates in the table.

Automobile registration fees and taxes are usually either flat per-vehicle rates or excise taxes based on either vehicle 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 43.

The eleven cities that levy personal property taxes on automobiles use 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 43.

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 through the income tax at the \$25,000 income level). Providence, Rhode Island; Bridgeport, Connecticut; and Kansas City, Missouri are the cities with the highest automobile tax burdens across all income levels. These cities levy either a personal property tax or a high excise tax. Albuquerque, New Mexico; New Orleans, Louisiana; and Birmingham, Alabama have the lowest automobile tax burdens at each income level. Each of these cities has flat registration rates or registration by weight, moderate gasoline tax rates, and no personal property or excise tax (or a low rate as in Birmingham).

Table 8: Gasoline Tax Rates in the 51 Cities, as of December 31, 2016(State and Local Rates per Gallon)

CITY	ST	TOTAL RATE	STATE RATE	LOCAL RATE
Philadelphia	PA	51.40	51.40	00.00
Chicago	IL	51.10	33.10	18.00
Seattle	WA	49.40	49.40	00.00
Honolulu	HI	44.35	27.70	16.65
Los Angeles	CA	40.69	40.00	00.69
Bridgeport	СТ	38.30	38.30	00.00
New York City	NY	38.30	33.80	04.50
Newark	NJ	37.10	37.10	00.00
Portland	OR	35.00	30.00	05.00
Charlotte	NC	34.25	34.25	00.00
Providence	RI	34.00	34.00	00.00
Las Vegas	NV	33.81	23.81	10.00
Baltimore	MD	33.50	33.50	00.00
Charleston	WV	33.20	33.20	00.00
Boise	ID	33.00	33.00	00.00
Milwaukee	WI	32.90	32.90	00.00
Des Moines	IA	31.70	31.70	00.00
Atlanta	GA	31.54	26.05	05.49
Detroit	MI	31.38	31.38	00.00
Jacksonville	FL	30.93	24.93	06.00
Minneapolis	MN	30.60	30.60	00.00
Burlington	VT	30.46	30.46	00.00
Indianapolis	IN	30.40	30.40	00.00
Salt Lake City	UT	30.05	30.05	00.00
Sioux Falls	SD	30.00	30.00	00.00
Portland	ME	30.00	30.00	00.00
Columbus	OH	28.00	28.00	00.00
Billings	MT	27.75	27.75	00.00
Omaha	NE	26.70	26.70	00.00
Boston	MA	26.60	26.60	00.00
Louisville	KY	26.00	26.00	00.00
Wichita	KS	25.03	25.03	00.00
Cheyenne	WY	24.00	24.00	00.00
Wilmington	DE	23.90	23.90	00.00
Manchester	NH	23.83	23.83	00.00
WASHINGTON	DC	23.50	23.50	00.00
Fargo	ND	23.00	23.00	00.00
Denver	CO	22.00	22.00	00.00
Little Rock	AR	21.80	21.80	00.00
Memphis	TN	21.40	21.40	00.00
Jackson	MS	21.40	18.40	03.00
Virginia Beach	VA	20.80	16.80	04.00
New Orleans	LA	20.13	20.13	00.00
Houston	TX	20.00	20.00	00.00
Birmingham	AL	20.00	19.00	01.00
Phoenix	AZ	19.00	19.00	00.00
Albuquerque	NM	18.80	18.80	00.00
Kansas City	MO	17.32	17.32	00.00
Oklahoma City	OK	17.00	17.00	00.00
Columbia	SC	16.75	16.75	00.00
Anchorage	AK	08.95	08.95	00.00
UNWEIGHTED AVERAG	E	28.84	27.39	1.46
MEDIAN		30.00	26.70	0.00

Note: Rates include state and local sales taxes applicable to gasoline and other fees (such as environmental or inspection fees).

Source: Survey of State Revenue Department Officials; Wolters Kluwer/CCH 2017 State Tax Handbook; Federation of Tax Administrators, "State Motor Fuel Tax Rates, as of January 1, 2017; "Energy Information Administration (EIA), "Federal and State Motor Fuels Taxes" February 2017; and Joel Michael, House Research Department of the MN Legislature, "Survey of State and Local Gasoline Taxes," August 2016 Update.

Table 9: Summary of Types of Automobile Registration Taxes 2016(50 states + D.C.)

TYPE OF REGISTRATION	NUMBER OF STATES
Flat Rate Only	22
Weight Only	13
Weight and Age	5
Horsepower Only	1
Age Only	3
Value Only	2
Value and Age	3
Value, Age, and Weight	2
	51
OTHER AUTO TAXES (INCLUDING LOC	<u>AL) *</u>
Personal Property	11
Excise:	
Value Based	30
Flat fee	1

*Based on State Survey responses; an excise tax is only applied in auto tax burden calculation if it is an annual tax.

						Market Values		Estimated	Estimated
Income Level	Description of Auto	Engine Size Liters 1/	Weight 2/	Year	Retail Price 2/	Trade-In Value 2/	Loan Value 2/	Mileage Per Gallon 1/	Annual Gasoline Usage 3/
\$ 25,000	Sedan, 4 Door 4-cylinder, Auto	1.8	2,851 lbs.	2013	\$12,875	\$9,500	\$12,746	30	500 gallons
\$ 50,000	Sedan, 4 Door 4 Cylinder, Manual	2.0	2,859 lbs.	2015	\$12,175	\$9,925	\$12,053	25	600 gallons
\$ 75,000	Sedan, 4 Door 4 Cylinder, Automatic	2.5	3,300 lbs.	2015	\$17,925	\$14,900	\$17,746	25	600 gallons
	4WD Utility, 4 Door 6 Cylinder, Automatic	3.5	4,178 lbs.	2010	\$15,375	\$12,475	\$15,221	17	441 gallons*
\$100,000	Sedan, 4 Door 6 Cylinder, Automatic	3.6	3,770 lbs.	2015	\$22,050	\$19,175	\$21,830	18	833 gallons
	4WD Utility, 4 Door 6 Cylinder, Automatic	4.0	4,628 lbs.	2010	\$14,075	\$10,925	\$13,934	13	577 gallons*
\$150,000	Sedan, 4 Door 6 Cylinder, Automatic	3.6	3,990 lbs.	2016	\$51,250	\$47,400	\$50,738	16	938 gallons
	AWD Utility, 4 Door 6 Cylinder, Automatic	3.5	4,234 lbs.	2012	\$18,075	\$14,925	\$17,894	18	417 gallons*

Table 10: Automobile Tax Assumptions 2016

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 for primary car; 7,500 for secondary car (secondary car denoted with an asterisk).



Chart 6: 2016 Auto Tax Burdens, Family Earning \$75,000/year

Source: ORA Analysis. See pages 41-43 for methodology and assumptions.

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 like 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 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 burden of each of the four major taxes for Washington, D.C., is compared with the 51city average at all income levels in Table 11, page 48 and the individual tax comparisons are described in more detail in the following sections. Further, Chart 7, on page 49 illustrates the comparisons between D.C.'s overall combined burden and the 51-city average at each income level.

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 51-city average at the \$25,000 level (the average is based on the cities and states that levy an income tax). The income tax burden at the \$50,000, \$75,000, \$100,000, and \$150,000 income levels is slightly higher in D.C. than for the average of the cities levying an income tax. This is due to the District's more progressive income tax. Washington, D.C. levied an individual income tax with six rates in tax year 2016: 4.0 percent on the first \$10,000 of taxable income; 6.0 percent on the next \$30,000 of taxable income; 6.5 percent on taxable income over \$40,000 up to \$60,000; 8.5 percent on taxable

income over \$60,000 up to \$350,000; 8.75 percent on taxable income greater than \$350,000, and 8.95 percent on taxable income over \$1,000,000. For tax year 2016, personal exemptions of \$1,775 per dependent were allowed, as well as a \$1,775 exemption for the filer and spouse, respectively. A standard deduction of \$8,350 for joint married filers (\$5,200 for married-filing separately), and indexed to the Consumer Price Index was in effect for the period of this study. Itemized deductions are the same as those allowed in computing the federal income tax, but the District does not allow the deduction of its own individual income tax. Washington, D.C. also has "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 taxpayer's income tax liability (though this is not considered for calculations in this study). The District's low-income credit eliminates the District income tax for taxpayers with no federal income tax liability.

The District's income tax rates have changed and become more progressive in recent years, with slightly decreasing rates on income between \$40,000 and \$60,000 and between \$350,000 and \$1,000,000, while rates slightly increased on income over \$1,000,000. The need to levy higher income tax rates on 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. Because of this, the District of Columbia taxes residents at a higher rate than would otherwise be the case since more than 60 percent of the wages and salaries earned in the District of Columbia are earned by non-residents.¹⁷

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. 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. Although the District's house values are higher than the 51-city average at each income level, these rankings highlight the District's low property tax burden for homeowners, as compared to the other 50 cities.

The tax on residential property in the District of Columbia is based on the assessed value of the property, which 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 is \$0.85 per \$100 of assessed value for 2016. D.C. homeowners may deduct a homestead exemption of \$71,700 from the assessed base 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.

Sales and Use Tax

According to Table 11, the sales tax burden in the District of Columbia is lower than the 51-city average at the all five income levels (averages are based on cities levying tax). In 2016,

¹⁷ "District of Columbia Economic and Revenue Trends: September 2016." Government of the District of Columbia, Office of the Chief Financial Officer, Office of Revenue Analysis. Washington, D.C.: 2015. p. 6.

²⁰¹⁶ Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison

the District levied a sales tax with five different rates. This rate structure is used, 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 2016. Items exempt from the District of Columbia sales tax include groceries and prescription drugs.

ITEMS	2016 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%
Medical marijuana	6.0%
Restaurant meals, liquor sold for consumption on and off the premises, rental vehicles, prepaid telephone cards, tickets sold for baseball games, merchandise sold at the baseball stadium, tickets sold for events at the Verizon Center and merchandise sold at the Verizon Center	10.0%
Hotels (transient accommodations)	14.5%
Parking motor vehicles in commercial lots	18.0%

Source: "D.C. Tax Facts 2016." Government of D.C., Office of the Chief Financial Officer, Office of Revenue Analysis, p. 28.

Automobile Taxes

Washington, D.C., automobile tax burdens are below the 51-city average for all income levels, as shown in Table 11, indicating the District's competitive auto tax rates. Washington, D.C. taxes gasoline at 23.5 cents per gallon, and requires registration fees for automobile owners. Fees are \$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. 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 top four income levels 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-three percent of District acreage is tax exempt¹⁸), 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.

¹⁸ "D.C. Tax Facts 2017." Government of the District of Columbia, Office of the Chief Financial Officer, Office of Revenue Analysis, p. 42.

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, 2016

TAX DISTRICT OF COLUMBIA		FOR CITIES LEVYING TAX 1/	DIFFERENCE (D.C. Minus Average)
	\$25,000 INCC	OME LEVEL	
Income	(\$813)	13	(\$826)
Property	2,353	1,277	1,076
Sales	684	909	(225)
Auto	190	269	(79)
TOTAL	\$2,414	\$2,411	\$3
	\$50,000 INCC	OME LEVEL	
Income	1,980	\$1,559	\$421
Property	736	1,877	(\$1,141)
Sales	772	1,025	(\$253)
Auto	213	313	(\$100)
TOTAL	3,701	\$4,439	(\$738)
Income Property	\$3,164	\$2,910 2.888	\$254 (\$1.479)
Income	\$3,164	\$2,910	\$254
Sales	1,002	1 277	$\frac{(\varphi_1,\varphi_2)}{(\$274)}$
buleb	475	612	(\$138)
Auto		012	
Auto	\$6.050	\$7,000	(\$1.048)
Auto TOTAL	\$6,050	\$7,099	(\$1,048)
Auto TOTAL	\$6,050 \$100,000 IN	\$7,099 COME LEVEL	(\$1,048)
Auto TOTAL Income	\$6,050 \$100,000 IN \$4,222	\$7,099 COME LEVEL \$4,165	(\$1,048)
Auto TOTAL Income Property	\$6,050 \$100,000 IN \$4,222 2,082	\$7,099 COME LEVEL \$4,165 3,906	(\$1,048) (\$1,048) \$57 (\$1,824)
Auto TOTAL Income Property Sales	\$6,050 \$100,000 IN \$4,222 2,082 1,243	\$7,099 COME LEVEL \$4,165 3,906 1,561	(\$1,048) (\$1,048) \$57 (\$1,824) (\$318)
Auto TOTAL Income Property Sales Auto	\$6,050 \$100,000 IN \$4,222 2,082 1,243 561	\$7,099 COME LEVEL \$4,165 3,906 1,561 748	(\$1,048) (\$1,048) (\$1,824) (\$1,824) (\$318) (\$186)

separate tax type. Averages for Income and Sales taxes do not include cities/states with no income or sales tax. Note: While using the median of the 51 cities results in slightly different dollar amounts, the results are the same in that DC's overall burden is

slightly higher than the 51-city median at the \$25,000 income level, and lower than the median at the other four income levels.



Chart 7: Combined 2016 Tax Burdens at Each Income Level: Comparison of D.C. and the Average of the 51 Cities

2016 Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison

burden is slightly higher than the 51-city median at the \$25,000 income level, and lower than the median at the other four income levels.

Part II

A Comparison of Selected Tax Rates in the District of Columbia with Those in the 50 States as of January 1, 2017

Tax Rate Comparisons at a Glance

Below is a review of how D.C.'s tax rates compare to the other jurisdictions in the report that levy each tax. 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; and motor vehicle registration fees. In four tax categories – insurance premiums, beer, light wine, and distilled spirits -- the District has lower tax rates than most states. For gasoline, twenty-five states have higher excise taxes than the District and twenty-five states have lower taxes than the District. Similarly, twenty-six states have a higher sales tax than D.C. and eighteen states have a lower rate.

		NUM	BER OF JURISDICT	IONS
TAX	LEVYING TAX	LOWER	SAME	HIGHER
	1/	THAN D.C.	AS D.C.	THAN D.C.
Individual Income	43	37	1	5
	2/	3/		3/
Corporate Income	44	39	1	4
Insurance	50	17	0	33
Sales and Use	45	18	1	26
Beer	50	7	1	42
Light Wine	47	4	4	39
Distilled Spirits	33	0	1	32
Cigarette	50	42	0	8
Gasoline	50	25	0	25
Motor Vehicle Excise Cars < 3,500 lbs.	46	23	7	16
Motor Vehicle Registration (Fee)	50	47	0	3
Deed Recordation	36	36	0	0

Table 12: Comparison of Selected State Tax Rates

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 13: Individual Income Tax Washington Metropolitan Area

PERSONAL EXEMPTIONS	EXEMPTIONS	TAXABLE INCOME 5/	RATES
DISTRICT OF COLUMBIA			
Single	\$1,775	\$0 - \$10,000	4.0%
Married Filing Separately	\$3,550	\$10,001-\$40,000 \$40,001-\$60,000	\$400 + 6.0% of excess > $$10,000$2,200 + 6.5%$ of excess > $$40,000$
Married Filing Jointly	\$3,550	\$60,001-\$350,000	33,500 + 8.5% of excess > $60,000$
Head of Household	\$1,775	\$350,000-\$1,000,000 Over \$1,000,000	\$28,150 + 8.75% of excess > $$350,000$85,025, plus 8,95% of the excess above$
Dependent (additional)	\$1,775	0 ver \$1,000,000	\$1,000,000
Blind (additional)	\$1,775		
Age 65 and over (additional)	\$1,775		
Standard Deduction	1/		
MARYLAND 2/		I	
Single	\$3,200	\$0 - \$1,000	2.0%
Married Filing Separately	\$6,400	\$1,001-\$2,000 \$2.001-\$3.000	\$20 + 3.00% of excess > \$1,000 \$50 + 4.00\% of excess > \$2.000
Married Filing Jointly	\$6,400	\$3,001-\$150,000	90 + 4.75% of excess > $3,000$
Head of Household	\$3,200	\$150,001-\$175,000 \$175,001-\$225,000	\$7,072.50 + 5% of excess > \$150,000 \$8,322.50 + 5.25% of excess > \$175,000
Dependent (additional)	\$3,200	\$225,001-300,000	10,947.50 + 5.5% of excess > $225,000$
Blind (additional)	\$1,000	Over \$300,000	\$15,072.50 + 5.75% of excess> \$300,000
Age 65 and over (additional)	\$1,000		
Standard Deduction	3/		
VIRGINIA		I	
Single	\$ 930	\$0 - \$3,000	2.0%
Married Filing Separately	\$ 930	\$3,001-\$5,000 \$5,001-\$17,000	\$60 + 3.00% of excess > $$3,000$120 + 5.00%$ of excess > $$5.000$
Married Filing Jointly	\$1,860	Over \$17,000	720 + 5.75% of excess > \$17,000
Head of Household	\$ 930		
Dependent (additional)	\$ 930		
Blind (additional)	\$ 800		
Age 65 and over (additional)	\$ 800		
Standard Deduction	4/		

Source: Survey of State Revenue Department Officials; State Web Sites; and 2017 State Tax Handbook, Wolters Kluwer/ CCH Group, 2016.

1/ Married persons filing separately - \$5,650; Married filing jointly - \$10,275; Head of household - \$7,800.

2/ Maryland rates do not include local rates that may be as low as 1.75% in Worcester County and as much as 3.20% in Howard, Montgomery and Prince George's Counties, among others. Baltimore City, which is used in this study, has a local rate of 3.20%.

3/ The standard deduction for an individual is 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 14: Individual Income Tax43 States and the District of Columbia

PERSONA	L EXEMPTIC	ONS (CREDITS)	RATES AND TAXABLE INCOME BRACKETS				
	MARRIED		ТҮРЕ	MINI	MUM	MAXI	MUM
SINGLE	FILING JOINT	DEPENDENTS	OF RETURN	RATE	UP TO	RATE	OVER
ALABAMA	1/						
\$1,500	\$3,000	\$500 1/	S,HH,M M/J	2.0% 2.0%	\$ 500 1,000	5.0% 5.0%	\$ 3,000 6,000
ARIZONA							
\$2,100	\$4,200	\$2,300	S,M/S M/J,HH	2.59% 2.59%	\$10,179 20,357	4.54% 4.54%	\$152,668 305,336
ARKANSAS							
(\$26)	(\$52)	(\$26)	S,HH,M, M/J	0.9%	\$ 4,299	6.9%	\$ 35,100
CALIFORN	IA 2/						
(\$111)	(\$222)	(\$344)	S,M/S HH 3/ M/J	1.0% 1.0% 1.0%	\$ 7,850 15,710 15,700	12.3% 12.3% 12.3%	\$537,498 715,963 1,074,996
COLORADO)						
\$4,050	\$8,100	\$4,050		4.63% of fee	deral taxable inco	ome with certain	modifications.
CONNECTI	CUT						
\$14,500	\$24,000	\$0 4/	S,M/S HH	3.0% 3.0%	\$ 10,000 16,000	6.99% 6.99%	\$ 500,000 800,000
DELAWADI	<u> </u>		IVI/J	5.0%	20,000	0.99%	1,000,000
(\$110)	(\$220)	(\$110)	S, M/S, M/J	0.0%	\$ 2,000	6.60%	\$ 60,000
DISTRICT (OF COLUMB	[A					
\$1,775	\$3,550	\$1,775	S,M/S, M/J, HH	4.00%	\$ 10,000	8.95%	\$1,000,000
GEORGIA	1	1					
\$2,700	\$5,400	\$3,000	M/S S HH_M/I	1.0% 1.0% 1.0%	\$ 750 750 1 000	6.00% 6.00% 6.00%	\$ 5,000 7,000 10,000
HAWAII	1	1		1.070	1,000	0.0070	10,000
\$1,144	\$2,288	\$1,144	M/S,S HH M/J, SS	1.40% 1.40% 1.40%	\$ 2,400 3,600 4,800	8.25% 8.25% 8.25%	\$48,000 72,000 96,000

1/ Does not include various local income taxes. Alabama's personal exemption is \$2,500 for single taxpayers with an AGI less than \$20,500, and \$300 for those with an AGI greater than \$100,000. Alabama's personal exemption for a dependent is \$1,000 for taxpayers with incomes over \$20,000, and for taxpayers with incomes over \$100,000 the dependent exemption is \$300.

2/ California imposes a Mental Health Services Tax at a rate of 1 percent on income over \$1,000,000.

3/ California Head of Household thresholds are for 2016.

4/ Connecticut's personal exemption incorporates a standard deduction.

Table 14 (Continued)Individual Income Tax43 States and the District of Columbia

PERSONA	L EXEMPTIC	ONS (CREDITS)	RATES AND TAXABLE INCOME BRACKETS				
	MARRIED		ТҮРЕ	MINI	MUM	MAXI	MUM
	FILING		OF				
SINGLE	JOINT	DEPENDENTS	RETURN	RATE	UP TO	RATE	OVER
IDAHO	-						
\$4,050	\$8,100	\$4,050	S,M/S	1.60%	\$ 1,454	7.40%	\$ 10,905
			HH,M/J	1.60%	2,908	7.40%	21,810
ILLINOIS 1/	r						
\$2,000	\$4,000	\$2,000			3	8 75% of taxable	net income. 2/
					-		net meomer 2
INDIANA 3/	/ 4/						
\$1,000	\$2,000	\$1,000			3.23% of	federal adjusted	gross income.
IOWA							
(\$40)	(\$80)	(\$40)	S, M/J	0.36%	\$ 1,554	8.98%	\$ 70,785
KANSAS	* / * • •	** • • •	a		* 1 * 000		* • • • • • • • •
\$2,250	\$4,500	\$2,250	S, M/S	2.9%	\$ 15,000	5.2%	\$ 30,000
			M/J	2.9%	30,000	5.2%	60,000
KENTUCKY	<u>{</u>						
(\$20)	(\$40)	(\$20)		2.0%	\$ 3,000	6.0%	\$ 75,000
LOUISIANA	L						
\$4,500	\$9,000	\$1,000	S, M/S, HH	2.0%	\$ 12,500	6.0%	\$ 50,000
			M/J	2.0%	25,000	6.0%	\$100,000
MAINE							
\$4,050	\$8,100	\$4,050	S, M/S	5.80%	\$ 21,050	7.15%	\$ 50,000
			HH	5.80%	31,550	7.15%	56,250
			M/J	5.80%	42,100	7.15%	75,000
MARYLAN	D 3/	**	a	2 0 0 1		** **
\$3,200	\$6,400	\$3,200	S,M/S	2.0%	\$ 1,000	5.75%	\$250,000
			M/J, HH	2.0%	1,000	5.75%	300,000
NA GGA GTT	IGEARA						
MASSACHU ¢4.400	SETTS	¢1.000				5 100/ -64	
\$4,400	\$8,800	\$1,000				5.10% of t	axable income.
MICHIGAN	3/						
\$4,000	\$8,000	n/a				4.25% of ta	axable income.

1/ Illinois' rate increased to 4.95% effective July 1, 2017.

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

3/ Does not include various local income taxes.

4/ Indiana allows an additional \$1,500 exemption for dependent children meeting certain conditions.

Table 14 (Continued)Individual Income Tax43 States and the District of Columbia

			RATES AND TAXABLE				
PERSONA	L EXEMPTIC	ONS (CREDITS)	INCOME BRACKETS				
	MARRIED		TYPE	MINI	MUM	MAXI	MUM
	FILING		OF				
SINGLE	JOINT	DEPENDENTS	RETURN	RATE	UP TO	RATE	OVER
MINNESOT	A						
\$4,050	\$8,100	\$4,050	S	5.35%	\$ 25,390	9.85%	\$ 156,911
			M/S	5.35%	18,560	9.85%	130,760
			HH	5.35%	31,260	9.85%	209,200
			M/J	5.35%	37,110	9.85%	261,510
MISSISSIPP	PI					-	
\$6,000	\$12,000	\$1,500	S, M/J, HH	3.0%	\$ 5,000	5.0%	\$ 10,000
MISSOURI	1/						
\$2,100	\$4,200	\$1,200	S, M/J, HH,	1.5%	\$ 1,008	6.0%	\$ 9,072
			M/S				
MONTANA							
\$2,400	\$4,800	\$2,400	S, M/J, HH	1.0%	\$ 2,900	6.9%	\$ 17,600
NEBRASKA							
(\$132)	(\$264)	(\$132)	M/S,S	2.46%	\$ 3,090	6.84%	\$ 29,830
			HH 2/	2.46%	5,710	6.84%	43,880
			M/J	2.46%	6,170	6.84%	59,660
NEW HAME	PSHIRE			1			
\$2,400	\$4,800		4	5.0% on dividen	d and interest in	come over perso	nal exemption.
						•	
NEW JERSH	EY						
\$1,000	\$2,000	\$1,500	S,M/S,	1.4%	\$ 20,000	8.97%	\$ 500,000
			HH,M/J				
NEW MEXT							
\$4.050	\$8.100	\$4.050	S M/S	1 7%	\$ 5,500	4 0%	\$ 16,000
\$4,050	\$6,100	\$4,050	5,M/5 111 M/I	1.7%	\$ 3,500	4.9%	3 10,000
			1111, Ivi/J	1.770	8,000	4.970	24,000
NEW YORK	-						
NEW YORK	L	¢1.000		1.00/	¢ 0.500	0.020/	¢1.077.550
		\$1,000	M/S,S	4.0%	\$ 8,500	8.82%	\$1,077,550
			HH 2/ M/T	4.0%	12,750	8.82%	1,005,050
NODTH			1 V1 / J	4.0%	17,150	8.82%	2,135,550
NUKIHUA	NULINA						5 4000/
							5.499%
NORTH DA	КОТА	±					
\$4,050	\$8,100	\$4,050	S	1.10%	\$ 37,950	2.90%	\$ 416,700
			HH 2/	1.10%	50,400	2.90%	413,350
			M/J	1.10%	63,400	2.90%	416,700

 $1/\operatorname{Does}$ not include various local income taxes.

2/ Nebraska, New York, and North Dakota Head of Household thresholds are for 2016.

Table 14 (Continued)Individual Income Tax43 States and the District of Columbia

PERSONAL F	EXEMPTIONS	S (CREDITS)	RATES AND TAXABLE INCOME BRACKETS				
	MARRIED		TYPE	MINI	MUM	MAXI	MUM
SINCLE	FILING	DEDENIDENTEG	OF				
OHIO 1/	JOINI	DEPENDEN15	KEIUKN	RATE	UP TO	RATE	OVER
\$2.250	\$4,500	\$2.250	S.M/J.M/S	0.495%	\$ 5.250	4,997%	\$210.600
1 7		. ,	,,				
OKLAHOMA \$1,000	\$2,000	\$1,000	S M/S	0.5%	¢ 1,000	5 000/	\$ 7,200
\$1,000	\$2,000	\$1,000	5,M/S HH.M/J	0.5%	\$ 1,000	5.00%	\$ 7,200
OPECON 1/			111,11,0	0.070	2,000	010070	12,200
(\$197)	(\$394)	(\$197)	S.M/S	5.0%	\$ 3.400	9.9%	\$125.000
(+->+)	(\$25.)	(+1))	M/J	5.0%	6,700	9.9%	250,000
PENNSYLVANIA	1/	[2.070/ 6	· · · · · · · · · · · · · · · · · · ·	11	<u> </u>
				3.07% of spec	iffed classes of t	axable income is	s effective rate.
DHODE ISLAND							
\$3.900	\$7,800	\$3,900	S.HH.M/S.	3,75%	\$ 61.300	5,99%	\$ 139,400
40,900	\$1,000	40,700	ы, ш, ш, ш, ы,	011070	ф 01,000	0.0000	¢ 109,100
SOUTH CAROLI	NA too	¢ 4 0 5 0		0.004	* 2 0 2 0	5 000	¢ 14.650
\$4,050	\$8,100	\$4,050	S,M/S,M/J	0.0%	\$ 2,930	7.0%	\$ 14,650
THENINGGODE							
IENNESSEE \$1.250	\$2 500				6.0% 0	n interest and div	vidend income
φ1,250	φ2,500				0.070 0	in interest and dry	acità meome.
UTAH							
/2							5.0% flat rate.
VERMONT	1	I					
\$4,050	\$8,100	\$4,050	S	3.55%	\$37,950	8.95%	\$ 416,700
			M/S	3.55%	31,425	8.95%	206,675
			HH M/I	3.55% 3.55%	50,400	8.95%	413,350
VIRGINIA			IVI/J	3.3370	05,550	8.9370	410,700
\$930	\$1,860	\$930	S,M/J	2.0%	\$ 3,000	5.75%	\$ 17,000
					-		
WEST VIRGINIA	·	I					
\$2,000	\$4,000	\$2,000	S,M/J	3.0%	\$ 10,000	6.5%	\$ 60,000
WISCONSIN							
\$700	\$1,400	\$700	S,HH	4.0%	\$ 11,230	7.65%	\$ 247,350
				4.0%	14,980		329,810 163,170
			IVI/ S 3/	4.0%	7,410		105,170

Source: Survey of State Revenue Department Officials; State Department of Revenue web sites; Federation of Tax Administrators, "State Individual Income Tax Rates as of January 1, 2017"; and Tax Foundation, "State Individual Income Tax Rates and Brackets for 2017."

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).

3/ Wisconsin M/S thresholds are for 2016.

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			СО	CO*	
CONNECTICUT			СТ	СТ	
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	МО		МО	МО	

Table 15: Characteristics of State Individual Income Taxes

JURISDICTION	FEDERAL INCOME TAX	NO INCOME TAX	WITH- HOLDING	FEDERAL DEFINITION OF INCOME FOR STATE	STATE DEFINITION OF INCOME FOR
	DEDUCTIBLE			TAX BASE	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	ОН	
OKLAHOMA			OK	ОК	
OREGON 3/	OR		OR	OR	
PENNSYLVANIA			PA		PA
RHODE ISLAND			RI	RI	
SOUTH CAROLINA			SC	SC*	
SOUTH DAKOTA		SD			
TENNESSEE		TN 2/			
TEXAS		TX			
UTAH			UT	UT	
VERMONT			VT	VT*	
VIRGINIA			VA	VA	
WASHINGTON		WA			
WEST VIRGINIA			WV	WV	
WISCONSIN			WI	WI	
WYOMING		WY			

Table 15 (Continued)Characteristics of State Individual Income Taxes

Source: Federation of Tax Administrators, "State Personal Income Taxes: Federal Starting Points;" January 1, 2017 and "State Individual Income Taxes;" January 1, 2017; Survey of State Revenue Department Officials; "2017 State Tax Handbook." Wolters Kluwer/CCH. 2016.

* '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 16: State Corporation Income Tax Rates(Maximum Rates)

LOWER THAN THE DISTRICT 39 STATES						
North Carolina North Dakota Colorado Arizona Mississippi	3.00% 4.31% 4.63% 4.90% 5.00%	Tennessee West Virginia Montana 3/ Kansas 4/ Rhode Island	6.50% 6.50% 6.75% 7.00% 7.00%			
South Carolina Utah Florida Georgia Kentucky	5.00% 5.00% 5.50% 6.00% 6.00%	Idaho Connecticut 5/ Oregon Illinois 6/ Nebraska	7.40% 7.50% 7.60% 7.75% 7.81%			
Michigan Oklahoma Virginia New Mexico Indiana 2/	6.00% 6.00% 6.00% 6.20% 6.25%	Wisconsin Louisiana Massachusetts New Hampshire 7/ Maryland	7.90% 8.00% 8.20% 8.25%			
Missouri Hawaii Alabama Arkansas New York	6.25% 6.40% 6.50% 6.50%	Vermont Delaware California Maine	8.50% 8.70% 8.84% 8.93%			
5	SAME AS THE 1 STA	DISTRICT TE				
N	ew Jersey	9.00%				
HIG	GHER THAN T 4 STAT	THE DISTRICT TES				
Alaska Minnesota	9.40% 9.80% NO T	Pennsylvania Iowa AX	9.99% 12.00%			
	6 STA	TES				
Ohio 8/ Nevada South Dakota 9/		Texas Washington Wyoming				

DISTRICT OF COLUMBIA: 9.0% 1/

Source: Survey of State Revenue Department Officials; Wolters Kluwer/CCH 2017 State Tax Handbook; and Federation of Tax Administrators, "Range of State Corporate Income Tax Rates, January 1, 2017."

1/ D.C.'s rate is scheduled to decrease to 8.25% on January 1, 2018.

2/ Indiana's rate is scheduled to decrease to 6.0% on July 1, 2017.

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

4/ Kansas' rate includes a 3.0% surtax on taxable income in excess of \$50,000.

5/ There is a 20% surtax for 2012-2017, for corporations with gross income over \$100 million.

6/ Illinois' rate includes 2.5% Personal Property Replacement Tax.

7/ Does not include a Business Enterprise Tax of 0.75% on the enterprise base (total compensation, interest and dividends paid) for businesses with gross income over \$150,000 or base over \$75,000.

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

9/ There is a Bank Franchise Tax for Commercial Lenders in South Dakota.

Table 17: State Gross Premiums Tax Rates on Foreign Life Insurers(Maximum Rates)

LOWER THAN THE DISTRICT						
1/ STATES						
Illinois 1/	0.50%	Ohio	1.40%			
New York 2/	0.70%	Idaho	1.50%			
South Carolina	0.75%	Kentucky	1.50%			
Wyoming	0.75%	Minnesota	1.50%			
Iowa	1.00%	Connecticut	1.75%			
Nebraska	1.00%	Florida	1.75%			
Michigan	1.25%	Tennessee	1.75%			
Indiana	1.30%	Texas	1.75%			
		North Carolina 3/	1.90%			
н	GHER THAN	THE DISTRICT				
	33 ST	TATES				
Arizona	1.90%	Georgia	2.25%			
Colorado	2.00%	Louisiana	2.25%			
Delaware	2.00%	Oklahoma	2.25%			
Kansas	2.00%	Utah	2.25%			
Maine	2.00%	Virginia	2.25%			
		C				
Maryland	2.00%	Alabama	2.30%			
Massachusetts	2.00%	California	2.35%			
Missouri	2.00%	Arkansas	2.50%			
New Hampshire	2.00%	South Dakota	2.50%			
New Jersey	2.00%	Alaska	2.70%			
5						
North Dakota	2.00%	Hawaii	2.75%			
Oregon	2.00%	Montana	2.75%			
Pennsylvania	2.00%	Mississippi	3.00%			
Rhode Island	2.00%	New Mexico	3.00%			
Vermont	2.00%	West Virginia 4/	3.00%			
·*	2.0070		2.0070			
Washington	2.00%	Nevada	3.50%			
Wisconsin	2.00%		5.5570			
	<u> </u>		<u> </u>			

DISTRICT OF COLUMBIA: 1.7%

Source: Survey of State Revenue Department Officials; Wolters Kluwer/CCH 2017 State Tax Handbook.

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

2/ 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.

3/ An additional 6.5% insurance regulatory charge applied to premium tax liability for 2017.

4/ Additional fire and casualty insurance premium tax of 1 percent for municipal pensions and 0.55 percent surcharge for volunteer fire departments.

Table 18: State General Sales and Use Tax Rates

(Maximum Local Rates in Parentheses)

LOWER THAN THE DISTRICT							
18 STATES							
Colorado (8.3%)	2.900%	North Dakota (3.5%)	5.000%				
Alabama (7.0%)	4.000%	Louisiana (7.0%)	5.000%				
Georgia (4.0%)	4.000%	Wisconsin (1.75%)	5.000%				
Hawaii (0.50%)	4.000%	New Mexico (3.56%)	5.125%				
New York (4.875%)	4.000%	Maine	5.300%				
Wyoming (2.0%)	4.000%	Virginia (0.70%) 1/	5.500%				
Missouri (5.0%)	4.225%	Nebraska (2.0%)	5.500%				
Oklahoma (6.5%)	4.500%	Arizona (5.3%)	5.600%				
South Dakota (2.0%)	4.500%						
North Carolina (2.75%)	4.750%						
	SAME AS TH	IE DISTRICT	·				
	1 ST	ATE					
Ohio (2.25%)	5.75%						
HIGHER THAN THE DISTRICT							
	26 ST	ATES					
Utah (2.15%) 1/	5.950%	Connecticut	6.350%				
Florida (1.5%)	6.000%	Arkansas (5.13%)	6.500%				
Idaho (3.0%)	6.000%	Kansas (4.0%)	6.500%				
Iowa (1.0%)	6.000%	Washington (3.40%)	6.500%				
Kentucky	6.000%	Nevada (1.30%)	6.850%				
Maryland	6.000%	Minnesota (1.5%)	6.875%				
Michigan	6.000%	New Jersey	6.875%				
Pennsylvania (2.0%)	6.000%	Indiana	7.000%				
South Carolina (2.5%)	6.000%	Mississippi (1.0%)	7.000%				
Vermont (1.0%)	6.000%	Rhode Island	7.000%				
West Virginia (1.0%)	6.000%	Tennessee (2.75%)	7.000%				
Illinois (4.75%)	6.250%	California (2.50%) 1/2/	7.250%				
Massachusetts	6.250%						
Texas (2.0%)	6.250%						
	NO ' 5 STA	TAX ATES					
Alaska (7.5%)		New Hampshire					
Delaware		Oregon					
Montana 3/							

DISTRICT OF COLUMBIA: 5.75%

Source: Survey of State Revenue Department Officials; State Revenue Department Web Sites; all maximum local rates from Tax Foundation, "State and Local Sales Tax Rates in 2017."

1/ State rates in CA, UT, and VA include a mandatory local add-on sales tax of 1.25%, 1.25%, and 1%, respectively.

2/ California's state rate decreased on January 1, 2017, making it different from the state rate of 7.5% presented in Table 7 of this report.3/ Does not include sales taxes in some local resort areas.

Table 19: State Beer Tax Rates(Per Gallon, Alcoholic Content Of 4.5%)

DISTRICT OF COLUMBIA: \$0.09

LOWER THAN THE DISTRICT 7 STATES					
Wyoming Missouri Wisconsin Colorado	\$.02 .06 .065 .08	Kentucky Pennsylvania Oregon	\$.08 .08 .084		
SAME AS THE DISTRICT 1 STATE					
Maryland	\$.09				
HIG	HER THAN T	HE DISTRICT			
	42 STA	TES	-		
Massachusetts Rhode Island Indiana	\$.107 .107 .12	Connecticut Virginia Vermont	\$.24 .2565 .265		
Montana 1/	.12 .14	South Dakota	.26 .27		
New York Minnesota 2/ Arizona Delaware Nevada	.14 .15 .16 .16 .16	New Hampshire Nebraska Georgia Maine Louisiana	.30 .31 .32 .35 .40		
North Dakota 3/ Kansas Ohio West Virginia Iowa	.16 .18 .18 .18 .19	Oklahoma New Mexico 5/ Utah 6/ Mississippi Idaho	.40 .41 .41 .4268 .45		
California Michigan Texas Illinois Arkansas	.20 .20 .20 .231 .234	Florida Alabama North Carolina South Carolina Hawaii 7/	.48 .53 .62 .768 .93		
		Alaska Tennessee	1.07 1.29		

Source: Survey of State Revenue Department Officials; and Federation of Tax Administrators, "State Tax Rates on Beer. (January 1, 2017)."

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/ Credit allowed to small brewers.

3/ \$0.08 per gallon for bulk beer.

4/ Credit allowed to small brewers.

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

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

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

Table 20: State Light Wine Tax Rates(Per Gallon, Alcoholic Content of 12%)

DISTRICT OF COLUMBIA: \$0.30

MONOPOLY STATES 3 STATES					
Pennsylvania 1/		Utah 2/ Wyoming			
LOWER THAN THE DISTRICT 4 STATES					
California Texas	\$.20 .20	Wisconsin Colorado	\$.25 .28		
SAME AS THE DISTRICT 4 STATES					
Kansas Minnesota	\$.30 .30	New Hampshire New York	\$.30 .30		
HIGHER THAN THE DISTRICT 39 STATES					
Ohio Mississippi Maryland Missouri Idaho Indiana Kentucky North Dakota Michigan Massachusetts Vermont Maine Oregon Nevada Connecticut Oklahoma Arkansas Louisiana Arizona	\$.32 .35 .40 .42 .45 .47 .50 .50 .51 .55 .55 .60 .67 .70 .72 .72 .75 .75 .84	New Jersey South Dakota Nebraska Delaware North Carolina West Virginia Montana 2/ South Carolina Tennessee Hawaii Illinois Rhode Island Georgia Virginia Alabama New Mexico Iowa Florida Alaska	\$.88 .93 .95 .97 1.00 1.00 1.02 1.08 1.21 1.38 1.39 1.40 1.51 1.51 1.51 1.70 1.70 1.75 2.25 2.50		
Washington	.87				

Source: Survey of State Revenue Department Officials; Federation of Tax Administrators, "State Tax Rates on Wine, (January 1, 2017)."

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

2/ \$1.06 per gallon if sold to an agency owned liquor store.

Table 21: State Distilled Spirits Tax Rates(Per Gallon)

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						
Georgia Kentucky Missouri Colorado Texas Arkansas 7/ Kansas	\$1.89 1.92 2.00 2.28 2.40 2.50 2.50	Delaware 9/ Nebraska South Dakota Massachusetts Tennessee Minnesota Connecticut	\$3.75 3.75 3.93 4.05 4.40 5.03 5.40			
North Dakota Indiana South Carolina 8/	2.50 2.68 2.72	Rhode Island New Jersey Oklahoma	5.40 5.50 5.56			
Arizona Louisiana Wisconsin California Nevada	3.00 3.02 3.25 3.30 3.60	Hawaii New Mexico New York Florida Illinois	5.98 6.06 6.43 6.50 8.55			
		Washington	12.80			

DISTRICT OF COLUMBIA: \$1.50

Source: Survey of State Revenue Department Officials; Federation of Tax Administrators, "State Tax Rates on Distilled Spirits, (January 1, 2017)."

1/ 50% markup.

- 2/ Excise Tax (16%) and License Tax (10%) on top of a 40% markup. Excise tax varies by size of producer.
- $3\!/\,30\%$ Excise Tax. An additional 7% state sales tax.
- 4/18% wine & liquor tax on top of a 30% 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/ Additionally, there is a \$1.79 case tax per gallon, and a \$0.41 surtax, totaling \$4.92 per gallon.
- 9/ Distilled spirits with 25% or less ethyl alcohol at \$2.50 per gallon.

 $^{5\!/}$ Spirituous liquor is subject to a markup of 86% above the landed case cost.
Table 22: State Cigarette Tax Rates(Per Pack of 20)

LOWER THAN THE DISTRICT					
42 STATES					
Missouri	.17	Kansas	1.29		
Virginia	.30	Oregon	1.32		
Georgia	.37	Florida	1.339		
North Dakota	.44	Iowa	1.36		
North Carolina	.45	Texas	1.41		
Idaho	57	South Dakota	1 53		
South Carolina	.57	Delaware	1.55		
Kentucky	.57	Obio	1.60		
Wyoming	.00	Now Maying	1.00		
Termessee	.00	New Mexico	1.00		
Tennessee	.02	Montana	1.70		
Nebraska	.64	Utah	1.70		
Alabama	.675	New Hampshire	1.78		
Mississippi	.68	Nevada	1.80		
Colorado	.84	Illinois	1.98		
California	.87	Alaska	2.00		
Indiana	.995	Arizona	2.00		
Oklahoma	1.03	Maine	2.00		
Louisiana	1.08	Maryland	2.00		
Arkansas	1.15	Michigan	2.00		
West Virginia	1.20	Wisconsin	2.52		
i est i ignitu			2.02		
		Pennsylvania	2.60		
		New Jersey	2.70		
TT	CHED THAN	THE DISTRICT			
8 STATES					
Washington	3.025	Minnesota 2/	3.59		
Vermont	3.08	Rhode Island	3 75		
Hawaii	3 20	Connecticut	3.90		
Massachusetts	3.51	New York	4 35		

DISTRICT OF COLUMBIA: \$2.92 1/

Source: Survey of State Revenue Department Officials; Federation of Tax Administrators, "State Excise Tax Rates on Cigarettes, (January 1, 2017)."

1/ Includes an in lieu cigarette sales tax currently at \$0.42.

2/ Includes an in lieu cigarette sales tax currently at \$0.55.

Table 23: State Gasoline Excise Tax Rates(Per Gallon)

LOWER THAN THE DISTRICT					
25 STATES					
Alaska	\$.08	Illinois	\$.19		
New York 1/	.08	Louisiana	.20		
New Jersey	.105	Tennessee	.20		
Vermont	.121	Texas	.20		
Hawaii	.16	Arkansas	.218		
Oklahoma	.16	Colorado	.22		
South Carolina	.16	New Hampshire	.222		
Virginia	.162	Delaware	.23		
Missouri	.17	Nevada	.23		
New Mexico	.17	North Dakota	.23		
Alabama	.18	Wyoming	.23		
Arizona	.18				
Indiana	.18				
Mississippi	.18				
н	ICHER THAN	THE DISTRICT			
н	IGHER THAN 25 ST	THE DISTRICT ATES			
H	IGHER THAN 25 ST	THE DISTRICT ATES Maine	.30		
H Kansas Massachusetts	IGHER THAN 25 ST .24 .24	THE DISTRICT ATES Maine Oregon	.30		
H Kansas Massachusetts Kentucky	IGHER THAN 25 ST .24 .24 .24 .246	THE DISTRICT ATES Maine Oregon Iowa	.30 .30 .307		
H Kansas Massachusetts Kentucky Florida	IGHER THAN 25 ST .24 .24 .246 .246 .248	THE DISTRICT ATES Maine Oregon Iowa Wisconsin	.30 .30 .307 309		
H Kansas Massachusetts Kentucky Florida Connecticut	IGHER THAN 25 ST .24 .24 .246 .248 .248 .25	THE DISTRICT ATES Maine Oregon Iowa Wisconsin Idabo	.30 .30 .307 .309 32		
H Kansas Massachusetts Kentucky Florida Connecticut	IGHER THAN 25 ST .24 .24 .246 .246 .248 .25	THE DISTRICT ATES Maine Oregon Iowa Wisconsin Idaho	.30 .30 .307 .309 .32		
H Kansas Massachusetts Kentucky Florida Connecticut Michigan	IGHER THAN 25 ST .24 .24 .246 .248 .25 .26	THE DISTRICT ATES Maine Oregon Iowa Wisconsin Idaho West Virginia	.30 .30 .307 .309 .32 .322		
H Kansas Massachusetts Kentucky Florida Connecticut Michigan Georgia	IGHER THAN 25 ST .24 .24 .246 .248 .25 .26 .26 .263	THE DISTRICT ATES Maine Oregon Iowa Wisconsin Idaho West Virginia Rhode Island	.30 .30 .307 .309 .32 .322 .33		
H Kansas Massachusetts Kentucky Florida Connecticut Michigan Georgia Nebraska	IGHER THAN 25 ST .24 .24 .246 .248 .25 .26 .26 .263 .273	THE DISTRICT ATES Maine Oregon Iowa Wisconsin Idaho West Virginia Rhode Island Maryland	.30 .30 .307 .309 .32 .322 .33 .335		
H Kansas Massachusetts Kentucky Florida Connecticut Michigan Georgia Nebraska Montana	IGHER THAN 25 ST .24 .246 .248 .25 .26 .263 .273 .277	THE DISTRICT ATES Maine Oregon Iowa Wisconsin Idaho West Virginia Rhode Island Maryland North Carolina	.30 .30 .307 .309 .32 .322 .33 .335 .34		
H Kansas Massachusetts Kentucky Florida Connecticut Michigan Georgia Nebraska Montana California	IGHER THAN 25 ST .24 .24 .246 .248 .25 .26 .263 .273 .277 .28	THE DISTRICT ATES Maine Oregon Iowa Wisconsin Idaho West Virginia Rhode Island Maryland North Carolina Washington	.30 .30 .307 .309 .32 .322 .33 .335 .34 .494		
H Kansas Massachusetts Kentucky Florida Connecticut Michigan Georgia Nebraska Montana California	IGHER THAN 25 ST .24 .24 .246 .248 .25 .26 .263 .273 .273 .277 .28	THE DISTRICT ATES Maine Oregon Iowa Wisconsin Idaho West Virginia Rhode Island Maryland North Carolina Washington	.30 .30 .307 .309 .32 .322 .33 .335 .34 .494		
H Kansas Massachusetts Kentucky Florida Connecticut Michigan Georgia Nebraska Montana California	IGHER THAN 25 ST .24 .246 .248 .25 .26 .263 .273 .277 .28 .28	THE DISTRICT ATES Maine Oregon Iowa Wisconsin Idaho West Virginia Rhode Island Maryland North Carolina Washington Pennsylvania	.30 .30 .307 .309 .32 .322 .33 .335 .34 .494 .582		
Kansas Massachusetts Kentucky Florida Connecticut Michigan Georgia Nebraska Montana California Ohio South Dakota	IGHER THAN 25 ST .24 .246 .248 .25 .26 .263 .273 .277 .28 .28 .28	THE DISTRICT ATES Maine Oregon Iowa Wisconsin Idaho West Virginia Rhode Island Maryland North Carolina Washington Pennsylvania	.30 .30 .307 .309 .32 .322 .33 .335 .34 .494 .582		
Kansas Massachusetts Kentucky Florida Connecticut Michigan Georgia Nebraska Montana California Ohio South Dakota Minnesota	IGHER THAN 25 ST .24 .24 .246 .248 .25 .26 .263 .273 .277 .28 .277 .28 .28 .28 .28 .29	THE DISTRICT ATES Maine Oregon Iowa Wisconsin Idaho West Virginia Rhode Island Maryland North Carolina Washington Pennsylvania	.30 .30 .307 .309 .32 .322 .33 .335 .34 .494 .582		
Kansas Massachusetts Kentucky Florida Connecticut Michigan Georgia Nebraska Montana California Ohio South Dakota Minnesota Utah	IGHER THAN 25 ST .24 .24 .246 .248 .25 .26 .263 .273 .277 .28 .277 .28 .28 .28 .28 .29 .294	THE DISTRICT ATES Maine Oregon Iowa Wisconsin Idaho West Virginia Rhode Island Maryland North Carolina Washington Pennsylvania	.30 .30 .307 .309 .32 .322 .33 .335 .34 .494 .582		

DISTRICT OF COLUMBIA: \$.235

Source: Survey of State Revenue Department officials. Federation of Tax Administrators, "State Motor Fuel Rates, (January 1, 2017)."

Note: Tax rates do not include local option taxes (see Table 8). Additional inspection or environmental cleanup fees may apply (these also included in Table 8).

1/ Excludes a petroleum fee of \$0.162.

Table 24: State Motor Vehicle Sales and Excise TaxesPaid at Time of Sale or Titling

to 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 fai	r market value	- 5,000 pounds or more		
			- - -	
Alabama	2.00%	Ohio 3/	5.75%	
Colorado	2.90%	Florida 3/	6.00%	
New Mexico	3.00%	Idaho	6.00%	
North Carolina 2/	3.00%	Kentucky 3/	6.00%	
Oklahoma	3.25%	Maryland	6.00%	
Hawaii	4.00%	Michigan	6.00%	
New York	4.00%	Pennsylvania 7/	6.00%	
South Dakota	4.00%	Vermont	6.00%	
Wyoming 3/	4.00%	Illinois	6.25%	
Virginia	4 15%	Massachusetts 3/	6.25%	
, inginin	1.1570	Widsbielfidsetts 5/	0.2370	
Missouri 3/	4.23%	Texas 7/	6.25%	
Delaware 4/	4.25%	Connecticut 3/, 9/	6.35%	
Utah	4.70%	Arkansas 3/, 10/	6.50%	
Iowa 5/	5.00%	Kansas	3.50%	
Louisiana 3/	5.00%	Minnesota	6.50%	
North Dakota	5.00%	Washington 3/	6.50%	
South Carolina 6/	5.00%	Georgia 11/	7.00%	
West Virginia 7/	5.00%	Indiana 3/	7.00%	
Wisconsin 3/	5.00%	Mississippi 3/	7.00%	
Maine 3/ 8/	5.50%	New Jersey 3/	7.00%	
		5	1	
Nebraska	5.50%	Tennessee	7.00%	
Arizona	5.60%	Rhode Island	7.00%	
		California 3/	7.50%	
		Nevada 3/	8.10%	
			0.1070	
NO TAX				
	4 STA	ATES		
Alaska New Hampshire				
Montana Oregon				

46 States and D.C

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

1/ Tax does not apply to vehicles previously titled in another jurisdiction when owners move to the District. No excise tax on hybrid vehicles.

2/ Tax on sales price less trade-in allowance. The maximum tax is \$2,000 for each certificate of title issued for a Class A or Class B commercial motor vehicle and for each certificate of title issued for a recreational vehicle.

3/ No excise tax; vehicles charged sales tax at time of purchase.

4/ Called a document fee.

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

6/ Maximum of \$300.00.

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

8/ Rate listed is a sales tax; Maine's excise tax is an annual tax between .4% and 2.4% depending on the age of the vehicle.

- 9/ State rate 7.75% on most vehicles with sales price of more than \$50,000.
- 10/ 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.

11/ Title Ad Valorem Tax collected at time of title application.

2016 Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison

Table 25: State Motor Vehicle Annual Registration Fees

Automobile Costing \$27,900, Bought New and Weighing 3,522 Pounds (4-Door, 6-Passenger, 8-Cylinder)

LOWER THAN THE DISTRICT 47 STATES			
Arizona	\$ 9.50	Delaware	\$ 40.00
Mississippi	15.00	South Carolina	40.00
Nebraska	15.00	Washington 5/	40.00
Georgia	20.00	Virginia	40.75
Kentucky	21.00	Oregon	43.00
Missouri 2/	21.00	New Hampshire	43.20
Indiana	21.35	Utah 6/	44.00
Alabama	23.00	Hawaii	45.00
Tennessee	24.00	California	46.00
Arkansas	25.00	Rhode Island	46.50
New York 3/	27.04	North Dakota 7/	49.00
Louisiana 4/	27.90	Alaska	50.00
Massachusetts	30.00	Colorado 8/	50.00
West Virginia	30.00	Michigan 8/	56.50
Wyoming	30.00	Texas	59.80
Florida	32.50	New Mexico 9/	62.00
Nevada	33.00	Maryland	67.50
Ohio	34 50	Idaho	69.00
Maine	35.00	South Dakota	72.00
North Carolina	36.00	Wisconsin	75.00
Pennsylvania	36.00	Vermont	76.00
Kansas	37.25	New Jersey	84.00
Connecticut	40.00	Oklahoma	96.00
Connecticut	40.00	Illinois	101.00
HIGHER THAN THE DISTRICT			
3 STATES			
Montana 10/	217.00	Iowa 11/	293.00

DISTRICT OF COLUMBIA: \$115.00 1/

Source: Survey of State Revenue Department Officials; Review of State Motor Vehicle Registration Web Sites; and National Conference of State Legislators, "Vehicle Registration Fees 2017."

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

2/ Based on vehicle horsepower. \$21 is for a vehicle between 12hp - 23 hp. Does not include \$1 insurance database fee.

3/ Biennial fees start at \$26 for a vehicle under 1,650 lbs. and increase by \$1.50 for every 100 lbs. above 1,650. Presented annually here.

Minnesota 12/

356.00

4/ Based on value of the vehicle. Current rate is 0.1% of vehicle per year.

5/ Includes \$11.00 fee earmarked for Emergency Medical Services System.

6/ Includes \$1 insurance database fee.

7/ Fees range from \$49 to \$274 based on weight and number of years vehicle has been registered.

8/ Varies based on age, weight, taxable value, purchase date, and plate type.

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

10/ There is an additional \$6 fee for Park access and a \$5 fee for police salaries.

11/ Based on fee of 1% of value plus a \$.40 fee per 100 lbs.

12/ Registration fees range from \$27.00 to \$62.00 for a one (1) year registration.

2016 Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison

Table 26: State Real Estate Deed Recordation and Transfer Tax Rates (Per \$500 of Consideration)

LOWER THAN THE DISTRICT 36 STATES				
Colorado	\$ 05	West Virginia 6/	\$ 1.65	
Alabama	\$.05 50	.05 West Virginia 6/		
Alaballia Coorgio 2/	.50	Terressee	1.05	
	.50	Arizono 7/	1.65	
Hawali 3/	.30	Arizona // Now York	2.00	
minois	.50	New YORK	2.00	
Kansas 4/	.50	New Jersev 8/	2.00	
Kentucky	.50	Maine	2.20	
Ohio	.50	Massachusetts	2.28	
South Dakota	.50	Rhode Island 9/	2.30	
Oklahoma	.75	Maryland 10/	2.50	
C III allo III a			2.0 0	
Iowa	.80	Florida	3.50	
North Carolina	1.00	Michigan	3.75	
Nebraska	1.13	New Hampshire	3.75	
Virginia	1.25	1.25 Connecticut 11/ 3.7		
Nevada 5/	1.30 Pennsylvania		5.00	
Wisconsin	1.50	Vermont 12/	6.25	
Arkansas	1.65	Washington	6.40	
Minnesota	1.65	Delaware	30.00	
		D A 37		
14 STATES				
Alaska		Montana		
California 13/	New Mexico			
Idaho		North Dakota		
Indiana		Oregon		
Louisiana	Louisiana Texas			
Mississippi Utah				
Missouri Wyoming				

DISTRICT OF COLUMBIA: \$11.00 1/

Source: Survey of State Revenue Department Officials, State web sites; Wolters Kluwer/CCH 2017 State Tax Handbook; and National Conference of State Legislatures (NCSL), "Real Estate Transfer Taxes."

1/ For D.C., \$11.00 represents the deed recordation tax + the deed transfer tax per \$500 (\$5.50/\$500 for each). 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.

2/ \$1.00 for the first \$1,000 or fractional part thereof. Thereafter, \$0.10 per each \$100.00.

3/ Based on value, from \$0.50 to \$6.25 per \$500 of value, as value rises from less than \$600,000 to over \$10,000,000.

4/ This is a mortgage registration fee. Recording rate is per page.

5/ County transfer tax is \$0.65/\$500 if population under 700,000; \$1.25/\$500 if population over 700,000.

 $6\!/$ State rate is \$1.10, county rate is \$0.55

7/ Flat fee per deed or contract.

8/ Based on value, from \$2/\$500 to \$6.05/\$500 of consideration.

9/ State rate is \$0.90; local rate is \$1.10.

10/ Rate is 0.75% for up to 800,000 and 1.25% over 800,000.

11/ State transfer tax rate only. State recordation tax varies by county and is not reflected in this number.

12/ Unless property is owner-occupied, in which case \$2.50/ \$500 on first \$100,000 in value and \$6.25/\$500 on value over \$100,000.

13/ Local option transfer tax \$.55/\$500 for counties.

Appendix





Source: ORA Analysis. The lighter the green in the map, the lower the tax burden as a percentage of income. Red Indicates a negative burden (a refund).

Burden Range		
-5.7%	17.5%	

2016 Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison





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



2016 Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison





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



2016 Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison





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

Burden Range		
3.9%		19.5%

2016 Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison

Map 9: Combined 2016 Tax Burdens (Income, Property, Sales, & Auto) as a % of Income (Family Earning \$150,000/Year)



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



2016 Tax Rates and Tax Burdens in the District of Columbia: A Nationwide Comparison

	•	2000	2010	2016	% Difference
City	State	Population	Population	Population	2010 to 2016
Birmingham	Alabama	242.820	212.026	212.157	0.1%
Anchorage	Alaska	260,283	293,405	298,192	1.6%
Phoenix	Arizona	1,321,045	1,450,267	1,615,017	11.4%
Little Rock	Arkansas	183.133	194.003	198.541	2.3%
Los Angeles	California	3,694,820	3,796,575	3,976,322	4.7%
Denver	Colorado	554,636	603,300	693,060	14.9%
Bridgeport	Connecticut	139,529	144,911	145,936	0.7%
Wilmington	Delaware	72,664	70,787	71,442	0.9%
Jacksonville	Florida	735,617	823,280	880,619	7.0%
Atlanta	Georgia	416,474	422,753	472,522	11.8%
Honolulu	Hawaii	371,657	338,680	351,792	3.9%
Boise	Idaho	185,787	206,355	223,154	8.1%
Chicago	Illinois	2,896,016	2,697,650	2,704,958	0.3%
Indianapolis	Indiana	791,926	821,632	855,164	4.1%
Des Moines	Iowa	198,682	204,573	215,472	5.3%
Wichita	Kansas	344,284	382,872	389,902	1.8%
Louisville	Kentucky	256,231	597,738	616,261	3.1%
New Orleans	Louisiana	484,674	347,900	391,495	12.5%
Portland	Maine	64,249	66,087	66,937	1.3%
Baltimore	Maryland	651,154	621,180	614,664	-1.0%
Boston	Massachusetts	589,141	620,623	673,184	8.5%
Detroit	Michigan	951,270	711,049	672,795	-5.4%
Minneapolis	Minnesota	382,618	383,083	413,651	8.0%
Jackson	Mississippi	184,256	173,750	169,148	-2.6%
Kansas City	Missouri	441,545	460,732	481,420	4.5%
Billings	Montana	89,847	104,539	110,323	5.5%
Omaha	Nebraska	390,007	432,672	446,970	3.3%
Las Vegas	Nevada	478,434	584,780	632,912	8.2%
Manchester	New Hampshire	107,006	109,611	110,506	0.8%
Newark	New Jersey	273,546	277,347	281,764	1.6%
Albuquerque	New Mexico	448,607	547,092	559,277	2.2%
New York City	New York	8,008,278	8,192,426	8,537,673	4.2%
Charlotte	North Carolina	540,828	738,678	842,051	14.0%
Fargo	North Dakota	90,599	105,928	120,762	14.0%
Columbus	Ohio	711,470	790,694	860,090	8.8%
Oklahoma City	Oklahoma	506,132	582,118	638,367	9.7%
Portland	Oregon	529,121	585,427	639,863	9.3%
Philadelphia	Pennsylvania	1,517,550	1,528,338	1,567,872	2.6%
Providence	Rhode Island	173,618	178,114	179,219	0.6%
Columbia*	South Carolina	116,278	130,430	134,309	3.0%
Sioux Falls	South Dakota	123,975	154,594	174,360	12.8%
Memphis*	Tennessee	650,100	652,479	652,717	0.0%
Houston	Texas	1,953,631	2,114,761	2,303,482	8.9%
Salt Lake City	Utah	181,743	186,564	193,744	3.8%
Burlington	Vermont	38,889	42,417	42,260	-0.4%
Virginia Beach	Virginia	425,257	439,038	452,602	3.1%
Seattle	Washington	563,374	610,383	704,352	15.4%
Charleston	West Virginia	53,421	51,400	49,138	-4.4%
Milwaukee	Wisconsin	596,974	595,120	595,047	0.0%
Cheyenne	Wyoming	53,011	59,901	64,019	6.9%
WASHINGTON		572,059	605 126	681 170	12.6%

Table 27: Population Changes of the Largest City in Each State

Source: U.S. Census Bureau. 2000 & 2010 data: Table DP-1. Profile of General Demographic Characteristics: 2010. 2016 Data: Annual Estimates of the Resident Population for Incorporated Places of 50,000 or More, Ranked by July 1, 2016 Population: April 1, 2010 to July 1, 2016 Release Date: May 2017. 2016 Estimates for Burlington, VT: Census Quick Facts, accessed November 30, 2016.

*After the 2016 surveys were sent out to the 50 states with the previous year's largest cities referenced, the U.S. Census released data indicating that in two states, South Carolina and Tennessee, the largest cities changed. As of July 1, 2016, Charleston, South Carolina had 76 more persons than Columbia; and Nashville, Tennessee had about 7,000 more residents than Memphis. These changes will be reflected in future reports. The current Study includes Columbia, South Carolina, and Memphis, Tennessee.



Map 10: Population of the Largest Cities as a % of the State's Total Population, 2016

Source: ORA Analysis of data from Table 27 and the U.S. Census Bureau, Population Division, Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2016.

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