

Government of the
District of Columbia



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

2010

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

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EXECUTIVE SUMMARY

There is a wide diversity in 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 \$3.04 per \$100 of assessed value in Providence, Rhode Island to \$0.34 per \$100 of assessed value in Honolulu, Hawaii (Table 4 page 18). In addition, several jurisdictions allow tax exemptions, credits and caps in the calculation of the real property tax liability (Table 6, page 20). The District of Columbia has a \$67,500 homestead deduction in FY 2010 for owner-occupied residences as well as other credits. In FY 2010, 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, Phoenix, Arizona, Memphis, Tennessee, and New Orleans, Louisiana. 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 that residents in all 51 cities in this study pay some type of automobile registration fee or tax -- usually either a flat rate per vehicle or 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 (Table 3, page 17). There are several types of individual income tax systems, including graduated state and local rates, graduated state and flat local rates, flat state and local rates, graduated state tax rates and flat state rates with exemptions.

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, 2010. Part II of this publication contains a compendium of tables that illustrate the tax rates in the District of Columbia and the 50 states for 13 different types of taxes as of January 1, 2011.

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, 2010 and (II) A Comparison of Selected Tax Rates in the District of Columbia with Those in the 50 States as of January 1, 2011. This information is requested annually by committees of the U.S. Congress and the District of Columbia Council. It is provided pursuant to Public Law 93-407.

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Appreciation is extended to the 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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Part I

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

2010

OVERVIEW

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

The District's tax structure includes taxes typically imposed by local governments, such as real and personal property taxes, deed taxes, and others. At the same time, the District's tax structure also includes taxes usually associated with the state level of government, such as individual and corporate income taxes, excise taxes and motor vehicle related taxes. About two-thirds of the District's locally generated revenues come from taxes usually administered by a state.

This study compares tax burdens in 51 different locations **for a hypothetical family of three**. The major state and local tax burdens for the family in the District of Columbia are compared with those in the largest city in each state. It is instructive to compare the tax burdens in one jurisdiction with the burdens in other jurisdictions. Useful information and insights can be gleaned from such a comparison. However, in evaluating or interpreting these comparisons, consideration should be given to special circumstances within each jurisdiction that may affect tax burdens. It must be emphasized that these burden comparisons reflect the assumptions used in their computation. For this reason it is important to study the methodology used in the report before drawing conclusions 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 2010. 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 2010 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 2010 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 2009 tax year data except for the \$25,000 income category.

Gross Income		Wages and Salaries	Interest	Long-Term Capital Gains 1/	2010 Federal AGI
\$25,000	Spouse 1	\$17,167	\$461	\$15	\$25,000
	Spouse 2	7,357			
\$50,000	Spouse 1	\$34,497	\$690	\$29	\$50,000
	Spouse 2	14,784			
\$75,000	Spouse 1	\$51,540	\$1,299	\$73	\$75,000
	Spouse 2	22,088			
\$100,000	Spouse 1	\$68,542	\$1,414	\$669	\$100,000
	Spouse 2	29,375			
\$150,000	Spouse 1	\$103,496	\$1,759	\$389	\$150,000
	Spouse 2	44,356			

1/ Assumes a three-year holding period

Because the Federal Earned Income Tax credit (EITC) at the \$25,000 income level in some states will determine the state's EITC, and because several states (such as Alabama, Iowa, Louisiana, Missouri, Montana, and Oregon) allow the deduction of all or part of an individual's federal income tax liability in computing the state income tax, it is necessary to compute the 2010 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 2010 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 2009.

Deduction	Gross Income Level				
	\$ 25,000	\$ 50,000	\$ 75,000	\$100,000	\$150,000
Medical (Gross)	2,889	6,894	8,879	9,742	12,071
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	1,014	3,144	3,254	2,242	821
Deductible Taxes	2/	2/	2/	2/	2/
Mortgage Interest	3/	3/	3/	3/	3/
Contribution Deduction	1,965	3,070	4,155	4,307	3,944
Gross Miscellaneous	3,256	3,595	3,661	3,733	4,388
Nondeductible 4/	<u>-500</u>	<u>-1,000</u>	<u>-1,500</u>	<u>-2,000</u>	<u>-3,000</u>
Net Miscellaneous Deduction	2,756	2,595	2,161	1,733	1,388
Other Miscellaneous Deductions	186	231	236	200	151
Total Deductions-without taxes And mortgage interest	5,921	9,040	9,806	8,482	6,304

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 2010 study and individual income taxes computed in the 2009 study.

3/ Mortgage interest is based on 10th year interest paid on a home purchased in 2000 at an interest rate of 5.0%.

4/ Nondeductible miscellaneous deductions equal 2 percent of A.G.I.

The itemized deductions shown above are used in the calculation of the 2010 tax burdens. The 2010 deductible real and personal property taxes computed in the current year's 51-city burden study is used for the 2010 property tax deduction. For the 2010 state and local individual income tax deduction, 2009 data were used as a proxy. These figures were used in computing the 2010 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.

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

The use of the above methodology was an attempt to reflect the different values of housing in different parts of the country and at different income levels. Data from the 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 2010 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 \$4,112 burden for Philadelphia, Pennsylvania is more than two times greater than the \$1,813 burden for Billings, Montana. Similarly, at the \$150,000 income level, the Bridgeport, Connecticut burden of \$23,655 is nearly six times the Anchorage, Alaska, burden of \$4,133. 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; Louisville, Kentucky; and Detroit, Michigan.

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

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, 2010
\$25,000

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY ^{2/}	SALES	AUTO	AMOUNT	PERCENT
1	Philadelphia	PA	1,731	1,577	640	164	4,112	16.4%
2	Birmingham	AL	948	1,426	1,613	109	4,096	16.4%
3	Atlanta	GA	559	1,783	852	196	3,391	13.6%
4	Phoenix	AZ	107	1,642	1,415	163	3,327	13.3%
5	Louisville	KY	1,224	1,303	571	175	3,274	13.1%
6	Indianapolis	IN	833	1,536	803	86	3,258	13.0%
7	Kansas City	MO	447	1,555	911	338	3,246	13.0%
8	Bridgeport	CT	7	2,227	603	363	3,200	12.8%
9	Honolulu	HI	406	1,829	737	188	3,160	12.6%
10	Chicago	IL	446	1,666	790	252	3,154	12.6%
11	Charlotte	NC	365	1,670	868	231	3,134	12.5%
12	Boston	MA	144	2,424	285	156	3,009	12.0%
13	Little Rock	AR	360	1,478	942	223	3,003	12.0%
14	Columbus	OH	714	1,512	592	150	2,968	11.9%
15	Charleston	WV	662	1,370	608	301	2,942	11.8%
16	New York City	NY	0	1,975	802	132	2,909	11.6%
17	Detroit	MI	580	1,562	560	167	2,869	11.5%
18	Seattle	WA	0	1,793	790	243	2,825	11.3%
19	Jackson	MS	207	1,361	849	387	2,803	11.2%
20	Salt Lake City	UT	73	1,706	785	235	2,799	11.2%
21	Minneapolis	MN	0	1,970	563	256	2,789	11.2%
22	Los Angeles	CA	0	1,843	642	303	2,788	11.2%
23	Denver	CO	53	1,783	694	239	2,770	11.1%
24	Memphis	TN	0	1,574	1,044	106	2,725	10.9%
25	Providence	RI	0	1,726	639	328	2,693	10.8%
26	New Orleans	LA	218	1,466	886	113	2,684	10.7%
27	Jacksonville	FL	0	1,709	765	154	2,627	10.5%
28	Des Moines	IA	277	1,332	763	218	2,590	10.4%
29	Newark	NJ	0	1,769	676	106	2,551	10.2%
30	WASHINGTON	DC	0	1,805	576	169	2,549	10.2%
31	Columbia	SC	0	1,625	584	324	2,533	10.1%
32	Albuquerque	NM	0	1,373	1,039	109	2,521	10.1%
33	Portland	OR	607	1,656	0	234	2,497	10.0%
34	Oklahoma City	OK	16	1,464	855	161	2,496	10.0%
35	Wichita	KS	0	1,356	890	225	2,471	9.9%
36	Milwaukee	WI	0	1,512	736	222	2,470	9.9%
37	Houston	TX	0	1,555	754	142	2,451	9.8%
38	Sioux Falls	SD	0	1,344	948	148	2,440	9.8%
39	Virginia Beach	VA	54	1,663	468	243	2,427	9.7%
40	Las Vegas	NV	0	1,687	503	230	2,421	9.7%
41	Omaha	NE	0	1,510	703	193	2,406	9.6%
42	Portland	ME	39	1,711	402	221	2,373	9.5%
43	Wilmington	DE	305	1,894	0	116	2,314	9.3%
44	Burlington	VT	0	1,639	510	141	2,290	9.2%
45	Boise	ID	0	1,459	584	193	2,236	8.9%
46	Anchorage	AK	0	2,136	0	100	2,236	8.9%
47	Cheyenne	WY	0	1,378	658	176	2,211	8.8%
48	Baltimore	MD	0	1,464	523	161	2,148	8.6%
49	Manchester	NH	0	1,968	0	136	2,104	8.4%
50	Fargo	ND	49	1,176	577	168	1,969	7.9%
51	Billings	MT	215	1,351	0	247	1,813	7.3%
AVERAGE ^{1/}			\$265	\$1,633	\$723	\$199	\$2,727	10.9%
MEDIAN			\$39	\$1,625	\$676	\$188	\$2,684	10.7%

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, 2010
\$50,000

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	349	8,892	896	571	10,708	21.4%
2	Philadelphia	PA	3,471	2,303	953	200	6,928	13.9%
3	Louisville	KY	2,641	2,527	867	273	6,308	12.6%
4	Detroit	MI	2,454	2,467	811	229	5,960	11.9%
5	Newark	NJ	565	4,311	964	118	5,957	11.9%
6	Columbus	OH	1,938	2,781	893	182	5,793	11.6%
7	Providence	RI	697	3,168	933	871	5,669	11.3%
8	Los Angeles	CA	139	3,809	996	465	5,409	10.8%
9	Milwaukee	WI	1,375	2,723	1,051	258	5,407	10.8%
10	Boston	MA	1,608	2,939	449	270	5,266	10.5%
11	Chicago	IL	1,199	2,413	1,176	279	5,068	10.1%
12	Kansas City	MO	1,523	1,702	1,301	541	5,067	10.1%
13	Atlanta	GA	1,123	2,312	1,206	321	4,962	9.9%
14	Salt Lake City	UT	1,339	2,235	1,104	263	4,941	9.9%
15	Portland	ME	801	3,147	611	370	4,929	9.9%
16	Baltimore	MD	1,930	1,965	808	188	4,890	9.8%
17	Minneapolis	MN	1,132	2,518	844	395	4,889	9.8%
18	New York City	NY	1,573	1,945	1,176	163	4,857	9.7%
19	Birmingham	AL	2,033	459	2,108	178	4,777	9.6%
20	Charlotte	NC	1,586	1,624	1,223	335	4,767	9.5%
21	Indianapolis	IN	2,283	1,179	1,181	107	4,749	9.5%
22	Des Moines	IA	1,305	1,927	1,168	310	4,709	9.4%
23	Burlington	VT	765	2,912	785	164	4,626	9.3%
24	Wilmington	DE	1,426	2,958	0	142	4,526	9.1%
25	Jackson	MS	738	1,925	1,223	617	4,504	9.0%
26	Omaha	NE	844	2,258	1,019	362	4,484	9.0%
27	Portland	OR	1,998	2,115	0	272	4,385	8.8%
28	Albuquerque	NM	648	1,861	1,437	145	4,090	8.2%
29	Seattle	WA	0	2,514	1,200	306	4,020	8.0%
30	Manchester	NH	0	3,734	0	235	3,968	7.9%
31	Charleston	WV	1,817	735	874	449	3,876	7.8%
32	Little Rock	AR	1,063	988	1,348	349	3,748	7.5%
33	Oklahoma City	OK	1,303	1,010	1,228	180	3,722	7.4%
34	Columbia	SC	1,192	1,133	856	531	3,712	7.4%
35	Virginia Beach	VA	1,326	1,304	696	358	3,684	7.4%
36	Phoenix	AZ	573	883	1,942	285	3,683	7.4%
37	WASHINGTON	DC	1,269	1,258	881	239	3,647	7.3%
38	Denver	CO	1,021	1,154	1,039	389	3,603	7.2%
39	Wichita	KS	1,070	938	1,270	317	3,595	7.2%
40	Boise	ID	1,180	1,267	855	223	3,524	7.0%
41	New Orleans	LA	1,085	748	1,297	141	3,272	6.5%
42	Las Vegas	NV	0	2,160	752	318	3,229	6.5%
43	Honolulu	HI	1,090	897	970	227	3,184	6.4%
44	Memphis	TN	0	1,445	1,481	129	3,054	6.1%
45	Houston	TX	0	1,753	1,133	165	3,051	6.1%
46	Billings	MT	852	1,780	0	319	2,951	5.9%
47	Fargo	ND	467	1,407	862	194	2,931	5.9%
48	Sioux Falls	SD	0	1,273	1,326	174	2,773	5.5%
49	Jacksonville	FL	0	1,511	1,053	187	2,751	5.5%
50	Anchorage	AK	0	2,338	0	100	2,438	4.9%
51	Cheyenne	WY	0	812	956	316	2,085	4.2%
AVERAGE ^{1/}			\$1,245	\$2,087	\$1,047	\$289	\$4,414	8.8%
MEDIAN			\$1,090	\$1,927	\$970	\$270	\$4,484	9.0%

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

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2010
\$75,000

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	2,514	9,793	1,204	1,155	14,667	19.6%
2	Philadelphia	PA	5,196	2,532	1,281	368	9,378	12.5%
3	Louisville	KY	4,537	2,802	1,168	547	9,054	12.1%
4	Detroit	MI	4,183	2,862	1,053	405	8,502	11.3%
5	Columbus	OH	3,446	3,238	1,203	335	8,222	11.0%
6	Kansas City	MO	2,838	2,253	1,740	1,105	7,906	10.5%
7	Portland	ME	2,528	3,810	823	697	7,858	10.5%
8	New York City	NY	3,891	2,076	1,563	303	7,833	10.4%
9	Los Angeles	CA	874	4,545	1,352	932	7,704	10.3%
10	Milwaukee	WI	2,993	2,828	1,381	484	7,686	10.2%
11	Atlanta	GA	2,359	3,024	1,563	660	7,607	10.1%
12	Providence	RI	1,523	3,536	1,212	1,249	7,520	10.0%
13	Baltimore	MD	3,771	2,222	1,126	351	7,471	10.0%
14	Newark	NJ	1,030	4,925	1,284	225	7,463	10.0%
15	Charlotte	NC	3,200	1,885	1,584	787	7,455	9.9%
16	Minneapolis	MN	2,487	2,831	1,134	837	7,289	9.7%
17	Salt Lake City	UT	2,814	2,470	1,462	512	7,258	9.7%
18	Boston	MA	2,897	3,178	613	545	7,233	9.6%
19	Des Moines	IA	2,758	2,366	1,542	547	7,212	9.6%
20	Jackson	MS	1,871	2,280	1,615	1,261	7,028	9.4%
21	Birmingham	AL	3,224	743	2,566	370	6,903	9.2%
22	Indianapolis	IN	3,552	1,539	1,547	196	6,833	9.1%
23	Chicago	IL	1,931	2,789	1,576	534	6,830	9.1%
24	Portland	OR	3,754	2,543	0	510	6,806	9.1%
25	Columbia	SC	2,666	1,888	1,142	1,086	6,782	9.0%
26	Omaha	NE	2,063	2,821	1,331	551	6,766	9.0%
27	Wilmington	DE	2,956	3,341	0	261	6,557	8.7%
28	Burlington	VT	1,610	3,528	1,069	308	6,515	8.7%
29	Charleston	WV	3,362	900	1,175	890	6,326	8.4%
30	Little Rock	AR	2,370	1,368	1,737	695	6,171	8.2%
31	Albuquerque	NM	1,871	2,052	1,885	269	6,079	8.1%
32	Wichita	KS	2,494	1,352	1,656	569	6,071	8.1%
33	WASHINGTON	DC	2,538	1,899	1,208	410	6,055	8.1%
34	Boise	ID	2,912	1,434	1,151	419	5,917	7.9%
35	Oklahoma City	OK	2,508	1,343	1,602	334	5,787	7.7%
36	Virginia Beach	VA	2,623	1,512	930	717	5,782	7.7%
37	Denver	CO	2,090	1,286	1,362	708	5,447	7.3%
38	Honolulu	HI	2,558	1,030	1,203	419	5,211	6.9%
39	Seattle	WA	0	2,979	1,617	577	5,173	6.9%
40	Phoenix	AZ	1,179	1,031	2,492	441	5,143	6.9%
41	Billings	MT	2,358	2,033	0	724	5,114	6.8%
42	New Orleans	LA	1,845	964	1,718	383	4,910	6.5%
43	Manchester	NH	0	4,192	0	471	4,663	6.2%
44	Memphis	TN	0	2,012	1,955	238	4,206	5.6%
45	Houston	TX	0	2,361	1,517	310	4,188	5.6%
46	Fargo	ND	886	1,744	1,137	385	4,152	5.5%
47	Las Vegas	NV	0	2,551	1,004	512	4,066	5.4%
48	Sioux Falls	SD	0	1,691	1,729	312	3,732	5.0%
49	Jacksonville	FL	0	2,029	1,318	345	3,693	4.9%
50	Anchorage	AK	0	2,771	0	200	2,971	4.0%
51	Cheyenne	WY	0	978	1,258	571	2,808	3.7%
AVERAGE ^{1/}			\$2,524	\$2,474	\$1,378	\$549	\$6,471	8.6%
MEDIAN			\$2,494	\$2,280	\$1,284	\$510	\$6,766	9.0%

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

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2010
\$100,000

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	4,007	11,019	1,487	1,189	17,702	17.7%
2	Louisville	KY	6,523	3,407	1,442	585	11,941	11.9%
3	Philadelphia	PA	6,917	2,840	1,588	404	11,749	11.7%
4	Detroit	MI	6,309	3,284	1,664	459	11,354	11.4%
5	New York City	NY	6,582	2,171	1,891	340	10,984	11.0%
6	Columbus	OH	5,185	3,754	1,533	367	10,838	10.8%
7	Portland	ME	4,677	4,165	1,037	797	10,677	10.7%
8	Milwaukee	WI	4,693	3,297	1,697	519	10,207	10.2%
9	Baltimore	MD	5,761	2,555	1,388	378	10,083	10.1%
10	Atlanta	GA	3,739	3,733	1,933	672	10,077	10.1%
11	Kansas City	MO	4,290	2,514	2,103	1,130	10,037	10.0%
12	Charlotte	NC	5,176	2,149	1,884	822	10,031	10.0%
13	Des Moines	IA	4,600	2,769	1,911	645	9,925	9.9%
14	Los Angeles	CA	2,337	4,752	1,685	967	9,740	9.7%
15	Providence	RI	2,678	3,803	1,473	1,661	9,615	9.6%
16	Minneapolis	MN	4,175	3,146	1,374	789	9,485	9.5%
17	Salt Lake City	UT	4,430	2,655	1,766	570	9,422	9.4%
18	Omaha	NE	3,784	3,226	1,661	725	9,396	9.4%
19	Jackson	MS	3,116	2,768	1,967	1,289	9,141	9.1%
20	Portland	OR	5,851	2,719	0	547	9,117	9.1%
21	Birmingham	AL	4,512	1,014	3,060	372	8,959	9.0%
22	Columbia	SC	4,400	2,027	1,392	1,110	8,929	8.9%
23	Boston	MA	4,259	3,281	759	621	8,919	8.9%
24	Indianapolis	IN	4,817	1,978	1,902	216	8,913	8.9%
25	Wilmington	DE	4,621	3,740	0	287	8,648	8.6%
26	Newark	NJ	1,854	4,966	1,529	237	8,586	8.6%
27	Wichita	KS	4,102	1,646	2,009	805	8,562	8.6%
28	Little Rock	AR	4,014	1,603	2,134	723	8,475	8.5%
29	Charleston	WV	4,987	1,086	1,436	930	8,439	8.4%
30	Boise	ID	4,868	1,638	1,452	449	8,408	8.4%
31	Chicago	IL	2,660	3,205	1,975	562	8,402	8.4%
32	Burlington	VT	2,686	4,022	1,334	331	8,373	8.4%
33	WASHINGTON	DC	4,147	2,296	1,508	394	8,345	8.3%
34	Albuquerque	NM	3,078	2,328	2,282	292	7,980	8.0%
35	Oklahoma City	OK	3,803	1,611	1,981	353	7,748	7.7%
36	Virginia Beach	VA	4,102	1,640	1,168	728	7,637	7.6%
37	Honolulu	HI	4,362	1,105	1,417	458	7,341	7.3%
38	Denver	CO	3,276	1,395	1,700	807	7,175	7.2%
39	Billings	MT	4,080	2,152	0	790	7,022	7.0%
40	Phoenix	AZ	1,909	1,233	3,105	609	6,857	6.9%
41	New Orleans	LA	2,675	1,220	2,155	457	6,507	6.5%
42	Seattle	WA	0	2,996	2,035	621	5,651	5.7%
43	Fargo	ND	1,584	2,123	1,398	431	5,536	5.5%
44	Manchester	NH	0	4,581	0	523	5,104	5.1%
45	Houston	TX	0	2,788	1,907	333	5,028	5.0%
46	Memphis	TN	0	2,323	2,360	261	4,945	4.9%
47	Las Vegas	NV	0	2,987	1,224	586	4,796	4.8%
48	Sioux Falls	SD	0	2,010	2,120	338	4,467	4.5%
49	Jacksonville	FL	0	2,474	1,594	398	4,466	4.5%
50	Cheyenne	WY	0	1,167	1,556	679	3,403	3.4%
51	Anchorage	AK	0	3,143	0	200	3,343	3.3%
AVERAGE ^{1/}			\$3,991	\$2,794	\$1,694	\$603	\$8,402	8.4%

Chapter II: Overall Tax Burdens for the Largest City in Each State

MEDIAN	\$4,080	\$2,655	\$1,588	\$562	\$8,586	8.6%
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1/ Based on cities actually levying tax.

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2010
\$150,000

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	6,850	13,298	1,837	1,669	23,655	15.8%
2	New York City	NY	13,070	2,339	2,314	354	18,077	12.1%
3	Louisville	KY	10,516	4,360	1,801	781	17,458	11.6%
4	Philadelphia	PA	10,414	3,490	1,993	405	16,302	10.9%
5	Portland	ME	8,906	4,901	1,299	1,191	16,297	10.9%
6	Detroit	MI	9,734	4,086	1,599	691	16,109	10.7%
7	Columbus	OH	8,864	4,770	1,926	368	15,928	10.6%
8	Los Angeles	CA	6,737	5,397	2,084	1,321	15,539	10.4%
9	Des Moines	IA	8,645	3,630	2,396	828	15,499	10.3%
10	Baltimore	MD	9,912	3,129	1,759	379	15,180	10.1%
11	Charlotte	NC	9,063	2,642	2,245	1,052	15,002	10.0%
12	Atlanta	GA	6,462	5,073	2,342	984	14,861	9.9%
13	Kansas City	MO	7,352	3,200	2,555	1,634	14,741	9.8%
14	Milwaukee	WI	7,994	4,108	2,075	520	14,698	9.8%
15	Providence	RI	5,943	4,356	1,832	2,474	14,604	9.7%
16	Omaha	NE	7,175	4,057	2,063	972	14,267	9.5%
17	Minneapolis	MN	7,748	3,753	1,714	1,044	14,258	9.5%
18	Portland	OR	10,405	3,146	0	549	14,100	9.4%
19	Columbia	SC	7,893	2,644	1,697	1,614	13,848	9.2%
20	Jackson	MS	5,553	3,751	2,352	1,850	13,506	9.0%
21	WASHINGTON	DC	7,959	3,071	1,906	394	13,330	8.9%
22	Boise	ID	8,784	2,228	1,800	450	13,262	8.8%
23	Salt Lake City	UT	7,500	3,050	2,048	571	13,168	8.8%
24	Little Rock	AR	7,432	2,160	2,599	978	13,168	8.8%
25	Wichita	KS	7,313	2,284	2,410	1,108	13,115	8.7%
26	Burlington	VT	5,932	5,025	1,658	332	12,947	8.6%
27	Wilmington	DE	8,131	4,528	0	288	12,947	8.6%
28	Indianapolis	IN	7,365	2,843	2,362	217	12,787	8.5%
29	Charleston	WV	8,235	1,436	1,744	1,228	12,644	8.4%
30	Birmingham	AL	6,769	1,556	3,585	556	12,467	8.3%
31	Boston	MA	6,985	3,556	933	952	12,426	8.3%
32	Newark	NJ	4,528	5,247	1,908	237	11,921	7.9%
33	Honolulu	HI	8,119	1,287	1,641	459	11,506	7.7%
34	Oklahoma City	OK	6,499	2,158	2,398	364	11,419	7.6%
35	Albuquerque	NM	5,551	2,803	2,740	292	11,386	7.6%
36	Virginia Beach	VA	7,020	1,912	1,425	849	11,205	7.5%
37	Chicago	IL	4,119	4,024	2,446	563	11,152	7.4%
38	Billings	MT	7,491	2,476	0	910	10,877	7.3%
39	Denver	CO	5,587	1,645	2,120	1,341	10,693	7.1%
40	Phoenix	AZ	3,510	1,611	3,691	936	9,748	6.5%
41	New Orleans	LA	4,483	1,743	2,635	477	9,338	6.2%
42	Fargo	ND	3,006	2,843	1,691	450	7,990	5.3%
43	Seattle	WA	0	3,262	2,564	675	6,502	4.3%
44	Houston	TX	0	3,673	2,304	333	6,310	4.2%
45	Manchester	NH	0	5,419	0	740	6,159	4.1%
46	Memphis	TN	0	3,016	2,815	262	6,092	4.1%
47	Las Vegas	NV	0	3,713	1,457	666	5,836	3.9%
48	Jacksonville	FL	0	3,454	1,944	399	5,797	3.9%
49	Sioux Falls	SD	0	2,699	2,572	377	5,647	3.8%
50	Cheyenne	WY	0	1,550	1,934	1,076	4,560	3.0%
51	Anchorage	AK	0	3,933	0	200	4,133	2.8%
AVERAGE 1/			\$7,081	\$3,457	\$2,068	\$772	\$12,244	8.2%
MEDIAN			\$7,020	\$3,200	\$1,944	\$666	\$12,947	8.6%

1/ Based on cities actually levying tax.

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2010
COMBINED TOTALS

RANK	CITY	ST	TAXES				BURDEN AMOUNT
			INCOME	PROPERTY	SALES	AUTO	
1	Bridgeport	CT	13,727	45,230	6,027	4,948	69,931
2	Philadelphia	PA	27,729	12,741	6,456	1,543	48,469
3	Louisville	KY	25,441	14,398	5,850	2,345	48,034
4	Detroit	MI	23,260	14,261	5,324	1,950	44,795
5	New York City	NY	25,116	10,506	7,746	1,291	44,660
6	Columbus	OH	20,147	16,054	6,146	1,402	43,750
7	Portland	ME	16,951	17,734	4,173	3,276	42,134
8	Los Angeles	CA	10,087	20,346	6,758	3,988	41,179
9	Kansas City	MO	16,450	11,225	8,579	4,743	40,996
10	Atlanta	GA	14,242	15,925	7,896	2,835	40,897
11	Milwaukee	WI	17,055	14,469	6,940	2,003	40,467
12	Charlotte	NC	19,390	9,970	7,804	3,226	40,390
13	Providence	RI	10,841	16,588	6,090	6,583	40,102
14	Des Moines	IA	17,585	12,023	7,780	2,547	39,935
15	Baltimore	MD	21,374	11,335	5,605	1,457	39,771
16	Minneapolis	MN	15,542	14,219	5,629	3,320	38,710
17	Salt Lake City	UT	16,156	12,117	7,164	2,151	37,588
18	Omaha	NE	13,866	13,872	6,778	2,804	37,320
19	Birmingham	AL	17,486	5,198	12,933	1,584	37,202
20	Jackson	MS	11,485	12,086	8,006	5,404	36,981
21	Portland	OR	22,615	12,179	0	2,111	36,905
22	Boston	MA	15,893	15,378	3,039	2,544	36,854
23	Indianapolis	IN	18,850	9,075	7,794	822	36,541
24	Newark	NJ	7,977	21,218	6,361	922	36,478
25	Columbia	SC	16,151	9,318	5,672	4,665	35,805
26	Wilmington	DE	17,439	16,460	0	1,093	34,992
27	Burlington	VT	10,993	17,127	5,355	1,276	34,752
28	Chicago	IL	10,355	14,097	7,964	2,189	34,605
29	Little Rock	AR	15,239	7,597	8,761	2,968	34,565
30	Charleston	WV	19,063	5,527	5,838	3,798	34,226
31	WASHINGTON	DC	15,913	10,329	6,078	1,606	33,926
32	Wichita	KS	14,979	7,576	8,235	3,023	33,814
33	Boise	ID	17,744	8,027	5,842	1,735	33,348
34	Albuquerque	NM	11,150	10,417	9,382	1,107	32,056
35	Oklahoma City	OK	14,129	7,585	8,065	1,392	31,171
36	Virginia Beach	VA	15,125	8,030	4,686	2,894	30,735
37	Honolulu	HI	16,535	6,148	5,968	1,751	30,402
38	Denver	CO	12,024	7,263	6,914	3,485	29,687
39	Phoenix	AZ	7,278	6,400	12,645	2,435	28,758
40	Billings	MT	14,996	9,791	0	2,990	27,778
41	New Orleans	LA	10,306	6,141	8,691	1,572	26,710
42	Seattle	WA	0	13,544	8,207	2,421	24,172
43	Fargo	ND	5,992	9,293	5,666	1,627	22,578
44	Manchester	NH	0	19,894	0	2,105	21,998
45	Houston	TX	0	12,130	7,615	1,283	21,027
46	Memphis	TN	0	10,371	9,655	996	21,022
47	Las Vegas	NV	0	13,097	4,940	2,312	20,349
48	Jacksonville	FL	0	11,177	6,674	1,483	19,334
49	Sioux Falls	SD	0	9,016	8,694	1,350	19,060
50	Anchorage	AK	0	14,321	0	800	15,121
51	Cheyenne	WY	0	5,885	6,363	2,819	15,067
AVERAGE		1/	\$15,106	\$12,445	\$6,910	\$2,411	\$34,258
MEDIAN			\$14,996	\$12,023	\$6,456	\$2,151	\$34,992

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 1.1 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, 2010

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

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

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 \$3.04 per \$100 of assessed value in Providence, Rhode Island 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 100 percent of assessed value in fifteen different cities. 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; Newark, New Jersey; Los Angeles, California; and Manchester, New Hampshire have the highest combined 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.

Birmingham, Alabama; Charleston, West Virginia; Cheyenne, Wyoming; and New Orleans, Louisiana have the lowest combined 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**

TYPE OF INCOME TAX FOR A FAMILY OF THREE

2010

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%	3.1%	5.2%	6.6%	8.7%
GRADUATED STATE AND FLAT LOCAL RATES						
Birmingham	AL	3.8%	4.1%	4.3%	4.5%	4.5%
Wilmington	DE	1.2%	2.9%	3.9%	4.6%	5.4%
Louisville	KY	4.9%	5.3%	6.0%	6.5%	7.0%
Baltimore	MD	0.0%	3.9%	5.0%	5.8%	6.6%
Kansas City	MO	1.8%	3.0%	3.8%	4.3%	4.9%
Columbus	OH	2.9%	3.9%	4.6%	5.2%	5.9%
FLAT STATE AND LOCAL TAX RATES						
Indianapolis	IN	3.3%	4.6%	4.7%	4.8%	4.9%
Detroit	MI	2.3%	4.9%	5.6%	6.3%	6.5%
Philadelphia	PA	6.9%	6.9%	6.9%	6.9%	6.9%
GRADUATED STATE TAX RATE						
Phoenix	AZ	0.4%	1.1%	1.6%	1.9%	2.3%
Little Rock	AR	1.4%	2.1%	3.2%	4.0%	5.0%
Los Angeles	CA	0.0%	0.3%	1.2%	2.3%	4.5%
Bridgeport	CT	0.0%	0.7%	3.4%	4.0%	4.6%
WASHINGTON	DC	0.0%	2.5%	3.4%	4.1%	5.3%
Atlanta	GA	2.2%	2.2%	3.1%	3.7%	4.3%
Honolulu	HI	1.6%	2.2%	3.4%	4.4%	5.4%
Boise	ID	0.0%	2.4%	3.9%	4.9%	5.9%
Des Moines	IA	1.1%	2.6%	3.7%	4.6%	5.8%
Wichita	KS	0.0%	2.1%	3.3%	4.1%	4.9%
New Orleans	LA	0.9%	2.2%	2.5%	2.7%	3.0%
Portland	ME	0.2%	1.6%	3.4%	4.7%	5.9%
Minneapolis	MN	0.0%	2.3%	3.3%	4.2%	5.2%
Jackson	MS	0.8%	1.5%	2.5%	3.1%	3.7%
Billings	MT	0.9%	1.7%	3.1%	4.1%	5.0%
Omaha	NE	0.0%	1.7%	2.8%	3.8%	4.8%
Newark	NJ	0.0%	1.1%	1.4%	1.9%	3.0%
Albuquerque	NM	0.0%	1.3%	2.5%	3.1%	3.7%
Charlotte	NC	1.5%	3.2%	4.3%	5.2%	6.0%
Fargo	ND	0.2%	0.9%	1.2%	1.6%	2.0%
Oklahoma City	OK	0.1%	2.6%	3.3%	3.8%	4.3%
Portland	OR	2.4%	4.0%	5.0%	5.9%	6.9%
Providence	RI	0.0%	1.4%	2.0%	2.7%	4.0%
Columbia	SC	0.0%	2.4%	3.6%	4.4%	5.3%
Salt Lake City	UT	0.3%	2.7%	3.8%	4.4%	5.0%
Virginia Beach	VA	0.2%	2.7%	3.5%	4.1%	4.7%
Burlington	VT	0.0%	1.5%	2.1%	2.7%	4.0%
Charleston	WV	2.6%	3.6%	4.5%	5.0%	5.5%
Milwaukee	WI	0.0%	2.8%	4.0%	4.7%	5.3%
FLAT STATE TAX RATE WITH EXEMPTIONS						
Denver	CO	0.2%	2.0%	2.8%	3.3%	3.7%
Chicago	IL	1.8%	2.4%	2.6%	2.7%	2.7%
Boston	MA	0.6%	3.2%	3.9%	4.3%	4.7%
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/	1.1%	2.5%	3.4%	4.0%	4.7%

1/ Based on cities actually levying tax.

TABLE 4

RESIDENTIAL PROPERTY TAX RATES IN THE LARGEST CITY IN EACH STATE
2010

RANK	CITY	ST	NOMINAL RATE PER \$100	ASSESSMENT LEVEL	EFFECTIVE RATE PER \$100
1.	Providence	RI	3.04	100.0%	3.04
2.	Louisville	KY	2.86	100.0%	2.86
3.	Indianapolis	IN	2.84	100.0%	2.84
4.	Bridgeport	CT	3.96	70.0%	2.77
5.	Philadelphia	PA	8.26	32.0%	2.64
6.	Detroit	MI	6.73	38.7%	2.60
7.	Columbus	OH	7.36	35.0%	2.58
8.	Salt Lake City	UT	2.53	100.0%	2.53
9.	Milwaukee	WI	2.53	100.0%	2.53
10.	Houston	TX	2.52	100.0%	2.52
11.	Baltimore	MD	2.27	100.0%	2.27
12.	Omaha	NE	2.18	96.0%	2.09
13.	Burlington	VT	2.03	100.0%	2.03
14.	Columbia	SC	48.93	4.0%	1.96
15.	Jacksonville	FL	1.83	100.0%	1.83
16.	Portland	ME	1.83	100.0%	1.83
17.	Wilmington	DE	3.83	47.2%	1.81
18.	Billings	MT	6.40	28.2%	1.81
19.	Memphis	TN	7.22	25.0%	1.80
20.	Newark	NJ	3.18	56.2%	1.79
21.	Manchester	NH	1.79	100.0%	1.79
22.	Atlanta	GA	4.42	40.0%	1.77
23.	Boise	ID	1.72	98.9%	1.70
24.	Des Moines	IA	3.45	48.5%	1.67
25.	Jackson	MS	16.71	10.0%	1.67
26.	Fargo	ND	38.51	4.3%	1.67
27.	Kansas City	MO	8.56	19.0%	1.63
28.	Anchorage	AK	1.57	96.0%	1.51
29.	Little Rock	AR	7.05	20.0%	1.41
30.	Wichita	KS	12.20	11.5%	1.40
31.	New Orleans	LA	13.98	10.0%	1.40
32.	Albuquerque	NM	4.11	33.3%	1.37
33.	Sioux Falls	SD	1.58	85.0%	1.34
34.	Oklahoma City	OK	11.43	11.0%	1.26
35.	Minneapolis	MN	1.27	96.8%	1.23
36.	Portland	OR	2.08	57.6%	1.20
37.	Boston	MA	1.19	100.0%	1.19
38.	Charlotte	NC	1.30	88.9%	1.15
39.	Las Vegas	NV	3.29	35.0%	1.15
40.	Los Angeles	CA	1.12	100.0%	1.12
41.	Phoenix	AZ	9.73	10.0%	0.97
42.	WASHINGTON	DC	0.85	100.0%	0.85
43.	Seattle	WA	1.01	83.9%	0.85
44.	Charleston	WV	1.40	60.0%	0.84
45.	Virginia Beach	VA	0.89	92.9%	0.83
46.	Birmingham	AL	6.95	10.0%	0.70
47.	Cheyenne	WY	7.10	9.5%	0.67
48.	New York City	NY	17.36	3.7%	0.64
49.	Denver	CO	7.04	8.0%	0.56
50.	Chicago	IL	4.73	10.0%	0.47
51.	Honolulu	HI	0.34	100.0%	0.34
UNWEIGHTED AVERAGE			\$6.22	58.6%	\$1.62
MEDIAN			\$3.18	57.6%	\$1.67

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

**TABLE 5
HOUSING VALUE ASSUMPTIONS
2010**

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
2010**

CITY	STATE	EXEMPTION OR TAX REDUCTION AMOUNT	BASIS OF TAX REDUCTION OR EXEMPTION
Anchorage	AK	10% up to \$20,000 maximum	Assessed Value
Birmingham	AL	\$4,000	Assessed Value-Homestead
Little Rock 1/	AR	\$350 Credit against Homestead for Homeowners	Tax Credit
Phoenix	AZ	40% Exemption on School Tax Rates up to \$600	Assessed Value
Los Angeles	CA	\$7,000 Exemption	Assessed Value
WASHINGTON	DC	\$67,500 Exemption	Assessed Value-Homestead
Jacksonville 2/	FL	\$50,000 Homestead Exemption \$25,000 School	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	\$18,026 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	\$33,700 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
Portland	ME	\$10,000 Homestead 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	39.5% 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: \$0.17136 per \$100 Market Value Lottery Credit: School Tax on 1 st \$8,700 Market Value First Dollar Credit: School Tax on 1 st \$6,900 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 9.75 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 Birmingham, Alabama; Phoenix, Arizona; Memphis, Tennessee; and Albuquerque, New Mexico. Boston, Massachusetts; Portland, Maine; Virginia Beach, Virginia; and Las Vegas, Nevada 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, 2010

CITY	ST	TOTAL RATE	STATE	CITY	COUNTY	SCHOOL	TRANSIT
Chicago	IL	9.75	6.25	1.25	1.25		1.0
Seattle	WA	9.5	6.5	1.0	0.2		1.8
Phoenix	AZ	9.3	6.6	2.0	0.7		
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			
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		
Wichita	KS	7.3	6.3		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	
Fargo	ND	7.0	5.0	2.0			
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
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		7.10	5.44				
MEDIAN		7.00	6.00				

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, 2010 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 and Portland, Oregon, to a low of 7.5 cents per gallon in Atlanta, Georgia.

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

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

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

The lowest tax burdens at all income levels in this study are the automobile tax burdens. Providence, Rhode Island; Jackson, Mississippi; Bridgeport, Connecticut; and Kansas City, Missouri are among the cities with high automobile tax burdens. These cities levy either a personal property tax or a very high excise tax. 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, 2010
(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
Portland	OR	33.0	30.0	03.0
Charleston	WV	32.2	32.2	00.0
Philadelphia	PA	31.2	31.2	00.0
Providence	RI	31.0	31.0	00.0
Milwaukee	WI	30.9	30.9	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	27.5	27.5	00.0
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	00.0
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
Anchorage	AK	08.0	08.0	00.0
Atlanta	GA	07.5	07.5	00.0
UNWEIGHTED AVERAGE		23.1	22.0	
MEDIAN		23.0	21.8	

TABLE 9

SUMMARY OF TYPES OF AUTOMOBILE
REGISTRATION TAXES
2010

<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
2010

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.	2006	\$11,500	\$ 8,225	\$ 7,250	37	411 Gallons
\$ 50,000	Sedan, 4 Door 4 Cylinder, Automatic	2.4	3,108 lbs.	2007	\$18,975	\$14,825	\$13,575	29	526 Gallons
\$ 75,000	Sedan, 4 Door 4 Cylinder, Automatic	2.5	3,268 lbs.	2008	\$21,950	\$17,650	\$16,325	27	556 Gallons
	4WD Utility, 4 Door 6 Cylinder, Automatic	4.0	3,195 lbs.	2003	\$17,550	\$13,425	\$12,225	19	395 Gallons
\$100,000	Sedan, 4 Door 6 Cylinder, Automatic	3.6	3,568 lbs.	2008	\$28,475	\$22,550	\$20,500	21	732 Gallons
	Wagon, 4 Door 6 Cylinder, Automatic	3.3	3,955 lbs.	2005	\$12,175	\$ 8,725	\$ 7,775	23	333 Gallons
\$150,000	Sedan, 4 Door 8 Cylinder, Automatic	3.0	4,042 lbs.	2009	\$39,675	\$33,125	\$30,825	23	652 Gallons
	Sedan, 4 Door 6 Cylinder, Automatic	4.6	4,109 lbs.	2006	\$20,200	\$15,800	\$14,575	18	417 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 at the \$25,000 income level; thirty-seven at the \$50,000 income level; thirty-three at the \$75,000 and \$100,000 income levels; and twenty-one at the \$150,000 income level. At all income levels, the District is ranked at thirty-four.

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

Individual Income Tax

According to Table 11, 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 2010): 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 2010 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.

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 2010. Homeowners deduct a homestead exemption of \$67,500 from the assessed base, not the tax bill, before calculation of the property tax for all owner-occupied dwellings. The District has capped the growth of property assessments at 10 percent, when calculating the tax due. The calculations in this study do not adjust for capped growth.

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 2010.

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 (fifty-six percent of District acreage is tax exempt), have combined to create difficult conditions under which to raise revenues to operate the city. Some of the positive factors, which tend to increase the District tax base, include substantial tourist activity as well as 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, 2010

TAX	DISTRICT OF COLUMBIA	AVERAGE FOR CITIES LEVYING TAX ^{1/}	PERCENT DIFFERENCE
\$25,000 INCOME LEVEL			
Income	\$0	\$265	-100.0%
Property	1,805	1,633	10.5%
Sales	576	723	-20.4%
Auto	169	199	-15.2%
TOTAL	\$2,549	\$2,727	-6.5%
\$50,000 INCOME LEVEL			
Income	\$1,269	\$1,245	1.9%
Property	1,258	2,087	-39.7%
Sales	881	1,047	-15.8%
Auto	239	289	-17.3%
TOTAL	\$3,647	\$4,414	-17.4%
\$75,000 INCOME LEVEL			
Income	\$2,538	\$2,524	0.5%
Property	1,899	2,474	-23.2%
Sales	1,208	1,378	-12.3%
Auto	410	549	-25.3%
TOTAL	\$6,055	\$6,471	-6.4%
\$100,000 INCOME LEVEL			
Income	\$4,147	\$3,991	3.9%
Property	2,296	2,794	-17.8%
Sales	1,508	1,694	-11.0%
Auto	394	603	-34.6%
TOTAL	\$8,345	\$8,402	-0.7%
\$150,000 INCOME LEVEL			
Income	\$7,959	\$7,081	12.4%
Property	3,071	3,457	-11.2%
Sales	1,906	2,068	-7.8%
Auto	394	772	-48.9%
TOTAL	\$13,330	\$12,244	8.9%

^{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 56 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/
(2010 CENSUS OF POPULATION)

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

STATE	CITY	2010 POPULATION	2000 POPULATION	PERCENT DIFFERENCE
Alabama	Birmingham	212,237	242,820	-12.6%
Alaska	Anchorage	291,826	260,283	12.1%
Arizona	Phoenix	1,445,632	1,321,045	9.4%
Arkansas	Little Rock	193,524	183,133	5.7%
California	Los Angeles	3,792,620	3,694,820	2.6%
Colorado	Denver	600,158	554,636	8.2%
Connecticut	Bridgeport	144,229	139,529	3.4%
Delaware	Wilmington	70,851	72,664	-2.5%
Florida	Jacksonville	821,784	735,617	11.7%
Georgia	Atlanta	420,003	416,474	0.8%
Hawaii	Honolulu	390,738	371,657	5.1%
Idaho	Boise	205,671	185,787	10.7%
Illinois	Chicago	2,695,598	2,896,016	-6.9%
Indiana	Indianapolis	820,445	791,926	3.6%
Iowa	Des Moines	203,433	198,682	2.4%
Kansas	Wichita	382,368	344,284	11.1%
Kentucky	Louisville	597,337	256,231	133.1%
Louisiana	New Orleans	343,829	484,674	-29.1%
Maine	Portland	66,194	64,249	3.0%
Maryland	Baltimore	620,961	651,154	-4.6%
Massachusetts	Boston	617,594	589,141	4.8%
Michigan	Detroit	713,777	951,270	-25.0%
Minnesota	Minneapolis	382,578	382,618	-0.0%
Mississippi	Jackson	173,514	184,256	-5.8%
Missouri	Kansas City	459,787	441,545	4.1%
Montana	Billings	104,170	89,847	15.9%
Nebraska	Omaha	408,958	390,007	4.9%
Nevada	Las Vegas	583,756	478,434	22.0%
New Hampshire	Manchester	109,565	107,006	2.4%
New Jersey	Newark	277,140	273,546	1.3%
New Mexico	Albuquerque	545,852	448,607	21.7%
New York	New York City	8,175,133	8,008,278	2.1%
North Carolina	Charlotte	731,424	540,828	35.2%
North Dakota	Fargo	105,549	90,599	16.5%
Ohio	Columbus	787,033	711,470	10.6%
Oklahoma	Oklahoma City	579,999	506,132	14.6%
Oregon	Portland	583,776	529,121	10.3%
Pennsylvania	Philadelphia	1,526,006	1,517,550	0.6%
Rhode Island	Providence	178,042	173,618	2.5%
South Carolina	Columbia	129,272	116,278	11.2%
South Dakota	Sioux Falls	153,888	123,975	24.1%
Tennessee	Memphis	646,889	650,100	-0.5%
Texas	Houston	2,099,451	1,953,631	7.5%
Utah	Salt Lake City	186,440	181,743	2.6%
Vermont	Burlington	42,417	38,889	9.1%
Virginia	Virginia Beach	437,994	425,257	3.0%
Washington	Seattle	608,660	563,374	8.0%
West Virginia	Charleston	51,400	53,421	-3.8%
Wisconsin	Milwaukee	594,833	596,974	-0.4%
Wyoming	Cheyenne	59,466	53,011	12.2%
WASHINGTON, DC		601,723	572,059	5.2%

1/ Source: U.S. Census Bureau, Census 2010. Table DP-1. Profile of General Demographic Characteristics: 2010.

Part II

A Comparison of Selected Tax Rates in the District of Columbia with Those in the 50 States as of January 1, 2011

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-five 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	10	17	22
Sales and Use	45	21	12	12
Beer	50	7	1	42
Light Wine	46	5	3	38
Distilled Spirits	32	0	1	31
Cigarette	50	43	0	7
Motor Fuel	50	25	1	24
Motor Vehicle Excise				
Cars < 3,500 lbs.	46	24	11	11
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, 2011**

PERSONAL EXEMPTIONS	EXEMPTIONS	TAXABLE INCOME	RATES
DISTRICT OF COLUMBIA 1/			
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	2/		
MARYLAND 3/			
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	4/		
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	5/		

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

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

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

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

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

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

**TABLE 15
INDIVIDUAL INCOME TAX
43 STATES AND DISTRICT OF COLUMBIA
AS OF JANUARY 1, 2011**

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS				
SINGLE	MARRIED FILING JOINT	DEPENDENTS	TYPE OF RETURN	MINIMUM		MAXIMUM	
				RATE	UP TO	RATE	OVER
ALABAMA ^{1/}							
\$1,500	\$3,000	\$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%	\$ 3,899	7.0%	\$ 32,700
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	6.95%	\$ 60,000
DISTRICT OF COLUMBIA ^{5/}							
\$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.

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

TABLE 15 (continued)
INDIVIDUAL INCOME TAX
43 STATES AND DISTRICT OF COLUMBIA
AS OF JANUARY 1, 2011

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS				
SINGLE	MARRIED FILING JOINT	DEPENDENTS	TYPE OF RETURN	MINIMUM		MAXIMUM	
				RATE	UP TO	RATE	OVER
IDAHO ^{1/}							
\$3,650	\$7,300	\$3,650	S,M/S HH,M/J	1.6% 1.6%	\$ 1,316 2,632	7.8% 7.8%	\$ 26,320 52,640
ILLINOIS							
\$2,000	\$4,000	\$2,000				5.0% 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%	\$ 4,950 7,450 9,950	8.5% 8.5% 8.5%	\$ 19,750 29,650 39,550
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, 2011

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS				
SINGLE	MARRIED FILING JOINT	DEPENDENTS	TYPE OF RETURN	MINIMUM		MAXIMUM	
				RATE	UP TO	RATE	OVER
MINNESOTA							
\$3,650	\$7,300	\$3,650	M/S	5.35%	\$ 16,890	7.85%	\$ 67,090
			S	5.35%	23,100	7.85%	75,890
			HH	5.35%	28,440	7.85%	114,290
			M/J	5.35%	33,770	7.85%	134,170
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	1.51%	\$ 28,850	3.99%	\$ 189,575
			S	1.51%	34,500	3.99%	379,150
			HH	1.51%	46,250	3.99%	379,150
			M/J,SS	1.51%	57,700	3.99%	379,150

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, 2011

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS					
SINGLE	MARRIED FILING JOINT	DEPENDENTS	TYPE OF RETURN	MINIMUM		MAXIMUM		
				RATE	UP TO	RATE	OVER	
OHIO ^{1/}								
\$1,500	\$3,000	\$1,500		5.87%	\$ 5,050	5.925%	\$201,800	
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)	(\$177)	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%	\$ 2,760	7.0%	\$ 13,800	
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%	\$ 6,790 10,180 13,580	7.75% 7.75% 7.75%	\$ 149,470 224,210 298,940	

^{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%	New Mexico	7.60%
Colorado	4.63%	Nebraska 4/	7.81%
Michigan	4.95%	Wisconsin	7.90%
Mississippi	5.00%	Oregon	7.99%
South Carolina	5.00%	Louisiana	8.00%
Utah	5.00%	Connecticut 5/	8.25%
North Dakota	5.15%	Maryland	8.25%
Florida	5.50%	New Hampshire	8.50%
Georgia	6.00%	Indiana	8.50%
Kentucky	6.00%	Ohio	8.50%
Oklahoma	6.00%	Vermont	8.50%
Virginia	6.00%	West Virginia	8.50%
Missouri	6.25%	Delaware	8.70%
Hawaii	6.40%	California	8.84%
Alabama	6.50%	Maine	8.93%
Arkansas	6.50%	New Jersey	9.00%
Tennessee	6.50%	Rhode Island	9.00%
Montana 2/	6.75%	Alaska	9.40%
North Carolina	6.90%	Illinois 6/	9.50%
Arizona	6.968%	Massachusetts	9.50%
New York 3/	7.10%	Minnesota	9.80%
Idaho	7.60%		
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/ Income < \$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.

6/ Includes 2.5% Personal Property Replacement Tax.

TABLE 18

STATE GROSS PREMIUMS TAX RATES ON FOREIGN LIFE INSURERS

DISTRICT OF COLUMBIA: 2.0% ^{1/}

LOWER THAN THE DISTRICT 10 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%	Idaho ^{4/}	1.70%
HIGHER THAN THE DISTRICT 22 STATES			
Connecticut	1.75%	Virginia	2.25%
Florida	1.75%	Alabama	2.30%
Iowa	1.75%	California	2.35%
Tennessee	1.75%	Arkansas	2.50%
Texas	1.75%	South Dakota	2.50%
North Carolina ^{5/}	1.90%	Alaska	2.70%
New Jersey	2.10%	Hawaii	2.75%
Georgia	2.25%	Montana	2.75%
Louisiana ^{6/}	2.25%	Mississippi	3.00%
Oklahoma	2.25%	New Mexico	3.00%
Utah	2.25%	Nevada	3.50%
SAME AS THE DISTRICT 17 STATE			
Arizona	2.00%	New Hampshire	2.00%
Colorado	2.00%	North Dakota	2.00%
Delaware	2.00%	Pennsylvania	2.00%
Kansas	2.00%	Rhode Island	2.00%
Kentucky	2.00%	Vermont	2.00%
Maine	2.00%	Washington	2.00%
Maryland	2.00%	West Virginia ^{7/}	2.00%
Massachusetts	2.00%	Wisconsin	2.00%
Missouri	2.00%		
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/} 1.48% if qualified for reduced rate.

^{5/} An additional 5.5% insurance regulatory charge applied to premium tax liability. An additional 1.33% premium tax for fire related insurance policies.

^{6/} Maximum rate.

^{7/} 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.

^{8/} Corporate Excise Tax.

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

LOWER THAN THE DISTRICT 21 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%	Nebraska (2.6875%)	5.50%
Virginia (1%)	4.00%	Ohio (3%)	5.50%
Wyoming (2%)	4.00%	North Carolina (2.5%)	5.75%
Missouri (5.3125%)	4.225%		
HIGHER THAN THE DISTRICT 12 STATES			
Illinois (3%)	6.25%	Indiana	7.00%
Texas (2%)	6.25%	Mississippi	7.00%
Kansas (2%)	6.30%	New Jersey	7.00%
Washington (3.0%)	6.50%	Rhode Island	7.00%
Arizona	6.60%	Tennessee (2.75%)	7.00%
Minnesota (1%)	6.875%	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	Arkansas	\$.23
Massachusetts	.11	Illinois	.231
Indiana	.115	Virginia	.2565
New Jersey	.12	Vermont	.265
Montana 2/	.14	South Dakota	.27
New York	.14	New Hampshire	.30
Tennessee 3/	.14	Nebraska	.31
Minnesota 4/	.148	Georgia	.32
Idaho	.15	Louisiana	.32
Arizona	.16	Maine	.35
Delaware	.16	Oklahoma	.40
Nevada	.16	New Mexico 6/	.41
North Dakota 5/	.16	Utah	.41
Kansas	.18	Mississippi	.4268
Ohio	.18	Florida	.48
West Virginia	.18	Alabama	.53
Connecticut	.19	North Carolina	.6171
Iowa	.19	Washington 7/	.761
California	.20	South Carolina	.77
Michigan	.20	Hawaii 8/	.93
Texas	.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 barrels produced - \$.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/ \$0.08 per gallon for bulk beer.

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

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

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

TABLE 21

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

DISTRICT OF COLUMBIA: \$0.30

MONOPOLY STATES 4 STATES			
New Hampshire Pennsylvania ^{1/}		Utah ^{2/} Wyoming	
LOWER THAN THE DISTRICT 5 STATES			
Louisiana	\$.11	Wisconsin	\$.25
California	.20	Colorado	.28
Texas	.20		
SAME AS THE DISTRICT 3 STATES			
Kansas	\$.30	New York	\$.30
Minnesota	.30		
HIGHER THAN THE DISTRICT 38 STATES			
Ohio	\$.32	North Carolina	\$.79
Mississippi	.35	Washington	.87
Maryland	.40	South Carolina	.90
Missouri	.42	South Dakota	.93
Idaho	.45	Nebraska	.95
Indiana	.47	Delaware	.97
Kentucky	.50	Arizona	1.00
North Dakota	.50	West Virginia	1.00
Michigan	.51	Montana ^{3/}	1.02
Massachusetts	.55	Tennessee	1.21
Vermont	.55	Hawaii	1.38
Connecticut	.60	Illinois	1.39
Maine	.60	Georgia	1.51
Rhode Island	.60	Virginia	1.51
Oregon	.67	Alabama	1.70
Nevada	.70	New Mexico	1.70
New Jersey	.70	Iowa	1.75
Oklahoma	.72	Florida	2.25
Arkansas	.75	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 8/	3.75	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/ 30% 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 43 STATES			
Missouri	.17	Indiana	.995
Virginia	.30	Oklahoma	1.03
Louisiana	.36	Arkansas	1.15
Georgia	.37	Wyoming	1.15
Alabama	.425	Oregon	1.18
North Dakota	.44	Ohio	1.25
North Carolina	.45	Florida	1.339
Minnesota 1/	.48	Iowa	1.36
West Virginia	.55	Texas	1.41
Idaho	.57	South Dakota	1.504
South Carolina	.57	Delaware	1.60
Kentucky	.60	Pennsylvania	1.60
Tennessee	.62	Montana	1.70
Nebraska	.64	New Hampshire	1.78
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	Hawaii	2.20
Illinois	.98		
HIGHER THAN THE DISTRICT 7 STATES			
Massachusetts	2.51	Connecticut	3.00
Wisconsin	2.52	Washington	3.025
New York	2.75	Rhode Island	3.46
New Jersey	2.75		

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 25 STATES			
Alaska	.08	Louisiana	.20
Wyoming	.13	Texas	.20
Georgia	.14	Alabama	.209
New Jersey	.145	Tennessee	.214
South Carolina	.168	Arkansas	.218
Oklahoma	.17	Colorado	.22
Missouri	.173	Iowa	.22
Virginia	.175	Kentucky	.225
Arizona	.18	Massachusetts	.23
Mississippi	.188	Delaware	.23
New Mexico	.188	North Dakota	.23
Illinois ^{1/}	.19	Vermont	.233
New Hampshire	.197		
SAME AS THE DISTRICT 1 STATE			
Maryland	.235		
HIGHER THAN THE DISTRICT 24 STATES			
Kansas	.24	North Carolina	.3215
South Dakota	.24	West Virginia	.322
Utah	.245	New York	.33
Idaho	.25	Rhode Island	.33
Nebraska	.264	Nevada	.331
Montana ^{2/}	.27	Hawaii	.336
Minnesota	.275	Indiana	.338
Ohio	.28	Florida	.345
Maine	.295	Michigan	.347
Oregon	.30	Washington	.375
Wisconsin ^{3/}	.309	Connecticut	.451
Pennsylvania	.312	California	.461

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

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

3/ 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%	Ohio (0%-3%)	5.5%
Colorado	2.9%	Arkansas (0%-3%) 3/	6.0%
Mississippi	3.0%	California (1.25%-2.5%)	6.0%
New Mexico	3.0%	Connecticut	6.0%
North Carolina	3.0%	Florida	6.0%
South Dakota	3.0%	Idaho	6.0%
Virginia	3.0%	Iowa	6.0%
Wyoming (1%)	3.0%	Kentucky	6.0%
Delaware	3.25%	Maryland	6.0%
Oklahoma	3.25%	Michigan	6.0%
Georgia (3%)	4.0%	Pennsylvania (1%-2%)	6.0%
Hawaii (0.5%)	4.0%	Vermont	6.0%
Louisiana (1%-6%)	4.0%	Illinois	6.25%
New York (3.0%-5.0%)	4.0%	Texas	6.25%
Missouri (1.125%-3.5%)	4.225%	Kansas (0%-2%)	6.3%
Utah (1.85%)	4.75%	Minnesota	6.5%
Maine	5.0%	Nevada	6.5%
Massachusetts	5.0%	Arizona (1.0%-4.0%)	6.6%
North Dakota	5.0%	Washington (.5%-3.0%) 4/	6.8%
South Carolina 2/	5.0%	Indiana	7.0%
West Virginia	5.0%	New Jersey	7.0%
Wisconsin (0%-0.6%)	5.0%	Tennessee (2.75%) 5/	7.0%
Nebraska (0%-1.5%)	5.5%	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 \$27,900, Bought New and Weighing 3,522 Pounds
(4-Door, 6-Passenger, 8-Cylinder)

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

LOWER THAN THE DISTRICT 48 STATES			
Arizona ^{2/}	\$ 8.00	Michigan	\$ 37.00
South Carolina	12.00	New Hampshire	37.20
Kentucky	13.50	Connecticut	37.50
Mississippi	15.00	Delaware	40.00
Wyoming	15.00	Virginia	40.75
Georgia	20.00	New Mexico	42.00
Indiana	21.05	South Dakota	42.00
Tennessee	21.50	Oregon	43.00
Utah	23.50	Washington ^{4/}	43.00
Arkansas	25.00	Nebraska ^{4/}	45.00
Alabama	25.00	Colorado	45.54
Hawaii	25.00	Missouri ^{5/}	51.25
Louisiana	25.00	Vermont	59.00
North Carolina	28.00	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
California	31.00	Idaho	91.30
Florida	33.00	North Dakota	93.00
Ohio ^{3/}	34.50	Illinois	99.00
Maine	35.00	Alaska	100.00
Pennsylvania	36.00	Minnesota	108.75
HIGHER THAN THE DISTRICT 2 STATES			
Iowa	\$203.00	Montana	217.00

^{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	
9 STATES	
Alaska Connecticut Idaho Illinois ^{2/} Massachusetts	Mississippi Ohio Rhode Island South Dakota
ABSORB FEDERAL CREDIT	
26 STATES AND D.C.	
Alabama Arizona California Colorado Delaware District of Columbia ^{3/} Florida Georgia Kansas ^{4/} 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	
7 STATE	
Arkansas Hawaii Montana Nebraska ^{8/}	Oklahoma 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/ 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.

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

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

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 receives 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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