

Government of the
District of Columbia



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

2000

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

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EXECUTIVE SUMMARY

There is a wide diversity in the state and local tax systems in the United States. The 50 states and the District of Columbia employ a broad range of taxes and fees to fund state and local government operations. The combination of taxes and fees utilized by a particular jurisdiction is dependent upon many factors, including revenue needs, local government tax base, state-local government fiscal relationship, and 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, water and sewer charges, and others. At the same time, the District's tax structure also includes taxes usually associated with the state level of government, such as the individual and corporate income taxes, sales and use taxes, excise taxes and motor vehicle-related taxes. About two-thirds of the District's locally-generated revenues come from taxes usually administered by a state.

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

- Manufacturing, an important industry in the economic and tax bases of many major cities, is largely lacking in the District.
- Unlike every state in the nation that has an income tax, Washington, D.C., does not have the authority to tax nonresident income earned within its borders. Nonresidents earn about 2/3 of all income in the District of Columbia.
- About 42 percent of all property value in the District is exempt from property taxation due to the federal and diplomatic presence (29 percent) as well as other tax-exempt properties (12 percent).
- About 17 percent of sales are not subject to sales and use tax in the District due to military and diplomatic exemptions.
- The District has a relatively high percentage of low-income taxpayers, which further limits the District's revenue-raising capacity.

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

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

The state and local tax rates for different types of taxes vary among jurisdictions. For example, all 51 cities in this study levy a tax on real property located within the city, yet effective tax rates range from a high of \$4.55 per \$100 of assessed value in Bridgeport, Connecticut to \$0.37 per \$100 of assessed value in Honolulu, Hawaii. In addition, several jurisdictions allow tax exemptions and credits in the calculation of the real property tax. The District of Columbia has a \$30,000 homestead deduction for owner-occupied residences as well as other credits.

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

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

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

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

ACKNOWLEDGMENT

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

This publication contains two reports: (I) Tax burdens in Washington, D.C., Compared with Those in the Largest City in Each State, 2000 and (II) A Comparison of Selected Tax Rates in the District of Columbia with Those in the 50 States: A Compendium of Tables. This information is requested annually by committees of the U.S. Congress and the District of Columbia Council and is provided pursuant to Public Law 93-407.

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

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

Julia Friedman, Ph. D.
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Part I

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

2000

OVERVIEW

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

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

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

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

CHAPTER I

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

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

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

This report compares the state and local tax burdens of hypothetical households in Washington, D.C., with the burden for the largest city in each of the 50 states for 2000. The four major taxes used in the comparison are the individual income tax, real property tax on residential property, general sales and use tax, and automobile taxes, including gasoline tax, registration fees, excise tax and personal property tax. This study does not incorporate the effects of differing local tax burdens on the federal individual income tax burden. Income and property taxes are deductible in computing federal income taxes and the effect of federal deductibility is to reduce the overall difference in tax burdens between jurisdictions.

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

Individual Income Tax

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

Gross Income		Long-Term Wages And Salaries	Interest	Capital Gains 1/	1999 Federal AGI
\$ 25,000	Spouse 1	\$17,200	\$ 200	0	\$ 25,000
	Spouse 2	7,400	200	0	
\$ 50,000	Spouse 1	\$34,000	\$ 500	0	\$ 50,000
	Spouse 2	15,000	500	0	
\$ 75,000	Spouse 1	\$49,000	\$1,000	\$1,500	\$ 75,000
	Spouse 2	21,000	\$1,000	1,500	
\$100,000	Spouse 1	\$65,000	\$1,500	\$2,000	\$100,000
	Spouse 2	28,000	1,500	2,000	
\$150,000	Spouse 1	\$97,500	\$2,500	\$2,750	\$150,000
	Spouse 2	42,000	2,500	2,750	

1/ Assumes a three-year holding period

Because several states allow the deduction of all or part of an individual's federal income tax liability in computing the state income tax, it is necessary to compute the 2000 federal individual income tax at each income level using the above assumptions. Interest and long-term capital gains were fully or partially taxable at the federal level at the time period used for this report.

Many states in 2000 allowed taxpayers to begin their state income tax computations with federal adjusted gross income (A.G.I.) or federal taxable income. Other states do not use either of these two measures of federal income as a starting point.

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

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

- 1/ Nondeductible medical equals 7.5 percent of federal A.G.I. All or part of medical deductions may be allowed in some states.
- 2/ Tax deduction based on real and personal property taxes computed in 2000 study and individual income taxes computed in 1999 study.
- 3/ Non-mortgage interest is not deductible on federal returns.
- 4/ Nondeductible miscellaneous equals 2 percent of A.G.I.

The itemized deductions noted above are used in the calculation of the 2000 tax burdens. The 2000 deductible real and personal property taxes computed in the current year's 51-city burden study are used for the 2000 property tax deduction. For the 2000 state and local individual income tax deduction, 1999 data were used as a proxy. These figures were used in computing the 2000 federal income tax burden for residents of each city as well as for the state and local tax burdens where appropriate. For those states not allowing their own state income tax as a deduction, it is not included in itemized deductions.

The use of a hypothetically computed tax burden for itemized deductions for the individual income tax and the real property tax, even if from a previous year, should provide a more realistic income tax burden than the use of a single flat percentage amount for the itemized income tax deductions for all jurisdictions.

Real Property Tax

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

The property tax rates for each of the 51 cities, presented in Table 4, page 19, indicate a wide range in these rates. This information is based upon data received from local assessors. In addition to tax rate differences presented in Table 5 (page 20), data indicate that the assumed market value of a residence for purposes of this study varies widely from one city to another at all income levels. For example, the assumed value of a residence at the \$75,000 income level ranges from a high of \$505,331 in Honolulu to a low of \$70,343 in Detroit. The housing values for each income level for each city in Table 5 are derived using the following methodology:

- 1) The 1990 median single family housing value for each city obtained from the 1990 Census of Housing is compared to the city median family income **for homeowners** from the 1990 Census of Population. The resulting ratio of median housing value to median family income is the housing/income ratio shown in Table 5. For Washington, D.C., for example, the ratio is 2.51.
- 2) The housing values for the two middle income levels, \$50,000 and \$75,000, are derived by multiplying the housing/income ratio shown in Table 5 by the income level. Thus, for Washington, D.C., the housing values at the \$50,000 and \$75,000 incomes are computed as follows:

$$\$50,000 \times 2.51 = \$125,314$$

$$\$75,000 \times 2.51 = \$187,970$$

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

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

$$\$25,000 \times 2.51 \times 1.05 = \$65,790$$

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

$$\$100,000 \times 2.51 \times .95 = \$238,096$$

- 5) For the highest income level, housing costs as a percentage of income are also assumed to be less than the derived ratio. The housing to income ratio is reduced by 10 percent at the highest income level, again based on data from the United States Census Bureau. The appropriate calculation for Washington, D.C. is:

$$\$150,000 \times 2.51 \times .90 = \$338,347$$

The above methodology is an attempt to reflect the different values of housing in different parts of the country and at different income levels. Census data from 1990 are used because they are the only data comparable for all the jurisdictions in this study. It is important to note that these are **hypothetical** values based on income level and do not represent **average** values for a particular jurisdiction.

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

Sales and Use Tax

The sales tax burdens included in this study are based on information from the 1999 Bureau of Labor Statistics consumer expenditure survey (CES) and from information provided by the states in a sales tax survey. The state and local general sales tax rates in each city are reported in Table 7, page 23.

Automobile Taxes

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

CHAPTER II

Overall Tax Burdens For The Largest City In Each State

The major state and local tax burdens by tax type for the five different income levels used in this study are presented in Table 1 (pages 8-12). As reflected by data in Table 1, tax burdens across the 51 cities vary widely at all income levels. At the \$25,000 income level, the \$5,420 burden for Bridgeport, Connecticut is more than five times greater than the \$931 burden for Anchorage, Alaska. Similarly, at the \$150,000 income level, the Bridgeport, Connecticut burden of \$33,185 is more than seven times the Anchorage, Alaska, burden of \$4,396. The differences in the composition of state and local tax structures cause a wide variation in tax burdens at all income levels.

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

The lowest tax burdens for the 51 cities occur in Anchorage, Alaska followed by Cheyenne, Wyoming; Las Vegas, Nevada; and Sioux Falls, South Dakota.

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

Progressivity

The average 51-city total tax burden is 8.0 percent at the \$25,000 income level, 8.0 percent at the \$50,000 income level, 8.8 percent at the \$75,000 income level, 9.0 percent at the \$100,000 income level, and 9.1 percent at the \$150,000 income level.

TABLE 1								
ESTIMATED BURDEN OF MAJOR TAXES FOR A FAMILY OF FOUR, 2000								
\$25,000								
RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	0	4,385	544	492	5,420	21.7%
2	Newark	NJ	223	2,543	626	139	3,531	14.1%
3	Philadelphia	PA	1,129	1,157	535	199	3,020	12.1%
4	Providence	RI	0	1,888	566	359	2,814	11.3%
5	Louisville	KY	1,331	550	537	232	2,650	10.6%
6	Birmingham	AL	1,112	290	912	198	2,512	10.0%
7	Portland	ME	60	1,811	437	194	2,502	10.0%
8	Manchester	NH	0	2,210	0	152	2,362	9.4%
9	Detroit	MI	1,139	445	557	190	2,330	9.3%
10	Kansas City	MO	565	644	805	313	2,326	9.3%
11	Los Angeles	CA	0	1,309	704	275	2,288	9.2%
12	Oklahoma City	OK	637	399	984	186	2,207	8.8%
13	Honolulu	HI	823	500	613	270	2,205	8.8%
14	Columbus	OH	780	674	556	179	2,189	8.8%
15	WASHINGTON	DC	932	344	658	213	2,146	8.6%
16	Little Rock	AR	479	585	835	228	2,127	8.5%
17	Seattle	WA	0	990	952	172	2,113	8.5%
18	Chicago	IL	409	728	745	228	2,110	8.4%
19	Des Moines	IA	586	761	569	185	2,102	8.4%
20	Milwaukee	WI	204	1,122	563	210	2,099	8.4%
21	Salt Lake City	UT	438	430	967	258	2,093	8.4%
22	Charleston	WV	582	460	737	278	2,057	8.2%
23	Virginia Beach	VA	580	649	547	273	2,048	8.2%
24	Boston	MA	510	1,005	324	202	2,041	8.2%
25	New York City	NY	329	754	864	67	2,013	8.1%
26	Indianapolis	IN	711	655	531	106	2,003	8.0%
27	Charlotte	NC	468	562	700	237	1,967	7.9%
28	Fargo	ND	136	996	632	200	1,964	7.9%
29	Albuquerque	NM	110	706	928	135	1,879	7.5%
30	Jackson	MS	162	504	771	413	1,849	7.4%
31	Memphis	TN	0	651	1,033	147	1,831	7.3%
32	Baltimore	MD	0	1,048	561	182	1,792	7.2%
33	Portland	OR	896	690	0	184	1,770	7.1%
34	Sioux Falls	SD	0	701	876	143	1,719	6.9%
35	Houston	TX	0	625	897	185	1,707	6.8%
36	Burlington	VT	0	1,079	464	162	1,705	6.8%
37	Atlanta	GA	415	241	828	194	1,679	6.7%
38	Omaha	NE	212	729	692	31	1,663	6.7%
39	Columbia	SC	148	552	538	368	1,607	6.4%
40	Las Vegas	NV	0	607	616	299	1,522	6.1%
41	Minneapolis	MN	0	650	629	232	1,511	6.0%
42	Phoenix	AZ	198	241	902	137	1,478	5.9%
43	New Orleans	LA	385	0	892	156	1,434	5.7%
44	Wilmington	DE	439	759	0	164	1,361	5.4%
45	Wichita	KS	102	270	698	286	1,356	5.4%
46	Boise	ID	110	431	572	226	1,338	5.4%
47	Billings	MT	430	658	0	243	1,331	5.3%
48	Jacksonville	FL	0	482	581	199	1,262	5.0%
49	Denver	CO	0	415	634	208	1,257	5.0%
50	Cheyenne	WY	0	368	653	121	1,142	4.6%
51	Anchorage	AK	0	809	0	122	931	3.7%
AVERAGE ^{1/}			\$404	\$825	\$691	\$211	\$2,007	8.0%
MEDIAN			\$212	\$651	\$629	\$199	\$2,003	8.0%

1/ Based on cities actually levying tax.

TABLE 1								
ESTIMATED BURDEN OF MAJOR TAXES FOR A FAMILY OF FOUR, 2000								
\$50,000								
RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	316	8,352	695	691	10,054	20.1%
2	Philadelphia	PA	3,648	2,205	654	206	6,713	13.4%
3	Newark	NJ	619	4,844	691	142	6,295	12.6%
4	Providence	RI	1,097	3,596	681	547	5,921	11.8%
5	Portland	ME	1,443	3,450	512	218	5,623	11.2%
6	Baltimore	MD	2,423	1,997	744	188	5,352	10.7%
7	New York City	NY	2,712	1,507	949	75	5,244	10.5%
8	Louisville	KY	3,184	1,048	606	315	5,153	10.3%
9	Milwaukee	WI	1,840	2,199	639	217	4,896	9.8%
10	Detroit	MI	2,902	847	627	211	4,587	9.2%
11	Boston	MA	2,028	1,914	408	219	4,569	9.1%
12	Des Moines	IA	1,904	1,642	655	251	4,452	8.9%
13	Manchester	NH	0	4,210	0	181	4,391	8.8%
14	Kansas City	MO	1,783	1,227	899	434	4,344	8.7%
15	Honolulu	HI	2,320	1,084	657	279	4,340	8.7%
16	WASHINGTON	DC	2,427	915	775	218	4,335	8.7%
17	Columbus	OH	2,201	1,284	642	185	4,312	8.6%
18	Salt Lake City	UT	2,122	818	1,046	294	4,281	8.6%
19	Minneapolis	MN	1,774	1,427	750	265	4,216	8.4%
20	Los Angeles	CA	432	2,562	817	364	4,175	8.3%
21	Charlotte	NC	1,990	1,071	762	302	4,125	8.2%
22	Birmingham	AL	2,298	578	970	247	4,093	8.2%
23	Chicago	IL	1,172	1,766	844	235	4,016	8.0%
24	Virginia Beach	VA	1,789	1,235	613	351	3,988	8.0%
25	Portland	OR	2,482	1,314	0	191	3,988	8.0%
26	Columbia	SC	1,755	1,070	593	537	3,954	7.9%
27	Oklahoma City	OK	1,881	856	1,013	191	3,941	7.9%
28	Little Rock	AR	1,648	1,114	871	295	3,928	7.9%
29	Burlington	VT	1,079	2,112	557	167	3,915	7.8%
30	Atlanta	GA	1,585	1,094	890	278	3,847	7.7%
31	Charleston	WV	1,697	876	817	361	3,750	7.5%
32	Indianapolis	IN	1,711	1,276	579	110	3,676	7.4%
33	Jackson	MS	1,088	1,177	796	600	3,661	7.3%
34	Albuquerque	NM	1,167	1,344	950	153	3,613	7.2%
35	Boise	ID	1,909	820	632	233	3,593	7.2%
36	Omaha	NE	1,277	1,388	795	84	3,544	7.1%
37	Wilmington	DE	1,856	1,445	0	170	3,471	6.9%
38	Fargo	ND	644	1,897	695	206	3,442	6.9%
39	Billings	MT	1,715	1,254	0	300	3,269	6.5%
40	Wichita	KS	1,327	744	750	371	3,192	6.4%
41	New Orleans	LA	1,225	740	1,008	163	3,136	6.3%
42	Seattle	WA	0	1,885	1,069	178	3,133	6.3%
43	Denver	CO	850	790	758	235	2,632	5.3%
44	Phoenix	AZ	901	535	972	186	2,594	5.2%
45	Houston	TX	0	1,388	1,006	190	2,584	5.2%
46	Memphis	TN	0	1,240	1,124	152	2,516	5.0%
47	Sioux Falls	SD	0	1,335	941	147	2,424	4.8%
48	Jacksonville	FL	0	1,379	697	206	2,282	4.6%
49	Las Vegas	NV	0	1,156	697	347	2,200	4.4%
50	Anchorage	AK	0	1,541	0	124	1,665	3.3%
51	Cheyenne	WY	0	702	697	164	1,563	3.1%
AVERAGE ^{1/}			\$1,641	\$1,652	\$773	\$254	\$4,019	8.0%
MEDIAN			\$1,648	\$1,284	\$697	\$218	\$3,954	7.9%

^{1/} Based on cities actually levying tax.

TABLE 1								
ESTIMATED BURDEN OF MAJOR TAXES FOR A FAMILY OF FOUR, 2000								
\$75,000								
RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	2,267	12,529	1,010	1,104	16,910	22.5%
2	Philadelphia	PA	5,312	3,307	982	359	9,959	13.3%
3	Newark	NJ	1,092	7,265	1,036	263	9,656	12.9%
4	Portland	ME	3,174	5,174	769	500	9,617	12.8%
5	Providence	RI	1,959	5,394	1,021	823	9,198	12.3%
6	New York City	NY	5,303	2,301	1,424	133	9,161	12.2%
7	Baltimore	MD	4,021	2,995	1,116	329	8,461	11.3%
8	Louisville	KY	4,978	1,572	909	506	7,965	10.6%
9	Milwaukee	WI	3,275	3,333	959	381	7,948	10.6%
10	Los Angeles	CA	1,843	3,880	1,228	592	7,543	10.1%
11	WASHINGTON	DC	4,418	1,517	1,158	363	7,455	9.9%
12	Des Moines	IA	3,477	2,568	983	351	7,379	9.8%
13	Boston	MA	3,316	2,871	627	485	7,300	9.7%
14	Minneapolis	MN	3,209	2,448	1,125	491	7,273	9.7%
15	Detroit	MI	4,664	1,270	940	389	7,264	9.7%
16	Honolulu	HI	3,965	1,698	986	492	7,141	9.5%
17	Columbus	OH	3,781	1,926	964	325	6,996	9.3%
18	Kansas City	MO	2,992	1,841	1,349	670	6,852	9.1%
19	Columbia	SC	3,246	1,854	889	848	6,837	9.1%
20	Salt Lake City	UT	3,547	1,227	1,472	549	6,795	9.1%
21	Charlotte	NC	3,544	1,606	1,143	488	6,781	9.0%
22	Manchester	NH	0	6,316	0	369	6,685	8.9%
23	Boise City	ID	3,697	1,573	947	415	6,632	8.8%
24	Portland	OR	4,315	1,972	0	328	6,614	8.8%
25	Atlanta	GA	2,815	1,992	1,334	445	6,586	8.8%
26	Oklahoma City	OK	3,293	1,337	1,520	357	6,507	8.7%
27	Burlington	VT	1,970	3,396	835	295	6,496	8.7%
28	Little Rock	AR	3,035	1,671	1,307	478	6,491	8.7%
29	Virginia Beach	VA	3,040	1,853	919	579	6,391	8.5%
30	Chicago	IL	1,867	2,858	1,240	420	6,386	8.5%
31	Charleston	WV	3,232	1,313	1,225	589	6,360	8.5%
32	Jackson	MS	2,180	1,885	1,194	949	6,208	8.3%
33	Birmingham	AL	3,458	880	1,444	407	6,189	8.3%
34	Albuquerque	NM	2,470	2,016	1,424	258	6,169	8.2%
35	Omaha	NE	2,701	2,082	1,175	126	6,084	8.1%
36	Billings	MT	3,482	1,881	0	567	5,930	7.9%
37	Wilmington	DE	3,302	2,167	0	293	5,763	7.7%
38	Indianapolis	IN	2,708	1,930	869	189	5,696	7.6%
39	Wichita	KS	2,713	1,243	1,125	606	5,687	7.6%
40	New Orleans	LA	1,985	1,748	1,512	360	5,605	7.5%
41	Fargo	ND	1,204	2,846	1,042	329	5,422	7.2%
42	Seattle	WA	0	2,828	1,600	309	4,738	6.3%
43	Denver	CO	1,746	1,184	1,136	544	4,611	6.1%
44	Phoenix	AZ	1,574	1,000	1,458	405	4,438	5.9%
45	Houston	TX	0	2,192	1,508	340	4,040	5.4%
46	Memphis	TN	0	1,860	1,686	264	3,810	5.1%
47	Jacksonville	FL	0	2,322	1,046	358	3,726	5.0%
48	Sioux Falls	SD	0	2,002	1,412	258	3,673	4.9%
49	Las Vegas	NV	0	1,734	1,045	536	3,316	4.4%
50	Anchorage	AK	0	2,311	0	232	2,544	3.4%
51	Cheyenne	WY	0	1,052	1,046	387	2,485	3.3%
AVERAGE ^{1/}			\$2,958	\$2,549	\$1,155	\$440	\$6,584	8.8%
MEDIAN			\$2,992	\$1,972	\$1,046	\$389	\$6,507	8.7%

1/ Based on cities actually levying tax.

TABLE 1								
ESTIMATED BURDEN OF MAJOR TAXES FOR A FAMILY OF FOUR, 2000								
\$100,000								
RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	3,616	15,869	1,352	1,605	22,442	22.4%
2	Portland	ME	4,976	6,554	1,025	661	13,216	13.2%
3	Philadelphia	PA	7,067	4,189	1,309	380	12,944	12.9%
4	New York City	NY	7,943	2,936	1,899	142	12,920	12.9%
5	Providence	RI	3,351	6,833	1,362	1,290	12,836	12.8%
6	Newark	NJ	1,881	9,203	1,369	271	12,724	12.7%
7	Baltimore	MD	5,634	3,794	1,488	348	11,264	11.3%
8	Los Angeles	CA	3,730	4,935	1,640	818	11,122	11.1%
9	Louisville	KY	6,827	1,991	1,212	716	10,746	10.7%
10	Milwaukee	WI	4,787	4,240	1,279	403	10,708	10.7%
11	WASHINGTON	DC	6,538	1,998	1,544	380	10,459	10.5%
12	Des Moines	IA	5,229	3,309	1,311	438	10,287	10.3%
13	Minneapolis	MN	4,699	3,265	1,500	646	10,110	10.1%
14	Boston	MA	4,707	3,637	849	587	9,781	9.8%
15	Detroit	MI	6,427	1,609	1,253	439	9,728	9.7%
16	Honolulu	HI	5,686	2,190	1,314	519	9,709	9.7%
17	Columbus	OH	5,626	2,439	1,285	344	9,694	9.7%
18	Columbia	SC	4,723	2,482	1,185	1,271	9,662	9.7%
19	Charlotte	NC	5,362	2,035	1,524	654	9,575	9.6%
20	Kansas City	MO	4,274	2,332	1,799	973	9,377	9.4%
21	Boise City	ID	5,442	2,229	1,263	436	9,369	9.4%
22	Burlington	VT	3,305	4,631	1,113	311	9,360	9.4%
23	Atlanta	GA	4,057	2,710	1,779	654	9,201	9.2%
24	Salt Lake City	UT	4,914	1,555	1,986	599	9,054	9.1%
25	Portland	OR	6,156	2,498	0	350	9,003	9.0%
26	Little Rock	AR	4,491	2,116	1,743	636	8,986	9.0%
27	Charleston	WV	4,857	1,664	1,634	798	8,952	9.0%
28	Oklahoma City	OK	4,716	1,632	2,027	381	8,756	8.8%
29	Albuquerque	NM	4,005	2,553	1,899	285	8,743	8.7%
30	Jackson	MS	3,269	2,452	1,592	1,420	8,733	8.7%
31	Billings	MT	5,545	2,382	0	751	8,679	8.7%
32	Virginia Beach	VA	4,312	2,347	1,225	777	8,661	8.7%
33	Omaha	NE	4,173	2,637	1,555	270	8,635	8.6%
34	Manchester	NH	0	8,000	0	469	8,469	8.5%
35	Chicago	IL	2,573	3,732	1,657	440	8,403	8.4%
36	Birmingham	AL	4,538	1,122	1,925	531	8,117	8.1%
37	Wichita	KS	4,137	1,642	1,500	824	8,104	8.1%
38	Wilmington	DE	4,808	2,745	0	312	7,866	7.9%
39	New Orleans	LA	2,675	2,554	2,016	413	7,658	7.7%
40	Indianapolis	IN	3,713	2,453	1,159	202	7,526	7.5%
41	Fargo	ND	2,024	3,605	1,390	367	7,385	7.4%
42	Denver	CO	2,661	1,500	1,515	739	6,416	6.4%
43	Phoenix	AZ	2,338	1,466	1,945	581	6,329	6.3%
44	Seattle	WA	0	3,582	2,137	328	6,048	6.0%
45	Houston	TX	0	2,835	2,011	356	5,202	5.2%
46	Memphis	TN	30	2,356	2,247	281	4,914	4.9%
47	Jacksonville	FL	0	3,077	1,395	380	4,852	4.9%
48	Sioux Falls	SD	0	2,536	1,882	273	4,692	4.7%
49	Las Vegas	NV	0	2,196	1,394	627	4,217	4.2%
50	Cheyenne	WY	0	1,333	1,395	573	3,300	3.3%
51	Anchorage	AK	0	2,928	0	239	3,167	3.2%
AVERAGE ^{1/}			\$4,360	\$3,273	\$1,541	\$559	\$8,982	9.0%
MEDIAN			\$4,274	\$2,536	\$1,395	\$440	\$8,986	9.0%

1/ Based on cities actually levying tax.

TABLE 1								
ESTIMATED BURDEN OF MAJOR TAXES FOR A FAMILY OF FOUR, 2000								
\$150,000								
RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	6,150	22,551	2,146	2,337	33,185	22.1%
2	New York City	NY	13,387	4,205	2,896	139	20,628	13.8%
3	Portland	ME	8,559	9,314	1,537	853	20,263	13.5%
4	Newark	NJ	4,573	13,078	2,038	267	19,956	13.3%
5	Providence	RI	6,152	9,709	2,043	1,964	19,869	13.2%
6	Philadelphia	PA	10,601	5,952	1,902	370	18,826	12.6%
7	Los Angeles	CA	7,653	7,044	2,470	1,137	18,303	12.2%
8	Baltimore	MD	8,818	5,391	2,232	339	16,781	11.2%
9	WASHINGTON	DC	10,722	2,960	2,315	380	16,377	10.9%
10	Louisville	KY	10,520	2,830	1,818	1,015	16,182	10.8%
11	Milwaukee	WI	7,730	6,054	1,924	393	16,101	10.7%
12	Minneapolis	MN	7,965	4,899	2,188	859	15,911	10.6%
13	Des Moines	IA	8,209	4,792	1,966	580	15,547	10.4%
14	Columbus	OH	9,569	3,466	1,945	335	15,316	10.2%
15	Columbia	SC	7,731	3,738	1,721	1,899	15,089	10.1%
16	Honolulu	HI	9,287	3,174	1,972	506	14,939	10.0%
17	Boston	MA	7,561	5,168	1,352	746	14,828	9.9%
18	Charlotte	NC	8,618	2,892	2,430	873	14,813	9.9%
19	Boise City	ID	8,908	3,541	1,895	426	14,769	9.8%
20	Kansas City	MO	7,225	3,313	2,797	1,394	14,729	9.8%
21	Detroit	MI	9,952	2,287	1,959	505	14,703	9.8%
22	Burlington	VT	5,995	6,580	1,499	304	14,379	9.6%
23	Atlanta	GA	6,517	4,147	2,669	966	14,299	9.5%
24	Billings	MT	9,966	3,385	0	943	14,295	9.5%
25	Omaha	NE	7,469	3,747	2,315	558	14,089	9.4%
26	Albuquerque	NM	7,268	3,629	2,849	279	14,024	9.3%
27	Little Rock	AR	7,527	3,007	2,614	833	13,982	9.3%
28	Charleston	WV	8,105	2,364	2,401	1,087	13,957	9.3%
29	Portland	OR	9,782	3,549	0	340	13,671	9.1%
30	Jackson	MS	5,432	3,585	2,388	2,118	13,523	9.0%
31	Oklahoma City	OK	7,524	2,491	3,006	365	13,386	8.9%
32	Salt Lake City	UT	7,579	2,209	2,659	560	13,008	8.7%
33	Virginia Beach	VA	6,831	3,336	1,732	1,054	12,953	8.6%
34	Wichita	KS	6,974	2,441	2,250	1,133	12,798	8.5%
35	Chicago	IL	3,986	5,480	2,481	431	12,378	8.3%
36	Wilmington	DE	7,958	3,901	0	304	12,163	8.1%
37	Manchester	NH	10	11,368	0	602	11,980	8.0%
38	Birmingham	AL	6,681	1,634	2,888	695	11,898	7.9%
39	New Orleans	LA	4,319	4,167	2,675	514	11,675	7.8%
40	Fargo	ND	3,672	5,122	2,163	359	11,316	7.5%
41	Indianapolis	IN	5,761	3,499	1,738	196	11,194	7.5%
42	Phoenix	AZ	3,978	2,794	2,917	729	10,418	6.9%
43	Denver	CO	4,145	2,132	2,273	936	9,486	6.3%
44	Seattle	WA	0	5,090	3,301	319	8,711	5.8%
45	Houston	TX	0	4,120	2,837	349	7,306	4.9%
46	Jacksonville	FL	0	4,587	2,092	370	7,049	4.7%
47	Memphis	TN	150	3,348	3,188	273	6,960	4.6%
48	Sioux Falls	SD	0	3,604	2,723	266	6,594	4.4%
49	Las Vegas	NV	0	3,121	2,091	751	5,963	4.0%
50	Cheyenne	WY	0	1,894	1,965	773	4,632	3.1%
51	Anchorage	AK	0	4,161	0	236	4,396	2.9%
AVERAGE 1/			\$7,216	\$4,723	\$2,288	\$705	\$13,718	9.1%
MEDIAN			\$7,268	\$3,629	\$2,163	\$558	\$14,024	9.3%

1/ Based on cities actually levying tax.

The average tax burden for the 51 cities is progressive since the percentage tax burden at \$150,000 income (9.1 percent of income) is greater than the percentage tax burden at \$25,000 (8.0 percent). Any tax system in which the percentage of tax paid rises with the income level is said to be progressive. A tax system in which the percentage of taxes paid decreases as income rises is regressive.

Table 2 (page 14) indicates the relative progressivity or regressivity for the tax systems of each of the 51 cities. The progressivity index is measured by dividing the percentage tax burden at the \$25,000 income level by the percentage tax burden at the \$150,000 income level. Index coefficients of less than 1.000 indicates a progressive tax system, while an index greater than 1.000 indicates a regressive tax system. A proportional tax system is indicated by a coefficient of 1.000. The average index of .929 indicates that, overall, the average state and local tax system of the 51 cities is slightly progressive. The most progressive tax systems are found in Boise, Idaho; Billings, Montana; and Minneapolis, Minnesota. A graduated individual income tax and some type of low-income exemption or credit on the real property tax characterize the tax system in each of these cities.

The three cities with the least progressive state and local tax systems are Memphis, Tennessee; Sioux Falls, South Dakota; and Las Vegas, Nevada. Residents of Sioux Falls and Las Vegas do not pay a state individual income tax; and residents of Memphis only pay income tax on interest and dividend income. In Sioux Falls and Memphis, the sales and use tax burden is substantially above the 51-city average.

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

TABLE 2 INDEX OF PROGRESSIVITY FOR THE TAX SYSTEM OF THE LARGEST CITY IN EACH STATE 2000					
CITY	ST	MAJOR STATE AND LOCAL TAXES AS A PERCENT OF INCOME FOR \$25,000 FAMILY	MAJOR STATE AND LOCAL TAXES AS A PERCENT OF INCOME FOR \$150,000 FAMILY	PROGRESSIVITY INDEX	MAJOR STATE AND LOCAL TAX BURDEN RANK AT \$75,000 INCOME LEVEL
Boise	ID	5.4%	9.8%	0.544	23
Billings	MT	5.3%	9.5%	0.559	36
Minneapolis	MN	6.0%	10.6%	0.570	14
New York City	NY	8.1%	13.8%	0.586	6
Wichita	KS	5.4%	8.5%	0.636	39
Columbia	SC	6.4%	10.1%	0.639	19
Baltimore	MD	7.2%	11.2%	0.641	7
Wilmington	DE	5.4%	8.1%	0.672	37
Atlanta	GA	6.7%	9.5%	0.704	25
Omaha	NE	6.7%	9.4%	0.708	35
Burlington	VT	6.8%	9.6%	0.712	27
New Orleans	LA	5.7%	7.8%	0.737	40
Portland	ME	10.0%	13.5%	0.741	4
Los Angeles	CA	9.2%	12.2%	0.750	10
Portland	OR	7.1%	9.1%	0.777	24
Milwaukee	WI	8.4%	10.7%	0.782	9
WASHINGTON	DC	8.6%	10.9%	0.786	11
Denver	CO	5.0%	6.3%	0.795	43
Charlotte	NC	7.9%	9.9%	0.797	21
Albuquerque	NM	7.5%	9.3%	0.804	34
Des Moines	IA	8.4%	10.4%	0.811	12
Jackson	MS	7.4%	9.0%	0.821	32
Boston	MA	8.2%	9.9%	0.826	13
Providence	RI	11.3%	13.2%	0.850	5
Phoenix	AZ	5.9%	6.9%	0.851	44
Columbus	OH	8.8%	10.2%	0.858	17
Charleston	WV	8.2%	9.3%	0.884	31
Honolulu	HI	8.8%	10.0%	0.886	16
Little Rock	AR	8.5%	9.3%	0.913	28
Kansas City	MO	9.3%	9.8%	0.948	18
Virginia Beach	VA	8.2%	8.6%	0.949	29
Detroit	MI	9.3%	9.8%	0.951	15
Philadelphia	PA	12.1%	12.6%	0.963	2
Salt Lake City	UT	8.4%	8.7%	0.965	20
Bridgeport	CT	21.7%	22.1%	0.980	1
Louisville	KY	10.6%	10.8%	0.982	8
Oklahoma City	OK	8.8%	8.9%	0.989	26
Chicago	IL	8.4%	8.3%	1.023	30
Fargo	ND	7.9%	7.5%	1.041	41
Newark	NJ	14.1%	13.3%	1.061	3
Indianapolis	IN	8.0%	7.5%	1.073	38
Jacksonville	FL	5.0%	4.7%	1.074	47
Manchester	NH	9.4%	8.0%	1.183	22
Birmingham	AL	10.0%	7.9%	1.267	33
Anchorage	AK	3.7%	2.9%	1.271	50
Houston	TX	6.8%	4.9%	1.402	45
Seattle	WA	8.5%	5.8%	1.455	42
Cheyenne	WY	4.6%	3.1%	1.479	51
Las Vegas	NV	6.1%	4.0%	1.531	49
Sioux Falls	SD	6.9%	4.4%	1.564	48
Memphis	TN	7.3%	4.6%	1.578	46
AVERAGE		8.0%	9.1%	0.929	
MEDIAN				0.858	

CHAPTER III

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

Individual Income Tax

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

The percentage of income used for payment of the individual income tax burden among residents of the largest city in states having an income tax at the income level of \$25,000 ranges from a low of zero percent in nine of the cities in the study to a high of 5.3 percent in Louisville, Kentucky. At the \$150,000 income level, the burden ranges from zero percent of income in Manchester, New Hampshire to 8.9 percent in New York City. It should be noted that the Tennessee and New Hampshire income taxes are applicable only to interest and dividend income and the exemptions are high enough to eliminate individual income taxes at most income levels used in the study. New York City has broad-based income taxes at both the state and local levels, each of which has graduated rates.

The average individual income tax rate for the 44 cities levying the tax ranges from 1.6 percent at \$25,000 income to 4.8 percent at \$150,000 income. Overall, the individual income tax is quite progressive.

As Table 3 indicates, there are several types of individual income tax systems including graduated state and local rates, graduated state and flat local rates, flat state and local rates, state tax rates as a percent of federal income tax liability, graduated state tax rates and flat state rates with exemptions. The most common system is the graduated state tax rate, which applies to taxpayers in 26 of the cities. Taxpayers of six cities are subject to a flat state tax rate with exemptions. Three cities are located in states that levy state taxes based on a percentage of federal tax liability. This includes Fargo, which allows taxpayers a choice of a graduated rate schedule or a tax equal to 14 percent of federal liability; Fargo is included in this group of states because most North Dakota taxpayers use the percentage of federal option. Income tax systems that utilize a percentage of the federal tax tend to be progressive because they are linked to the federal tax rate system, which is graduated within the income ranges used in the study.

Two of the larger cities in the study, Detroit, Michigan and Philadelphia, Pennsylvania are subject to flat state and local tax rates. Five other cities levy local income taxes with flat rates to complement graduated rate income tax systems. Until tax year 1998, Baltimore, Maryland's local tax (piggyback) was a share of the state tax. However, effective in tax year 1999, Baltimore levies a tax at 2.48 percent. New York City residents are subject to separate state and local income taxes, both of which are characterized by graduated rate schedules.

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

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

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

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

Real Property Tax

All 51 cities in the study levy a property tax on residential property located within the city. The real property tax is a function of housing values, real estate tax rates, assessment levels, homeowner exemptions and credits. Nominal rates used in table 4 (page 19), represent the "announced" rates levied by the jurisdiction, while effective rates consider the various assessment levels in the cities. As the data indicate, effective rates range from a high of \$4.55 per \$100 of assessed value in Bridgeport, Connecticut to 37 cents per \$100 of assessed value in Honolulu, Hawaii. Assessment levels vary dramatically from 4.0 percent of assessed value in Columbia, South Carolina to 101.1 percent in Milwaukee, Wisconsin. Local assessors and state tax officials provided the assessment level and nominal rate used in the cities.

The assumed housing values in the 51 cities at each of the five income levels are presented in Table 5, page 20. Housing values at the same income level vary a great deal. In addition, several jurisdictions allow tax exemptions and credits in the calculations of the property tax. These exemptions and credits are noted in Table 6 (page 21). The data in Table 5 are based on the 1990 U.S. Census of Population.

The hypothetical family pays more in real property taxes than any other tax in the study at the lowest income level of \$25,000. It is the second highest tax paid at the four other income levels. In Table 1, Bridgeport, Newark and Manchester have the highest property tax burdens. This is due primarily to the high real estate tax rates in each of these cities.

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

TABLE 3 INCOME TAX BURDEN AS PERCENT OF INCOME IN THE LARGEST CITIES BY TYPE OF INCOME TAX FOR A FAMILY OF FOUR 2000						
CITIES WITH:	ST	INCOME LEVELS:				
		\$25,000	\$50,000	\$75,000	\$100,000	\$150,000
GRADUATED STATE AND LOCAL TAX RATES						
Baltimore	MD	0.0%	4.8%	5.4%	5.6%	5.9%
New York City	NY	1.3%	5.4%	7.1%	7.9%	8.9%
GRADUATED STATE AND FLAT LOCAL RATES						
Birmingham	AL	4.4%	4.6%	4.6%	4.5%	4.5%
Wilmington	DE	1.8%	3.7%	4.4%	4.8%	5.3%
Louisville	KY	5.3%	6.4%	6.6%	6.8%	7.0%
Kansas City	MO	2.3%	3.6%	4.0%	4.3%	4.8%
Columbus	OH	3.1%	4.4%	5.0%	5.6%	6.4%
FLAT STATE AND LOCAL TAX RATES						
Detroit	MI	4.6%	5.8%	6.2%	6.4%	6.6%
Philadelphia	PA	4.5%	7.3%	7.1%	7.1%	7.1%
STATE TAX RATES AS A PERCENT OF FEDERAL LIABILITY						
Fargo	ND	0.5%	1.3%	1.6%	2.0%	2.4%
Providence	RI	0.0%	2.2%	2.6%	3.4%	4.1%
Burlington	VT	0.0%	2.2%	2.6%	3.3%	4.0%
GRADUATED STATE TAX						
Phoenix	AZ	0.8%	1.8%	2.1%	2.3%	2.7%
Little Rock	AR	1.9%	3.3%	4.0%	4.5%	5.0%
Los Angeles	CA	0.0%	0.9%	2.5%	3.7%	5.1%
Bridgeport	CT	0.0%	0.6%	3.0%	3.6%	4.1%
WASHINGTON	DC	3.7%	4.9%	5.9%	6.5%	7.1%
Atlanta	GA	1.7%	3.2%	3.8%	4.1%	4.3%
Honolulu	HI	3.3%	4.6%	5.3%	5.7%	6.2%
Boise City	ID	0.4%	3.8%	4.9%	5.4%	5.9%
Des Moines	IA	2.3%	3.8%	4.6%	5.2%	5.5%
Wichita	KS	0.4%	2.7%	3.6%	4.1%	4.6%
New Orleans	LA	1.5%	2.5%	2.6%	2.7%	2.9%
Portland	ME	0.2%	2.9%	4.2%	5.0%	5.7%
Minneapolis	MN	0.0%	3.5%	4.3%	4.7%	5.3%
Jackson	MS	0.6%	2.2%	2.9%	3.3%	3.6%
Billings	MT	1.7%	3.4%	4.6%	5.5%	6.6%
Omaha	NE	0.8%	2.6%	3.6%	4.2%	5.0%
Newark	NJ	0.9%	1.2%	1.5%	1.9%	3.0%
Albuquerque	NM	0.4%	2.3%	3.3%	4.0%	4.8%
Charlotte	NC	1.9%	4.0%	4.7%	5.4%	5.7%
Oklahoma City	OK	2.5%	3.8%	4.4%	4.7%	5.0%
Portland	OR	3.6%	5.0%	5.8%	6.2%	6.5%
Columbia	SC	0.6%	3.5%	4.3%	4.7%	5.2%
Salt Lake City	UT	1.8%	4.2%	4.7%	4.9%	5.1%
Virginia Beach	VA	2.3%	3.6%	4.1%	4.3%	4.6%
Charleston	WV	2.3%	3.4%	4.3%	4.9%	5.4%
Milwaukee	WI	0.8%	3.7%	4.4%	4.8%	5.2%
FLAT STATE TAX RATE WITH EXEMPTIONS						
Denver	CO	0.0%	1.7%	2.3%	2.7%	2.8%
Chicago	IL	1.6%	2.3%	2.5%	2.6%	2.7%
Indianapolis	IN	2.8%	3.4%	3.6%	3.7%	3.8%
Boston	MA	2.0%	4.1%	4.4%	4.7%	5.0%
Manchester	NH	0.0%	0.0%	0.0%	0.0%	0.0%
Memphis	TN	0.0%	0.0%	0.0%	0.0%	0.1%
No income tax: Anchorage, AK; Jacksonville, FL; Las Vegas, NV; Sioux Falls, SD; Houston, TX; Seattle, WA; Cheyenne, WY						
AVERAGE 1/		1.6%	3.3%	3.9%	4.4%	4.8%
1/ Based on cities actually levying tax.						

TABLE 4
RESIDENTIAL PROPERTY TAX RATES IN THE LARGEST CITY IN EACH STATE
2000

RANK	CITY	ST	NOMINAL RATE 1/ PER \$100	ASSESSMENT LEVEL 2/	EFFECTIVE RATE PER \$100
1.	Bridgeport,	CT	6.50	70.0%	4.55
2.	Providence,	RI	3.49	100.7%	3.52
3.	Newark,	NJ	24.88	13.4%	3.34
4.	Manchester,	NH	3.05	100.0%	3.05
5.	Milwaukee,	WI	2.98	101.1%	3.01
6.	Philadelphia,	PA	8.26	32.0%	2.64
7.	Houston,	TX	2.59	100.0%	2.59
8.	Des Moines,	IA	4.36	56.3%	2.45
9.	Baltimore,	MD	6.03	40.0%	2.41
10.	Portland,	ME	2.40	100.0%	2.40
11.	Fargo,	ND	49.38	4.2%	2.07
12.	Burlington,	VT	2.20	93.7%	2.06
13.	Jacksonville,	FL	2.03	100.0%	2.03
14.	Indianapolis,	IN	12.67	15.0%	1.90
15.	Atlanta,	GA	4.68	40.0%	1.87
16.	Detroit,	MI	5.94	30.4%	1.81
17.	Omaha,	NE	1.88	95.0%	1.79
18.	Boise,	ID	1.82	97.4%	1.77
19.	New Orleans,	LA	17.00	10.0%	1.70
20.	Anchorage,	AK	1.77	94.5%	1.67
21.	Columbus,	OH	5.15	31.9%	1.64
22.	Jackson,	MS	16.39	10.0%	1.64
23.	Memphis,	TN	6.91	23.1%	1.60
24.	Sioux Falls,	SD	1.58	100.0%	1.58
25.	Billings,	MT	2.12	72.5%	1.54
26.	Columbia,	SC	37.93	4.0%	1.52
27.	Kansas City,	MO	7.88	19.0%	1.50
28.	Portland,	OR	2.07	72.1%	1.50
29.	Salt Lake City,	UT	1.45	99.0%	1.43
30.	Boston,	MA	1.32	100.0%	1.32
31.	Louisville,	KY	1.30	100.0%	1.30
32.	Wilmington,	DE	2.30	56.3%	1.29
33.	Wichita,	KS	11.04	11.5%	1.27
34.	Little Rock,	AR	6.30	20.0%	1.26
35.	Minneapolis,	MN	1.45	85.9%	1.25
36.	Oklahoma City,	OK	10.53	11.0%	1.16
37.	Albuquerque,	NM	3.46	33.3%	1.15
38.	Charlotte,	NC	1.20	94.3%	1.13
39.	Virginia Beach,	VA	1.22	92.0%	1.12
40.	Seattle,	WA	1.27	88.3%	1.12
41.	Los Angeles,	CA	1.07	100.0%	1.07
42.	Las Vegas,	NV	3.03	35.0%	1.06
43.	Phoenix,	AZ	10.00	10.0%	1.00
44.	WASHINGTON,	DC	0.96	100.0	0.96
45.	Chicago,	IL	9.31	10.0%	0.93
46.	Charleston,	WV	1.52	60.0%	0.91
47.	New York City,	NY	10.88	7.3%	0.80
48.	Denver,	CO	7.27	9.7%	0.71
49.	Cheyenne,	WY	7.45	9.5%	0.71
50.	Birmingham,	AL	6.95	10.0%	0.70
51.	Honolulu,	HI	0.37	100.0%	0.37
UNWEIGHTED AVERAGE			6.78	56.3%	\$1.67
MEDIAN					\$1.52

NOTE: All rates and percentages in this table are rounded.
 1/ SOURCE: City Assessor.
 2/ SOURCE: City Assessor or State Board of Equalization.
 3/ Census Bureau estimated assessment level used.

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

**TABLE 5
FACTORS USED IN HOUSING VALUE ASSUMPTIONS
2000**

CITY	ST	MEDIAN SINGLE FAMILY HOUSING VALUE 1/	MEDIAN FAMILY INCOME 2/	HOUSING TO INCOME RATIO 3/	HOUSING VALUE ASSUMPTIONS AT INDICATED INCOME LEVELS:				
					\$25,000	\$50,000	\$75,000	\$100,000	\$150,000
Honolulu,	HI	\$353,900	\$52,525	6.74	\$176,866	\$336,887	\$505,331	\$640,086	\$909,595
Los Angeles,	CA	244,500	49,476	4.94	129,722	247,089	370,634	469,470	667,142
New York City,	NY	189,600	47,509	3.99	104,759	199,541	299,312	379,128	538,761
Bridgeport,	CT	145,900	39,740	3.67	96,373	183,568	275,352	348,780	495,634
Boston,	MA	161,400	44,351	3.64	95,528	181,958	272,936	345,719	491,285
Seattle,	WA	137,900	41,044	3.36	88,195	167,990	251,986	319,182	453,574
Providence,	RI	113,000	35,932	3.14	82,552	157,241	235,862	298,759	424,552
Newark,	NJ	110,000	37,886	2.90	76,215	145,172	217,759	275,827	391,965
Portland,	ME	112,200	39,030	2.87	75,461	143,736	215,603	273,098	388,086
Manchester,	NH	118,600	42,943	2.76	72,497	138,090	207,135	262,371	372,843
WASHINGTON,	DC	123,900	49,436	2.51	65,790	125,314	187,970	238,096	338,347
New Orleans,	LA	69,200	29,185	2.37	62,241	118,554	177,831	225,253	320,096
Burlington,	VT	95,400	40,346	2.36	62,069	118,227	177,341	224,632	319,214
Albuquerque,	NM	85,000	36,465	2.33	61,189	116,550	174,825	221,445	314,685
Wilmington,	DE	77,500	34,674	2.24	58,671	111,755	167,633	212,335	301,739
Denver,	CO	78,300	35,107	2.23	58,546	111,516	167,274	211,881	301,094
Virginia Beach,	VA	96,000	43,621	2.20	57,770	110,039	165,058	209,074	297,105
Las Vegas,	NV	87,900	40,374	2.18	57,150	108,857	163,286	206,829	293,914
Chicago,	IL	78,000	37,399	2.09	54,747	104,281	156,421	198,134	281,558
Phoenix,	AZ	76,700	37,060	2.07	54,327	103,481	155,221	196,614	279,398
Columbia,	SC	72,300	34,945	2.07	54,310	103,448	155,172	196,552	279,310
Salt Lake City,	UT	66,900	32,244	2.07	54,464	103,740	155,610	197,106	280,099
Minneapolis,	MN	71,500	35,973	1.99	52,175	99,380	149,070	188,822	268,326
Cheyenne,	WY	68,300	34,454	1.98	52,037	99,118	148,676	188,324	267,618
Billings,	MT	63,100	32,486	1.94	50,987	97,119	145,678	184,526	262,221
Charleston,	WV	65,700	34,117	1.93	50,550	96,286	144,429	182,944	259,973
Atlanta,	GA	70,800	36,883	1.92	50,389	95,979	143,969	182,360	259,144
Charlotte,	NC	79,900	42,093	1.90	49,827	94,909	142,363	180,327	256,254
Jacksonville,	FL	63,800	34,387	1.86	48,703	92,768	139,151	176,258	250,473
Boise,	ID	67,300	36,415	1.85	48,514	92,407	138,610	175,573	249,499
Anchorage,	AK	109,700	59,512	1.84	48,387	92,166	138,249	175,116	248,849
Fargo,	ND	69,600	38,067	1.83	47,994	91,418	137,127	173,694	246,828
Columbus,	OH	65,500	36,677	1.79	46,879	89,293	133,940	169,657	241,091
Little Rock,	AR	64,100	36,261	1.77	46,403	88,387	132,580	167,935	238,645
Portland,	OR	59,100	33,625	1.76	46,138	87,881	131,822	166,974	237,279
Birmingham,	AL	44,500	25,546	1.74	45,726	87,098	130,647	165,486	235,164
Jackson,	MS	53,900	31,182	1.73	45,375	86,428	129,642	164,213	233,356
Sioux Falls,	SD	59,100	34,865	1.70	44,497	84,755	127,133	161,035	228,840
Philadelphia,	PA	49,400	29,628	1.67	43,768	83,367	125,051	158,397	225,091
Baltimore,	MD	54,000	32,616	1.66	43,460	82,781	124,172	157,285	223,510
Oklahoma City,	OK	54,400	32,768	1.66	43,579	83,008	124,512	157,715	224,121
Indianapolis,	IN	61,200	37,407	1.64	42,947	81,803	122,704	155,425	220,868
Kansas City,	MO	55,700	33,992	1.64	43,014	81,931	122,897	155,669	221,214
Louisville,	KY	44,300	27,390	1.62	42,456	80,869	121,303	153,651	218,346
Milwaukee,	WI	53,200	33,339	1.60	41,888	79,786	119,680	151,594	215,423
Wichita,	KS	56,300	35,799	1.57	41,283	78,633	117,950	149,404	212,310
Omaha,	NE	54,300	34,976	1.55	40,753	77,625	116,437	147,487	209,587
Memphis,	TN	55,000	35,463	1.55	40,711	77,546	116,318	147,337	209,373
Houston,	TX	57,700	37,178	1.55	40,740	77,600	116,399	147,439	209,519
Des Moines,	IA	49,500	32,765	1.51	39,657	75,538	113,307	143,522	203,952
Detroit,	MI	25,600	27,295	0.94	24,620	46,895	70,343	89,101	126,617
AVERAGE		\$87,071	\$37,146	2.24	\$58,880	\$112,153	\$168,230	\$213,091	\$302,813
MEDIAN		\$69,200	\$35,973	1.93	\$50,550	\$96,286	\$144,429	\$182,944	\$259,973

1/ Source: General Housing Characteristics, U.S. Summary, Bureau of the Census
2/ Source: Census of Housing, Detailed Housing Characteristics 1990, Bureau of the Census
3/ Figures are rounded

TABLE 6
CITIES WHICH ALLOW EXEMPTIONS OR REDUCED RATES
IN THE CALCULATION OF REAL ESTATE TAXES FOR HOMEOWNERS
2000

CITY	STATE	EXEMPTION OR TAX REDUCTION AMOUNT	BASIS OF TAX REDUCTION OR EXEMPTION
Birmingham,	AL	\$4,000	Assessed Value-Homestead
Phoenix,	AZ	35% Exemption on School Tax Rates up to \$500	Assessed Value
Los Angeles,	CA	\$7,000 Exemption	Assessed Value
WASHINGTON,	DC	\$30,000 Exemption	Assessed Value-Homestead
Jacksonville,	FL	\$25,000 Exemption	Assessed Value 1/
Atlanta,	GA	\$15,000 Exemption	Assessed Value
Honolulu,	HI	\$40,000 Exemption (below age 55)	Assessed Value
Boise City,	ID	50% up to \$50,000 Exemption	Assessed Value-Improvements
Chicago,	IL	\$4,500 Exemption	Equalized Assessed Value
Indianapolis,	IN	15% Credit and \$2,000 Exemption	Assessed Value-Homestead
Wichita,	KS	\$20,000 School Levy Exemption	Assessed Value
Des Moines,	IA	\$4,850 Exemption Credit on 1 st \$4,800 Taxable value	Assessed Value-Homestead
New Orleans,	LA	\$7,500 Exemption	Assessed Value
Boston,	MA	20% Residential Exemption	Assessed Value
Detroit,	MI	Homestead property exempt from Basic local school operating mileage	Taxable Value
Jackson,	MS	\$240 Exemption	Assessed Value
Billings,	MT	16% Homestead exemption	Market Value
Albuquerque,	NM	\$2,000 Household Head Exemption, \$2,000 Veteran exemption	Taxable Value
New York City,	NY	\$10,000	Full Value
Columbus,	OH	12.5% Tax Rollback	Assessed Value
Oklahoma City,	OK	\$1,000 Exemption	Assessed Value-Homestead
Providence,	RI	35%	Assessed Value
Columbia,	SC	11.0% School district credit	Property tax relief fund
Houston,	TX	20% Exemption on Value Plus \$15,000 Exemption 20% Exemption	Assessed Value -School District Only -City and County Tax Only
Salt Lake City,	UT	45% Residential	Taxable Value Exemption
Milwaukee,	WI	School Levy Credit: \$0.171 per \$100 Market Value Lottery Credit: School Tax on 1 st \$6,400 Market Value	Tax Credit Assessed Value

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

Given the assumptions used in this study, the real property tax burden is slightly regressive with an average percentage burden of 3.3 percent at \$25,000 income and 3.1 percent at \$150,000 income. Because of high exemptions or credits, the property tax in some cities is actually progressive despite the regressivity assumed in deriving housing values (see Chapter I). For example, in Washington, D.C., the percentage property tax burden is 1.4 percent at \$25,000 and 2.0 percent at the \$150,000 income level.

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

Sales and Use Tax

Residents of 46 of the 51 cities in this study are subject to some form of a sales and use tax. The combined sales tax rates range from 9 percent in New Orleans to 4 percent in Honolulu as indicated in Table 7, page 23. The highest state sales tax rate is 7 percent in Rhode Island and Mississippi, while the lowest state rate of 2 percent is found in Nevada. Sales taxes are levied by 20 of the 51 cities in addition to state sales taxes with the highest city rate at 4 percent in New York City. Of the nineteen counties levying a sales tax, the highest rate (3.0 percent) is in Clark County (Las Vegas). Three school districts and 11 transit districts also levy sales taxes, with rates ranging from 0.25 percent to 2.25 percent.

The average sales tax burden is the second highest of the four major tax types at the \$25,000 income level, according to Table 1. It is third highest tax paid at the four other income levels. However, the sales tax burden is far below the levels of property and income taxes at the four highest income levels. For cities subject to a sales tax, the highest burdens occur in Memphis, Tennessee; Seattle, Washington; and Oklahoma City, Oklahoma. The cities with a sales tax having the lowest burdens include Boston, Massachusetts; Portland, Maine; and Burlington, Vermont.

Table 1 shows that the sales tax is regressive; the \$25,000 income family pays an average 2.8 percent for sales taxes, while the \$150,000 family pays 1.5 percent. Factors that make the sales tax regressive include a flat tax rate as well as a tax base, which includes tangible necessities but not necessarily services. Factors which can lessen the regressivity of the sales tax include the exemption of groceries and the taxation of certain services.

CITY	ST	TOTAL RATE	STATE	CITY	COUNTY	SCHOOL	TRANSIT
New Orleans,	LA	9.0	4.0	3.5		1.5	
Chicago,	IL	8.75	6.25	1.0	0.75		0.75
Seattle,	WA	8.6	6.5	0.85	0.25		1.0
Los Angeles,	CA	8.25	6.0	1.0	0.25		1.0
New York City,	NY	8.25	4.0	4.0			0.25
Memphis,	TN	8.25	6.0		2.25		
Houston,	TX	8.25	6.25	1.0			1.0
Birmingham,	AL	8.0	4.0	3.0	1.0		
Las Vegas,	NV	7.5	2.0		3.0	2.25	
Oklahoma City,	OK	7.875	4.5	3.375			
Denver,	CO	7.3	3.0	3.5			0.8
Kansas City,	MO	7.1	4.225	1.5	0.875		0.5
Phoenix,	AZ	7.0	5.0	1.3	0.7		
Jacksonville,	FL	7.0	6.0		0.5		0.5
Atlanta,	GA	7.0	4.0		1.0	1.0	1.0
Minneapolis,	MN	7.0	6.5	0.5			
Jackson,	MS	7.0	7.0				
Philadelphia,	PA	7.0	6.0		1.0		
Providence,	RI	7.0	7.0				
Charlotte,	NC	6.5	4.0	2.5			
Fargo,	ND	6.5	5.0	1.0	0.5		
Omaha,	NE	6.5	5.0	1.5			
Salt Lake City,	UT	6.35	4.75	1.0	0.35		0.25
Little Rock,	AR	6.125	4.625	0.5	1.0		
Bridgeport,	CT	6.0	6.0				
Louisville,	KY	6.0	6.0				
Detroit,	MI	6.0	6.0				
Newark,	NJ	6.0	6.0				
Sioux Falls,	SD	6.0	4.0	2.0			
Charleston,	WV	6.0	6.0				
Wichita,	KS	5.9	4.9		1.0		
Albuquerque, 1/	NM	5.8125	4.5	1.0625	0.25		
WASHINGTON,	DC	5.75	5.75				
Columbus,	OH	5.75	5.0		0.5		0.25
Milwaukee,	WI	5.6	5.0		0.6 2/		
Des Moines,	IA	5.0	5.0				
Boise,	ID	5.0	5.0				
Indianapolis,	IN	5.0	5.0				
Boston,	MA	5.0	5.0				
Baltimore,	MD	5.0	5.0				
Portland,	ME	5.0	5.0				
Columbia,	SC	5.0	5.0				
Burlington,	VT	5.0	5.0				
Cheyenne,	WY	5.0	4.0		1.0		
Virginia Beach,	VA	4.5	3.5	1.0			
Honolulu,	HI	4.0	4.0				
UNWEIGHTED AVERAGE		6.44					
MEDIAN		6.35					

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

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

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

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

Automobile Taxes

Residents of all 51 cities in this study are subject to gasoline taxes and some type of automobile registration fee or tax. The automobile taxes included in this study are gasoline taxes, motor vehicle registration fees, excise taxes and personal property taxes. Fourteen of the cities levy a personal property tax based on the value of motor vehicles owned by a taxpayer. Gasoline tax rates in each of the 51 cities as of December 31, 2000 are compared in Table 8, page 25. The gasoline tax rates vary from as high as 33 cents per gallon in Las Vegas, Nevada to a low of 7.5 cents per gallon in Atlanta, Georgia and 8 cents per gallon in Anchorage, Alaska, and New York City, New York. Several of the cities in Table 8 also levy a sales tax on gasoline, which is not included in the table.

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

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

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

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

Automobile tax burdens in the 51 cities are regressive on the average as shown in Table 1. The \$25,000 family pays 0.8 percent of income for automobile related taxes, while the \$150,000 income family pays an average of 0.5 percent. Since gasoline consumption does not necessarily increase at the same rate as income, a flat tax rate on gasoline will not be progressive. Similarly, in a society where ownership of at least one automobile by a family is almost a necessity, any tax (excise or personal property) based on the value of vehicle ownership tends to be regressive.

TABLE 8
GASOLINE TAX RATES IN THE 51 CITIES AS OF DECEMBER 31, 2000
(STATE AND LOCAL RATES)

CITY	ST	TOTAL RATE	STATE RATE	LOCAL RATE
Las Vegas,	NV	33.0	24.0	09.0
Honolulu,	HI	32.5	16.0	16.5
Providence,	RI	28.0	28.0	00.0
Billings,	MT	27.0	27.0	00.0
Portland,	OR	27.0	24.0	03.0
Jacksonville,	FL	26.6	15.5	11.1
Milwaukee,	WI	26.4	26.4	00.0
Philadelphia,	PA	26.0	26.0	00.0
Bridgeport,	CT	25.0	25.0	00.0
Boise,	ID	25.0	25.0	00.0
Salt Lake City,	UT	24.5	24.5	00.0
Chicago,	IL	24.0	19.0	05.0
Omaha,	NE	23.9	23.9	00.0
Baltimore,	MD	23.5	23.5	00.0
Charlotte,	NC	23.1	23.1	00.0
Wilmington,	DE	23.0	23.0	00.0
Seattle,	WA	23.0	23.0	00.0
Denver,	CO	22.0	22.0	00.0
Portland,	ME	22.0	22.0	00.0
Columbus,	OH	22.0	22.0	00.0
Boston,	MA	21.0	21.0	00.0
Fargo,	ND	21.0	21.0	00.0
Little Rock,	AR	20.5	20.5	00.0
Charleston,	WV	20.5	20.5	00.0
WASHINGTON,	DC	20.0	20.0	00.0
Des Moines,	IA	20.0	20.0	00.0
New Orleans,	LA	20.0	20.0	00.0
Minneapolis,	MN	20.0	20.0	00.0
Memphis,	TN	20.0	20.0	00.0
Houston,	TX	20.0	20.0	00.0
Detroit,	MI	19.0	19.0	00.0
Burlington,	VT	19.0	19.0	00.0
Phoenix,	AZ	18.0	18.0	00.0
Los Angeles,	CA	18.0	18.0	00.0
Wichita,	KS	18.0	18.0	00.0
Manchester,	NH	18.0	18.0	00.0
Jackson,	MS	18.0	18.0	00.0
Sioux Falls,	SD	18.0	18.0	00.0
Virginia Beach,	VA	17.5	17.5	00.0
Birmingham,	AL	17.0	16.0	01.0
Kansas City,	MO	17.0	17.0	00.0
Albuquerque,	NM	17.0	17.0	00.0
Oklahoma City,	OK	17.0	17.0	00.0
Columbia,	SC	16.0	16.0	00.0
Indianapolis,	IN	15.0	15.0	00.0
Louisville,	KY	15.0	15.0	00.0
Cheyenne,	WY	11.0	11.0	00.0
Newark,	NJ	10.5	10.5	00.0
New York City,	NY	08.0	08.0	00.0
Anchorage,	AK	08.0	08.0	00.0
Atlanta,	GA	07.5	07.5	00.0
UNWEIGHTED AVERAGE		20.3		
MEDIAN		20.0		

TABLE 9
SUMMARY OF TYPES OF AUTOMOBILE
REGISTRATION TAXES
2000

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

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

TABLE 10
AUTOMOBILE TAX ASSUMPTIONS
2000

Income Level	Description Of Auto	Horse-Power 1/	Weight 1/	Year	Market Values			Estimated Mileage Per Gallon 2/	Estimated Annual Gasoline Usage 3/
					Retail Price 1/	Trade-In Value 1/	Loan Value 1/		
\$ 25,000	Sedan, 4 Door 4 cylinder, 5 Speed	16.90	2,735 lbs.	1994	\$ 8,350	\$ 6,600	\$ 5,905	24	625 Gallons
\$ 50,000	Sedan, 4 Door 4 Cylinder, Automatic	18.82	3,131 lbs.	1995	\$12,900	\$10,825	\$ 9,685	23	652 Gallons
\$ 75,000	Sedan, 4 Door 6 Cylinder, Automatic	29.40	3,329 lbs.	1998	\$13,775	\$11,725	\$10,490	19	789 Gallons
	Sedan, 4 Door 4 Cylinder, Automatic	16.70	2,434 lbs.	1994	\$ 6,375	\$ 4,950	\$ 4,429	24	313 Gallons
\$100,000	Sedan, 4 Door 6 Cylinder, Automatic	34.70	3,587 lbs.	1998	\$21,300	\$18,700	\$16,731	19	789 Gallons
	Sedan, 4 Door 6 Cylinder, Automatic	29.40	3,359 lbs.	1996	\$10,325	\$ 8,525	\$ 7,627	19	395 Gallons
\$150,000	Sedan, 4 Door 6 Cylinder, Automatic	35.06	3,495 lbs.	1998	\$37,625	\$33,700	\$30,152	19	789 Gallons
	Sedan, 4 Door 6 Cylinder, Automatic	18.82	3,274 lbs.	1994	\$11,775	\$ 9,825	\$ 8,791	21	357 Gallons

1/ National Automobile Dealers Association Used Car Guide.

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

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

CHAPTER IV

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

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

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

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

Individual Income Tax

The individual income tax burden for Washington, D.C. is substantially above the average for the 44 cities that levy an individual income tax at all income levels. Washington, D.C. levies an individual income tax with three rates (for tax year 2001): 5 percent on the first \$10,000 of taxable income; 7.5 percent on the next \$20,000 of taxable income; and 9.3 percent on taxable income over \$30,000. For tax year 2000 personal exemptions of \$1,370 per dependent were allowed, as well as a \$1,370 exemption for the filer and spouse, respectively. A standard deduction of \$2,000 (\$1,000 for married-separate) was in effect for the period of this study. Itemized deductions are the same as those allowed in computing the federal income tax, but the District does not allow the deduction of its own individual income tax. Washington, D.C. also has liberal "circuit-breaker" property tax relief programs for both elderly and non-elderly qualified homeowners and renters, as well as a low-income credit, which eliminates the District income tax for taxpayers with no federal income tax liability.

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

Real Property Tax

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

The tax on residential property in the District of Columbia is based on the assessed value of the property. All property is assessed at a statutory level of 100 percent of its estimated market value. Since 1998, the District of Columbia has operated under a triennial assessment system. Properties in the District are divided into three triennial groups (Tri-Groups) – each containing roughly one-third of the total taxable value of all real property in the District. Under the District’s triennial system only properties in one Tri-Group have been reassessed each year. Increases in assessed value are phased-in over a three-year cycle. Reductions in assessed value are realized immediately in the effective tax year.

With the completion of reassessments for properties in Tri-Group 3 in FY 2000 for FY 2001 billing, the District completed one full triennial cycle. Beginning in FY 2002, the District will transition back to annual assessment. Property owners in all Tri-Groups, however, will receive the full benefit of triennial assessment, as the reversion to annual assessment will be phased-in over a three-year period. In FY 2002, properties in Tri-Group 1 will return to annual assessment. This will be followed by a return to annual assessment for properties in Tri-Group 2 in FY 2003, and properties in Tri-Group 3 in FY 2004 at which point all taxable property in the District will be assessed annually. The tax rate on residential owner-occupied property in the District of Columbia was \$0.96 per \$100 for the period of this study. Washington, D.C. homeowners are allowed to deduct a homestead exemption of \$30,000 from the assessed base, not the tax bill before calculation of the property tax for all owner-occupied dwellings.

Despite the assumption of regressivity present in the housing value assumptions (Chapter I), the computed property tax for Washington, D.C., is slightly progressive because of the homestead deduction which reduces the property tax of each homeowner by \$288 (at the \$0.96 rate). The burden is 1.4 percent at the \$25,000 income level and 2.0 percent at \$150,000 income.

Sales Tax

The District of Columbia levies a sales tax with five different rates. This rate structure is utilized, in part, to take advantage of the District's special status as a tourist center and to increase the contribution of non-residents working in the city. These differential rates illustrate the concept of tax exporting. The table below details the sales tax rates in effect at the end of 2000.

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

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

The sales tax burden in the District of Columbia is very near the 51-City average at all but the lowest income level.

Automobile Taxes

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

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

Summary

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

TABLE 11			
TAX BURDENS IN WASHINGTON, D.C. COMPARED WITH THE AVERAGE FOR THE LARGEST CITY IN EACH STATE BY INCOME CLASS, 2000			
DISTRICT OF COLUMBIA		AVERAGE FOR CITIES LEVYING TAX	PERCENT DIFFERENCE
		1/	
\$25,000 INCOME LEVEL			
Income	\$ 932	\$404	130.8%
Property	344	825	-58.3%
Sales	658	691	-4.7%
Auto	213	211	0.9%
TOTAL	DC \$2,146	51 CITY AVERAGE \$2,007	6.9%
\$50,000 INCOME LEVEL			
Income	\$2,427	\$1,641	47.9%
Property	915	1,652	-44.6%
Sales	775	773	0.3%
Auto	218	254	-14.1%
TOTAL	DC \$4,335	51 CITY AVERAGE \$4,019	7.9%
\$75,000 INCOME LEVEL			
Income	\$4,418	\$2,958	49.3%
Property	1,517	2,549	-40.5%
Sales	1,158	1,155	0.2%
Auto	363	440	-17.4%
TOTAL	DC \$7,455	51 CITY AVERAGE \$6,584	13.2%
\$100,000 INCOME LEVEL			
Income	\$6,538	\$4,360	50.0%
Property	1,998	3,273	-39.0%
Sales	1,544	1,541	0.2%
Auto	380	559	-32.0%
TOTAL	DC \$10,459	51 CITY AVERAGE \$8,982	16.4%
\$150,000 INCOME LEVEL			
Income	\$10,722	\$7,216	48.6%
Property	2,960	4,723	-37.3%
Sales	2,315	2,288	1.2%
Auto	380	705	-46.1%
TOTAL	DC \$16,377	51 CITY AVERAGE \$13,718	19.4%

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

CHAPTER V

Why Do Tax Burdens Differ From One City To Another?

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

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

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

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

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

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

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

TABLE 12
THE LARGEST CITY IN EACH STATE ^{1/}
(1990 CENSUS OF POPULATION)

STATE	CITY	1990 POPULATION	1980 POPULATION	PERCENT DIFFERENCE
Alabama	Birmingham	265,968	284,413	-6.5%
Alaska	Anchorage	226,338	173,017	30.8%
Arizona	Phoenix	983,403	789,704	24.5%
Arkansas	Little Rock	175,795	158,461	10.9%
California	Los Angeles	3,485,398	2,966,763	17.5%
Colorado	Denver	467,610	491,396	-4.8%
Connecticut	Bridgeport	141,686	142,546	-0.6%
Delaware	Wilmington	71,529	70,195	1.9%
Florida	Jacksonville	672,971	540,898	24.4%
Georgia	Atlanta	394,017	425,020	-7.3%
Hawaii	Honolulu	377,059	365,048	3.3%
Idaho	Boise	125,738	102,451	22.7%
Illinois	Chicago	2,783,726	3,005,072	-7.4%
Indiana	Indianapolis	731,327	700,807	4.4%
Iowa	Des Moines	193,187	191,003	1.1%
Kansas	Wichita	304,011	279,272	8.9%
Kentucky	Louisville	269,063	298,451	-9.8%
Louisiana	New Orleans	496,938	557,482	-10.9%
Maine	Portland	64,358	61,572	4.5%
Maryland	Baltimore	736,014	786,775	-6.5%
Massachusetts	Boston	574,283	562,994	2.0%
Michigan	Detroit	1,027,974	1,203,339	-14.6%
Minnesota	Minneapolis	368,383	370,951	-0.7%
Mississippi	Jackson	196,637	202,895	-3.1%
Missouri	Kansas City	435,146	448,159	-2.9%
Montana	Billings	81,151	66,798	21.5%
Nebraska	Omaha	335,795	311,681	7.7%
Nevada	Las Vegas	258,295	164,674	56.9%
New Hampshire	Manchester	99,567	90,936	9.5%
New Jersey	Newark	275,221	329,248	-16.4%
New Mexico	Albuquerque	384,736	331,767	16.0%
New York	New York City	7,322,564	7,071,030	3.6%
North Carolina	Charlotte	395,934	314,447	25.9%
North Dakota	Fargo	74,111	61,308	20.9%
Ohio	Columbus	98,052	99,296	-1.3%
Oklahoma	Oklahoma City	444,719	403,213	10.3%
Oregon	Portland	437,319	366,383	19.4%
Pennsylvania	Philadelphia	1,585,577	1,688,210	-6.1%
Rhode Island	Providence	160,728	156,804	2.5%
South Carolina	Columbia	98,052	99,296	-1.3%
South Dakota	Sioux Falls	100,814	81,343	23.9
Tennessee	Memphis	610,337	646,356	-5.6%
Texas	Houston	1,630,553	1,594,086	2.3%
Utah	Salt Lake City	159,936	163,033	-1.9%
Vermont	Burlington	39,127	37,712	3.8%
Virginia	Virginia Beach	393,069	262,199	49.9%
Washington	Seattle	516,259	493,846	4.5%
West Virginia	Charleston	57,287	63,968	-10.4%
Wisconsin	Milwaukee	628,088	636,212	-1.3%
Wyoming	Cheyenne	50,008	47,283	5.8%
WASHINGTON, DC		606,900	637,651	-4.8%

^{1/} Final counts published in 1990 Census Advance Reports by state series, PHC 80-V.

Part II

A Comparison of Selected Tax Rates In The District of Columbia With Those In The 50 States As of January 1, 2001

Overview

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

TAX	LEVYING TAX	LOWER THAN DC	SAME AS DC	HIGHER THAN DC
Beer	50	7	2	41
Cigarette	50	38	0	12
Corporate Income	44	42	0	2
Deed Recordation	36	36	0	0
Light Wine	46	6	2	38
Distilled Spirits	32	0	1	31
Individual Income	42 1/	39 2/	0	3 2/
Insurance	49	4	0	45
Motor Fuel	50	22	6	22
Motor Vehicle Excise				
Light Cars < 3,500 lbs.	47	32	9	6
Heavy Cars > 3,500 lbs.	47	46	1	0
Motor Vehicle Registration 3/	49	46	0	3
Sales and Use	45	30	0	15

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

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

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

**TABLE 14
INDIVIDUAL INCOME TAX
WASHINGTON METROPOLITAN AREA
JANUARY 1, 2001**

PERSONAL EXEMPTIONS	(CREDITS)	TAXABLE INCOME	RATES
DISTRICT OF COLUMBIA			
Single	\$1,370	\$0 - \$10,000 \$10,000-\$30,000 Over \$30,000	5.0% \$ 500 + 7.5% of excess > \$10,000 \$2,000 + 9.3% of excess > \$30,000
Married Filing Separately	\$1,370		
Married Filing Jointly	\$2,740		
Head of Household	\$2,740		
Dependent (additional)	\$1,370		
Blind (additional)	\$1,370		
Age 65 and over (additional)	\$1,370		
Standard	1/		
MARYLAND 2/			
Single	\$1,850	\$0 - \$1,000 \$1,001-\$2,000 \$2,001-\$3,000 Over \$3,000	2.0% \$20 + 3.00% of excess > \$1,000 \$50 + 4.00% of excess > \$2,000 \$90 + 4.85% of excess > \$3,000
Married Filing Separately	\$1,850		
Married Filing Jointly	\$3,700		
Head of Household	\$1,850		
Dependent (additional)	\$1,850		
Blind (additional)	\$1,000		
Age 65 and over (additional)	\$1,000		
Standard	3/		
VIRGINIA			
Single	\$ 800	\$0 - \$3,000 \$3,001-\$5,000 \$5,001-\$17,000 Over \$17,000	2.0% \$ 60 + 3.00% of excess > \$ 3,000 \$ 120 + 5.00% of excess > \$ 5,000 \$ 720 + 5.75% of excess > \$17,000
Married Filing Separately	\$ 800		
Married Filing Jointly	\$1,600		
Head of Household	\$ 800		
Dependent (additional)	\$ 800		
Blind (additional)	\$ 800		
Age 65 and over (additional)	\$ 800		
Standard	4/		

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

2/ Maryland rates do not include local rates of which may be as much as 3.05%.

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

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

**TABLE 15
INDIVIDUAL INCOME TAX
43 STATES AND DISTRICT OF COLUMBIA
AS OF JANUARY 1, 2001**

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS					
SINGLE	M/J	DEPENDENTS		MINIMUM		MAXIMUM		
				RATE	UP TO	RATE	OVER	
ALABAMA ^{1/}								
\$1,500	\$3,000	\$300	S,HH,M M/J	2.0% 2.0%	\$ 500 1,000	5.0% 5.0%	\$ 3,000 6,000	
ARIZONA ^{2/3/}								
\$2,100	\$4,200	\$2,300	S,M/S M/J,HH	2.87% 2.87%	\$ 10,000 20,000	5.04% 5.04%	\$150,000 300,000	
ARKANSAS								
(\$20)	(\$40)	(\$20)		1.0%	\$ 2,999	7.0%	\$ 25,000	
CALIFORNIA								
(\$75)	(\$150)	(\$235)	S,M/S HH M/J	1.0% 1.0% 1.0%	\$ 5,131 10,264 10,262	9.3% 9.3% 9.3%	\$ 33,673 45,833 67,346	
COLORADO								
4.63% of federal taxable income with certain modifications.								
CONNECTICUT ^{4/}								
\$12,250	\$24,000	---	S,M/S HH M/J	3.0% 3.0% 3.0%	\$ 10,000 16,000 20,000	4.5% 4.5% 4.5%	\$ 10,000 16,000 30,000	
DELAWARE								
(\$110)	(\$220)	(\$110)		2.2%	\$ 5,000	5.95%	\$ 60,000	
DISTRICT OF COLUMBIA								
\$1,370	\$2,740	\$1,370		5.0%	\$ 10,000	9.5%	\$ 20,000	
GEORGIA								
\$2,700	\$5,400	\$2,700	M/S S HH,M/J	1.0% 1.0% 1.0%	\$ 500 750 1,000	6.0% 6.0% 6.0%	\$ 5,000 7,000 10,000	
HAWAII								
\$1,040	\$2,080	\$1,040	M/S,S HH SS,M/J	1.6% 1.6% 1.6%	\$ 2,000 3,000 4,000	8.75% 8.75% 8.75%	\$ 40,000 60,000 80,000	

1/ Does not include various local income taxes.

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

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

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

TABLE 15 (continued) INDIVIDUAL INCOME TAX 43 STATES AND DISTRICT OF COLUMBIA AS OF JANUARY 1, 2001							
PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS				
SINGLE	M/J	DEPENDENTS		MINIMUM		MAXIMUM	
				RATE	UP TO	RATE	OVER
IDAHO 1/							
\$2,800	\$5,600	\$2,800	S M/J	1.9% 1.9%	\$ 1,022 2,044	8.1% 8.1%	\$ 20,442 40,884
ILLINOIS							
\$2,000	\$4,000	\$2,000				3.0% of taxable net income.	
INDIANA 2/							
\$1,000	\$2,000	\$1,000				3.4% of federal adjusted gross income.	
IOWA							
(\$40)	(\$80)	(\$40)		0.36%	\$ 1,148	8.98%	\$ 51,660
KANSAS							
\$2,250	\$4,500	\$2,250	S,M/S M/J	3.5% 3.5%	\$ 15,000 30,000	6.45% 6.45%	\$ 30,000 60,000
KENTUCKY							
(\$20)	(\$40)	(\$20)		2.0%	\$ 3,000	6.0%	\$ 8,000
LOUISIANA							
\$4,500	\$9,000	\$1,000	S,M/S,HH M/J	2.0% 2.0%	\$ 10,000 20,000	6.0% 6.0%	\$ 50,000 100,000
MAINE							
\$2,850	\$5,700	\$2,850	S,M/S HH M/J	2.0% 2.0% 2.0%	\$ 4,150 6,200 8,250	8.5% 8.5% 8.5%	\$ 16,500 24,750 33,000
MARYLAND 2/							
\$1,850	\$3,700	\$1,850	M/S,S,D HH,M/J,QW	2.0% 2.0%	\$ 1,000 1,000	4.85% 4.85%	\$ 3,000 3,000
MASSACHUSETTS							
\$4,400	\$8,800	\$1,000				5.6% of taxable income.	
MICHIGAN 2/							
\$2,900	\$5,800	\$2,900				4.2% of federal adjusted gross income.	

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

2/ Does not include various local income taxes.

TABLE 15 (continued)
INDIVIDUAL INCOME TAX
43 STATES AND DISTRICT OF COLUMBIA
AS OF JANUARY 1, 2001

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS					
SINGLE	M/J	DEPENDENTS		MINIMUM		MAXIMUM		
				RATE	UP TO	RATE	OVER	
MINNESOTA								
\$2,800	\$5,600	\$2,800	M/S	5.35%	\$ 12,840	7.85%	\$ 51,010	
			S	5.35%	17,57	7.85%	57,71	
			HH	5.35%	0	7.85%	0	
			M/J	5.35%	21,63	7.85%	86,91	
					0		0	
					25,68		102,030	
					0			
MISSISSIPPI								
\$6,000	\$12,000	\$1,500		3.0%	\$ 10,000	5.0%	\$ 10,000	
MISSOURI 1/								
\$2,100	\$4,200	\$1,200		1.5%	\$ 1,000	6.0%	\$ 9,000	
MONTANA								
\$1,670	\$3,340	\$1,670		2.0%	\$ 2,099	11.0%	\$ 73,000	
NEBRASKA								
(\$91)	(\$182)	(\$91)	S,M/S	2.51%	\$ 2,400	6.68%	\$ 26,500	
			M/J,HH	2.51%	4,000	6.68%	46,750	
NEW HAMPSHIRE								
\$2,400	\$4,800	---	5.0% on dividend and interest income over personal exemption.					
NEW JERSEY								
\$1,000	\$2,000	\$1,500	S,M/S	1.4%	\$ 20,000	6.37%	\$ 75,001	
			HH,M/J	1.4%	20,000	6.37%	150,001	
NEW MEXICO								
\$2,800	\$5,600	\$2,800	M/S	1.7%	\$ 4,000	8.2%	\$ 50,000	
			S	1.7%	5,500	8.2%	65,000	
			HH	1.7%	7,000	8.2%	83,000	
			M/J	1.7%	8,000	8.2%	100,000	
NEW YORK								
---	---	\$1,000	M/S,S	4.0%	\$ 8,000	6.85%	\$ 20,000	
			HH	4.0%	11,000	6.85%	30,000	
			M/J	4.0%	16,000	6.85%	40,000	
NORTH CAROLINA 2/								
\$2,500	\$5,000	\$2,500	M/S	6.0%	\$ 10,625	7.75%	\$ 50,000	
			S	6.0%	12,750	7.75%	60,000	
			HH	6.0%	17,000	7.75%	80,000	
			M/J,SS	6.0%	21,250	7.75%	100,000	
NORTH DAKOTA 3/								
---	---	---	14.0% of federal liability before credits.					

1/ Does not include various local income taxes.

2/ A taxpayer whose Federal AGI is >= the threshold amounts shown is allowed a personal exemption of \$2,000 and \$2,000 for each dependent.

3/ Rates based on "short form" filing method.

TABLE 15 (continued)
INDIVIDUAL INCOME TAX
43 STATES AND DISTRICT OF COLUMBIA
AS OF JANUARY 1, 2001

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS					
SINGLE	M/J	DEPENDENTS		MINIMUM		MAXIMUM		
				RATE	UP TO	RATE	OVER	
OHIO ^{1/}								
\$1,100 (\$20)	\$2,200 (\$40)	\$1,100 (\$20)		0.691%	\$ 5,000	6.987%	\$200,000	
OKLAHOMA								
<i>Without federal deduction</i>								
\$1,000	\$2,000	\$1,000	S,M/S SS,HH,M/J	0.5% 0.5%	\$ 1,000 2,000	6.75% 6.75%	\$ 10,000 21,000	
<i>With federal deduction</i>								
\$1,000	\$2,000	\$1,000	S,M/S SS,HH,M/J	0.5% 0.5%	\$ 1,000 2,000	10.0% 10.0%	\$ 16,000 24,000	
OREGON ^{1/}								
(\$139)	(\$278)	(\$139)	S,M/S HH,M/J	5.0% 5.0%	\$ 2,450 4,900	9.0% 9.0%	\$ 6,100 12,200	
PENNSYLVANIA ^{1/}								
---	---	---	2.8% of specified classes of taxable income is effective rate.					
RHODE ISLAND								
---	---	---	26% of modified federal income tax liability.					
SOUTH CAROLINA								
\$2,750	\$5,500	\$2,750 ^{2/}		2.5%	\$ 2,340	7.0%	\$ 11,700	
TENNESSEE								
\$1,250	\$2,500	---	6.0% on interest and dividend income.					
UTAH								
\$2,100	\$4,200	\$2,100	M/S,S HH,M/J	2.3% 2.3%	\$ 750 1,500	7.0% 7.0%	\$ 3,750 7,500	
VERMONT								
---	---	---	24% of federal income tax liability.					
VIRGINIA								
\$800	\$1,600	\$800		2.0%	\$ 3,000	5.75%	\$ 17,000	
WEST VIRGINIA								
\$2,000	\$4,000	\$2,000	M/S S,SS,HH,M/J	3.0% 3.0%	\$ 5,000 10,000	6.5% 6.5%	\$ 30,000 60,000	
WISCONSIN								
\$600	\$1,200	\$600	M/S S M/J	4.73% 4.73% 4.73%	\$ 5,200 7,790 10,390	6.75% 6.75% 6.75%	\$ 77,930 116,890 155,850	

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

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

TABLE 16
CHARACTERISTICS OF STATE INDIVIDUAL INCOME TAXES

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

TABLE 16 (continued)						
CHARACTERISTICS OF STATE INDIVIDUAL INCOME TAXES						
JURISDICTION	FEDERAL INCOME TAX DEDUCTIBLE	NO INCOME TAX	WITH-HOLDING	FEDERAL DEFINITION OF INCOME FOR STATE TAX BASE	STATE DEFINITION OF INCOME FOR STATE TAX BASE	FEDERAL TAX LIABILITY FOR STATE TAX BASE
NEW JERSEY			NJ		NJ	
NEW MEXICO			NM	NM		
NEW YORK			NY	NY		
NORTH CAROLINA			NC	NC		
NORTH CAROLINA			NC	NC		
NORTH DAKOTA			ND			ND
OHIO			OH	OH		
OKLAHOMA 1/	OK		OK	OK		
OREGON 2/	OR		OR	OR		
PENNSYLVANIA			PA		PA	
RHODE ISLAND			RI			RI
SOUTH CAROLINA			SC	SC		
SOUTH DAKOTA		SD				
TENNESSEE					TN	
TEXAS		TX				
UTAH 2/	UT		UT	UT		
VERMONT			VT			
VIRGINIA			VA	VA		
WASHINGTON		WA				
WEST VIRGINIA			WV	WV		
WISCONSIN			WI	WI		
WYOMING		WY				

1/ Method 2 only.

2/ Federal deductibility is limited.

TABLE 17
STATE CORPORATION INCOME TAX RATES
(Maximum Rates)
DISTRICT OF COLUMBIA: 9.975%

LOWER THAN THE DISTRICT			
42 STATES			
Colorado	4.63%	New Mexico	7.60%
Alabama	5.00%	Nebraska	7.81%
Mississippi	5.00%	Indiana	7.90%
South Carolina	5.00%	Wisconsin	7.90%
Utah	5.00%	Arizona	7.968%
Florida	5.50%	Idaho	8.00%
Georgia	6.00%	Louisiana	8.00%
Oklahoma	6.00%	New Hampshire	8.00%
Tennessee	6.00%	New York	8.00%
VIRGINIA	6.00%	Kentucky	8.25%
Missouri	6.25%	Ohio	8.50%
Hawaii	6.40%	Delaware	8.70%
Arkansas	6.50%	California	8.84%
Oregon	6.60%	Maine	8.93%
Montana	6.75%	New Jersey	9.00%
North Dakota	6.83%	Rhode Island	9.00%
North Carolina	6.90%	West Virginia	9.00%
MARYLAND	7.00%	Alaska	9.40%
Illinois	7.30%	Massachusetts	9.50%
Kansas	7.35%	Vermont	9.75%
Connecticut	7.50%	Minnesota	9.80%
HIGHER THAN THE DISTRICT			
2 STATES			
Pennsylvania	9.99%	Iowa	12.00%
NO TAX			
6 STATES			
Michigan (Single Business Tax)		Texas	
Nevada		Washington (Gross Receipts Tax)	
South Dakota		Wyoming	

TABLE 18
STATE GROSS PREMIUMS TAX RATES ON FOREIGN LIFE INSURERS
DISTRICT OF COLUMBIA: 1.7%

LOWER THAN THE DISTRICT			
4 STATES			
New York 1/ South Carolina	0.70% 0.75%	Nebraska Michigan	1.00% 1.29%
HIGHER THAN THE DISTRICT			
45 STATES			
Connecticut	1.75%	Wisconsin	2.00%
Florida	1.75%	Ohio	2.09%
Tennessee	1.75%	New Jersey	2.10%
Texas	1.75%	Georgia	2.25%
North Carolina	1.90%	Louisiana 2/	2.25%
Arizona	2.00%	Oklahoma	2.25%
Colorado	2.00%	Utah	2.25%
Delaware	2.00%	VIRGINIA	2.25%
Indiana	2.00%	California	2.35%
Iowa	2.00%	Arkansas	2.50%
Kansas	2.00%	South Dakota	2.50%
Kentucky	2.00%	Wyoming	2.50%
Maine	2.00%	Alaska	2.70%
MARYLAND	2.00%	Hawaii	2.75%
Massachusetts	2.00%	Montana	2.75%
Minnesota	2.00%	Alabama	3.00%
Missouri	2.00%	Idaho	3.00%
New Hampshire	2.00%	Mississippi	3.00%
North Dakota	2.00%	New Mexico	3.00%
Pennsylvania	2.00%	West Virginia	3.00% 3/
Rhode Island	2.00%	Nevada	3.50%
Vermont	2.00%	Illinois 4/	4.00%
Washington	2.00%		
NO TAX			
1 STATE			
Oregon			

1/ Does not include local premium taxes.

2/ Maximum rate.

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

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

TABLE 19
STATE GENERAL SALES AND USE TAX RATES
DISTRICT OF COLUMBIA: 5.75%

LOWER THAN THE DISTRICT			
30 STATES			
Nevada (4.5)	2.00%	Kansas (2%)	4.90%
Colorado (6.0%)	3.00%	Arizona	5.00%
VIRGINIA (1%)	3.50%	Idaho	5.00%
Alabama (4.5%)	4.00%	Indiana	5.00%
Georgia (3%)	4.00%	Iowa (1%)	5.00%
Hawaii	4.00%	Maine	5.00%
Louisiana (5%)	4.00%	MARYLAND	5.00%
New York (4.25%)	4.00%	Massachusetts	5.00%
North Carolina (2.0%)	4.00%	Nebraska (2.6875%)	5.00%
South Dakota (2%)	4.00%	New Mexico 1/	5.00%
Wyoming (1%)	4.00%	North Dakota (2.0%)	5.00%
Arkansas (4.625%)	4.50%	Ohio (0-3%)	5.00%
Oklahoma (5%)	4.50%	South Carolina	5.00%
Missouri (5.3125%)	4.50%	Vermont	5.00%
Utah (1.6%)	4.75%	Wisconsin (.6%)	5.00%
HIGHER THAN THE DISTRICT			
15 STATES			
California (2.50%)	6.00%	West Virginia	6.00%
Connecticut	6.00%	Illinois (3%)	6.25%
Florida	6.00%	Texas (2%)	6.25%
Kentucky	6.00%	Minnesota (1%)	6.50%
Michigan	6.00%	Washington (2.1%)	6.50%
New Jersey	6.00%	Mississippi	7.00%
Pennsylvania (1%)	6.00%	Rhode Island	7.00%
Tennessee (2.75%)	6.00%		
NO TAX			
5 STATES			
Alaska			
Delaware			
Montana			
New Hampshire			
Oregon			

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

Note: Maximum local rates in parentheses

TABLE 20
STATE BEER TAX RATES
(Per Gallon, Alcoholic Content of 4.5%) 1/
DISTRICT OF COLUMBIA: \$0.09

LOWER THAN THE DISTRICT			
7 STATES			
Wyoming	\$.02	Kentucky	\$.08
Missouri	.06	Oregon	.08
Wisconsin 2/	.06	Pennsylvania	.08
Colorado	.08		
SAME AS THE DISTRICT			
2 STATES			
MARYLAND	\$.09	Nevada	\$.09
HIGHER THAN THE DISTRICT			
41 STATES			
Rhode Island 2/	\$.10	Arkansas	\$.23
Massachusetts	.11	Nebraska	.23
Indiana	.12	VIRGINIA	.26
New Jersey	.12	Washington 2/	.26
Tennessee 3/	.13	Vermont	.265
Montana	.14	South Dakota	.27
Minnesota 2/	.15	New Hampshire	.30
Idaho	.15	Louisiana	.32
Delaware	.156	Alaska	.35
Arizona	.16	Maine	.35
New York	.135	Utah	.3548
North Dakota 4/	.16	Oklahoma	.40
Kansas	.18	New Mexico 5/	.41
Ohio	.18	Mississippi	.43
West Virginia	.18	Florida	.48
Illinois	.185	Georgia	.48
Iowa	.19	Alabama	.53
Texas	.19	North Carolina	.53177
California	.20	South Carolina	.77
Connecticut	.20	Hawaii	.93
Michigan	.20		

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

2/ Credit allowed to small brewers.

3/ Additional tax of 17% of wholesale price.

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

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

TABLE 21
STATE LIGHT WINE TAX RATES
(Per Gallon, Alcoholic Content of 12%)
DISTRICT OF COLUMBIA: \$0.30

MONOPOLY STATES			
4 STATES			
New Hampshire		Utah ^{1/}	
Pennsylvania		Wyoming	
LOWER THAN THE DISTRICT			
6 STATES			
Louisiana	\$.11	Texas	\$.20
New York	.19	Wisconsin	.25
California	.20	Colorado	.28
SAME AS THE DISTRICT			
2 STATES			
Kansas	\$.30	Minnesota	\$.30
HIGHER THAN THE DISTRICT			
38 STATES			
Ohio	\$.32	Arkansas	\$.75
Mississippi	.35	Nebraska	.75
Missouri	.36	North Carolina	.79
MARYLAND	.40	Arizona	.84
Nevada	.40	Alaska	.85
Idaho	.45	Washington	.87
Indiana	.47	South Carolina	.90
Kentucky	.50	South Dakota	.93
North Dakota	.50	Delaware	.97
Michigan	.51	West Virginia	1.00
Massachusetts	.55	Montana	1.02
Vermont	.55	Tennessee	1.10
Connecticut	.60	Hawaii	1.38
Maine	.60	Georgia	1.51
Rhode Island	.60	VIRGINIA	1.51
Oregon	.67	Alabama	1.70
New Jersey	.70	Iowa	1.75
Oklahoma	.72	New Mexico	1.90
Illinois	.73	Florida	2.25

1/ 13% wine & liquor tax on top of monopoly markup.

TABLE 22
STATE DISTILLED SPIRITS TAX RATES
(Per Gallon)
DISTRICT OF COLUMBIA: \$ 1.50

CONTROL BOARD STATES 18 STATES			
Alabama		Ohio	
Idaho		Oregon	
Iowa		Pennsylvania	
Maine		Utah 1/	
Michigan		Vermont	
Mississippi		VIRGINIA	
Montana		Washington	
New Hampshire		West Virginia	
North Carolina		Wyoming	
SAME AS THE DISTRICT 1 STATE			
MARYLAND	\$ 1.50		
HIGHER THAN THE DISTRICT 31 STATES			
Kentucky	\$ 1.92	Rhode Island	\$ 3.75 2/
Missouri	2.00	Delaware	3.75 3/
Nevada	2.05	Georgia	3.79
Colorado	2.28	South Dakota	3.93
Texas	2.40	Tennessee	4.00
Arkansas	2.50	Massachusetts	4.05
Kansas	2.50	New Jersey	4.40
Louisiana	2.50	Connecticut	4.50
North Dakota	2.50	Illinois	4.50
Indiana	2.68	Minnesota	5.03
		Oklahoma	5.56
South Carolina	2.72	Alaska	5.60
Arizona	3.00	Hawaii	5.98
Nebraska	3.00	New York	6.43
Wisconsin	3.25	Florida	6.50
California	3.30	New Mexico	6.75

1/ 13% wine & liquor tax.

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

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

TABLE 23
STATE CIGARETTE TAX RATES
(Per Pack of 20)
DISTRICT OF COLUMBIA: \$.65

LOWER THAN THE DISTRICT			
38 STATES			
VIRGINIA	\$.025	Ohio	\$.24
Kentucky	.03	Idaho	.28
North Carolina	.05	Pennsylvania	.31
South Carolina	.07	Arkansas	.315
Georgia	.12	South Dakota	.33
Wyoming	.12	Florida	.339
Tennessee	.13	Nebraska	.34
Indiana	.155	Nevada	.35
Alabama	.165	Iowa	.36
Missouri	.17	Texas	.41
West Virginia	.17	North Dakota	.44
Mississippi	.18	Vermont	.44
Montana	.18	Minnesota	.48
Colorado	.20	Connecticut	.50
Louisiana	.24	Utah	.515
New Mexico	.21	New Hampshire	.52
Oklahoma	.23	Arizona	.58
Delaware	.24	Illinois	.58
Kansas	.24	Wisconsin	.59
HIGHER THAN THE DISTRICT			
12 STATES			
MARYLAND	\$.66	New Jersey	\$.80
Oregon	.68	Washington	.825
Rhode Island	.71	California	.87
Maine	.74	Alaska	1.00
Michigan	.75	Hawaii	1.00
Massachusetts	.76	New York	1.11

TABLE 24
MOTOR FUEL TAX RATES
(Per Gallon)
DISTRICT OF COLUMBIA: \$.20

LOWER THAN THE DISTRICT			
22 STATES			
Georgia	\$.075	Missouri	\$.17
Alaska	.08	New Mexico	.17
New York	.08	Oklahoma	.17
New Jersey	.105	VIRGINIA	.175
Wyoming	.13	Arizona	.18
Florida	.155	California	.18
Indiana	.15	Mississippi	.18
Kentucky	.15	New Hampshire	.18
Alabama	.16	Illinois	.19
Hawaii	.16	Michigan	.19
South Carolina	.16	Vermont	.19
SAME AS THE DISTRICT			
6 STATES			
Iowa	\$.20	Minnesota	\$.20
Louisiana	.20	Tennessee	.20
Kansas	.20	Texas	.20
HIGHER THAN THE DISTRICT			
22 STATES			
Arkansas	\$.205	Nebraska	\$.239
Massachusetts	.21	Oregon	.24
North Dakota	.21	Nevada	.24
South Dakota	.21	Utah	.245
North Carolina	.22	Connecticut	.25
Colorado	.22	Idaho	.25
Ohio	.22	West Virginia	.2535
Maine	.22	Pennsylvania	.26
Delaware	.23	Wisconsin	.264
Washington	.23	Montana	.27
MARYLAND	.235	Rhode Island	.28

TABLE 25
MOTOR VEHICLE SALES AND EXCISE TAXES
PAID AT TIME OF SALES OR TITLING
47 STATES AND D.C.

DISTRICT OF COLUMBIA: 1/ 6% of fair market value - 3,499 pounds or less 7% of fair market value - 3,500 pounds or more			
Montana	1.5%	Massachusetts	5.0%
Alabama (.125-2.5%)	2.75%	Mississippi	5.0%
Delaware	2.75%	Nebraska	5.0%
Colorado	3.0%	North Dakota	5.0%
North Carolina 2/	3.0%	Ohio (0%-3%)	5.0%
New Mexico	3.0%	South Carolina 3/	5.0%
South Dakota	3.0%	West Virginia	5.0%
VIRGINIA	3.0%	Wisconsin (.6%)	5.0%
Wyoming (1%)	3.0%	California (1.25%-2.5%)	6.0%
Oklahoma	3.25%	Connecticut	6.0%
Georgia (3%)	4.0%	Florida	6.0%
Hawaii	4.0%	Kentucky	6.0%
Louisiana (1%-5%)	4.0%	Michigan	6.0%
New York (2%-4.5%)	4.0%	New Jersey	6.0%
Missouri (.375-3%)	4.225%	Pennsylvania	6.0%
Arkansas (1%)	4.625%	Tennessee (2.75%) 4/	6.0%
Utah (1.6%)	4.75%	Vermont	6.0%
Kansas (0%-2%)	4.9%	Illinois (.25%-1%)	6.25%
Arizona (1.0%-3%)	5.0%	Texas	6.25%
Idaho	5.0%	Minnesota	6.5%
Indiana	5.0%	Nevada	6.5%
Iowa	5.0%	Washington (.5%-2.1%)	6.5%
Maine	5.0%	Rhode Island	7.0%
MARYLAND	5.0%		
NO TAX 3 STATES			
Alaska New Hampshire Oregon			

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

2/ Maximum of \$1,500.00

3/ Maximum of \$300.00

4/ Maximum of \$44.00 (2.75% on 1st \$1,600)

TABLE 26
STATE MOTOR VEHICLE REGISTRATION FEES
Automobile Costing \$7,900, Bought New and Weighing 3,522 Pounds
(4-Door, 6-Passenger, 8-Cylinder)
DISTRICT OF COLUMBIA: \$ 88.00

LOWER THAN THE DISTRICT			
46 STATES			
Arizona 1/	\$ 8.00	Rhode Island	\$ 30.00
Louisiana	10.00	South Dakota	30.00
Indiana	12.00	Washington	30.00
Kentucky	12.00	West Virginia	30.00
South Carolina	12.00	New Hampshire	31.20
Mississippi	15.00	Florida	32.50
Oregon	15.00	Nevada	33.00
Wyoming	15.00	Colorado	33.24
Nebraska	17.50	Alaska	34.00
Montana	19.25	Connecticut	35.00
Delaware	20.00	MARYLAND 2/	35.00
Georgia	20.00	Pennsylvania	36.00
North Carolina	20.00	Missouri	39.00
Ohio	21.50	New Mexico	42.00
Tennessee	21.50	Vermont	43.00
New York	22.50	Wisconsin	45.00
Alabama	23.00	Hawaii	46.42
Maine	23.00	Idaho	48.00
Utah	24.50	Illinois	48.00
Arkansas	25.00	Massachusetts	50.00
Kansas	25.00	Texas	59.80
VIRGINIA	26.50	North Dakota	72.00
California	30.00	New Jersey	73.50
HIGHER THAN THE DISTRICT			
3 STATES			
Oklahoma	\$ 90.00	Minnesota 3/	\$108.75
Iowa	93.00		
OTHER BASIS			
Michigan			

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

2/ Includes \$6 fee earmarked for Emergency Medical Services System.

3/ Maximum tax.

TABLE 27
STATE REAL ESTATE DEED RECORDATION AND TRANSFER TAX RATES
(Per \$500 of Consideration)
DISTRICT OF COLUMBIA: \$ 11.00

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

NOTE: Maximum local rate in parentheses.

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

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

^{3/} State transfer tax rate only. State recordation tax is only collected in certain instances and is not reflected in this number.

^{4/} \$2.50 on first \$100,000.

TABLE 28
TYPES OF STATE INHERITANCE AND ESTATE TAXES

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

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