

Government of the
District of Columbia



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

2009

Issued September 2010

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

Table of Contents

Listing of Major Tables	iii
Executive Summary	v
Acknowledgment	vi
Part I: Tax Burdens in Washington, D.C. Compared with Those in the Largest City in Each State, 2009	
Overview.....	1
Chapter I How Tax Burdens are Computed for the Largest City in Each State.....	2
Individual Income Tax.....	3
Real Property Tax	5
Sales and Use Tax.....	6
Automobile Taxes.....	6
Chapter II Overall Tax Burdens for the Largest City in Each State.....	7
Chapter III Comparing Specific Tax Burdens for a Hypothetical Family of Three in the Largest City in Each State.....	14
Individual Income Tax.....	14
Real Property Tax	16
Sales and Use Tax.....	21
Automobile Taxes.....	23

**Tax Rates and Tax Burdens in the District of Columbia:
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Table of Contents

Chapter IV	How Do Tax Burdens in Washington, D.C. Compare with Those in the Largest City in Each State?.....	26
	Individual Income Tax.....	26
	Real Property Tax	27
	Sales Tax.....	27
	Automobile Taxes.....	28
	Summary	28
Chapter V	Why Do Tax Burdens Differ from One City to Another?.....	30
Part II: A Comparison of Selected Tax Rates in the District of Columbia with Those in the 50 States as of January 1, 2010		
	Overview.....	33
	Appendix A.....	53
	Office Locations and Telephone Numbers	56

Listing of Major Tables

Part I:	Tax Burdens in Washington, D.C. Compared with Those in the Largest City in Each State, 2009	
Table 1	Estimated Burden of Major Taxes for a Hypothetical Family of Three, 2009.....	8
Table 2	States that Index Some Part of Their Individual Income Tax, 2009	15
Table 3	Income Tax Burden as Percent of Income in the Largest Cities by Type of Income Tax for a Family of Three, 2009	17
Table 4	Residential Property Tax Rates in the Largest City in Each State, 2009	18
Table 5	Housing Value Assumptions, 2009.....	19
Table 6	Cities That Allow Exemptions or Reduced Rates in the Calculation of Real Estate Taxes for Homeowners, 2009	20
Table 7	State and Local General Sales Tax Rates in Each of the 51 Cities as of December 31, 2009.....	22
Table 8	Gasoline Tax Rates in the 51 Cities as of December 31, 2009.....	24
Table 9	Summary of Types of Automobile Registration Taxes, 2009	25
Table 10	Automobile Tax Assumptions, 2009	25
Table 11	Tax Burdens in Washington, D.C. for a Hypothetical Family Compared with the Average for the Largest City in Each State by Income Class, 2009	29
Table 12	The Largest City in Each State	32

Listing of Major Tables

Part II:	A Comparison of Selected Tax Rates in the District of Columbia with those in the 50 States: As of January 1, 2010	
Table 13	Comparison of Selected State Tax Rates	33
Table 14	Individual Income Tax: Washington Metropolitan Area, January 1, 2010	34
Table 15	Individual Income Tax: 43 States and District of Columbia as of January 1, 2010.....	35
Table 16	Characteristics of State Individual Income Taxes	39
Table 17	State Corporation Income Tax Rates	41
Table 18	State Gross Premiums Tax Rates on Foreign Life Insurers.....	42
Table 19	State General Sales and Use Tax Rates	43
Table 20	State Beer Tax Rates.....	44
Table 21	State Light Wine Tax Rates	45
Table 22	State Distilled Spirits Tax Rates	46
Table 23	State Cigarette Tax Rates.....	47
Table 24	Motor Fuel Tax Rates	48
Table 25	Motor Vehicle Sales and Excise Taxes.....	49
Table 26	State Motor Vehicle Registration Fees	50
Table 27	State Real Estate Deed Recordation and Transfer Tax Rates.....	51
Table 28	Types of State Inheritance and Estate Taxes	52

EXECUTIVE SUMMARY

There is a wide diversity in state and local tax systems in the United States. The fifty states and the District of Columbia employ a broad range of taxes and fees to fund state and local government operations. The combination of taxes and fees utilized by a particular jurisdiction is dependent upon many factors, including its revenue needs, the local government's tax base, the state-local government fiscal relationship, and the jurisdiction's philosophy of government taxation.

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

The state and local tax rates of individual taxpayers vary from one jurisdiction to another. For example, all 51 cities in this study levy a tax on real property located within the city, yet effective tax rates range from a high of \$2.75 per \$100 of assessed value in Indianapolis, Indiana to \$0.34 per \$100 of assessed value in Honolulu, Hawaii. In addition, several jurisdictions allow tax exemptions, credits and caps in the calculation of the real property tax liability (Table 6, page 20). The District of Columbia has a \$67,500 homestead deduction in FY 2009 for owner-occupied residences as well as other credits. In FY 2009, the Class One property tax rate for the District is \$0.85 per \$100 of assessed value; and the owner-occupied residential real property tax cap is 10 percent.

As noted in Table 7, page 22, residents in 46 of the 51 cities studied are subject to some form of sales and use tax. The highest sales tax rates are found in Chicago, Illinois, Seattle, Washington, Memphis, Tennessee, New Orleans, Louisiana, and New York City, New York. Residents of Honolulu, Hawaii, Virginia Beach, Virginia, Portland, Maine, Boston, Massachusetts, and Milwaukee, Wisconsin pay the lowest sales tax rates.

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

Residents in 44 of the 51 cities in this study are subject to some type of individual income tax at the state and/or local levels. There are several types of individual income tax systems, including graduated state and local rates, graduated state and flat local rates, flat state and local rates, graduated state tax rates and flat state rates with exemptions, as presented on Table 3 page 17.

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 most populous city in each state, through December 31, 2009. 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 as of January 1,

2010.

ACKNOWLEDGMENT

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

This publication contains two reports: (I) Tax Burdens in Washington, D.C., Compared with Those in the Largest City in Each State, 2009 and (II) A Comparison of Selected Tax Rates in the District of Columbia with Those in the 50 States as of January 1, 2010: A Compendium of Tables. This information is requested annually by committees of the U.S. Congress and the District of Columbia Council. It is provided pursuant to Public Law 93-407.

Questions and comments concerning these publications should be addressed to: Edward W. Wyatt, Fiscal Analyst, Economic Affairs Administration, Office of Revenue Analysis, 1101 4th Street, SW, Suite W770, Washington, D.C. 20024, 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. We would also like to extend special thanks to the various state research offices for their assistance in compiling the state tax rate comparisons in Part II of this publication.

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September 2010

Part I

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

2009

OVERVIEW

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

This study compares tax burdens in 51 different locations **for a hypothetical family of three**. The major state and local tax burdens for the family in the District of Columbia are compared with those in the largest city in each state. It is instructive to compare the tax burdens in one jurisdiction with the burdens in other jurisdictions. Useful information and insights can be gleaned from such a comparison. However, in evaluating or interpreting these comparisons, consideration should be given to special circumstances within each jurisdiction operates and which may affect tax burdens. It must be emphasized that these burden comparisons reflect the assumptions used in their computation. For this reason it is important to study the methodology used in the report before drawing conclusions about the relative levels of taxation in each of the cities.

As in past years, it should be further noted that readers are advised not to compare the hypothetical tax burdens across years; any number of small changes in state and/or local tax policy or in the assumptions of the study can result in misleading information under such comparisons. 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.

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

This report compares the state and local tax burdens of hypothetical households in Washington, D.C., with the burden for the largest city in each of the 50 states for 2009. The four major taxes used in the comparison are the individual income tax, the real property tax on residential property, the general sales and use tax, and automobile taxes, including the gasoline tax, registration fees, excise tax and the personal property tax. This study does not incorporate the effects of differing local tax burdens on the federal individual income tax burden. Income and property taxes are deductible in computing federal income taxes and the effect of federal deductibility is to reduce the overall difference in tax burdens between jurisdictions.

All tax burdens reflect state and local tax rates. Tax burdens are compared for a hypothetical family that consists of two wage-earning spouses and one school-age child. The gross family income levels used are \$25,000, \$50,000, \$75,000, \$100,000 and \$150,000. The wage and salary split is assumed to be 70-30 between the two spouses. All wage and salary income is further assumed to have been earned in the city. All other income is assumed to be split evenly. The family at each income level is assumed to own a single family home and to reside within the confines of the city. However, at the \$25,000 income level the study assumes that the household renter-occupies and not owner-occupies its housing unit. The particular assumptions used in the calculation of each major tax type are indicated on the following pages.

- **Housing Values.** Housing values across income levels in the 2009 study are based on data from the U.S. Census Bureau's American Community Survey (ACS) and adjusted by linear regression for the different income levels. The use of the ACS and regression is intended to provide an improved estimate of the housing values by income levels across the 51 cities in the study.

- **Mortgage Interest.** The mortgage interest amount (for use as an itemized deduction) in the 2009 study is derived by calculating an amortization schedule for the estimated home value for each income level in each city.
- **Renters versus Owners.** The hypothetical family at the \$25,000 income level in this year's study is assumed to rent, rather than own a home. Given the real estate values in most areas of the country, the assumption that families earning \$25,000 per year rent is likely more realistic than the assumption that they own a home.

Individual Income Tax

The five income levels used in this study are divided between wage and salary income and other types of income. The table below shows the wages and salaries, interest income and capital gains for Washington, D.C. married filers. The following data have been updated from the previous year for all of the income categories using 2008 tax year data except for the \$25,000 income category.

Gross Income		Wages and Salaries	Interest	Long-Term Capital Gains 1/	2008 Federal AGI
\$25,000	Spouse 1	\$17,064	\$570	\$53	\$25,000
	Spouse 2	7,313			
\$50,000	Spouse 1	\$34,320	\$798	\$174	\$50,000
	Spouse 2	14,709			
\$75,000	Spouse 1	\$51,361	\$1,273	\$355	\$75,000
	Spouse 2	22,011			
\$100,000	Spouse 1	\$68,308	\$1,623	\$794	\$100,000
	Spouse 2	29,275			
\$150,000	Spouse 1	\$102,024	\$2,100	\$2,151	\$150,000
	Spouse 2	43,725			

1/ Assumes a three-year holding period

Because the Federal Earned Income Tax credit (EITC) at the \$25,000 income level in some states will determine the state's EITC, and because several states (such as Alabama, Iowa, Louisiana, Missouri, Montana, Oklahoma, Oregon, and Utah) 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 2009 federal individual income tax at each income level using the above assumptions. Interest and long-term capital gains were fully or partially taxable at the federal level during the time period used for this report.

Many states in 2009 allowed taxpayers to begin their state income tax computations with federal adjusted gross income (A.G.I.) or federal taxable income. Other states do not use either of these two measures of federal income as a starting point.

Total itemized deductions, which were also used in the federal tax computation, were assumed to be equal to the following, where the deductions for the \$50,000 and above income levels have been adjusted to reflect Washington, D.C. Statistics of Income (SOI) income levels for tax year 2008.

Deduction	Gross Income Level				
	\$ 25,000	\$ 50,000	\$ 75,000	\$100,000	\$150,000
Medical (Gross)	2,752	4,884	6,986	9,043	12,744
Nondeductible Medical 1/	<u>-1,875</u>	<u>-3,750</u>	<u>-5,625</u>	<u>-7,500</u>	<u>-11,250</u>
Net Medical Deduction	877	1,134	1,361	1,543	1,494
Deductible Taxes	2/	2/	2/	2/	2/
Mortgage Interest	3/	3/	3/	3/	3/
Contribution Deduction	598	1,491	2,369	3,000	3,484
Gross Miscellaneous	946	2,249	2,925	3,112	4,204
Nondeductible 4/	<u>-500</u>	<u>-1,000</u>	<u>-1,500</u>	<u>-2,000</u>	<u>-3,000</u>
Net Miscellaneous Deduction	446	1,249	1,425	1,112	1,204
Other Miscellaneous Deductions	62	124	177	158	271
Total Deductions-without taxes And mortgage interest	1,983	3,998	5,332	5,812	6,453

- 1/ Nondeductible medical equal 7.5 percent of federal A.G.I. All or part of medical deductions may be allowed in some states.
- 2/ The tax deduction varies from city to city and is based on real and personal property taxes computed in the 2009 study and individual income taxes computed in the 2008 study.
- 3/ Mortgage interest is based on 9th year interest paid on a home purchased in 2000 at an interest rate of 5.0%.
- 4/ Nondeductible miscellaneous equal 2 percent of A.G.I.

The itemized deductions shown above are used in the calculation of the 2009 tax burdens. The 2009 deductible real and personal property taxes computed in the current year's 51-city burden study is used for the 2009 property tax deduction. For the 2009 state and local individual income tax deduction, 2008 data were used as a proxy. These figures were used in computing the 2009 federal income tax burden. States that allow state and local income tax deductions are Georgia, Hawaii, New Mexico, Oklahoma, Rhode Island, and Vermont. Alabama allows social security tax and Medicare tax deductions on their state tax. Iowa and New Jersey allow all medical expenses paid as an itemized state deduction. For those states not allowing their own state income tax as a deduction, it is not included in itemized deductions.

Real Property Tax

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

The property tax rates for each of the 51 cities, presented in Table 4, page 18, indicate a wide range in these rates. This information is based upon data received from various state research agencies and/or local assessors. In addition to tax rate differences, data presented in Table 5 (page 19) indicate that the assumed market value of a residence for purposes of this study varies widely from one city to another at all income levels. For example, based on 2004 American Community Survey (ACS) data the estimated house value at the \$75,000 income level ranges from a high of \$413,190 in Los Angeles, California to a low of \$95,745 in Philadelphia, Pennsylvania. The housing values for each income level (except the \$25,000 income level) shown in Table 5 are derived from 2004 ACS data. The data were used to determine the median house value at specific income levels. The ACS tables show the house value ranges and the number of units for different income ranges.

Since this study is interested in a specific house value associated with a specific income level and not house value ranges and income ranges as presented by the ACS, the median house value for a specified income level is estimated using interpolation whereby the median value for a specific income level is estimated using the number of units and the house value ranges. The estimation involves determining within which house value range the median number of units falls and as such determine the median house value¹. To calculate the median house value for the \$100,000 and \$150,000 income levels, a different technique was used².

As stated previously, the study assumes that the family with an income of \$25,000 does not own a home (and as a result does not pay property tax), but instead rents. The methodology used to calculate the rent for each city was computed using the same technique as previously used for the other ACS income ranges. Because renters pay property tax indirectly through their rent, it was necessary to compute a percentage of said rent constituting property taxes. States with property tax circuit breaker programs estimate a “property tax rent equivalent” in order to calculate the amount that renters are paying in property taxes. While there is some variation in the assumption of rent constituting property taxes within different states, the median, mean and the mode are 20 percent. Thus, on average, states assume that about 20 percent of rent goes toward paying property taxes.

The use of the above methodology was an attempt to reflect the different values of

¹ See Appendix A for a detailed description of the methodology used to calculate the median house values for specific income levels based on data from the 2004 ACS.

² Ibid

housing in different parts of the country and at different income levels. Data from the 2004 ACS were 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 levels and do not represent **average** values for a particular jurisdiction.

In computing property tax burdens, it is also necessary to consider the various exemptions, limitations and credits noted in Table 6 (page 20). The variety of real property tax exemptions, most of which apply only to residential real property, is very broad. Table 6 does not include the many senior citizen exemptions and credits available in a large number of states, nor can it adjust for “caps” on the growth in tax liability over time. Table 4 (page 18), which compares residential real estate tax rates for each city, does not reflect the various exemptions and credits noted in Table 6. The many 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 2009 Bureau of Labor Statistics Consumer Expenditure Survey (CES). The CES provides data on consumer expenditures for different income categories. For example, the CES data provide average annual expenditures on items such as food at home, food away from home, apparel and services, health care and transportation. The expenditure data and the tax rates of cities are used to determine the sales tax that these expenditures generate. The state and local general sales tax rates in each city are reported in Table 7, page 22.

Automobile Taxes

Automobile taxes included in this study are gasoline taxes, motor vehicle registration fees (state and local), excise taxes, and personal property taxes levied on automobiles. Table 10 (page 25) summarizes automobile ownership assumptions for each income level, including types of vehicles, weight, value and annual gasoline consumption.

CHAPTER II

Overall Tax Burdens for the Largest City in Each State

The major state and local tax burdens by tax type for the five different income levels used in this study are presented in Table 1 (pages 8-13). As reflected in Table 1, tax burdens across the 51 cities vary widely at all income levels. At the \$25,000 income level, the \$4,109 burden for Philadelphia, Pennsylvania is more than two times greater than the \$1,900 burden for Billings, Montana. Similarly, at the \$150,000 income level, the Bridgeport, Connecticut burden of \$23,587 is nearly six times the Anchorage, Alaska, burden of \$3,978. The differences in the composition of state and local tax structures cause a wide variation in tax burdens at all income levels.

The highest combined overall tax burden, based on all income levels, occurs in Bridgeport, Connecticut; followed by Philadelphia, Pennsylvania; New York City, New York; and Des Moines, Iowa.

The lowest combined tax burdens for the 51 cities occur in Anchorage, Alaska; followed by Cheyenne, Wyoming; Jacksonville, Florida; 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, moderate to high housing values and are cities located in the Northeast. Low tax burden cities generally have a low individual income tax (if they have one at all) and average or below average real property tax rates. The regional pattern cannot be overlooked, as three of the four highest tax cities are located in the Northeast and the four lowest tax cities are located outside the Northeast corridor.

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2009
\$25,000

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY ^{2/}	SALES	AUTO	AMOUNT	PERCENT
1	Philadelphia	PA	1,726	1,577	642	164	4,109	16.4%
2	Birmingham	AL	1,073	1,426	1,008	115	3,622	14.5%
3	Louisville	KY	1,324	1,303	607	168	3,402	13.6%
4	Charlotte	NC	462	1,670	1,002	219	3,353	13.4%
5	Honolulu	HI	538	1,829	728	188	3,283	13.1%
6	Chicago	IL	447	1,666	918	252	3,282	13.1%
7	Atlanta	GA	559	1,783	748	180	3,270	13.1%
8	Kansas City	MO	447	1,555	935	266	3,203	12.8%
9	Phoenix	AZ	107	1,642	1,298	154	3,200	12.8%
10	Bridgeport	CT	7	2,227	603	348	3,185	12.7%
11	Little Rock	AR	457	1,478	999	214	3,149	12.6%
12	Indianapolis	IN	718	1,536	807	86	3,147	12.6%
13	Detroit	MI	760	1,562	586	160	3,068	12.3%
14	Boston	MA	146	2,424	309	153	3,032	12.1%
15	Columbus	OH	724	1,512	598	150	2,983	11.9%
16	New York City	NY	0	1,975	843	132	2,950	11.8%
17	Charleston	WV	662	1,370	589	294	2,915	11.7%
18	Seattle	WA	0	1,793	847	221	2,861	11.4%
19	Denver	CO	118	1,783	711	203	2,815	11.3%
20	Jackson	MS	207	1,361	867	373	2,808	11.2%
21	Salt Lake City	UT	73	1,706	785	235	2,800	11.2%
22	Minneapolis	MN	0	1,970	559	238	2,768	11.1%
23	Los Angeles	CA	0	1,843	622	292	2,757	11.0%
24	Memphis	TN	0	1,574	1,060	106	2,740	11.0%
25	Oklahoma City	OK	143	1,464	964	161	2,731	10.9%
26	Des Moines	IA	408	1,332	748	212	2,700	10.8%
27	New Orleans	LA	194	1,466	921	113	2,695	10.8%
28	Providence	RI	0	1,726	683	284	2,693	10.8%
29	Jacksonville	FL	0	1,709	793	154	2,656	10.6%
30	Columbia	SC	0	1,625	719	308	2,651	10.6%
31	Portland	OR	802	1,656	0	154	2,612	10.4%
32	WASHINGTON	DC	0	1,805	611	169	2,585	10.3%
33	Virginia Beach	VA	57	1,663	582	237	2,540	10.2%
34	Newark	NJ	0	1,769	657	106	2,531	10.1%
35	Las Vegas	NV	0	1,687	550	265	2,502	10.0%
36	Houston	TX	0	1,555	800	142	2,497	10.0%
37	Albuquerque	NM	0	1,373	1,005	109	2,487	9.9%
38	Milwaukee	WI	0	1,512	748	219	2,479	9.9%
39	Omaha	NE	0	1,510	719	193	2,422	9.7%
40	Sioux Falls	SD	0	1,344	926	148	2,419	9.7%
41	Cheyenne	WY	0	1,378	853	163	2,394	9.6%
42	Wichita	KS	0	1,356	802	225	2,383	9.5%
43	Portland	ME	40	1,711	417	212	2,380	9.5%
44	Burlington	VT	0	1,639	536	141	2,317	9.3%
45	Wilmington	DE	305	1,894	0	116	2,314	9.3%
46	Boise	ID	0	1,459	597	187	2,244	9.0%
47	Anchorage	AK	0	2,136	0	50	2,186	8.7%
48	Baltimore	MD	0	1,464	550	161	2,174	8.7%
49	Manchester	NH	0	1,968	0	134	2,102	8.4%
50	Fargo	ND	49	1,176	566	168	1,959	7.8%
51	Billings	MT	306	1,351	0	242	1,900	7.6%
AVERAGE ^{1/}			\$292	\$1,633	\$732	\$190	\$2,750	11.0%
MEDIAN			\$49	\$1,625	\$719	\$169	\$2,700	10.8%

1/ Based on cities actually levying tax.

2/ Based on 20 percent of estimated annual rent.

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2009
\$50,000

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	349	8,688	801	510	10,348	20.7%
2	Philadelphia	PA	3,462	2,303	870	223	6,859	13.7%
3	Baltimore	MD	2,788	2,062	742	205	5,797	11.6%
4	Detroit	MI	2,732	2,000	768	221	5,722	11.4%
5	Des Moines	IA	1,550	2,769	1,033	296	5,649	11.3%
6	Newark	NJ	607	3,944	861	126	5,537	11.1%
7	Chicago	IL	1,182	2,765	1,218	297	5,462	10.9%
8	Milwaukee	WI	1,354	2,798	977	276	5,405	10.8%
9	Charlotte	NC	2,210	1,513	1,286	302	5,311	10.6%
10	Los Angeles	CA	244	3,771	837	426	5,278	10.6%
11	Portland	ME	1,295	3,031	560	350	5,235	10.5%
12	Louisville	KY	3,022	1,140	813	250	5,226	10.5%
13	New York City	NY	1,998	1,871	1,119	181	5,169	10.3%
14	Kansas City	MO	1,888	1,558	1,221	394	5,062	10.1%
15	Boston	MA	1,714	2,630	428	259	5,031	10.1%
16	Minneapolis	MN	1,363	2,530	759	360	5,012	10.0%
17	Providence	RI	913	2,471	898	667	4,949	9.9%
18	Burlington	VT	943	2,872	745	179	4,739	9.5%
19	Jackson	MS	980	1,969	1,144	545	4,638	9.3%
20	Portland	OR	2,363	2,023	0	205	4,591	9.2%
21	Columbus	OH	2,022	1,533	801	203	4,559	9.1%
22	Atlanta	GA	1,537	1,764	969	265	4,535	9.1%
23	Omaha	NE	1,032	2,211	934	317	4,494	9.0%
24	Wilmington	DE	1,694	2,524	0	159	4,377	8.8%
25	Indianapolis	IN	2,036	1,125	1,053	120	4,334	8.7%
26	Albuquerque	NM	780	1,958	1,285	159	4,182	8.4%
27	Virginia Beach	VA	1,879	1,182	787	333	4,182	8.4%
28	Birmingham	AL	2,223	529	1,248	166	4,166	8.3%
29	Oklahoma City	OK	1,628	1,002	1,256	193	4,079	8.2%
30	Little Rock	AR	1,453	986	1,291	323	4,053	8.1%
31	Salt Lake City	UT	1,588	1,020	1,019	282	3,909	7.8%
32	WASHINGTON	DC	1,545	1,258	824	256	3,884	7.8%
33	Manchester	NH	0	3,629	0	231	3,861	7.7%
34	Wichita	KS	1,505	926	1,049	334	3,813	7.6%
35	Seattle	WA	0	2,334	1,131	304	3,770	7.5%
36	Charleston	WV	1,817	750	776	427	3,769	7.5%
37	Columbia	SC	1,290	1,028	921	459	3,698	7.4%
38	Boise	ID	1,408	1,192	784	236	3,621	7.2%
39	Denver	CO	1,188	1,095	946	331	3,559	7.1%
40	Phoenix	AZ	733	851	1,649	258	3,491	7.0%
41	Honolulu	HI	1,429	897	898	252	3,476	7.0%
42	New Orleans	LA	1,190	748	1,219	153	3,310	6.6%
43	Las Vegas	NV	0	2,153	739	365	3,257	6.5%
44	Houston	TX	0	1,752	1,071	180	3,003	6.0%
45	Memphis	TN	0	1,445	1,371	144	2,959	5.9%
46	Fargo	ND	489	1,382	756	211	2,838	5.7%
47	Billings	MT	1,206	1,278	0	310	2,794	5.6%
48	Sioux Falls	SD	0	1,201	1,197	190	2,588	5.2%
49	Jacksonville	FL	0	1,251	986	208	2,445	4.9%
50	Anchorage	AK	0	2,305	0	50	2,355	4.4%
51	Cheyenne	WY	0	812	1,098	276	2,186	4.4%
AVERAGE ^{1/}			\$1,469	\$1,938	\$960	\$274	\$4,364	8.7%
MEDIAN			\$1,354	\$1,752	\$921	\$258	\$4,182	8.4%

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

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2009
\$75,000

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	2,514	9,568	1,186	995	14,263	19.0%
2	Philadelphia	PA	5,186	2,532	1,269	324	9,310	12.4%
3	Des Moines	IA	3,130	3,370	1,494	538	8,532	11.4%
4	Detroit	MI	4,597	2,321	1,092	356	8,366	11.2%
5	New York City	NY	4,298	1,997	1,611	268	8,173	10.9%
6	Portland	ME	2,990	3,682	824	586	8,082	10.8%
7	Milwaukee	WI	3,150	2,905	1,389	433	7,878	10.5%
8	Baltimore	MD	4,099	2,332	1,103	317	7,851	10.5%
9	Louisville	KY	4,875	1,261	1,180	468	7,785	10.4%
10	Charlotte	NC	3,504	1,757	1,799	678	7,738	10.3%
11	Los Angeles	CA	1,046	4,501	1,225	803	7,574	10.1%
12	Kansas City	MO	2,977	2,063	1,740	744	7,524	10.0%
13	Minneapolis	MN	2,790	2,845	1,083	606	7,323	9.8%
14	Chicago	IL	1,914	3,128	1,766	499	7,308	9.7%
15	Columbus	OH	3,530	2,203	1,197	295	7,224	9.6%
16	Jackson	MS	2,084	2,331	1,633	1,106	7,153	9.5%
17	Atlanta	GA	2,827	2,307	1,358	547	7,040	9.4%
18	Newark	NJ	1,087	4,505	1,229	210	7,031	9.4%
19	Boston	MA	2,998	2,844	640	465	6,947	9.3%
20	Omaha	NE	2,361	2,763	1,336	441	6,901	9.2%
21	Portland	OR	4,075	2,432	0	304	6,810	9.1%
22	Providence	RI	1,714	2,759	1,261	966	6,700	8.9%
23	Little Rock	AR	2,813	1,366	1,831	599	6,610	8.8%
24	Columbia	SC	2,982	1,383	1,306	932	6,603	8.8%
25	Burlington	VT	1,692	3,480	1,083	279	6,534	8.7%
26	Indianapolis	IN	3,167	1,469	1,515	170	6,320	8.4%
27	Wilmington	DE	3,202	2,851	0	227	6,280	8.4%
28	WASHINGTON	DC	2,772	1,899	1,229	376	6,277	8.4%
29	Salt Lake City	UT	3,142	1,127	1,443	507	6,219	8.3%
30	Albuquerque	NM	1,976	2,159	1,821	241	6,197	8.3%
31	Birmingham	AL	3,359	857	1,609	365	6,189	8.3%
32	Charleston	WV	3,362	917	1,122	775	6,176	8.2%
33	Oklahoma City	OK	2,739	1,332	1,782	309	6,162	8.2%
34	Wichita	KS	2,761	1,334	1,489	535	6,119	8.2%
35	Boise	ID	3,254	1,350	1,145	370	6,119	8.2%
36	Virginia Beach	VA	2,873	1,371	1,172	631	6,046	8.1%
37	Honolulu	HI	2,898	1,030	1,181	371	5,480	7.3%
38	Denver	CO	2,285	1,220	1,368	552	5,426	7.2%
39	New Orleans	LA	2,040	964	1,768	350	5,122	6.8%
40	Phoenix	AZ	1,338	986	2,270	443	5,037	6.7%
41	Seattle	WA	0	2,766	1,679	469	4,915	6.6%
42	Billings	MT	2,689	1,460	0	649	4,798	6.4%
43	Manchester	NH	0	4,075	0	410	4,485	6.0%
44	Houston	TX	0	2,360	1,568	281	4,210	5.6%
45	Memphis	TN	0	2,012	1,961	208	4,182	5.6%
46	Las Vegas	NV	0	2,543	1,058	517	4,118	5.5%
47	Fargo	ND	948	1,713	1,093	351	4,105	5.5%
48	Sioux Falls	SD	0	1,596	1,693	281	3,570	4.8%
49	Jacksonville	FL	0	1,740	1,287	303	3,330	4.4%
50	Cheyenne	WY	0	978	1,549	497	3,024	4.0%
51	Anchorage	AK	0	2,732	0	100	2,832	3.8%
AVERAGE ^{1/}			\$2,728	\$2,303	\$1,371	\$472	\$6,392	8.5%
MEDIAN			\$2,772	\$2,159	\$1,287	\$441	\$6,320	8.4%

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

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2009
\$100,000

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	4,007	10,766	1,825	1,362	17,960	18.0%
2	Philadelphia	PA	6,905	2,840	1,981	404	12,130	12.1%
3	New York City	NY	6,798	2,088	2,437	340	11,663	11.7%
4	Des Moines	IA	4,706	3,921	2,276	708	11,611	11.6%
5	Portland	ME	4,966	4,029	1,390	1,044	11,430	11.4%
6	Detroit	MI	6,309	2,663	1,664	644	11,280	11.3%
7	Charlotte	NC	5,344	2,004	2,628	893	10,868	10.9%
8	Louisville	KY	6,765	1,528	1,846	645	10,784	10.8%
9	Milwaukee	WI	4,772	3,385	2,104	511	10,771	10.8%
10	Baltimore	MD	5,944	2,681	1,751	378	10,755	10.8%
11	Los Angeles	CA	2,485	4,706	1,979	1,094	10,263	10.3%
12	Kansas City	MO	4,302	2,302	2,603	1,036	10,243	10.2%
13	Minneapolis	MN	4,324	3,161	1,708	869	10,061	10.1%
14	Omaha	NE	3,941	3,159	2,070	891	10,061	10.1%
15	Jackson	MS	3,218	2,829	2,494	1,515	10,055	10.1%
16	Columbus	OH	5,235	2,554	1,892	367	10,048	10.0%
17	Providence	RI	2,828	2,967	1,891	2,248	9,934	9.9%
18	Atlanta	GA	4,171	2,847	2,064	755	9,837	9.8%
19	Chicago	IL	2,644	3,529	2,773	562	9,508	9.5%
20	Little Rock	AR	4,383	1,600	2,695	813	9,492	9.5%
21	Columbia	SC	4,590	1,517	1,976	1,292	9,375	9.4%
22	Boston	MA	4,296	2,935	1,046	857	9,135	9.1%
23	Burlington	VT	2,906	3,967	1,840	331	9,044	9.0%
24	Portland	OR	6,069	2,600	0	374	9,043	9.0%
25	WASHINGTON	DC	4,324	2,296	2,062	394	9,076	9.1%
26	Boise	ID	5,083	1,542	1,843	437	8,906	8.9%
27	Wichita	KS	4,260	1,624	2,209	805	8,898	8.9%
28	Charleston	WV	4,987	1,107	1,709	1,050	8,853	8.9%
29	Indianapolis	IN	4,295	1,888	2,352	216	8,751	8.8%
30	Salt Lake City	UT	4,656	1,212	2,208	570	8,645	8.6%
31	Oklahoma City	OK	3,935	1,598	2,683	363	8,580	8.6%
32	Birmingham	AL	4,507	1,170	2,388	499	8,564	8.6%
33	Newark	NJ	1,917	4,543	1,846	237	8,542	8.5%
34	Albuquerque	NM	3,039	2,450	2,651	292	8,431	8.4%
35	Virginia Beach	VA	4,244	1,487	1,986	712	8,428	8.4%
36	Wilmington	DE	4,779	3,192	0	287	8,258	8.3%
37	Denver	CO	3,363	1,323	2,164	1,106	7,956	8.0%
38	Honolulu	HI	4,561	1,105	1,643	458	7,767	7.8%
39	Phoenix	AZ	2,052	1,170	3,331	798	7,351	7.4%
40	New Orleans	LA	2,810	1,220	2,739	464	7,233	7.2%
41	Billings	MT	4,286	1,545	0	824	6,656	6.7%
42	Seattle	WA	0	2,781	2,689	600	6,070	6.1%
43	Fargo	ND	1,673	2,085	1,685	431	5,875	5.9%
44	Houston	TX	0	2,787	2,466	333	5,586	5.6%
45	Memphis	TN	0	2,323	2,932	260	5,515	5.5%
46	Las Vegas	NV	0	2,977	1,650	745	5,372	5.4%
47	Manchester	NH	0	4,453	0	679	5,131	5.1%
48	Sioux Falls	SD	0	1,897	2,492	350	4,740	4.7%
49	Jacksonville	FL	0	2,161	1,974	398	4,532	4.5%
50	Cheyenne	WY	0	1,167	2,279	902	4,348	4.3%
51	Anchorage	AK	0	3,099	0	100	3,199	3.2%
AVERAGE ^{1/}			\$4,106	\$2,604	\$2,105	\$671	\$8,757	8.8%
MEDIAN			\$4,260	\$2,450	\$1,986	\$600	\$8,906	8.9%

1/ Based on cities actually levying tax.

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2009
\$150,000

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	6,850	12,993	1,973	1,771	23,587	15.7%
2	New York City	NY	12,987	2,250	2,594	355	18,186	12.1%
3	Des Moines	IA	8,518	5,099	2,469	867	16,952	11.3%
4	Portland	ME	8,996	4,750	1,423	1,206	16,376	10.9%
5	Philadelphia	PA	10,333	3,490	2,108	418	16,349	10.9%
6	Detroit	MI	9,734	3,313	1,772	696	15,515	10.3%
7	Los Angeles	CA	6,679	5,344	2,075	1,399	15,497	10.3%
8	Louisville	KY	10,643	1,947	1,993	828	15,411	10.3%
9	Charlotte	NC	9,028	2,463	2,788	1,095	15,374	10.2%
10	Baltimore	MD	9,681	3,283	1,918	389	15,271	10.2%
11	Milwaukee	WI	7,928	4,214	2,263	524	14,929	10.0%
12	Jackson	MS	6,202	3,831	2,635	1,998	14,665	9.8%
13	Columbus	OH	8,851	3,245	2,039	380	14,514	9.7%
14	Minneapolis	MN	7,718	3,770	1,816	1,061	14,365	9.6%
15	Kansas City	MO	7,254	2,929	2,816	1,353	14,352	9.6%
16	Omaha	NE	7,145	3,972	2,229	983	14,329	9.6%
17	Atlanta	GA	6,903	3,870	2,191	1,005	13,969	9.3%
18	Providence	RI	5,835	3,398	2,010	2,600	13,842	9.2%
19	Portland	OR	10,333	3,009	0	385	13,727	9.2%
20	Little Rock	AR	7,605	2,156	2,890	1,030	13,680	9.1%
21	Columbia	SC	7,848	1,908	2,112	1,717	13,585	9.1%
22	WASHINGTON	DC	7,878	3,071	2,095	394	13,438	9.0%
23	Boise	ID	8,776	2,097	1,966	449	13,288	8.9%
24	Burlington	VT	5,980	4,956	1,854	340	13,130	8.8%
25	Wichita	KS	7,281	2,253	2,357	1,118	13,009	8.7%
26	Charleston	WV	8,235	1,464	1,836	1,316	12,851	8.6%
27	Wilmington	DE	8,128	3,864	0	297	12,289	8.2%
28	Boston	MA	6,949	3,182	1,094	960	12,185	8.1%
29	Indianapolis	IN	6,560	2,712	2,465	224	11,962	8.0%
30	Chicago	IL	4,104	4,319	2,949	572	11,945	8.0%
31	Salt Lake City	UT	7,500	1,392	2,280	581	11,753	7.8%
32	Oklahoma City	OK	6,365	2,141	2,861	371	11,738	7.8%
33	Birmingham	AL	6,649	1,795	2,547	675	11,667	7.8%
34	Virginia Beach	VA	6,996	1,733	1,991	851	11,571	7.7%
35	Honolulu	HI	8,090	1,287	1,748	473	11,598	7.7%
36	Newark	NJ	4,516	4,800	1,988	241	11,546	7.7%
37	Albuquerque	NM	5,225	2,949	2,883	300	11,358	7.6%
38	Denver	CO	5,558	1,560	2,282	1,308	10,709	7.1%
39	Billings	MT	7,496	1,777	0	899	10,173	6.8%
40	New Orleans	LA	4,654	1,743	2,928	489	9,815	6.5%
41	Phoenix	AZ	3,645	1,514	3,589	948	9,696	6.5%
42	Fargo	ND	3,061	2,793	1,796	441	8,091	5.4%
43	Houston	TX	0	3,672	2,575	341	6,588	4.4%
44	Seattle	WA	0	3,029	2,841	660	6,530	4.4%
45	Memphis	TN	0	3,016	3,154	269	6,439	4.3%
46	Las Vegas	NV	0	3,701	1,703	800	6,203	4.1%
47	Manchester	NH	0	5,267	0	771	6,038	4.0%
48	Sioux Falls	SD	0	2,547	2,685	386	5,619	3.7%
49	Jacksonville	FL	0	3,086	2,100	411	5,597	3.7%
50	Cheyenne	WY	0	1,550	2,467	1,088	5,105	3.4%
51	Anchorage	AK	0	3,878	0	100	3,978	2.7%
AVERAGE 1/			\$7,063	\$3,223	\$2,237	\$787	\$12,165	8.1%
MEDIAN			\$6,949	\$3,029	\$2,108	\$675	\$12,851	8.6%

1/ Based on cities actually levying tax.

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2009
COMBINED TOTALS

RANK	CITY	ST	TAXES				BURDEN AMOUNT
			INCOME	PROPERTY	SALES	AUTO	
1	Bridgeport	CT	13,727	44,242	6,389	4,986	69,344
2	Philadelphia	PA	27,612	12,741	6,871	1,533	48,758
3	New York City	NY	26,081	10,181	8,603	1,276	46,141
4	Des Moines	IA	18,312	16,491	8,020	2,622	45,444
5	Detroit	MI	24,132	11,859	5,883	2,077	43,951
6	Portland	ME	18,287	17,203	4,614	3,398	43,502
7	Charlotte	NC	20,548	9,408	9,503	3,186	42,645
8	Louisville	KY	26,629	7,179	6,440	2,360	42,608
9	Baltimore	MD	22,512	11,823	6,064	1,450	41,849
10	Milwaukee	WI	17,204	14,814	7,482	1,961	41,462
11	Los Angeles	CA	10,454	20,164	6,736	4,014	41,368
12	Kansas City	MO	16,868	10,408	9,315	3,794	40,384
13	Minneapolis	MN	16,195	14,277	5,924	3,133	39,530
14	Columbus	OH	20,362	11,047	6,527	1,394	39,329
15	Jackson	MS	12,691	12,320	8,773	5,536	39,319
16	Atlanta	GA	15,997	12,571	7,329	2,752	38,650
17	Omaha	NE	14,479	13,614	7,288	2,826	38,207
18	Providence	RI	11,290	13,320	6,744	6,765	38,119
19	Chicago	IL	10,291	15,407	9,624	2,182	37,504
20	Little Rock	AR	16,711	7,587	9,707	2,980	36,984
21	Portland	OR	23,642	11,719	0	1,422	36,816
22	Boston	MA	16,103	14,015	3,517	2,694	36,330
23	Columbia	SC	16,710	7,462	7,034	4,707	35,913
24	Burlington	VT	11,521	16,914	6,058	1,270	35,764
25	WASHINGTON	DC	16,519	10,329	6,822	1,590	35,259
26	Newark	NJ	8,127	19,561	6,581	919	35,188
27	Charleston	WV	19,063	5,608	6,032	3,861	34,564
28	Indianapolis	IN	16,776	8,729	8,193	816	34,515
29	Wichita	KS	15,807	7,493	7,906	3,016	34,222
30	Birmingham	AL	17,811	5,776	8,801	1,820	34,208
31	Boise	ID	18,521	7,641	6,336	1,679	34,178
32	Wilmington	DE	18,108	14,325	0	1,086	33,519
33	Salt Lake City	UT	16,959	6,457	7,735	2,174	33,325
34	Oklahoma City	OK	14,810	7,537	9,546	1,396	33,290
35	Virginia Beach	VA	16,049	7,436	6,518	2,764	32,767
36	Albuquerque	NM	11,020	10,889	9,646	1,101	32,656
37	Honolulu	HI	17,516	6,148	6,199	1,741	31,604
38	Denver	CO	12,512	6,982	7,472	3,499	30,465
39	Phoenix	AZ	7,875	6,162	12,136	2,602	28,775
40	New Orleans	LA	10,888	6,141	9,575	1,570	28,175
41	Billings	MT	15,983	7,411	0	2,926	26,320
42	Seattle	WA	0	12,703	9,187	2,255	24,145
43	Fargo	ND	6,220	9,150	5,896	1,602	22,868
44	Houston	TX	0	12,128	8,480	1,277	21,884
45	Memphis	TN	0	10,371	10,478	986	21,835
46	Manchester	NH	0	19,392	0	2,226	21,618
47	Las Vegas	NV	0	13,060	5,699	2,692	21,451
48	Sioux Falls	SD	0	8,586	8,994	1,355	18,935
49	Jacksonville	FL	0	9,946	7,140	1,474	18,561
50	Cheyenne	WY	0	5,885	8,245	2,927	17,057
51	Anchorage	AK	0	14,150	0	400	14,550
AVERAGE		1/	\$15,658	\$11,701	\$7,406	\$2,394	\$34,428
MEDIAN			\$15,997	\$10,889	\$7,034	\$2,182	\$35,188

1/ Based on cities actually levying tax.

CHAPTER III

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

Individual Income Tax

Residents of 44 of the 51 cities in the study are subject to some type of individual income tax at the state and/or local levels. Individual income tax burdens vary widely due to factors such as differences in tax base, tax rates, exemptions, deductions and treatment of federal taxes. These variations are reflected in the individual income tax burdens shown in Table 3 (page 17).

The percentage of income paid in individual income taxes by residents of the largest city in states having an income tax at the income level of \$25,000 ranges from a low of zero percent in seventeen of the cities in the study to a high of 6.9 percent in Philadelphia, Pennsylvania. At the \$150,000 income level, the burden ranges from zero percent of income in Manchester, New Hampshire and Memphis, Tennessee to 8.7 percent in New York City, New York. It should be noted that the New Hampshire and Tennessee income tax is applicable only to interest and dividend income and the exemptions are high enough to eliminate individual income taxes at all income levels used in the study. New York City has broad-based income taxes at both the state and local levels, each of which has graduated rates. The average individual income tax rate for the 44 cities levying the tax ranges from 1.2 percent at \$25,000 income to 4.7 percent at \$150,000 income.

As Table 3 indicates, there are several types of individual income tax systems including graduated state and local rates, graduated state and flat local rates, flat state and local rates, graduated state tax rates and flat state rates with exemptions. The most common system is the graduated state tax rate, which applies to taxpayers in 29 of the cities. Taxpayers of five cities are subject to a flat state tax rate with exemptions.

Nine states have either graduated or flat state rates and flat local rates. New York City residents are subject to separate state and local income taxes, both of which are characterized by graduated rate schedules.

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

TABLE 2
STATES THAT INDEX SOME PART OF
THEIR INDIVIDUAL INCOME TAX, 2009

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

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

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

Real Property Tax

All 51 cities in the study levy a property tax on residential property located within the city. The real property tax is a function of housing values, real estate tax rates, assessment levels, homeowner exemptions and credits. Nominal rates used in table 4 (page 18), represent the "announced" rates levied by the jurisdiction, while effective rates consider the various assessment levels in the cities. As the data indicate, effective rates range from a high of \$3.20 per \$100 of assessed value in Columbus, Ohio to \$0.34 per \$100 of assessed value in Honolulu, Hawaii. Assessment levels vary dramatically from 3.7 percent of assessed value in New York City, New York to 118 percent of assessed value in Des Moines, Iowa. Local assessors, state tax and county officials, and state and local websites 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 19. Housing values at the same income level vary a great deal. In addition, several jurisdictions allow tax exemptions and credits in the calculation of the property tax. These exemptions and credits are noted in Table 6 (page 20).

This study does not model the impact of property tax caps that are available in some jurisdictions. As such, the study may overstate property taxes in those jurisdictions.

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

Charleston, West Virginia; Birmingham, Alabama; Cheyenne, Wyoming; and New Orleans, Louisiana have 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, below average housing values or an exemption program.

**TABLE 3
INCOME TAX BURDEN AS PERCENT OF INCOME IN THE LARGEST CITIES BY**

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

TYPE OF INCOME TAX FOR A FAMILY OF THREE

2009

CITIES WITH:	ST	INCOME LEVELS:				
		\$25,000	\$50,000	\$75,000	\$100,000	\$150,000
GRADUATED STATE AND LOCAL TAX RATES						
New York City	NY	0.0%	4.0%	5.7%	6.8%	8.7%
GRADUATED STATE AND FLAT LOCAL RATES						
Birmingham	AL	4.3%	4.4%	4.5%	4.5%	4.4%
Wilmington	DE	1.2%	3.4%	4.3%	4.8%	5.4%
Louisville	KY	5.3%	6.0%	6.5%	6.8%	7.1%
Baltimore	MD	0.0%	5.6%	5.5%	5.9%	6.5%
Kansas City	MO	1.8%	3.8%	4.0%	4.3%	4.8%
Columbus	OH	2.9%	4.0%	4.7%	5.2%	5.9%
FLAT STATE AND LOCAL TAX RATES						
Indianapolis	IN	2.9%	4.1%	4.2%	4.3%	4.4%
Detroit	MI	3.0%	5.5%	6.1%	6.3%	6.5%
Philadelphia	PA	6.9%	6.9%	6.9%	6.9%	6.9%
GRADUATED STATE TAX RATE						
Phoenix	AZ	0.4%	1.5%	1.8%	2.1%	2.4%
Little Rock	AR	1.8%	2.9%	3.8%	4.4%	5.1%
Los Angeles	CA	0.0%	0.5%	1.4%	2.5%	4.5%
Bridgeport	CT	0.0%	0.7%	3.4%	4.0%	4.6%
WASHINGTON	DC	0.0%	3.1%	3.7%	4.3%	5.3%
Atlanta	GA	2.2%	3.1%	3.8%	4.2%	4.6%
Honolulu	HI	2.2%	2.9%	3.9%	4.6%	5.4%
Boise	ID	0.0%	2.8%	4.3%	5.1%	5.9%
Des Moines	IA	1.6%	3.1%	4.2%	4.7%	5.7%
Wichita	KS	0.0%	3.0%	3.7%	4.3%	4.9%
New Orleans	LA	0.8%	2.4%	2.7%	2.8%	3.1%
Portland	ME	0.2%	2.6%	4.0%	5.0%	6.0%
Minneapolis	MN	0.0%	2.7%	3.7%	4.3%	5.1%
Jackson	MS	0.8%	2.0%	2.8%	3.2%	4.1%
Billings	MT	1.2%	2.4%	3.6%	4.3%	5.0%
Omaha	NE	0.0%	2.1%	3.1%	3.9%	4.8%
Newark	NJ	0.0%	1.2%	1.4%	1.9%	3.0%
Albuquerque	NM	0.0%	1.6%	2.6%	3.0%	3.5%
Charlotte	NC	1.8%	4.4%	4.7%	5.3%	6.0%
Fargo	ND	0.2%	1.0%	1.3%	1.7%	2.0%
Oklahoma City	OK	0.6%	3.3%	3.7%	3.9%	4.2%
Portland	OR	3.2%	4.7%	5.4%	6.1%	6.9%
Providence	RI	0.0%	1.8%	2.3%	2.8%	3.9%
Columbia	SC	0.0%	2.6%	4.0%	4.6%	5.2%
Salt Lake City	UT	0.3%	3.2%	4.2%	4.7%	5.0%
Virginia Beach	VA	0.2%	3.8%	3.8%	4.2%	4.7%
Burlington	VT	0.0%	1.9%	2.3%	2.9%	4.0%
Charleston	WV	2.6%	3.6%	4.5%	5.0%	5.5%
Milwaukee	WI	0.0%	2.7%	4.2%	4.8%	5.3%
FLAT STATE TAX RATE WITH EXEMPTIONS						
Denver	CO	0.5%	2.4%	3.0%	3.4%	3.7%
Chicago	IL	1.8%	2.4%	2.6%	2.6%	2.7%
Boston	MA	0.6%	3.4%	4.0%	4.3%	4.6%
Manchester	NH	0.0%	0.0%	0.0%	0.0%	0.0%
Memphis	TN	0.0%	0.0%	0.0%	0.0%	0.0%
No income tax: Anchorage, AK; Jacksonville, FL; Las Vegas, NV; Sioux Falls, SD; Houston, TX; Seattle, WA; Cheyenne, WY						
AVERAGE	1/	1.2%	2.9%	3.6%	4.1%	4.7%

1/ Based on cities actually levying tax.

TABLE 4

RESIDENTIAL PROPERTY TAX RATES IN THE LARGEST CITY IN EACH STATE
2009

RANK	CITY	ST	NOMINAL RATE PER \$100	ASSESSMENT LEVEL	EFFECTIVE RATE PER \$100
1.	Indianapolis	IN	2.75	100.0%	2.75
2.	Bridgeport	CT	3.87	70.0%	2.71
3.	Philadelphia	PA	8.26	32.0%	2.64
4.	Milwaukee	WI	2.56	100.0%	2.56
5.	Houston	TX	2.52	100.0%	2.52
6.	Baltimore	MD	2.38	100.0%	2.38
7.	Providence	RI	2.37	100.0%	2.37
8.	Des Moines	IA	1.94	118.0%	2.29
9.	Detroit	MI	6.58	32.1%	2.11
10.	Omaha	NE	2.13	96.0%	2.05
11.	Burlington	VT	2.00	100.0%	2.00
12.	Memphis	TN	7.22	25.0%	1.80
13.	Portland	ME	1.79	100.0%	1.79
14.	Columbus	OH	5.01	35.0%	1.75
15.	Manchester	NH	1.74	100.0%	1.74
16.	Jacksonville	FL	1.73	100.0%	1.73
17.	Jackson	MS	17.04	10.0%	1.70
18.	Fargo	ND	38.09	4.5%	1.70
19.	Newark	NJ	2.74	59.7%	1.63
20.	Boise	ID	1.47	108.4%	1.60
21.	Anchorage	AK	1.55	100.0%	1.55
22.	Wilmington	DE	3.27	47.2%	1.54
23.	Kansas City	MO	7.84	19.0%	1.49
24.	Albuquerque	NM	4.32	33.3%	1.44
25.	Little Rock	AR	7.04	20.0%	1.41
26.	New Orleans	LA	13.98	10.0%	1.40
27.	Wichita	KS	12.04	11.5%	1.38
28.	Atlanta	GA	3.37	40.0%	1.35
29.	Sioux Falls	SD	1.49	85.0%	1.27
30.	Louisville	KY	1.26	100.0%	1.26
31.	Oklahoma City	OK	11.34	11.0%	1.25
32.	Minneapolis	MN	1.28	96.8%	1.24
33.	Salt Lake City	UT	1.15	100.0%	1.15
34.	Las Vegas	NV	3.28	35.0%	1.15
35.	Portland	OR	2.11	54.3%	1.15
36.	Los Angeles	CA	1.11	100.0%	1.11
37.	Charlotte	NC	1.30	82.9%	1.08
38.	Boston	MA	1.06	100.0%	1.06
39.	Columbia	SC	25.00	4.0%	1.00
40.	Phoenix	AZ	8.86	10.0%	0.89
41.	Charleston	WV	1.43	60.0%	0.86
42.	WASHINGTON	DC	0.85	100.0%	0.85
43.	Birmingham	AL	8.02	10.0%	0.80
44.	Seattle	WA	0.88	89.3%	0.79
45.	Billings	MT	2.93	26.8%	0.78
46.	Virginia Beach	VA	0.75	100.0%	0.75
47.	Cheyenne	WY	7.10	9.5%	0.67
48.	New York City	NY	16.70	3.7%	0.62
49.	Denver	CO	6.68	8.0%	0.53
50.	Chicago	IL	5.17	10.0%	0.52
51.	Honolulu	HI	0.34	100.0%	0.34
UNWEIGHTED AVERAGE			\$5.45	60.2%	\$1.46
MEDIAN			\$2.74	60.0%	\$1.40

NOTE: All rates and percentages in this table are rounded.

**TABLE 5
HOUSING VALUE ASSUMPTIONS
2009**

CITY	ST	HOUSING VALUE ASSUMPTIONS AT INDICATED INCOME LEVELS:				
		TAX ON RENT \$25,000	\$50,000	\$75,000	\$100,000	\$150,000
Anchorage	AK	\$2,136	\$165,246	\$195,876	\$219,909	\$270,197
Birmingham	AL	1,426	105,295	146,228	185,222	263,210
Little Rock	AR	1,478	94,890	121,868	138,511	177,981
Phoenix	AZ	1,642	152,502	167,680	188,488	227,281
Los Angeles	CA	1,843	347,366	413,190	431,685	489,285
Denver	CO	1,783	205,916	229,543	248,966	293,527
Bridgeport	CT	2,227	320,463	352,930	397,100	479,255
WASHINGTON	DC	1,805	215,550	290,917	337,570	428,775
Wilmington	DE	1,894	163,425	184,576	206,654	250,169
Jacksonville	FL	1,709	121,729	150,007	174,299	227,750
Atlanta	GA	1,783	168,368	208,699	248,797	324,660
Honolulu	HI	1,829	342,399	381,199	403,027	456,326
Des Moines	IA	1,332	125,090	151,320	175,395	226,844
Boise	ID	1,459	149,242	168,983	193,041	235,723
Chicago	IL	1,666	204,753	228,312	254,398	305,699
Indianapolis	IN	1,536	113,287	133,216	157,543	205,373
Wichita	KS	1,356	86,867	116,376	137,334	182,779
Louisville	KY	1,303	121,904	131,499	152,634	185,887
New Orleans	LA	1,466	128,488	143,926	162,260	199,637
Boston	MA	2,424	353,436	382,187	394,494	427,637
Baltimore	MD	1,464	86,630	97,977	112,663	137,962
Portland	ME	1,711	182,134	218,451	237,854	278,083
Detroit	MI	1,562	94,708	109,885	126,084	156,877
Minneapolis	MN	1,970	188,534	211,344	234,307	277,539
Kansas City	MO	1,555	104,664	138,520	154,595	196,743
Jackson	MS	1,361	133,199	154,422	183,654	242,479
Billings	MT	1,351	162,931	186,080	197,005	226,609
Charlotte	NC	1,670	140,728	163,382	186,296	229,024
Fargo	ND	1,176	84,415	104,581	127,335	170,545
Omaha	NE	1,510	111,985	138,894	158,243	201,971
Manchester	NH	1,968	209,169	234,861	256,637	303,574
Newark	NJ	1,769	241,343	275,707	278,016	293,764
Albuquerque	NM	1,373	142,063	156,039	176,213	210,937
Las Vegas	NV	1,687	187,752	221,751	259,643	322,753
New York City	NY	1,975	332,811	353,117	367,890	394,045
Columbus	OH	1,512	123,373	143,652	166,534	211,626
Oklahoma City	OK	1,464	89,411	115,893	137,220	180,714
Portland	OR	1,656	176,541	212,246	226,933	262,621
Philadelphia	PA	1,577	87,099	95,745	107,377	131,963
Providence	RI	1,726	208,549	232,813	250,357	286,736
Columbia	SC	1,625	102,833	138,311	151,732	190,825
Sioux Falls	SD	1,344	94,660	125,776	149,494	200,715
Memphis	TN	1,574	80,077	111,559	128,801	167,193
Houston	TX	1,555	95,394	125,504	146,657	190,474
Salt Lake City	UT	1,706	160,679	177,596	190,898	219,266
Virginia Beach	VA	1,663	157,644	182,759	198,237	231,108
Burlington	VT	1,639	143,479	173,808	198,143	247,558
Seattle	WA	1,793	296,719	351,595	353,500	384,997
Milwaukee	WI	1,512	122,819	127,283	147,219	181,674
Charleston	WV	1,370	87,300	106,789	128,887	170,457
Cheyenne	WY	1,378	120,449	145,016	172,988	229,804
AVERAGE		\$1,633	\$161,496	\$188,821	\$210,171	\$254,679
MEDIAN		\$1,625	\$142,063	\$163,382	\$186,296	\$229,024

TABLE 6
CITIES THAT ALLOW EXEMPTIONS OR REDUCED RATES
IN THE CALCULATION OF REAL ESTATE TAXES FOR HOMEOWNERS
2009

CITY	STATE	EXEMPTION OR TAX REDUCTION AMOUNT	BASIS OF TAX REDUCTION OR EXEMPTION
Anchorage	AK	10% up to \$20,000 maximum	Assessed Value
Birmingham	AL	\$4,000	Assessed Value-Homestead
Little Rock 1/	AR	\$350 Credit against Homestead for Homeowners	Tax Credit
Phoenix	AZ	35% Exemption on School Tax Rates up to \$500	Assessed Value
Los Angeles	CA	\$7,000 Exemption	Assessed Value
WASHINGTON	DC	\$67,500 Exemption	Assessed Value-Homestead
Jacksonville 2/	FL	\$25,000 Exemption	Assessed Value
Atlanta	GA	\$15,000 Exemption	Assessed Value
Honolulu 3/	HI	\$80,000 Exemption (below age 55)	Assessed Value
Des Moines	IA	\$3,780 Exemption	Assessed Value
Boise	ID	50% up to \$104,471 Exemption	Assessed Value and Homestead
Chicago	IL	\$7,482 Exemption	Equalized Assessed Value
Indianapolis	IN	25% Credit and \$35,000 Exemption	Assessed Value-Homestead
Wichita	KS	\$20,000 School Levy Exemption	Assessed Value
Louisville	KY	\$26,800 Homestead Exemption	Assessed Value
Des Moines	IA	\$4,850 Exemption Credit on 1 st \$4,800 Taxable Value	Assessed Value-Homestead
New Orleans	LA	\$7,500 Exemption	Assessed Value
Boston	MA	20% Residential Exemption	Assessed Value
Detroit	MI	Homestead Property Exempt From Basic Local School Operating Millage Tax	Taxable Value
Jackson	MS	\$300 Exemption	Assessed Value
Billings	MT	36.8% Homestead Exemption, 6 year phase-in of new value (6 year value lag)	Market Value
Albuquerque	NM	\$2,000 Household Head Exemption, \$2,000 Veteran Exemption	Taxable Value
New York City	NY	\$30,000 exemption on primary residence,	Full Value (NYS STAR Program)
Columbus	OH	12.5% Tax Rollback	Assessed Value
Oklahoma City	OK	\$1,000 Exemption	Assessed Value-Homestead
Providence	RI	50%	Assessed Value
Columbia	SC	30.0% 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: \$0.159125 per \$100 Market Value Lottery Credit: School Tax on 1 st \$8,100 Market Value First Dollar Credit: School Tax on 1 st \$7,100 Market Value	Equalized Assessed Value Equalized Assessed Value Equalized Assessed Value

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

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

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

Sales and Use Tax

Residents of 46 of the 51 cities in this study are subject to some form of sales and use tax. The combined sales tax rates range from 10.25 percent in Chicago, Illinois to 4.5 percent in Honolulu, Hawaii as indicated in Table 7, page 22. The highest state sales tax rate is 7 percent in Indiana, Mississippi, New Jersey, Rhode Island and Tennessee; while the lowest state rate of 2 percent is found in Nevada. Sales taxes are levied by nineteen of the 51 cities in addition to state sales taxes with the highest city rate at 4.5 percent in New York City. The lowest city rates are Little Rock, Arkansas and Minneapolis, Minnesota. Of the twenty-two counties levying a sales tax, the highest rate (3.5 percent) is in Clark County (Las Vegas). Four school districts and twelve transit districts also levy sales taxes, with rates ranging from 0.25 percent in Minneapolis, Minnesota, to 2.25 percent in Las Vegas, Nevada.

According to Table 1, the average sales tax burden is the second highest of the four major tax types at the \$25,000 income level. 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 Phoenix, Arizona; Memphis, Tennessee; Little Rock, Arkansas; and Albuquerque, New Mexico. Boston, Massachusetts; Portland, Maine; Las Vegas, Nevada; and Detroit, Michigan have the lowest sales tax burden.

TABLE 7
STATE AND LOCAL GENERAL SALES TAX
RATES IN EACH OF THE 51 CITIES
AS OF DECEMBER 31, 2009

CITY	ST	TOTAL RATE	STATE	CITY	COUNTY	SCHOOL	TRANSIT
Chicago	IL	10.25	6.25	1.25	1.75		1.0
Seattle	WA	9.5	6.5	1.0	0.2		1.8
Memphis	TN	9.25	7.0		2.25		
New Orleans	LA	9.0	4.0	3.5		1.5	
New York City	NY	8.875	4.0	4.5			0.375
Charlotte	NC	8.75	5.75		2.5		0.5
Los Angeles	CA	8.50	6.25	1.0	0.25		1.0
Oklahoma City	OK	8.375	4.5	3.875			
Phoenix	AZ	8.3	5.6	2.0	0.7		
Houston	TX	8.25	6.25	1.0			1.0
Birmingham	AL	8.0	4.0	3.0	1.0		
Philadelphia	PA	8.0	6.0		2.0		
Minneapolis	MN	7.775	6.875	0.5	0.15		0.25
Las Vegas	NV	7.75	2.0		3.5	2.25	
Kansas City	MO	7.725	4.225	2.375	1.125		
Denver	CO	7.72	2.9	3.62			1.2
Little Rock	AR	7.5	6.0	0.5	1.0		
Jacksonville	FL	7.0	6.0		0.5		0.5
Atlanta	GA	7.0	4.0		1.0	1.0	1.0
Des Moines	IA	7.0	6.0			1.0	
Indianapolis	IN	7.0	7.0				
Jackson	MS	7.0	7.0				
Omaha	NE	7.0	5.5	1.5			
Newark	NJ	7.0	7.0				
Providence	RI	7.0	7.0				
Columbia	SC	7.0	6.0		1.0		
Albuquerque	NM	6.875	5.0	1.1875	0.6875		
Columbus	OH	6.75	5.5		0.78		0.5
Salt Lake City	UT	6.6	4.75	1.0	0.35		0.5
Fargo	ND	6.5	5.0	1.5			
Wichita	KS	6.3	5.3		1.0		
Bridgeport	CT	6.0	6.0				
Louisville	KY	6.0	6.0				
Detroit	MI	6.0	6.0				
Sioux Falls	SD	6.0	4.0	2.0			
Boise	ID	6.0	6.0				
WASHINGTON	DC	6.0	6.0				
Baltimore	MD	6.0	6.0				
Burlington	VT	6.0	6.0				
Charleston	WV	6.0	6.0				
Cheyenne	WY	6.0	4.0		2.0		
Milwaukee	WI	5.6	5.0		0.6		
Boston	MA	5.0	5.0				
Portland	ME	5.0	5.0				
Virginia Beach	VA	5.0	4.0	1.0			
Honolulu	HI	4.5	4.0		0.5		
UNWEIGHTED AVERAGE		7.06	5.39				
MEDIAN		7.00	5.75				

Automobile Taxes

Residents of all 51 cities in this study are subject to gasoline taxes and some type of automobile registration fee or tax. The automobile taxes included in this study are gasoline taxes, motor vehicle registration fees, excise taxes and personal property taxes. Twelve of the cities levy a personal property tax based on the value of motor vehicles owned by a taxpayer. Gasoline tax rates in each of the 51 cities as of December 31, 2009 are compared in Table 8, page 24. The gasoline tax rates vary from as high as 37.5 cents per gallon in Seattle, Washington; 33.5 cents in Honolulu, Hawaii; and 33.0 cents per gallon in Las Vegas, Nevada, to a low of 7.5 cents per gallon in Atlanta, Georgia. Normally, Anchorage, Alaska's rate is 8 cents per gallon; the tax has been suspended until September 1, 2009.

As noted before, citizens in all 51 cities are subject to some type of automobile registration fee and tax. They are usually either flat per-vehicle rates or excise taxes based on either weight or value. The types of registration and other automobile taxes to which residents of the 51 cities are subject are summarized in Table 9, page 25.

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

The assumptions used for calculating automobile personal property taxes, excise taxes, the gasoline tax and registration fees are presented in Table 10, page 25.

The lowest tax burdens at all income levels in this study are the automobile tax burdens. Providence, Rhode Island; Jackson, Mississippi; Bridgeport, Connecticut; and Columbia, South Carolina are among the cities with high automobile tax burdens. These cities levy either a personal property tax or a very high excise tax. Anchorage, Alaska; Indianapolis, Indiana; Newark, New Jersey; and Memphis, Tennessee 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.

TABLE 8
GASOLINE TAX RATES IN THE 51 CITIES AS OF DECEMBER 31, 2009
(STATE AND LOCAL RATES PER GALLON)

CITY	ST	TOTAL RATE	STATE RATE	LOCAL RATE
Seattle	WA	37.5	37.5	00.0
Honolulu	HI	33.5	17.0	16.5
Las Vegas	NV	33.0	24.0	09.0
Charleston	WV	32.2	32.2	00.0
Providence	RI	31.0	31.0	00.0
Philadelphia	PA	31.2	31.2	00.0
Milwaukee	WI	30.1	30.1	00.0
Charlotte	NC	29.9	29.9	00.0
Portland	ME	29.5	29.5	00.0
Jacksonville	FL	28.8	14.9	13.9
Columbus	OH	28.0	28.0	00.0
Billings	MT	27.75	27.75	00.0
Minneapolis	MN	27.1	27.1	00.0
Portland	OR	27.0	24.0	03.0
Omaha	NE	26.4	26.4	00.0
Los Angeles	CA	26.2	26.2	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
New York City	NY	24.3	24.3	00.0
Chicago	IL	24.0	19.0	05.0
Wichita	KS	24.0	24.0	00.0
Kansas City	MO	24.0	17.0	07.0
WASHINGTON	DC	23.5	23.5	00.0
Baltimore	MD	23.5	23.5	00.0
Wilmington	DE	23.0	23.0	00.0
Fargo	ND	23.0	23.0	00.0
Denver	CO	22.0	22.0	00.0
Sioux Falls	SD	22.0	22.0	00.0
Little Rock	AR	21.8	21.8	00.0
Des Moines	IA	21.0	21.0	00.0
Boston	MA	21.0	21.0	00.0
New Orleans	LA	20.0	20.0	00.0
Memphis	TN	20.0	20.0	00.0
Houston	TX	20.0	20.0	00.0
Burlington	VT	20.0	20.0	00.0
Manchester	NH	19.5	19.5	00.0
Albuquerque	NM	19.5	19.5	00.0
Detroit	MI	19.0	19.0	00.0
Jackson	MS	18.4	18.4	00.0
Birmingham	AL	18.3	18.3	01.0
Phoenix	AZ	18.0	18.0	00.0
Indianapolis	IN	18.0	18.0	00.0
Virginia Beach	VA	17.5	17.5	00.0
Oklahoma City	OK	17.0	17.0	00.0
Louisville	KY	16.4	16.4	00.0
Columbia	SC	16.0	16.0	00.0
Cheyenne	WY	14.0	14.0	00.0
Newark	NJ	10.5	10.5	00.0
Atlanta	GA	07.5	07.5	00.0
Anchorage	AK	00.0	00.0	00.0
UNWEIGHTED AVERAGE		22.7		
MEDIAN		23.0		

TABLE 9

SUMMARY OF TYPES OF AUTOMOBILE
REGISTRATION TAXES
2009

<u>TYPE OF REGISTRATION</u>	<u>NUMBER OF STATES</u>
Flat Rate Only	30
Weight Only	13
Weight and Age	3
Horsepower Only	1
Age Only	2
Value Only	1
Value and Age	<u>1</u>
	51

<u>OTHER AUTO TAXES (INCLUDING LOCAL)</u>	
Personal Property	12
Excise:	
Value and Age	9
Value Based	5
Age Based	1

TABLE 10
AUTOMOBILE TAX ASSUMPTIONS
2009

Income Level	Description Of Auto	Engine Size Liters 1/	Weight 2/	Year	Market Values			Estimated Mileage Per Gallon 1/	Estimated Annual Gasoline Usage 3/
					Retail Price 2/	Trade-In Value 2/	Loan Value 2/		
\$ 25,000	Sedan, 4 Door 4 cylinder, Automatic	1.8	2,595 lbs.	2005	\$10,100	\$ 7,650	\$ 6,900	37	411 Gallons
\$ 50,000	Sedan, 4 Door 6 Cylinder, Automatic	3.3	3,108 lbs.	2006	\$14,750	\$11,875	\$10,900	25	600 Gallons
\$ 75,000	Sedan, 4 Door 4 Cylinder, Automatic	2.5	3,268 lbs.	2007	\$17,650	\$14,550	\$13,525	30	500 Gallons
	4WD Utility, 4 Door 4 Cylinder, Automatic	2.4	3,195 lbs.	2004	\$14,950	\$11,950	\$11,100	25	306 Gallons
\$100,000	Sedan, 4 Door 6 Cylinder, Automatic	3.6	3,568 lbs.	2008	\$35,050	\$30,200	\$28,425	21	732 Gallons
	Wagon, 4 Door 6 Cylinder, Automatic	3.3	3,955 lbs.	2005	\$10,250	\$ 7,450	\$ 6,675	23	333 Gallons
\$150,000	Sedan, 4 Door 6 Cylinder, Automatic	3.0	4,042 lbs.	2008	\$39,450	\$34,600	\$32,700	21	714 Gallons
	Sedan, 4 Door 8 Cylinder, Automatic	3.5	4,109 lbs.	2005	\$21,375	\$17,725	\$16,100	19	395 Gallons

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

2/ National Automobile Dealers Association Used Car Guide.

3/ Assumes 15,000 miles driven for all 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 the combined state and local burdens borne by residents of other large cities.

The burden of each of the four major taxes for Washington, D.C. is compared with the 51-city average at all income levels in Table 11, page 29. The difference between the Washington, D.C. tax burden and the 51-city average increases, on a percentage basis, as the income level rises. This is because the District has a slightly more progressive tax system than the average of the 51 cities in the study. The District of Columbia ranks thirty-two at the \$25,000 income level; thirty-two at the \$50,000 income level; twenty-eight at the \$75,000 and twenty-three at the \$100,000 income level; and twenty-two at the \$150,000 income level. At all income levels, the District is ranked at twenty-five.

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

Individual Income Tax

The individual income tax burden for Washington, D.C. is above the average for the 44 cities that levy an individual income tax at all income levels except at the \$25,000 income level. Washington, D.C. levies an individual income tax with three rates (for tax year 2009): 4.0 percent on the first \$10,000 of taxable income; 6.0 percent on the next \$30,000 of taxable income; and 8.5 percent on taxable income over \$40,000. For tax year 2009 personal exemptions of \$1,675 per dependent were allowed, as well as a \$1,675 exemption for the filer and spouse,

respectively. A standard deduction of \$4,000 (\$2,000 for married-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 "circuit-breaker" property tax relief programs for both elderly and non-elderly qualified homeowners and renters. The District's low-income credit eliminates the District income tax for taxpayers with no federal income tax liability.

The individual income tax burden for Washington, D.C. is above the average of the 44 cities at all income levels studied, except the \$25,000 income level, according to Table 11. Even though the rates have decreased over the last several years, the higher income tax burden for the \$150,000 level is due in part to restrictions on the individual income tax base of the District. Federal law prohibits Washington, D.C. from taxing the earnings of non-residents working within the city, a restriction not imposed on any other city in the nation. As a result of this, the District of Columbia taxes residents at a higher rate than would otherwise be the case since approximately 66 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 the \$50,000, \$75,000, \$100,000 and \$150,000 income levels according to Table 11. The tax on residential property in the District of Columbia is based on the assessed value of the property. All property is assessed at a statutory level of 100 percent of its estimated market value. The tax rate on residential owner-occupied property in the District of Columbia is \$0.85 per \$100 for 2009. Homeowners deduct a homestead exemption of \$67,500 (the homestead deduction will be increased annually by indexing beginning October 1, 2008) from the assessed base, not the tax bill, before calculation of the property tax for all owner-occupied dwellings. The District has capped the growth of property assessments at 10 percent, when calculating the tax due. The calculations in this study do not adjust for capped growth.

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 2009.

ITEMS	SALES TAX RATE
Tangible personal property, selected services, and food sold in vending machines	6.0%
Alcohol for off premises consumption	9%
Restaurant meals, take-out food, rental cars, liquor sold for consumption on the premises, prepaid telephone cards, tickets sold for baseball games, merchandise sold at the baseball stadium and events at the Verizon Center and merchandise sold at the Verizon Center.	10%
Commercial parking, rolled tobacco products usually used for smoking, chewing or as snuff, made in whole or in part with tobacco, except for cigarettes, premium cigars or pipe leaf tobacco products.	12%
Transient accommodations	14.5%

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

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

Automobile Taxes

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

Washington, D.C., automobile tax burdens are below the 51-city average at all income levels as shown in Table 11.

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 at the \$150,000 income level is the restriction on the District's taxing authority mandated by Congress. Factors such as the prohibition on taxing non-resident income, plus the large percentage of tax-exempt properties (over fifty-seven percent of District acreage is tax exempt), have combined to create difficult conditions under which to raise revenues to operate the city. Some of the positive factors, which tend to increase the District tax base, include substantial tourist activity as well as the large volume of business and lobbying activity generated by the federal presence.

TABLE 11
TAX BURDENS IN WASHINGTON, D.C. FOR A HYPOTHETICAL FAMILY COMPARED WITH
THE AVERAGE FOR THE LARGEST CITY IN EACH STATE BY INCOME CLASS, 2009

TAX	DISTRICT OF COLUMBIA	AVERAGE FOR CITIES LEVYING TAX ^{1/}	PERCENT DIFFERENCE
\$25,000 INCOME LEVEL			
Income	\$0	\$292	-100.0%
Property	1,805	1,633	10.5%
Sales	611	732	-16.5%
Auto	169	190	-11.2%
TOTAL	\$2,585	\$2,750	-6.0%
\$50,000 INCOME LEVEL			
Income	\$1,545	\$1,469	5.2%
Property	1,258	1,938	-35.1%
Sales	824	960	-14.2%
Auto	256	274	- 6.5%
TOTAL	\$3,884	\$4,364	-11.0%
\$75,000 INCOME LEVEL			
Income	\$2,772	\$2,728	1.6%
Property	1,899	2,303	-17.6%
Sales	1,229	1,371	-10.3%
Auto	376	472	-20.2%
TOTAL	\$6,277	\$6,392	-1.8%
\$100,000 INCOME LEVEL			
Income	\$4,324	\$4,106	5.3%
Property	2,296	2,604	-11.8%
Sales	2,062	2,105	- 2.0%
Auto	394	671	-41.3%
TOTAL	\$9,076	\$8,757	3.6%
\$150,000 INCOME LEVEL			
Income	\$7,878	\$7,063	11.5%
Property	3,071	3,223	- 4.7%
Sales	2,095	2,237	- 6.4%
Auto	394	787	-49.9%
TOTAL	\$13,438	\$12,165	10.5%

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

CHAPTER V

Why Do Tax Burdens Differ From One City To Another?

In the preceding chapters, the differences in tax burdens for the largest city in each state in the United States were discussed. 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. Also, tax caps may cause differences in property burdens for otherwise likewise situated families.

Some of the reasons for these differences are as follows:

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

This type of city can levy taxes at lower rates than can those with low levels of employment or high levels of exempt property. External forces such as the federal presence in Washington, D.C. can restrict the tax base. The tax base

can also be defined by the scope of a particular tax. For example, it is desirable from a social point of view to exempt groceries from the sales tax; however, such an exemption can narrow the sales tax base and may require a higher sales tax rate in order to raise sufficient revenues.

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

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

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

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

The District has relatively higher tax burdens at some income levels due the District's unique status as the nation's capital. The Government Accountability Office has documented that the District has a structural imbalance of \$500 million to \$1 billion per year. The structural imbalance results from two primary factors. First, the District has a higher service delivery cost than any other state – due the high rates of poverty and crime associated with an urban area. Second, the District's revenue capacity is restricted by the federal presence – the District cannot tax non-residents and 42 percent of the land value is tax exempt. Due to these factors, the District imposes relatively higher tax burdens in order to meet basic service delivery requirements.

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

Chapter V: Why Do Tax Burdens Differ From One City To Another?

STATE	CITY	2000 POPULATION	1990 POPULATION	PERCENT DIFFERENCE
Alabama	Birmingham	242,820	265,968	-8.7%
Alaska	Anchorage	260,283	226,338	15.0%
Arizona	Phoenix	1,321,045	983,403	40.0%
Arkansas	Little Rock	183,133	175,795	4.2%
California	Los Angeles	3,694,820	3,485,398	6.0%
Colorado	Denver	554,636	467,610	18.6%
Connecticut	Bridgeport	139,529	141,686	-1.5%
Delaware	Wilmington	72,664	71,529	1.6%
Florida	Jacksonville	735,617	672,971	9.3%
Georgia	Atlanta	416,474	394,017	5.7%
Hawaii	Honolulu	371,657	377,059	-1.4%
Idaho	Boise	185,787	125,738	47.8%
Illinois	Chicago	2,896,016	2,783,726	4.0%
Indiana	Indianapolis	791,926	731,327	8.3%
Iowa	Des Moines	198,682	193,187	2.8%
Kansas	Wichita	344,284	304,011	13.2%
Kentucky	Louisville	256,231	269,063	-4.8%
Louisiana	New Orleans	484,674	496,938	-2.5%
Maine	Portland	64,249	64,358	-0.2%
Maryland	Baltimore	651,154	736,014	-11.5%
Massachusetts	Boston	589,141	574,283	2.6%
Michigan	Detroit	951,270	1,027,974	-7.5%
Minnesota	Minneapolis	382,618	368,383	3.9%
Mississippi	Jackson	184,256	196,637	-6.3%
Missouri	Kansas City	441,545	435,146	1.5%
Montana	Billings	89,847	81,151	10.7%
Nebraska	Omaha	390,007	335,795	16.1%
Nevada	Las Vegas	478,434	258,295	85.2%
New Hampshire	Manchester	107,006	99,567	7.5%
New Jersey	Newark	273,546	275,221	-0.6%
New Mexico	Albuquerque	448,607	384,736	16.6%
New York	New York City	8,008,278	7,322,564	9.4%
North Carolina	Charlotte	540,828	395,934	36.6%
North Dakota	Fargo	90,599	74,111	22.2%
Ohio	Columbus	711,470	632,910	12.4%
Oklahoma	Oklahoma City	506,132	444,615	13.8%
Oregon	Portland	529,121	437,319	21.0%
Pennsylvania	Philadelphia	1,517,550	1,585,577	-4.3%
Rhode Island	Providence	173,618	160,728	8.0%
South Carolina	Columbia	116,278	98,052	18.6%
South Dakota	Sioux Falls	123,975	100,814	23.0%
Tennessee	Memphis	650,100	610,337	6.5%
Texas	Houston	1,953,631	1,630,553	19.8%
Utah	Salt Lake City	181,743	159,936	13.6%
Vermont	Burlington	38,889	39,127	-0.6%
Virginia	Virginia Beach	425,257	393,069	8.2%
Washington	Seattle	563,374	516,259	9.1%
West Virginia	Charleston	53,421	57,287	-6.7%
Wisconsin	Milwaukee	596,974	628,088	-5.0%
Wyoming	Cheyenne	53,011	50,008	6.0%
WASHINGTON, DC		572,059	606,900	-5.7%

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

Part II

A Comparison of Selected Tax Rates in the District of Columbia with Those in the 50 States as of January 1, 2010

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 12 taxes compared, District tax categories where rates are higher than in most of the states include: cigarette; corporate income; individual income; deed recordation; motor vehicle excise; motor vehicle registration fees; and sales and use. In four tax categories -- insurance premiums, beer, light wine, and distilled spirits -- the District has lower tax rates than most states. Motor vehicle fuel has twenty-four states higher than the District, and twenty-four states lower than the District.

TABLE 13

COMPARISON OF SELECTED STATE TAX RATES

TAX	LEVYING TAX	NUMBER OF JURISDICTIONS		
		LOWER THAN DC	SAME AS DC	HIGHER THAN DC
Individual Income	43 1/	34 2/	1	8 2/
Corporate Income	45	43	0	2
Insurance	49	9	1	39
Sales and Use	45	23	12	10
Beer	50	7	1	42
Light Wine	46	5	3	38
Distilled Spirits	32	0	1	31
Cigarette	50	44	0	6
Motor Fuel	50	24	2	24
Motor Vehicle Excise				
Cars < 3,500 lbs.	46	27	10	9
Cars > 3,500 lbs.	46	42	4	0
Cars < 5,000 lbs.				
Cars > 5,000 lbs.	46	46	0	0
Motor Vehicle Registration 3/	50	48	0	2
Deed Recordation	35	35	0	0

1/ Includes two states that 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 (> 5,000 lbs.)

TABLE 14
INDIVIDUAL INCOME TAX
WASHINGTON METROPOLITAN AREA
JANUARY 1, 2010

PERSONAL EXEMPTIONS	EXEMPTIONS	TAXABLE INCOME	RATES
DISTRICT OF COLUMBIA			
Single	\$1,675	\$0 - \$10,000 \$10,001-\$40,000 Over \$40,000	4.0% \$ 400 + 6.0% of excess > \$10,000 \$2,200 + 8.5% of excess > \$40,000
Married Filing Separately	\$1,675		
Married Filing Jointly	\$3,350		
Head of Household	\$3,350		
Dependent (additional)	\$1,675		
Blind (additional)	\$1,675		
Age 65 and over (additional)	\$1,675		
Standard Deduction	1/		
MARYLAND 2/			
Single	\$3,200	\$0 - \$1,000 \$1,001-\$2,000 \$2,001-\$3,000 \$3,001-\$200,000 \$200,001-\$350,000 \$350,001-\$500,000 \$500,001-\$1,000,000 Over \$1,000,000	2.0% \$ 20 + 3.00% of excess > \$1,000 \$ 50 + 4.00% of excess > \$2,000 \$ 90 + 4.75% of excess > \$3,000 \$ 9,448 + 5.00% of excess > \$200,000 \$ 16,948 + 5.25% of excess > \$350,000 \$ 24,823 + 5.50% of excess > \$500,000 \$52,323 + 6.25% of excess > \$1,000,000
Married Filing Separately	\$3,200		
Married Filing Jointly	\$6,400		
Head of Household	\$3,200		
Dependent (additional)	\$3,200		
Blind (additional)	\$1,000		
Age 65 and over (additional)	\$1,000		
Standard Deduction	3/		
VIRGINIA			
Single	\$ 930	\$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	\$ 930		
Married Filing Jointly	\$1,860		
Head of Household	\$ 930		
Dependent (additional)	\$ 930		
Blind (additional)	\$ 800		
Age 65 and over (additional)	\$ 800		
Standard Deduction	4/		

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

2/ Maryland rates do not include local rates that may be as low as 1.25% in Worcester County and as much as 3.2% in Howard, Montgomery and Prince George's Counties.

Baltimore City, which is used in this study, has a local rate of 3.05%.

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

**TABLE 15
INDIVIDUAL INCOME TAX
43 STATES AND DISTRICT OF COLUMBIA
AS OF JANUARY 1, 2010**

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS					
SINGLE	M/J	DEPENDENTS	TYPE OF RETURN	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	2.59% 2.59%	\$ 10,000 20,000	4.54% 4.54%	\$150,000 300,000	
ARKANSAS								
(\$23)	(\$46)	(\$23)		1.0%	\$ 2,999	7.0%	\$ 25,000	
CALIFORNIA								
(\$99)	(\$198)	(\$309)	S,M/S HH M/J	1.0% 1.0% 1.0%	\$ 7,168 14,345 14,336	9.3% 9.3% 9.3%	\$ 47,055 64,050 94,110	
COLORADO								
4.63% of federal taxable income with certain modifications.								
CONNECTICUT 4/								
\$13,500	\$24,000	---	S,M/S HH M/J	3.0% 3.0% 3.0%	\$ 10,000 16,000 20,000	6.5% 6.5% 6.5%	\$ 500,000 800,000 1,000,000	
DELAWARE								
(\$110)	(\$220)	(\$110)		2.2%	\$ 5,000	5.95%	\$ 60,000	
DISTRICT OF COLUMBIA								
\$1,675	\$3,350	\$1,675		4.0%	\$ 10,000	8.5%	\$ 40,000	
GEORGIA								
\$2,700	\$5,400	\$3,000	M/S S HH,M/J	1.0% 1.0% 1.0%	\$ 500 750 1,000	6.0% 6.0% 6.0%	\$ 5,000 7,000 10,000	
HAWAII								
\$1,040	\$2,080	\$1,040	M/S,S HH SS,M/J	1.4% 1.4% 1.4%	\$ 2,400 3,600 4,800	11.0% 11.0% 11.0%	\$200,000 300,000 400,000	

1/ Does not include various local income taxes.

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

3/ If M/S, S and FAGI does not exceed \$10,000 and if M/J, 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, 2010

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS					
SINGLE	M/J	DEPENDENTS	TYPE OF RETURN	MINIMUM		MAXIMUM		
				RATE	UP TO	RATE	OVER	
IDAHO ^{1/}								
\$3,650	\$7,300	\$3,650	S,M/S HH,M/J	1.6% 1.6%	\$ 1,321 2,642	7.8% 7.8%	\$ 26,418 52,836	
ILLINOIS								
\$2,000	\$4,000	\$2,000				3.0% of taxable net income.		
INDIANA ^{2/}								
\$1,000	\$2,000	\$1,000 ^{3/}				3.4% of federal adjusted gross income.		
IOWA								
(\$40)	(\$80)	(\$40)		0.36%	\$ 1,407	8.98%	\$ 63,315	
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%	\$ 75,000	
LOUISIANA								
\$4,500	\$9,000	\$1,000		2.0%	\$ 12,500	6.0%	\$ 25,000	
MAINE								
\$2,850	\$5,700	\$2,850	S,M/S HH M/J	2.0% 2.0% 2.0%	\$ 5,050 7,600 10,150	8.5% 8.5% 8.5%	\$ 20,150 30,250 40,350	
MARYLAND ^{2/}								
\$3,200	\$6,400	\$3,200		2.0%	\$ 1,000	6.25%	\$1,000,000	
MASSACHUSETTS								
\$4,125	\$8,250	\$1,000				5.3% of taxable income.		
MICHIGAN ^{2/}								
\$3,500	\$7,000	\$3,500				4.35% of taxable income.		

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

2/ Does not include various local income taxes.

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

TABLE 15 (continued)
INDIVIDUAL INCOME TAX
43 STATES AND DISTRICT OF COLUMBIA
AS OF JANUARY 1, 2010

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS					
SINGLE	M/J	DEPENDENTS	TYPE OF RETURN	MINIMUM		MAXIMUM		
				RATE	UP TO	RATE	OVER	
MINNESOTA								
\$3,650	\$7,300	\$3,650	M/S	5.35%	\$ 16,640	7.85%	\$ 66,110	
			S	5.35%	22,770	7.85%	74,780	
			HH	5.35%	28,030	7.85%	112,620	
			M/J	5.35%	33,280	7.85%	132,220	
MISSISSIPPI								
\$6,000	\$12,000	\$1,500		3.0%	\$ 5,000	5.0%	\$ 10,000	
MISSOURI 1/								
\$2,100	\$4,200	\$1,200		1.5%	\$ 1,000	6.0%	\$ 9,000	
MONTANA								
\$2,110	\$4,220	\$2,110		1.0%	\$ 2,600	6.9%	\$ 15,400	
NEBRASKA								
(\$118)	(\$236)	(\$118)	M/S,S	2.56%	\$ 2,400	6.84%	\$ 27,000	
			M/J	2.56%	4,800	6.84%	54,000	
			HH	2.56%	4,500	6.84%	40,000	
NEW HAMPSHIRE								
\$2,400	\$4,800	---	5.0% on dividend and interest income over personal exemption.					
NEW JERSEY								
\$1,000	\$2,000	\$1,500	S,M/S	1.4%	\$ 20,000	8.97%	\$ 500,000	
			HH,M/J	1.4%	20,000	8.97%	500,000	
NEW MEXICO								
\$3,050	\$6,100	\$3,050	M/S	1.7%	\$ 4,000	5.3%	\$ 20,000	
			S	1.7%	5,500	5.3%	26,000	
			HH	1.7%	8,000	5.3%	33,000	
			M/J	1.7%	8,000	5.3%	40,000	
NEW YORK								
---	---	\$1,000	M/S,S	4.0%	\$ 8,000	8.97%	\$ 500,000	
			HH	4.0%	11,000	8.97%	500,000	
			M/J	4.0%	16,000	8.97%	500,000	
NORTH CAROLINA 2/								
\$2,500	\$5,000	\$2,500	M/S	6.0%	\$ 10,625	8.0%	\$ 100,000	
			S	6.0%	12,750	8.0%	120,000	
			HH	6.0%	17,000	8.0%	160,000	
			M/J,SS	6.0%	21,250	8.0%	200,000	
NORTH DAKOTA								
\$3,650	\$7,300	\$3,650	M/S	1.84%	\$ 28,425	4.86%	\$ 186,825	
			S	1.84%	34,000	4.86%	373,650	
			HH	1.84%	45,550	4.86%	373,650	
			M/J,SS	1.84%	56,850	4.86%	373,650	

1/ Does not include various local income taxes.

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

TABLE 15 (continued)
INDIVIDUAL INCOME TAX
43 STATES AND DISTRICT OF COLUMBIA
AS OF JANUARY 1, 2010

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS					
SINGLE	M/J	DEPENDENTS	TYPE OF RETURN	MINIMUM		MAXIMUM		
				RATE	UP TO	RATE	OVER	
OHIO ^{1/}								
\$1,500	\$3,000	\$1,500		5.87%	\$ 5,000	5.925%	\$200,001	
OKLAHOMA								
\$1,000	\$2,000	\$1,000	S,M/S SS,HH,M/J	0.5% 0.5%	\$ 1,000 2,000	5.50% 5.50%	\$ 8,700 15,000	
OREGON ^{1/}								
(\$177)	(\$354)	(\$176)	S,M/S HH,M/J	5.0% 5.0%	\$ 3,050 6,100	11.0% 11.0%	\$250,000 500,000	
PENNSYLVANIA ^{1/}								
---	---	---	3.07% of specified classes of taxable income is effective rate.					
RHODE ISLAND								
\$3,400	\$6,800	\$3,400	S,HH,M/S M/J	3.75% 3.75%	\$ 36,000 62,600	9.9% 9.9%	\$ 374,250 378,800	
SOUTH CAROLINA								
---	---	---		3.0%	\$ 2,740	7.0%	\$ 13,700	
TENNESSEE								
\$1,250	\$2,500	---	6.0% on interest and dividend income.					
UTAH								
\$2,550	\$5,100	\$2,550	M/S,S HH,M/J	2.3% 2.3%	\$ 1,000 2,000	6.98% 6.98%	\$ 5,500 11,000	
VERMONT								
---	---	---	S M/S M/J HH	3.6% 3.6% 3.6% 3.6%	\$30,650 \$25,600 \$51,200 \$41,050	9.5% 9.5% 9.5% 9.5%	\$336,550 \$168,275 \$336,550 \$336,550	
VIRGINIA								
\$930	\$1,860	\$930		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								
\$700	\$1,400	\$700	M/S HH,S M/J	4.6% 4.6% 4.6%	\$ 6,710 10,070 13,420	7.75% 7.75% 7.75%	\$ 147,770 221,660 295,580	

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

TABLE 16

CHARACTERISTICS OF STATE INDIVIDUAL INCOME TAXES

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

TABLE 16 (continued)

CHARACTERISTICS OF STATE INDIVIDUAL INCOME TAXES

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

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

2/ Tax only on interest and dividends.

3/ Federal deductibility is limited to \$5,850, and begins to phase out at a FAGI of \$125,000 for Single or Married Filing Separate or \$250,000 for Head of Household or Married Filing Joint.

TABLE 17
STATE CORPORATION INCOME TAX RATES
(Maximum Rates)

DISTRICT OF COLUMBIA: 9.975%

LOWER THAN THE DISTRICT 43 STATES			
Kansas ^{1/}	4.00%	Idaho	7.60%
Colorado	4.63%	New Mexico	7.60%
Michigan	4.95%	Nebraska ^{4/}	7.81%
Mississippi	5.00%	Wisconsin	7.90%
South Carolina	5.00%	Oregon	7.99%
Utah	5.00%	Louisiana	8.00%
Florida	5.50%	Connecticut ^{5/}	8.25%
Georgia	6.00%	Maryland	8.25%
Kentucky	6.00%	New Hampshire	8.50%
Oklahoma	6.00%	Indiana	8.50%
Virginia	6.00%	Ohio	8.50%
Missouri	6.25%	Vermont	8.50%
Hawaii	6.40%	West Virginia	8.50%
Alabama	6.50%	Delaware	8.70%
Arkansas	6.50%	California	8.84%
North Dakota	6.40%	Maine	8.93%
Tennessee	6.50%	New Jersey	9.00%
Montana ^{2/}	6.75%	Rhode Island	9.00%
North Carolina	6.90%	Alaska	9.40%
Arizona	6.968%	Massachusetts	9.50%
New York ^{3/}	7.10%	Minnesota	9.80%
Illinois	7.30%		
HIGHER THAN THE DISTRICT 2 STATES			
Pennsylvania	9.99%	Iowa	12.00%
NO TAX 5 STATES			
Nevada		Washington (Gross Receipts Tax)	
South Dakota		Wyoming	
Texas			

^{1/} Rate does not include a 3.05% surtax on taxable income in excess of \$50,000.

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

^{3/} Lower rates apply to qualified small businesses and manufacturers.

^{4/} < \$100k = 5.58%.

^{5/} Includes a 10% surtax. Corporations whose gross income is less than \$100 million are exempt from surtax unless they file as part of a combined or unitary return.

TABLE 18

STATE GROSS PREMIUMS TAX RATES ON FOREIGN LIFE INSURERS

DISTRICT OF COLUMBIA: 1.7% ^{1/}

LOWER THAN THE DISTRICT 9 STATES			
Illinois ^{2/}	0.50%	Michigan	1.25%
New York ^{3/}	0.70%	Indiana	1.30%
South Carolina	0.75%	Ohio	1.40%
Wyoming	0.75%	Minnesota	1.50%
Nebraska	1.00%		
HIGHER THAN THE DISTRICT 39 STATES			
Connecticut	1.75%	Washington	2.00%
Florida	1.75%	West Virginia ^{5/}	2.00%
Iowa	1.75%	Wisconsin	2.00%
Tennessee	1.75%	New Jersey	2.10%
Texas	1.75%	Georgia	2.25%
North Carolina ^{4/}	1.90%	Louisiana ^{6/}	2.25%
Arizona	2.00%	Oklahoma	2.25%
Colorado	2.00%	Utah	2.25%
Delaware	2.00%	Virginia	2.25%
Kansas	2.00%	Alabama	2.30%
Kentucky	2.00%	California	2.35%
Maine	2.00%	Arkansas	2.50%
Maryland	2.00%	South Dakota	2.50%
Massachusetts	2.00%	Alaska	2.70%
Missouri	2.00%	Hawaii	2.75%
New Hampshire	2.00%	Montana	2.75%
North Dakota	2.00%	Mississippi	3.00%
Pennsylvania	2.00%	New Mexico	3.00%
Rhode Island	2.00%	Nevada	3.50%
Vermont	2.00%		
SAME AS THE DISTRICT 1 STATE			
Idaho ^{7/}	1.70%		
NO TAX 1 STATES			
Oregon ^{8/}			

^{1/} The District levies an additional fee of 0.30 percent to offset the administrative costs of regulations.

^{2/} An additional 1% premium tax for fire or fire related insurance policies.

^{3/} Life insurers pay a franchise tax which is equal to the sum of the premiums tax and a tax based on net income. The sum of the two components cannot be less than 1.5% or greater than 2% of premiums.

^{4/} An additional 5.5% insurance regulatory charge applied to premium tax liability. An additional 1.33% premium tax for fire related insurance policies.

^{5/} 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.

^{6/} Maximum rate.

^{7/} 1.48% if qualified for reduced rate.

^{8/} Corporate Excise Tax.

TABLE 19
STATE GENERAL SALES AND USE TAX RATES
DISTRICT OF COLUMBIA: 6.00%

LOWER THAN THE DISTRICT 23 STATES			
Nevada (5.75%)	2.00%	Oklahoma (5%)	4.50%
Colorado (5.0%)	2.90%	Utah (1.85%)	4.75%
Alabama (4.5%)	4.00%	Maine	5.00%
Georgia (3%)	4.00%	Massachusetts	5.00%
Louisiana (6%)	4.00%	New Mexico 1/	5.00%
Hawaii	4.00%	North Dakota (2.0%)	5.00%
New York (4.75%)	4.00%	Wisconsin (.6%)	5.00%
South Dakota (2%)	4.00%	Kansas (2%)	5.30%
Virginia (1%)	4.00%	Nebraska (2.6875%)	5.50%
Wyoming (2%)	4.00%	Ohio (3%)	5.50%
Missouri (5.3125%)	4.225%	Arizona	5.60%
North Carolina (3%)	4.25%		
HIGHER THAN THE DISTRICT 10 STATES			
Illinois (3%)	6.25%	Mississippi	7.00%
Texas (2%)	6.25%	New Jersey	7.00%
Washington (3.0%)	6.50%	Rhode Island	7.00%
Minnesota (1%)	6.875%	Tennessee (2.75%)	7.00%
Indiana	7.00%	California (2.50%)	7.25%
SAME AS THE DISTRICT 12 STATES			
Arkansas	6.00%	Maryland	6.00%
Connecticut	6.00%	Michigan	6.00%
Florida	6.00%	Pennsylvania (2%)	6.00%
Idaho	6.00%	South Carolina	6.00%
Iowa (1%)	6.00%	Vermont	6.00%
Kentucky	6.00%	West Virginia	6.00%
NO TAX 5 STATES			
Alaska			
Delaware			
Montana			
New Hampshire			
Oregon			

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

Note: Maximum local rates in parentheses

TABLE 20

STATE BEER TAX RATES

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

DISTRICT OF COLUMBIA: \$0.09

LOWER THAN THE DISTRICT 7 STATES			
Wyoming	\$.02	Kentucky	\$.08
Missouri	.06	Oregon	.08
Wisconsin	.064	Pennsylvania	.08
Colorado	.08		
SAME AS THE DISTRICT 1 STATE			
Maryland	\$.09		
HIGHER THAN THE DISTRICT 42 STATES			
Rhode Island	\$.10	Michigan	\$.20
Massachusetts	.11	Arkansas	.23
Indiana	.115	Virginia	.2565
New Jersey	.12	Washington 4/	.261
Montana 2/	.14	Vermont	.265
New York	.14	Georgia	.32
Tennessee 3/	.14	South Dakota	.27
Minnesota 4/	.148	New Hampshire	.30
Idaho	.15	Nebraska	.31
Arizona	.16	Louisiana	.32
Delaware	.16	Maine	.35
Nevada	.16	Oklahoma	.40
North Dakota 5/	.16	New Mexico 6/	.41
Kansas	.18	Utah	.41
Ohio	.18	Mississippi	.4268
West Virginia	.18	Florida	.48
Illinois	.185	Alabama	.53
Connecticut	.19	North Carolina	.53
Iowa	.19	South Carolina	.77
Texas	.19	Hawaii 7/	.93
California	.20	Alaska	1.07

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/ Montana taxes beer at different rates per size of brewer (< 5k - \$.04 per gallon; 5k to 10k - \$.07 per gallon; 10k to 20k - \$.11 per gallon; and > 20k - \$.14 per gallon).

3/ Additional tax of 17% of wholesale price.

4/ Credit allowed to small brewers.

5/ \$.08 per gallon for bulk beer.

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

7/ Rate is \$.54 per gallon for draft beer.

TABLE 21

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

DISTRICT OF COLUMBIA: \$0.30

MONOPOLY STATES 4 STATES			
New Hampshire Pennsylvania ^{1/}		Utah ^{2/} Wyoming	
LOWER THAN THE DISTRICT 5 STATES			
Louisiana	\$.11	Wisconsin	\$.25
California	.20	Colorado	.28
Texas	.20		
SAME AS THE DISTRICT 3 STATES			
Kansas	\$.30	New York	\$.30
Minnesota	.30		
HIGHER THAN THE DISTRICT 38 STATES			
Ohio	\$.32	Arkansas	\$.75
Mississippi	.35	North Carolina	.79
Maryland	.40	Arizona	.84
Missouri	.42	Washington	.87
Idaho	.45	South Carolina	.90
Indiana	.47	South Dakota	.93
Kentucky	.50	Nebraska	.95
North Dakota	.50	Delaware	.97
Michigan	.51	West Virginia	1.00
Massachusetts	.55	Montana ^{3/}	1.02
Vermont	.55	Tennessee	1.21
Connecticut	.60	Hawaii	1.38
Maine	.60	Georgia	1.51
Rhode Island	.60	Virginia	1.51
Oregon	.67	Alabama	1.70
Nevada	.70	New Mexico	1.70
New Jersey	.70	Iowa	1.75
Oklahoma	.72	Florida	2.25
Illinois	.73	Alaska	2.50

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

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

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

TABLE 22
STATE DISTILLED SPIRITS TAX RATES
(Per Gallon)

DISTRICT OF COLUMBIA: \$ 1.50

CONTROL BOARD STATES			
18 STATES			
Alabama		Ohio	
Idaho		Oregon	
Iowa 1/		Pennsylvania 4/	
Maine		Utah 5/	
Michigan		Vermont	
Mississippi		Virginia 6/	
Montana 2/		Washington	
New Hampshire		West Virginia	
North Carolina 3/		Wyoming	
SAME AS THE DISTRICT			
1 STATE			
Maryland	\$ 1.50		
HIGHER THAN THE DISTRICT			
31 STATES			
Kentucky	\$ 1.92	Rhode Island	\$3.75
Missouri	2.00	Georgia	3.79
Colorado	2.28	South Dakota	3.93
Texas	2.40	Massachusetts	4.05
Arkansas 7/	2.50	New Jersey	4.40
Kansas	2.50	Tennessee	4.40
Louisiana	2.50	Connecticut	4.50
North Dakota	2.50	Minnesota	5.03
Indiana	2.68	Oklahoma	5.56
South Carolina	2.72	Hawaii	5.98
Arizona	3.00	New Mexico	6.06
Wisconsin	3.25	New York	6.43
California	3.30	Florida	6.50
Nevada	3.60	Illinois	8.55
Delaware	3.75 8/	Alaska	12.80
Nebraska	3.75		

1/ 14.30% plus 50% markup.

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

3/ 25% Excise Tax. An additional 6.75% state sales tax.

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

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

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

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

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

TABLE 23

STATE CIGARETTE TAX RATES

(Per Pack of 20)

DISTRICT OF COLUMBIA: \$ 2.50

LOWER THAN THE DISTRICT 44 STATES			
South Carolina	.07	Indiana	.995
Missouri	.17	Oklahoma	1.03
Virginia	.30	Delaware	1.15
North Carolina	.35	Arkansas	1.15
Louisiana	.36	Wyoming	1.15
Georgia	.37	Oregon	1.18
Alabama	.425	Ohio	1.25
North Dakota	.44	New Hampshire	1.33
Minnesota 1/	.48	Florida	1.339
West Virginia	.55	Iowa	1.36
Idaho	.57	Texas	1.41
Kentucky	.60	South Dakota	1.504
Tennessee	.62	Pennsylvania	1.60
Nebraska	.64	Montana	1.70
Mississippi	.68	Vermont	1.99
Utah	.695	Alaska	2.00
Kansas	.79	Arizona	2.00
Nevada	.80	Maine	2.00
Colorado	.84	Maryland	2.00
California	.87	Michigan	2.00
New Mexico	.91	Washington	2.025
Illinois	.98	Hawaii	2.20
HIGHER THAN THE DISTRICT 6 STATES			
Massachusetts	2.51	New Jersey	2.75
Wisconsin	2.52	Connecticut	3.00
New York	2.75	Rhode Island	3.46

1/ An additional \$0.33 sales tax is added to the wholesale price of a tax stamp, and additional cigarette fee of \$0.75 per pack is also imposed.

TABLE 24

MOTOR FUEL TAX RATES

(Per Gallon)

DISTRICT OF COLUMBIA: \$.235

LOWER THAN THE DISTRICT 24 STATES			
Alaska	.08	New Hampshire	.197
Wyoming	.13	Louisiana	.20
Georgia	.14	Texas	.20
New Jersey	.145	Alabama	.209
South Carolina	.168	Tennessee	.214
Oklahoma	.17	Arkansas	.218
Missouri	.173	Colorado	.22
Virginia	.175	Iowa	.22
Arizona	.18	Kentucky	.225
Mississippi	.188	Massachusetts	.23
New Mexico	.188	North Dakota	.23
Illinois	.19	Vermont	.233
SAME AS THE DISTRICT 2 STATES			
Delaware	.235	Maryland	.235
HIGHER THAN THE DISTRICT 24 STATES			
Kansas	.24	Pennsylvania	.312
Oregon	.24	West Virginia	.322
South Dakota	.24	New York	.33
Utah	.245	Rhode Island	.33
Idaho	.25	Nevada	.331
Nebraska	.268	Hawaii	.336
Montana ^{1/}	.27	Indiana	.338
Minnesota	.271	Florida	.345
Ohio	.28	Michigan	.347
Maine	.295	Washington	.375
North Carolina	.302	Connecticut	.451
Wisconsin ^{2/}	.309	California	.461

1/ An additional \$0.0075 per gallon charged for storage tank cleanup.

2/ An additional 2¢ per gallon charged for petroleum inspection fee.

NOTE: Rates include state excise and other state taxes.

TABLE 25

MOTOR VEHICLE SALES AND EXCISE TAXES

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

DISTRICT OF COLUMBIA: ^{1/}			
6% of fair market value - 3,499 pounds or less			
7% of fair market value - 3,500 pounds and less than 5,000 pounds			
8% of fair market value – 5,000 pounds or more			
Alabama (.125%-2.5%)	2.00%	Kansas (0%-2%)	5.3%
Colorado	2.9%	Nebraska (0%-1.5%)	5.5%
Mississippi	3.0%	Ohio (0%-3%)	5.5%
New Mexico	3.0%	Arizona (1.0%-4.0%)	5.6%
North Carolina	3.0%	Arkansas (0%-3%) ^{3/}	6.0%
South Dakota	3.0%	California (1.25%-2.5%)	6.0%
Virginia	3.0%	Connecticut	6.0%
Wyoming (1%)	3.0%	Florida	6.0%
Delaware	3.25%	Idaho	6.0%
Oklahoma	3.25%	Iowa	6.0%
Georgia (3%)	4.0%	Kentucky	6.0%
Hawaii (0.5%)	4.0%	Michigan	6.0%
Louisiana (1%-6%)	4.0%	Pennsylvania (1%-2%)	6.0%
New York (3.0%-5.0%)	4.0%	Vermont	6.0%
Missouri (1.125%-3.5%)	4.225%	Illinois (.25%-1%)	6.25%
Utah (1.85%)	4.75%	Texas	6.25%
Maine	5.0%	Minnesota	6.5%
Maryland	5.0%	Nevada	6.5%
Massachusetts	5.0%	Washington (.5%-3.0%) ^{4/}	6.8%
North Dakota	5.0%	Indiana	7.0%
South Carolina ^{2/}	5.0%	New Jersey	7.0%
West Virginia	5.0%	Tennessee (2.75%) ^{5/}	7.0%
Wisconsin (0%-0.6%)	5.0%	Rhode Island	7.0%
NO TAX 4 STATES			
Alaska			
Montana			
New Hampshire			
Oregon			

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

^{2/} Maximum of \$300.00.

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

^{4/} Includes 0.3% sales and use tax that only applies to sales or leases of new or used motor vehicles.

^{5/} Maximum of \$44.00 (2.75% on 1st \$1,600). Memphis tax maximum is \$36 (2.25% of 1st \$1,600); additional state tax is maximum of \$44 (2.75% of excess single article sale over \$1,600 to \$3,200).

Note: Local rates in parentheses

TABLE 26

STATE MOTOR VEHICLE REGISTRATION FEES

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

DISTRICT OF COLUMBIA: \$ 115.00 ^{1/}

LOWER THAN THE DISTRICT 48 STATES			
Arizona ^{2/}	\$ 8.00	Pennsylvania	\$ 36.00
South Carolina	12.00	Michigan	37.00
Kentucky	13.50	New Hampshire	37.20
Mississippi	15.00	Connecticut	37.50
Wyoming	15.00	Virginia	38.75
Georgia	20.00	Delaware	40.00
Indiana	21.05	New Mexico	42.00
Tennessee	21.50	South Dakota	42.00
North Carolina	23.00	Oregon	43.00
Utah	23.50	Washington ^{4/}	43.00
Arkansas	25.00	Nebraska ^{4/}	45.00
Alabama	25.00	Missouri ^{5/}	51.25
Hawaii	25.00	Vermont	59.00
Louisiana	25.00	Nevada	59.35
New York	28.25	Texas	59.80
Kansas	30.00	Maryland ^{6/}	61.50
Massachusetts	30.00	Wisconsin	75.00
Rhode Island	30.00	New Jersey	84.00
West Virginia	30.00	Oklahoma	91.00
Colorado	30.99	North Dakota	93.00
California	31.00	Idaho	91.30
Florida	33.00	Illinois	99.00
Ohio ^{3/}	34.50	Alaska	100.00
Maine	35.00	Minnesota	108.75
HIGHER THAN THE DISTRICT 2 STATES			
Iowa	\$203.00	Montana	218.00

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

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

^{3/} Local fees not included.

^{4/} Does not include local vehicle excise taxes levied in certain urban areas.

^{5/} Maximum tax.

^{6/} Includes \$11.00 fee earmarked for Emergency Medical Services System.

TABLE 27

STATE REAL ESTATE DEED RECORDATION AND TRANSFER TAX RATES

(Per \$500 of Consideration)

DISTRICT OF COLUMBIA: \$ 11.00

LOWER THAN THE DISTRICT 35 STATES			
Colorado	\$.05	Arizona	\$ 2.00
Alabama	.50	New Jersey ^{1/}	2.00
Georgia	.50	New York ^{2/}	2.00
Illinois	.50	Rhode Island	2.00
Kentucky	.50	Maine	2.20
South Dakota	.50	Maryland ^{3/}	2.20
Oklahoma	.75	Massachusetts	2.28
Iowa	.80	Nevada ^{4/}	2.55
North Carolina	1.00	Connecticut	3.05
West Virginia	1.10	Florida	3.50
Nebraska	1.125	Michigan	3.75
Kansas	1.30	Pennsylvania	5.00
Virginia	1.25	Vermont	5.00
Wisconsin	1.50	Hawaii ^{5/}	6.25
Arkansas	1.65	Washington	6.40
Minnesota	1.65	New Hampshire	7.50
South Carolina	1.85	Delaware	10.00
Tennessee	1.85		
NO TAX 15 STATES			
Alaska		New Mexico	
California		North Dakota	
Idaho		Ohio	
Indiana		Oregon	
Louisiana		Texas	
Mississippi		Utah	
Missouri		Wyoming	
Montana			

1/ An additional tax of \$3.35 per \$500 of consideration in excess of \$150,000 but not in excess of \$200,000 is also imposed. An additional tax of \$3.90 is imposed for every \$500 of consideration in excess of \$200,000.

2/ An additional tax of 1 percent of consideration is imposed on conveyances of residential real property for \$1 million or more. The additional tax is typically paid by the grantee (buyer).

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

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

5/ If the property is residential for which the buyer is not eligible for a homeowner's exemption, the tax rate graduates from \$0.75 to \$6.25 per \$500 of value, as value rises from less than \$600,000 to over \$10,000,000. Otherwise, the tax rate graduates from \$0.50 to \$5.00 per \$500 of value.

**TABLE 28
TYPES OF STATE INHERITANCE AND ESTATE TAXES**

INHERITANCE TAX STATES WITH AN ESTATE TAX TO ABSORB FEDERAL CREDIT 8 STATES	
Indiana Iowa Kentucky Louisiana	MARYLAND ^{1/} New Hampshire New Jersey Tennessee
ESTATE TAX STATES WITH AN ESTATE TAX TO ABSORB FEDERAL CREDIT 10 STATES	
Alaska Connecticut Idaho Illinois ^{2/} Massachusetts	Mississippi Ohio Oklahoma ^{3/} Rhode Island South Dakota
ABSORB FEDERAL CREDIT 27 STATES AND D.C.	
Alabama Arizona Arkansas California Colorado Delaware District of Columbia ^{4/} Florida Georgia Kansas Maine Minnesota ^{5/} Michigan Missouri	Nevada New Mexico New York ^{6/} North Carolina ^{7/} North Dakota Oregon ^{5/} South Carolina Texas Utah Vermont VIRGINIA Wisconsin Wyoming
NO ESTATE TAX 5 STATE	
Hawaii Montana Nebraska ^{8/}	Pennsylvania ^{9/} West Virginia
ONLY STATE ESTATE TAX 1 STATE	
Washington	

^{1/} Decoupled from federal estate tax except for thresholds.

^{2/} The Illinois Estate Tax is equal to the Federal State Death Tax Credit provision in effect on 12/31/01.

^{3/} Repealed for deaths on or after 01/01/10.

^{4/} The District's Estate Tax is no longer in conformity with the Federal Estate Tax. Except for raising the filing threshold from \$600,000 to \$675,000 (January 1, 2002), the Estate and Inheritance Tax Clarification Temporary Act of 2004 raised the estate tax filing threshold from \$675,000 to \$1,000,000 to decedents whose death occurs on or after January 1, 2003. Hence, some District estate tax payers may have been and others may be required in the future to file and pay District estate taxes even when no federal filing or tax is due.

^{5/} Tax equal to the maximum credit for state death taxes allowed against the Federal Estate Tax under pre 2001 federal law.

^{6/} New York has a pick-up tax tied to pre-2002 Federal Estate Tax law.

^{7/} North Carolina impose an estate tax based on the Federal Estate Tax calculation. The North Carolina Estate Tax is equal to the state death tax credit that was allowable under section 2011 of the IRC as it existed prior to 2002. For decedents dying on or after January 1, 2005, the North Carolina Estate Tax is limited to the Federal Estate Tax that would be payable if the Federal Estate Tax was computed without regard to the deduction for state death taxes.

^{8/} Estate Tax has been repealed on Decedents dying or transfers made on or after January, 2007. Inheritance tax is administered at the county level.

^{9/} Pennsylvania no longer receive estate taxes because it is coupled with the death tax credit that was phased out in 2006. The state death tax credit is scheduled to be reinstated on the federal estate tax return, IRS form 706, for decedents dying on or after January 1, 2011.

Appendix A

Calculating the Median House Value for a Specific Income Level Using Data from the U.S. Census Bureau's American Community Survey (ACS) 2004

The following describes how the median house value for a specific income level is calculated using data from the 2004 ACS. According to the table below (which shows the number and value of owner-occupied units whose owners reported an income of \$50,000 to \$74,999); there are 19,000 owner-occupied housing units in the District. Of these 19,000 units, 62 have a reported value of less than \$10,000, while 2,704 have a reported value of \$500,000 or more.

INCOME LEVEL/ HOUSE VALUE	NUMBER OF UNITS
Household Income \$50,000 to \$74,999:	19,000
Value less than \$10,000	62
Value \$10,000 to \$19,999	0
Value \$20,000 to \$29,999	0
Value \$30,000 to \$39,999	62
Value \$40,000 to \$49,999	0
Value \$50,000 to \$59,999	58
Value \$60,000 to \$69,999	0
Value \$70,000 to \$79,999	269
Value \$80,000 to \$89,999	196
Value \$90,000 to \$99,999	658
Value \$100,000 to \$199,999	5,582
Value \$200,000 to \$249,999	3,726
Value \$250,000 to \$499,999	5,683
Value \$500,000 or more	2,704

From the table, we determine that the median number of units is 9,500.5. The 9,500.5th unit is found in the \$200,000 to \$249,999 house value range. A sum of all the units beginning with those in the less than \$10,000 value finds that 6,887 units have values less than \$199,999 (see the table below). This number is 2,613.5 lower than the median number of 9,500.5. Therefore the 9,500.5th unit lies within the value range of \$200,000 to \$249,999 (3,726 units reported having this value). To determine where within the \$200,000 to \$249,999 value range the median house value lies, divide 2,613.5 by 3,726 and multiply the result by \$49,999 (which is the difference between \$200,000 and \$249,999). The calculation produces a value of \$35,070.42. This value is then added to \$200,000 to determine a median house value of \$235,070 for an income range of \$50,000 to \$74,999. The table on the following page presents the calculation of the median house value that corresponds to the income range of \$50,000 to \$74,999.

INCOME LEVEL/ HOUSE VALUE	NO. OF UNITS		
Household Income \$50,000 TO \$74,999	19,000	Median	9500.5
Value less than \$10,000	62	Range that Median falls within:	\$200,000 to \$249,999
Value \$10,000 to \$19,999	0	Lower Range	\$200,000
Value \$20,000 to \$29,999	0	Upper Range	\$249,999
Value \$30,000 to \$39,999	62	Difference between lower & upper bound of range	\$49,999
Value \$40,000 to \$49,999	0	Difference between Median & lower bound of the interval	\$35,070.42
Value \$50,000 to \$59,999	58	Median House value (lower bound + difference)	\$235,070
Value \$60,000 to \$69,999	0		
Value \$70,000 to \$79,999	269		
Value \$80,000 to \$89,999	196		
Value \$90,000 to \$99,999	658		
Value \$100,000 to \$199,999	5,582	6887	
Value \$200,000 to \$249,999	3,726	2613.5	
Value \$250,000 to \$499,999	5,683		
Value \$500,000 or more	2,704		

Since the focus of this study is identifying the median house value at the \$50,000, \$75,000, \$100,000 and \$150,000 income levels, further calculation is necessary to determine the median house value at a specific income level and not the median house value at a specific income range as previously determined. To calculate the median house value for the \$50,000 and \$75,000 income levels, the median value that was earlier estimated is used. Since the ACS data presents income as a range and not as a specific level, the study determines the house value for the \$50,000 income level by finding the midpoints of the income ranges of \$35,000 to \$49,999 and \$50,000 to \$74,999. These midpoints are \$42,500 and \$62,500, and the difference between them is \$20,000. The next step involves calculating the difference between the desired income level of \$50,000 and \$42,500 (the midpoint of the \$35,000 to \$49,999 income range); the result is \$7,500. The next step involves dividing \$7,500 by \$20,000 and expressing the result as a percentage. The result is 37.5 percent. This percentage indicates the straight-line adjustment required to estimate the median house value at the \$50,000 income level.

Multiply 37.5 percent by the difference between \$203,838 (the estimated median house value for the \$35,000 to \$49,999 income range) and \$235,070 (the estimated median house value for the \$50,000 to \$74,999 income range). The result of this calculation is \$11,712, which is then added to \$203,838 (the estimated median house value for the \$35,000 to \$49,999 income range) to estimate a median house value of \$215,550 for the \$50,000 income level. The calculation is presented below.

MHV₁: Median house value \$35,000 to \$49,999 = \$203,838

MHV₂: Median house value \$50,000 to \$74,999 = \$235,070

$((MHV_2 - MHV_1) * .375) + MHV_1 = \text{Estimated Median House Value}$

So that we have $((\$235,070 - \$203,838) * (0.375)) + \$203,838 = \$215,550$

A similar calculation is done to determine the median house value at the \$75,000 income level where the calculation is based on the previously determined median house values of the \$50,000 to \$74,999 and the \$75,000 to \$99,999 income categories.

For the \$100,000 and \$150,000 income levels a different technique is used to estimate the median house value because the original data from the ACS had one income category above the \$75,000 to \$99,999 income range, which was an income range of \$100,000 or more. To determine the median value for the \$100,000 and \$150,000, the forecast function in Excel was used. Using the forecast function allows the prediction of the median house value for the \$100,000 and \$150,000 income levels based on the known median house values that are associated with the \$5,000, \$15,000, \$27,500, \$42,500, \$62,500 and \$87,500 income levels, which correspond to the original ACS income ranges of less than \$10,000, \$10,000 to \$19,999, \$20,000 to \$34,999, \$35,000 to \$49,999, \$50,000 to \$74,999 and \$75,000 to \$99,999.

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