

Government of the
District of Columbia



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

2011

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

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A Nationwide Comparison**

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EXECUTIVE SUMMARY

State and local tax systems in the United States are widely diverse. The District of Columbia and the 50 states employ a broad range of taxes and fees to fund state and local government operations. The combination of taxes and fees utilized by a particular jurisdiction is dependent upon many factors, including revenue needs, the tax base of the local government, the fiscal relationship between the state and local governments, constitutional limitations in some states, and the level of local government services demanded by residents.

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

The state and local tax rates of individual taxpayers vary from one jurisdiction to another. For example, all 51 cities in this study levy a tax on real property located within the city, yet effective tax rates range from a high of \$3.56 per \$100 of assessed value in Columbus, Ohio to \$0.35 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 2011 for owner-occupied residences as well as other credits. In FY 2011, 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, and Memphis, Tennessee. Residents of Honolulu, Hawaii, Virginia Beach, Virginia, Portland, Maine, 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.

There is no single pattern that characterizes either a high or low tax burden city. Details concerning the various taxes levied and why the tax burdens differ from one jurisdiction to another are presented in this publication. Part I of this publication compares tax burdens in the District of Columbia with those of the most populous city in each state, through December 31, 2011. 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, 2012.

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, 2011 and (II) A Comparison of Selected Tax Rates in the District of Columbia with Those in the 50 States as of January 1, 2012. This information is requested annually by committees of the U.S. Congress and the District of Columbia Council. It is provided pursuant to Public Law 93-407.

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Appreciation is extended to the many state and local officials 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**

2011

OVERVIEW

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

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

This study compares 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 2011. 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 2011 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 2011 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 2010 tax year data except for the \$25,000 income category.

Gross Income		Wages and Salaries	Interest	Long-Term Capital Gains 1/	2011 Federal AGI
\$25,000	Spouse 1	\$17,389	\$159	\$0	\$25,000
	Spouse 2	7,452			
\$50,000	Spouse 1	\$33,929	\$1,631	(\$101)	\$50,000
	Spouse 2	14,541			
\$75,000	Spouse 1	\$51,639	\$957	\$273	\$75,000
	Spouse 2	22,131			
\$100,000	Spouse 1	\$69,322	\$995	(\$27)	\$100,000
	Spouse 2	29,710			
\$150,000	Spouse 1	\$103,487	\$1,700	\$462	\$150,000
	Spouse 2	44,351			

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 2011 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 2011 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 2010.

Deduction	Gross Income Level				
	\$ 25,000	\$ 50,000	\$ 75,000	\$100,000	\$150,000
Medical (Gross)	3,807	6,845	8,424	9,750	12,035
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	1,932	3,095	2,799	2,250	785
Deductible Taxes	2/	2/	2/	2/	2/
Mortgage Interest	3/	3/	3/	3/	3/
Contribution Deduction	1,961	3,001	3,779	4,516	3,915
Gross Miscellaneous	3,082	4,495	5,244	6,534	9,495
Nondeductible 4/	<u>-500</u>	<u>-1,000</u>	<u>-1,500</u>	<u>-2,000</u>	<u>-3,000</u>
Net Miscellaneous Deduction	2,582	3,495	3,744	4,534	6,495
Other Miscellaneous Deductions	193	164	302	154	124
Total Deductions-without taxes And mortgage interest	6,668	9,755	10,624	11,454	11,319

- 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 2011 study and individual income taxes computed in the 2010 study.
- 3/ Mortgage interest is based on 10th year interest paid on a home purchased in 2001 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 2011 tax burdens. The 2011 deductible real and personal property taxes computed in the current year's 51-city burden study are used for the 2011 property tax deduction. For the 2011 state and local individual income tax deduction, 2010 data were used as a proxy. These figures were used in computing the 2011 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 2009 American Community Survey (ACS) data the estimated house value at the \$75,000 income level ranges from a high of \$501,818 in Los Angeles, California to a low of \$96,062 in Detroit, Michigan. The housing values for each income level (except the \$25,000 income level) shown in Table 5 are derived from 2009 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 2009 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 2009 ACS were used because they are the latest data comparable for all the jurisdictions in this study. It is important to note that these are **hypothetical** values based on income levels and do not represent **average** values for a particular jurisdiction.

In computing property tax burdens, it is also necessary to consider the various exemptions, limitations and credits noted in Table 6 (page 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 2011 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 \$4,519 burden for Birmingham, Alabama is more than two times greater than the \$2,223 burden for Billings, Montana. Similarly, at the \$150,000 income level, the Bridgeport, Connecticut burden of \$23,501 is almost five times the Cheyenne, Wyoming burden of \$4,702. 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; Columbus, Ohio; and Newark, New Jersey.

The lowest combined tax burdens for the 51 cities occur in Cheyenne, Wyoming; followed by Anchorage, Alaska; Jacksonville, Florida; and Memphis, Tennessee.

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, 2011
\$25,000

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY ^{2/}	SALES	AUTO	AMOUNT	PERCENT
1	Birmingham	AL	890	1,733	1,640	256	4,519	18.1%
2	Philadelphia	PA	1,744	1,922	623	223	4,513	18.1%
3	Honolulu	HI	373	2,746	734	272	4,124	16.5%
4	Chicago	IL	821	1,968	812	297	3,898	15.6%
5	Bridgeport	CT	7	2,597	632	472	3,708	14.8%
6	Atlanta	GA	559	2,042	856	230	3,696	14.8%
7	Phoenix	AZ	106	1,867	1,436	244	3,654	14.6%
8	Louisville	KY	1,194	1,570	588	243	3,594	14.4%
9	Indianapolis	IN	897	1,663	815	120	3,496	14.0%
10	Los Angeles	CA	0	2,266	709	450	3,425	13.7%
11	Boston	MA	318	2,477	357	262	3,414	13.7%
12	Columbus	OH	852	1,721	593	203	3,369	13.5%
13	Charlotte	NC	361	1,798	889	292	3,340	13.4%
14	New Orleans	LA	215	2,052	901	151	3,319	13.3%
15	Kansas City	MO	248	1,668	918	446	3,281	13.1%
16	New York City	NY	0	2,273	810	190	3,273	13.1%
17	Virginia Beach	VA	35	2,364	470	401	3,270	13.1%
18	Detroit	MI	644	1,831	578	216	3,270	13.1%
19	Little Rock	AR	322	1,697	957	292	3,268	13.1%
20	Jackson	MS	134	1,783	844	494	3,255	13.0%
21	Providence	RI	0	2,011	650	471	3,133	12.5%
22	Charleston	WV	662	1,474	592	396	3,123	12.5%
23	Seattle	WA	0	1,994	804	320	3,118	12.5%
24	Las Vegas	NV	0	2,162	540	324	3,027	12.1%
25	Newark	NJ	0	2,230	644	126	2,999	12.0%
26	Jacksonville	FL	0	1,954	794	208	2,956	11.8%
27	Denver	CO	39	1,781	724	411	2,955	11.8%
28	Salt Lake City	UT	54	1,846	772	282	2,953	11.8%
29	Memphis	TN	0	1,759	1,037	144	2,941	11.8%
30	WASHINGTON	DC	0	2,040	594	213	2,847	11.4%
31	Burlington	VT	0	2,167	499	179	2,845	11.4%
32	Albuquerque	NM	0	1,637	1,025	146	2,808	11.2%
33	Portland	ME	7	1,997	419	342	2,765	11.1%
34	Milwaukee	WI	0	1,757	726	280	2,763	11.1%
35	Columbia	SC	0	1,754	591	412	2,758	11.0%
36	Boise	ID	0	1,778	583	396	2,758	11.0%
37	Des Moines	IA	203	1,649	591	267	2,710	10.8%
38	Houston	TX	0	1,759	770	180	2,709	10.8%
39	Baltimore	MD	0	1,951	547	205	2,703	10.8%
40	Minneapolis	MN	0	1,778	547	353	2,679	10.7%
41	Wichita	KS	0	1,457	890	307	2,654	10.6%
42	Portland	OR	527	1,850	0	262	2,639	10.6%
43	Oklahoma City	OK	5	1,543	870	193	2,611	10.4%
44	Omaha	NE	0	1,618	707	285	2,609	10.4%
45	Sioux Falls	SD	0	1,524	851	190	2,565	10.3%
46	Wilmington	DE	311	2,081	0	159	2,551	10.2%
47	Cheyenne	WY	0	1,488	672	264	2,424	9.7%
48	Manchester	NH	0	2,146	0	211	2,357	9.4%
49	Anchorage	AK	0	2,088	0	148	2,236	8.9%
50	Fargo	ND	35	1,394	588	211	2,228	8.9%
51	Billings	MT	160	1,745	0	318	2,223	8.9%
AVERAGE ^{1/}			\$266	\$1,891	\$728	\$274	\$3,065	12.3%
MEDIAN			\$7	\$1,831	\$672	\$262	\$2,956	11.8%

1/ Based on cities actually levying tax.

2/ Based on 20 percent of estimated annual rent.

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2011
\$50,000

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	549	10,256	888	559	12,252	24.5%
2	Newark	NJ	510	7,612	905	138	9,165	18.3%
3	Philadelphia	PA	3,442	3,731	895	259	8,327	16.7%
4	Columbus	OH	2,116	4,025	836	235	7,212	14.4%
5	Los Angeles	CA	0	5,109	993	533	6,634	13.3%
6	Chicago	IL	2,026	2,955	1,107	324	6,412	12.8%
7	Louisville	KY	2,587	2,666	807	286	6,346	12.7%
8	Providence	RI	920	3,876	875	632	6,304	12.6%
9	Burlington	VT	687	4,537	724	202	6,150	12.3%
10	Boston	MA	1,802	3,482	538	303	6,125	12.2%
11	Baltimore	MD	1,818	3,210	767	232	6,027	12.1%
12	Milwaukee	WI	1,373	3,287	957	316	5,933	11.9%
13	Detroit	MI	2,446	2,458	766	252	5,922	11.8%
14	New York City	NY	1,429	3,109	1,121	222	5,880	11.8%
15	Portland	ME	788	3,918	578	404	5,688	11.4%
16	Minneapolis	MN	1,073	2,986	775	419	5,254	10.5%
17	Wilmington	DE	1,358	3,624	0	185	5,167	10.3%
18	Des Moines	IA	1,011	2,886	933	311	5,141	10.3%
19	Seattle	WA	0	3,655	1,096	369	5,120	10.2%
20	Kansas City	MO	1,427	1,853	1,220	531	5,031	10.1%
21	Charlotte	NC	1,534	1,834	1,180	339	4,886	9.8%
22	Birmingham	AL	1,925	613	2,017	302	4,857	9.7%
23	Indianapolis	IN	2,274	1,346	1,087	141	4,849	9.7%
24	Atlanta	GA	1,123	2,265	1,124	272	4,784	9.6%
25	Salt Lake City	UT	1,301	2,119	1,029	310	4,759	9.5%
26	Omaha	NE	806	2,579	930	379	4,693	9.4%
27	WASHINGTON	DC	1,173	2,347	835	283	4,637	9.3%
28	Albuquerque	NM	592	2,450	1,343	181	4,567	9.1%
29	Virginia Beach	VA	1,254	2,123	647	467	4,491	9.0%
30	Wichita	KS	1,007	1,828	1,192	421	4,449	8.9%
31	Manchester	NH	0	4,165	0	258	4,423	8.8%
32	Jackson	MS	684	1,961	1,140	584	4,368	8.7%
33	Phoenix	AZ	543	1,538	1,844	290	4,215	8.4%
34	Portland	OR	1,887	1,940	0	300	4,127	8.3%
35	Charleston	WV	1,817	926	822	468	4,033	8.1%
36	Boise	ID	1,061	1,646	773	453	3,937	7.9%
37	Sioux Falls	SD	0	2,592	1,128	215	3,935	7.9%
38	Oklahoma City	OK	1,273	1,285	1,156	212	3,926	7.9%
39	Little Rock	AR	1,133	1,133	1,261	355	3,882	7.8%
40	Las Vegas	NV	0	2,719	750	381	3,849	7.7%
41	Denver	CO	989	1,187	968	483	3,627	7.3%
42	Columbia	SC	1,140	1,183	793	490	3,606	7.2%
43	Honolulu	HI	1,064	1,275	925	310	3,574	7.1%
44	Fargo	ND	361	2,114	810	257	3,542	7.1%
45	Anchorage	AK	0	3,164	0	157	3,321	6.6%
46	Memphis	TN	0	1,758	1,388	167	3,314	6.6%
47	Jacksonville	FL	0	2,053	1,002	241	3,296	6.6%
48	Houston	TX	0	2,015	1,054	203	3,272	6.5%
49	Billings	MT	600	2,220	0	361	3,181	6.4%
50	New Orleans	LA	1,085	394	1,210	176	2,865	5.7%
51	Cheyenne	WY	0	961	892	313	2,166	4.3%
AVERAGE ^{1/}			\$1,227	\$2,686	\$981	\$323	\$4,971	9.9%
MEDIAN			\$1,064	\$2,347	\$925	\$303	\$4,693	9.4%

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

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2011
\$75,000

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	2,714	11,016	1,219	1,156	16,105	21.5%
2	Philadelphia	PA	5,201	4,526	1,228	425	11,381	15.2%
3	Newark	NJ	967	7,961	1,220	244	10,392	13.9%
4	Columbus	OH	3,738	4,607	1,161	386	9,891	13.2%
5	Louisville	KY	4,488	3,168	1,104	573	9,333	12.4%
6	Baltimore	MD	3,631	3,740	1,075	394	8,840	11.8%
7	Chicago	IL	3,276	3,474	1,498	577	8,825	11.8%
8	New York City	NY	3,730	3,193	1,518	372	8,813	11.8%
9	Detroit	MI	4,541	2,715	1,019	429	8,704	11.6%
10	Los Angeles	CA	453	5,601	1,357	1,041	8,453	11.3%
11	Milwaukee	WI	3,029	3,548	1,251	539	8,367	11.2%
12	Providence	RI	1,857	4,224	1,165	991	8,236	11.0%
13	Portland	ME	2,431	4,256	810	725	8,223	11.0%
14	Boston	MA	3,111	3,492	751	579	7,932	10.6%
15	Burlington	VT	1,457	4,944	1,002	344	7,748	10.3%
16	Minneapolis	MN	2,375	3,419	1,073	840	7,707	10.3%
17	Portland	OR	3,542	3,630	0	501	7,674	10.2%
18	Kansas City	MO	2,698	2,242	1,604	1,100	7,643	10.2%
19	Charlotte	NC	3,147	2,020	1,559	813	7,539	10.1%
20	Wilmington	DE	2,879	4,195	0	302	7,376	9.8%
21	Des Moines	IA	2,226	3,301	1,261	544	7,332	9.8%
22	Atlanta	GA	2,371	2,814	1,463	588	7,236	9.6%
23	Jackson	MS	1,825	2,585	1,497	1,245	7,152	9.5%
24	Indianapolis	IN	3,535	1,845	1,486	228	7,094	9.5%
25	Salt Lake City	UT	2,766	2,434	1,333	556	7,089	9.5%
26	Birmingham	AL	3,115	858	2,437	599	7,009	9.3%
27	Virginia Beach	VA	2,505	2,494	879	894	6,772	9.0%
28	Omaha	NE	2,003	2,962	1,246	561	6,772	9.0%
29	WASHINGTON	DC	2,460	2,655	1,158	410	6,684	8.9%
30	Albuquerque	NM	1,785	2,787	1,758	305	6,634	8.8%
31	Boise	ID	2,767	2,081	1,023	758	6,628	8.8%
32	Charleston	WV	3,362	1,191	1,100	909	6,562	8.7%
33	Little Rock	AR	2,453	1,564	1,666	702	6,385	8.5%
34	Columbia	SC	2,641	1,373	1,071	1,049	6,135	8.2%
35	Wichita	KS	2,443	1,444	1,548	621	6,056	8.1%
36	Seattle	WA	0	3,886	1,509	638	6,033	8.0%
37	Oklahoma City	OK	2,456	1,603	1,520	364	5,944	7.9%
38	Phoenix	AZ	1,142	1,884	2,344	442	5,812	7.7%
39	Honolulu	HI	2,518	1,445	1,135	520	5,617	7.5%
40	Denver	CO	2,058	1,353	1,303	844	5,558	7.4%
41	New Orleans	LA	1,815	1,645	1,614	417	5,491	7.3%
42	Billings	MT	1,890	2,490	0	763	5,143	6.9%
43	Manchester	NH	0	4,645	0	490	5,134	6.8%
44	Sioux Falls	SD	0	2,960	1,467	352	4,779	6.4%
45	Las Vegas	NV	0	3,151	1,001	582	4,734	6.3%
46	Fargo	ND	705	2,404	1,099	446	4,654	6.2%
47	Houston	TX	0	2,546	1,441	346	4,333	5.8%
48	Memphis	TN	0	2,116	1,815	274	4,206	5.6%
49	Jacksonville	FL	0	2,465	1,262	407	4,134	5.5%
50	Anchorage	AK	0	3,715	0	290	4,006	5.3%
51	Cheyenne	WY	0	1,048	1,198	563	2,808	3.7%
AVERAGE ^{1/}			\$2,502	\$3,092	\$1,303	\$589	\$7,041	9.4%
MEDIAN			\$2,443	\$2,787	\$1,228	\$556	\$7,009	9.3%

1/ Based on cities actually levying tax.

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2011
\$100,000

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	4,207	11,299	1,351	1,170	18,027	18.0%
2	Philadelphia	PA	6,961	5,352	1,351	514	14,178	14.2%
3	Columbus	OH	5,534	5,177	1,274	466	12,451	12.5%
4	Louisville	KY	6,372	3,781	1,209	595	11,956	12.0%
5	Newark	NJ	1,657	8,575	1,324	274	11,830	11.8%
6	New York City	NY	6,192	3,297	1,643	454	11,587	11.6%
7	Baltimore	MD	5,511	4,252	1,174	461	11,398	11.4%
8	Detroit	MI	6,296	2,933	1,107	481	10,817	10.8%
9	Milwaukee	WI	4,700	3,953	1,416	628	10,698	10.7%
10	Portland	ME	4,410	4,563	880	797	10,650	10.6%
11	Chicago	IL	4,508	3,841	1,632	646	10,627	10.6%
12	Portland	OR	5,470	3,969	0	596	10,035	10.0%
13	Los Angeles	CA	1,674	5,779	1,468	1,102	10,023	10.0%
14	Providence	RI	2,990	4,483	1,276	1,050	9,799	9.8%
15	Charlotte	NC	4,984	2,179	1,703	872	9,737	9.7%
16	Kansas City	MO	4,054	2,593	1,781	1,112	9,540	9.5%
17	Boston	MA	4,449	3,663	794	629	9,535	9.5%
18	Minneapolis	MN	3,922	3,631	1,164	809	9,526	9.5%
19	Wilmington	DE	4,439	4,618	0	368	9,425	9.4%
20	Des Moines	IA	3,530	3,731	1,396	617	9,274	9.3%
21	Boise	ID	4,534	2,463	1,175	901	9,073	9.1%
22	Jackson	MS	2,961	3,193	1,674	1,229	9,058	9.1%
23	Burlington	VT	2,448	5,069	1,111	402	9,029	9.0%
24	Atlanta	GA	3,643	3,165	1,632	576	9,016	9.0%
25	Omaha	NE	3,584	3,416	1,361	637	8,997	9.0%
26	Salt Lake City	UT	4,256	2,596	1,495	626	8,974	9.0%
27	Indianapolis	IN	4,806	2,182	1,631	280	8,899	8.9%
28	Birmingham	AL	4,358	1,063	2,652	626	8,699	8.7%
29	Charleston	WV	4,987	1,426	1,213	966	8,592	8.6%
30	Virginia Beach	VA	3,888	2,631	971	975	8,465	8.5%
31	Little Rock	AR	3,980	1,873	1,837	735	8,425	8.4%
32	WASHINGTON	DC	3,872	2,759	1,281	477	8,389	8.4%
33	Albuquerque	NM	2,931	3,102	1,956	361	8,349	8.3%
34	Wichita	KS	3,916	1,742	1,739	841	8,238	8.2%
35	Columbia	SC	4,240	1,681	1,169	1,035	8,125	8.1%
36	Oklahoma City	OK	3,677	1,920	1,677	413	7,687	7.7%
37	Honolulu	HI	4,153	1,495	1,238	616	7,502	7.5%
38	Phoenix	AZ	1,795	2,142	2,717	527	7,181	7.2%
39	Billings	MT	3,471	2,756	0	844	7,071	7.1%
40	Denver	CO	3,143	1,461	1,439	925	6,968	7.0%
41	New Orleans	LA	2,585	1,890	1,805	521	6,802	6.8%
42	Seattle	WA	0	3,976	1,658	739	6,374	6.4%
43	Fargo	ND	1,216	2,667	1,184	512	5,579	5.6%
44	Manchester	NH	0	5,020	0	537	5,557	5.6%
45	Sioux Falls	SD	0	3,391	1,643	424	5,458	5.5%
46	Las Vegas	NV	0	3,368	1,060	672	5,099	5.1%
47	Houston	TX	0	2,917	1,591	403	4,911	4.9%
48	Memphis	TN	0	2,463	2,008	332	4,802	4.8%
49	Jacksonville	FL	0	2,931	1,330	500	4,760	4.8%
50	Anchorage	AK	0	4,023	0	313	4,336	4.3%
51	Cheyenne	WY	0	1,214	1,319	587	3,120	3.1%
AVERAGE ^{1/}			\$3,871	\$3,405	\$1,436	\$651	\$8,719	8.7%
MEDIAN			\$3,888	\$3,165	\$1,351	\$616	\$8,974	9.0%

1/ Based on cities actually levying tax.

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2011
\$150,000

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	7,674	12,048	2,010	1,769	23,501	15.7%
2	Philadelphia	PA	10,398	7,025	2,040	488	19,951	13.3%
3	New York City	NY	12,464	3,484	2,429	434	18,811	12.5%
4	Columbus	OH	9,352	6,399	2,047	442	18,241	12.2%
5	Louisville	KY	10,237	4,972	1,950	850	18,008	12.0%
6	Baltimore	MD	9,348	5,355	1,990	441	17,134	11.4%
7	Portland	ME	8,463	5,227	1,434	1,307	16,432	11.0%
8	Newark	NJ	4,266	9,548	1,953	265	16,032	10.7%
9	Los Angeles	CA	5,541	6,276	2,428	1,519	15,764	10.5%
10	Detroit	MI	9,721	3,394	1,714	693	15,522	10.3%
11	Milwaukee	WI	7,980	4,710	2,142	602	15,434	10.3%
12	Portland	OR	9,818	4,687	0	568	15,073	10.0%
13	Kansas City	MO	7,142	3,366	2,710	1,695	14,913	9.9%
14	Chicago	IL	6,970	4,599	2,619	626	14,814	9.9%
15	Charlotte	NC	8,525	2,526	2,519	1,127	14,697	9.8%
16	Minneapolis	MN	7,244	4,177	1,772	1,265	14,458	9.6%
17	Boise	ID	8,278	3,255	1,873	859	14,265	9.5%
18	Jackson	MS	5,253	4,471	2,503	1,942	14,170	9.4%
19	Omaha	NE	6,825	4,252	2,111	961	14,149	9.4%
20	Providence	RI	5,364	4,984	1,913	1,819	14,080	9.4%
21	Wilmington	DE	8,078	5,530	0	349	13,956	9.3%
22	Des Moines	IA	6,034	4,656	2,155	854	13,699	9.1%
23	Atlanta	GA	6,280	3,940	2,495	930	13,645	9.1%
24	Little Rock	AR	7,209	2,547	2,747	1,032	13,535	9.0%
25	Boston	MA	7,153	3,906	1,286	1,056	13,401	8.9%
26	Columbia	SC	7,579	2,266	1,820	1,660	13,325	8.9%
27	Charleston	WV	8,235	1,904	1,845	1,316	13,300	8.9%
28	WASHINGTON	DC	7,568	3,070	2,041	477	13,157	8.8%
29	Salt Lake City	UT	7,337	2,983	2,169	636	13,125	8.8%
30	Burlington	VT	5,532	5,513	1,694	385	13,123	8.7%
31	Indianapolis	IN	7,365	2,998	2,477	265	13,104	8.7%
32	Wichita	KS	6,996	2,369	2,541	1,161	13,067	8.7%
33	Birmingham	AL	6,670	1,478	3,814	880	12,843	8.6%
34	Virginia Beach	VA	6,679	2,988	1,518	1,165	12,350	8.2%
35	Albuquerque	NM	5,259	3,738	2,925	344	12,266	8.2%
36	Oklahoma City	OK	6,225	2,571	2,565	409	11,770	7.8%
37	Honolulu	HI	7,716	1,627	1,729	588	11,660	7.8%
38	Billings	MT	6,710	3,338	0	988	11,036	7.4%
39	Denver	CO	5,358	1,699	2,250	1,566	10,873	7.2%
40	Phoenix	AZ	3,267	2,701	3,905	986	10,860	7.2%
41	New Orleans	LA	4,262	2,416	2,822	530	10,030	6.7%
42	Fargo	ND	2,369	3,240	1,806	493	7,908	5.3%
43	Seattle	WA	0	4,197	2,680	775	7,652	5.1%
44	Sioux Falls	SD	0	4,269	2,436	422	7,127	4.8%
45	Manchester	NH	0	5,768	0	814	6,582	4.4%
46	Houston	TX	0	3,735	2,449	386	6,571	4.4%
47	Memphis	TN	0	3,149	2,987	315	6,450	4.3%
48	Jacksonville	FL	0	3,846	2,107	475	6,429	4.3%
49	Las Vegas	NV	0	3,893	1,647	765	6,305	4.2%
50	Anchorage	AK	0	4,788	0	307	5,095	3.4%
51	Cheyenne	WY	0	1,526	2,035	1,142	4,702	3.1%
AVERAGE 1/			\$6,835	\$4,067	\$2,194	\$846	\$12,831	8.6%
MEDIAN			\$6,825	\$3,846	\$2,047	\$775	\$13,325	8.9%

1/ Based on cities actually levying tax.

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2011
COMBINED TOTALS

RANK	CITY	ST	TAXES				BURDEN AMOUNT
			INCOME	PROPERTY	SALES	AUTO	
1	Bridgeport	CT	15,151	47,216	6,099	5,126	73,592
2	Philadelphia	PA	27,746	22,556	6,138	1,909	58,350
3	Columbus	OH	21,592	21,929	5,911	1,731	51,163
4	Newark	NJ	7,400	35,927	6,046	1,046	50,418
5	Louisville	KY	24,878	16,155	5,658	2,547	49,238
6	New York City	NY	23,815	15,355	7,520	1,672	48,363
7	Baltimore	MD	20,308	18,509	5,552	1,733	46,102
8	Chicago	IL	17,601	16,837	7,668	2,471	44,577
9	Los Angeles	CA	7,668	25,030	6,955	4,645	44,299
10	Detroit	MI	23,648	13,332	5,184	2,070	44,235
11	Milwaukee	WI	17,744	17,254	6,492	2,366	43,856
12	Portland	ME	16,099	19,961	4,121	3,576	43,758
13	Providence	RI	11,131	19,578	5,879	4,963	41,551
14	Kansas City	MO	15,569	11,722	8,234	4,883	40,409
15	Boston	MA	16,833	17,019	3,725	2,829	40,407
16	Charlotte	NC	18,551	10,356	7,849	3,443	40,199
17	Minneapolis	MN	14,614	15,992	5,332	3,686	39,623
18	Portland	OR	21,244	16,077	0	2,227	39,548
19	Burlington	VT	10,124	22,230	5,030	1,511	38,896
20	Wilmington	DE	17,065	20,048	0	1,363	38,476
21	Atlanta	GA	13,976	14,226	7,579	2,597	38,377
22	Des Moines	IA	13,004	16,222	6,337	2,594	38,157
23	Jackson	MS	10,857	13,993	7,659	5,494	38,003
24	Birmingham	AL	16,958	5,745	12,560	2,664	37,926
25	Indianapolis	IN	18,877	10,034	7,497	1,033	37,441
26	Omaha	NE	13,218	14,826	6,354	2,823	37,221
27	Salt Lake City	UT	15,714	11,977	6,799	2,409	36,899
28	Boise	ID	16,640	11,223	5,431	3,368	36,661
29	WASHINGTON	DC	15,073	12,871	5,909	1,860	35,713
30	Little Rock	AR	15,097	8,813	8,469	3,117	35,496
31	Virginia Beach	VA	14,361	12,601	4,485	3,902	35,348
32	Charleston	WV	18,401	6,920	5,572	4,055	34,948
33	Albuquerque	NM	10,567	13,713	9,008	1,336	34,625
34	Wichita	KS	14,362	8,840	7,910	3,351	34,463
35	Columbia	SC	15,600	8,258	5,444	4,647	33,949
36	Honolulu	HI	15,824	8,587	5,761	2,305	32,478
37	Oklahoma City	OK	13,636	8,923	7,788	1,591	31,938
38	Phoenix	AZ	6,853	10,133	12,245	2,489	31,721
39	Denver	CO	11,587	7,481	6,684	4,229	29,982
40	Billings	MT	12,831	12,549	0	3,274	28,654
41	New Orleans	LA	9,962	8,397	8,353	1,796	28,507
42	Seattle	WA	0	17,709	7,748	2,840	28,296
43	Manchester	NH	0	21,743	0	2,309	24,053
44	Fargo	ND	4,686	11,819	5,486	1,919	23,911
45	Sioux Falls	SD	0	14,735	7,525	1,604	23,865
46	Las Vegas	NV	0	15,293	4,997	2,724	23,014
47	Houston	TX	0	12,972	7,305	1,518	21,795
48	Memphis	TN	0	11,245	9,236	1,231	21,713
49	Jacksonville	FL	0	13,249	6,496	1,831	21,576
50	Anchorage	AK	0	17,779	0	1,216	18,994
51	Cheyenne	WY	0	6,237	6,115	2,868	15,220
AVERAGE		1/	\$14,701	\$15,141	\$6,641	\$2,682	\$36,628
MEDIAN			\$14,362	\$13,993	\$6,138	\$2,489	\$37,221

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 nineteen of the cities in the study to a high of 7.0 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 8.3 percent in New York City, New York. It should be noted that the New Hampshire and Tennessee income tax is applicable only to interest and dividend income and the exemptions are high enough to eliminate individual income taxes at all income levels used in the study. 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 4.6 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, 2011

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
Oklahoma	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 two highest income levels. At \$25,000, the individual income tax is the fourth highest and second at the \$50,000 and \$72,000 income levels.

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 \$3.56 per \$100 of assessed value in Columbus, Ohio to \$0.35 per \$100 of assessed value in Honolulu, Hawaii. Assessment levels vary dramatically from 4.0 percent of assessed value in Columbia, South Carolina to 100 percent of assessed value in eighteen 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, \$50,000 and \$75,000 income levels. It is the second highest tax paid at the \$100,000 and \$150,000 income levels. In Table 1, Bridgeport, Connecticut; Newark, New Jersey; Los Angeles, California; and Philadelphia, Pennsylvania 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; Cheyenne, Wyoming; Charleston, West Virginia; and Denver, Colorado 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
2011

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%	2.9%	5.0%	6.2%	8.3%
GRADUATED STATE AND FLAT LOCAL RATES						
Birmingham	AL	3.6%	3.9%	4.2%	4.4%	4.4%
Wilmington	DE	1.2%	2.7%	3.8%	4.4%	5.4%
Louisville	KY	4.8%	5.2%	6.0%	6.4%	6.8%
Baltimore	MD	0.0%	3.6%	4.8%	5.5%	6.2%
Kansas City	MO	1.0%	2.9%	3.6%	4.1%	4.8%
Columbus	OH	3.4%	4.2%	5.0%	5.5%	6.2%
FLAT STATE AND LOCAL TAX RATES						
Indianapolis	IN	3.6%	4.5%	4.7%	4.8%	4.9%
Detroit	MI	2.6%	4.9%	6.1%	6.3%	6.5%
Philadelphia	PA	7.0%	6.9%	6.9%	7.0%	6.9%
GRADUATED STATE TAX RATE						
Phoenix	AZ	0.4%	1.1%	1.5%	1.8%	2.2%
Little Rock	AR	1.3%	2.3%	3.3%	4.0%	4.8%
Los Angeles	CA	0.0%	0.0%	0.6%	1.7%	3.7%
Bridgeport	CT	0.0%	1.1%	3.6%	4.2%	5.1%
WASHINGTON	DC	0.0%	2.3%	3.3%	3.9%	5.0%
Atlanta	GA	2.2%	2.2%	3.2%	3.6%	4.2%
Honolulu	HI	1.5%	2.1%	3.4%	4.2%	5.1%
Boise	ID	0.0%	2.1%	3.7%	4.5%	5.5%
Des Moines	IA	0.8%	2.0%	3.0%	3.5%	4.0%
Wichita	KS	0.0%	2.0%	3.3%	3.9%	4.7%
New Orleans	LA	0.9%	2.2%	2.4%	2.6%	2.8%
Portland	ME	0.0%	1.6%	3.2%	4.4%	5.6%
Minneapolis	MN	0.0%	2.1%	3.2%	3.9%	4.8%
Jackson	MS	0.5%	1.4%	2.4%	3.0%	3.5%
Billings	MT	0.6%	1.2%	2.5%	3.5%	4.5%
Omaha	NE	0.0%	1.6%	2.7%	3.6%	4.6%
Newark	NJ	0.0%	1.0%	1.3%	1.7%	2.8%
Albuquerque	NM	0.0%	1.2%	2.4%	2.9%	3.5%
Charlotte	NC	1.4%	3.1%	4.2%	5.0%	5.7%
Fargo	ND	0.1%	0.7%	0.9%	1.2%	1.6%
Oklahoma City	OK	0.0%	2.5%	3.3%	3.7%	4.2%
Portland	OR	2.1%	3.8%	4.7%	5.5%	6.5%
Providence	RI	0.0%	1.8%	2.5%	3.0%	3.6%
Columbia	SC	0.0%	2.3%	3.5%	4.2%	5.1%
Salt Lake City	UT	0.2%	2.6%	3.7%	4.3%	4.9%
Virginia Beach	VA	0.1%	2.5%	3.3%	3.9%	4.5%
Burlington	VT	0.0%	1.4%	1.9%	2.4%	3.7%
Charleston	WV	2.6%	3.6%	4.5%	5.0%	5.5%
Milwaukee	WI	0.0%	2.7%	4.0%	4.7%	5.3%
FLAT STATE TAX RATE WITH EXEMPTIONS						
Denver	CO	0.2%	2.0%	2.7%	3.1%	3.6%
Chicago	IL	3.3%	4.1%	4.4%	4.5%	4.6%
Boston	MA	1.3%	3.6%	4.1%	4.4%	4.8%
Manchester	NH	0.0%	0.0%	0.0%	0.0%	0.0%
Memphis	TN	0.0%	0.0%	0.0%	0.0%	0.0%
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%	3.3%	3.9%	4.6%

1/ Based on cities actually levying tax.

TABLE 4
RESIDENTIAL PROPERTY TAX RATES IN THE LARGEST CITY IN EACH STATE
2011

RANK	CITY	ST	NOMINAL RATE PER \$100	ASSESSMENT LEVEL	EFFECTIVE RATE PER \$100
1.	Columbus	OH	9.99	35.7%	3.56
2.	Providence	RI	3.19	100.0%	3.19
3.	Indianapolis	IN	3.05	100.0%	3.05
4.	Philadelphia	PA	9.08	32.0%	2.91
5.	Detroit	MI	6.73	42.0%	2.83
6.	Bridgeport	CT	3.96	70.0%	2.77
7.	Milwaukee	WI	2.69	100.0%	2.69
8.	Louisville	KY	2.55	100.0%	2.55
9.	Houston	TX	2.53	100.0%	2.53
10.	Des Moines	IA	4.60	50.8%	2.33
11.	Baltimore	MD	2.27	100.0%	2.27
12.	Newark	NJ	3.33	67.1%	2.23
13.	Omaha	NE	2.18	96.0%	2.09
14.	Burlington	VT	2.03	100.0%	2.03
15.	Salt Lake City	UT	2.01	100.0%	2.01
16.	Columbia	SC	49.31	4.0%	1.97
17.	Sioux Falls	SD	2.32	85.0%	1.97
18.	Memphis	TN	7.21	26.1%	1.88
19.	Portland	ME	1.88	100.0%	1.88
20.	Boise	ID	1.83	100.0%	1.83
21.	Wilmington	DE	3.81	47.2%	1.80
22.	Jacksonville	FL	1.80	100.0%	1.80
23.	Billings	MT	6.37	28.2%	1.80
24.	Manchester	NH	1.78	100.0%	1.78
25.	Anchorage	AK	1.72	100.0%	1.72
26.	Jackson	MS	17.14	10.0%	1.71
27.	Fargo	ND	38.68	4.4%	1.70
28.	Atlanta	GA	4.03	40.0%	1.61
29.	New Orleans	LA	15.75	10.0%	1.58
30.	Albuquerque	NM	4.68	33.3%	1.56
31.	Kansas City	MO	8.10	19.0%	1.54
32.	Minneapolis	MN	1.46	97.1%	1.42
33.	Little Rock	AR	7.05	20.0%	1.41
34.	Wichita	KS	12.23	11.5%	1.41
35.	Boston	MA	1.30	100.0%	1.30
36.	Portland	OR	2.05	63.1%	1.29
37.	Oklahoma City	OK	11.76	11.0%	1.29
38.	Charlotte	NC	1.25	96.0%	1.20
39.	Las Vegas	NV	3.28	35.0%	1.15
40.	Los Angeles	CA	1.13	100.0%	1.13
41.	Phoenix	AZ	11.07	10.0%	1.11
42.	Seattle	WA	1.08	89.9%	0.97
43.	Virginia Beach	VA	0.95	100.0%	0.95
44.	WASHINGTON	DC	0.85	100.0%	0.85
45.	Charleston	WV	1.40	60.0%	0.84
46.	Birmingham	AL	8.02	10.0%	0.80
47.	New York City	NY	17.28	4.3%	0.75
48.	Cheyenne	WY	7.10	9.5%	0.67
49.	Denver	CO	7.50	8.0%	0.60
50.	Chicago	IL	5.02	10.0%	0.50
51.	Honolulu	HI	0.35	100.0%	0.35
UNWEIGHTED AVERAGE			\$6.45	59.5%	\$1.71
MEDIAN			\$3.28	63.1%	\$1.71

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

**TABLE 5
HOUSING VALUE ASSUMPTIONS
2011**

CITY	ST	HOUSING VALUE ASSUMPTIONS AT INDICATED INCOME LEVELS:				
		TAX ON RENT \$25,000	\$50,000	\$75,000	\$100,000	\$150,000
Anchorage	AK	\$2,088	\$204,496	\$236,620	\$254,578	\$299,210
Birmingham	AL	1,733	115,795	146,306	171,949	223,686
Little Rock	AR	1,697	105,195	135,720	157,631	205,443
Phoenix	AZ	1,867	193,139	224,423	247,683	298,231
Los Angeles	CA	2,266	458,295	501,818	517,652	561,385
Denver	CO	1,781	198,997	226,720	244,946	284,734
Bridgeport	CT	2,597	369,609	397,014	407,212	434,193
WASHINGTON	DC	2,040	343,581	379,891	392,070	428,673
Wilmington	DE	2,081	201,338	233,062	256,555	307,197
Jacksonville	FL	1,954	153,429	176,364	202,318	253,318
Atlanta	GA	2,042	178,124	212,222	234,005	282,169
Honolulu	HI	2,746	444,280	492,809	507,032	544,971
Des Moines	IA	1,649	133,228	150,995	169,439	209,064
Boise	ID	1,778	180,058	205,825	226,734	270,048
Chicago	IL	1,968	228,975	259,658	281,370	326,229
Indianapolis	IN	1,663	114,210	137,276	156,529	199,430
Wichita	KS	1,457	95,190	122,646	143,837	188,446
Louisville	KY	1,570	138,402	158,113	182,186	228,968
New Orleans	LA	2,052	154,841	179,400	195,009	228,359
Boston	MA	2,477	381,454	382,516	401,278	427,928
Baltimore	MD	1,951	141,551	164,924	187,478	236,090
Portland	ME	1,997	218,202	236,158	252,429	287,740
Detroit	MI	1,831	86,966	96,062	103,779	120,074
Minneapolis	MN	1,778	196,146	223,962	237,546	272,059
Kansas City	MO	1,668	120,399	145,692	168,487	218,722
Jackson	MS	1,783	131,930	168,373	203,845	278,440
Billings	MT	1,745	212,485	238,338	263,768	319,443
Charlotte	NC	1,798	152,384	167,858	181,038	209,889
Fargo	ND	1,394	129,955	147,774	163,929	199,147
Omaha	NE	1,618	127,310	145,655	167,353	211,312
Manchester	NH	2,146	233,881	260,791	281,854	323,858
Newark	NJ	2,230	340,686	356,309	383,770	427,327
Albuquerque	NM	1,637	163,206	184,809	205,025	245,846
Las Vegas	NV	2,162	236,940	274,647	293,509	339,289
New York City	NY	2,273	444,457	455,663	469,632	494,504
Columbus	OH	1,721	129,062	147,735	166,010	205,204
Oklahoma City	OK	1,543	108,461	133,049	157,514	207,905
Portland	OR	1,850	234,670	280,646	306,804	362,360
Philadelphia	PA	1,922	128,384	155,744	184,143	241,715
Providence	RI	2,011	243,082	264,882	281,172	312,567
Columbia	SC	1,754	129,529	150,441	172,476	217,140
Sioux Falls	SD	1,524	131,425	150,106	171,933	216,489
Memphis	TN	1,759	93,295	112,273	130,681	167,062
Houston	TX	1,759	108,162	134,398	152,735	193,167
Salt Lake City	UT	1,846	191,764	220,208	234,885	269,915
Virginia Beach	VA	2,364	223,462	262,543	276,967	314,557
Burlington	VT	2,167	223,516	243,583	249,711	271,570
Seattle	WA	1,994	376,118	399,833	409,161	431,884
Milwaukee	WI	1,757	138,451	148,837	165,026	195,217
Charleston	WV	1,474	109,886	141,343	169,313	226,031
Cheyenne	WY	1,488	142,502	155,368	180,037	226,193
AVERAGE		\$1,891	\$196,880	\$222,106	\$241,606	\$283,224
MEDIAN		\$1,831	\$170,665	\$195,317	\$215,879	\$269,981

TABLE 6
CITIES THAT ALLOW EXEMPTIONS OR REDUCED RATES
IN THE CALCULATION OF REAL ESTATE TAXES FOR HOMEOWNERS
2011

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	\$4,850 Exemption	Assessed Value
Boise	ID	50% up to \$92,040 Exemption	Assessed Value and Homestead
Chicago	IL	\$18,252 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	30% Residential Exemption	Assessed Value
Portland	ME	\$10,000 Homestead Exemption	Assessed Value
Detroit	MI	Homestead Property Exempt From Basic Local School Operating Millage Tax	Taxable Value
Jackson	MS	\$300 Exemption	Assessed Value
Billings	MT	41.8% Homestead Exemption, 6 year phase-in of new value (6 year value lag)	Market Value
Albuquerque	NM	\$2,000 Household Head Exemption, \$2,000 Veteran Exemption	Taxable Value
New York City	NY	\$30,000 exemption on primary residence,	Full Value (NYS STAR Program)
Columbus	OH	12.5% Tax Rollback	Assessed Value
Oklahoma City	OK	\$1,000 Exemption	Assessed Value-Homestead
Providence	RI	50%	Assessed Value
Columbia	SC	30.0% School District Credit	Property Tax Relief Fund
Houston	TX	20% Exemption on Value Plus \$15,000 Exemption 20% Exemption	Assessed Value -School District Only -City and County Tax Only
Salt Lake City	UT	45% Residential	Taxable Value Exemption
Milwaukee	WI	School Levy Credit: \$0.18088 per \$100 Market Value Lottery Credit: School Tax on 1 st \$9,000 Market Value First Dollar Credit: School Tax on 1 st \$6,800 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). Three school districts and twelve transit districts also levy sales taxes, with rates ranging from 0.25 percent in Minneapolis, Minnesota, to 1.8 percent in Seattle, Washington.

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, 2011

CITY	ST	TOTAL RATE	STATE	CITY	COUNTY	SCHOOL	TRANSIT
Chicago	IL	9.750	6.250	1.250	1.250		1.000
Seattle	WA	9.500	6.500	1.000	0.200		1.800
Phoenix	AZ	9.300	6.600	2.000	0.700		
Memphis	TN	9.250	7.000		2.250		
New Orleans	LA	9.000	4.000	3.500		1.500	
New York City	NY	8.875	4.000	4.500			0.375
Los Angeles	CA	8.750	5.250	0.750	1.750		1.000
Oklahoma City	OK	8.375	4.500	3.875			
Houston	TX	8.250	6.250	1.000			1.000
Birmingham	AL	8.000	4.000	3.000	1.000		
Philadelphia	PA	8.000	6.000		2.000		
Minneapolis	MN	7.775	6.875	0.500	0.150		0.250
Las Vegas	NV	7.750	2.000		3.500	2.250	
Kansas City	MO	7.725	4.225	2.375	1.125		
Denver	CO	7.720	2.900	3.620			1.200
Little Rock	AR	7.500	6.000	0.500	1.000		
Wichita	KS	7.300	6.300		1.000		
Charlotte	NC	7.250	4.750		2.000		0.500
Jacksonville	FL	7.000	6.000		0.500		0.500
Atlanta	GA	7.000	4.000		1.000	1.000	1.000
Fargo	ND	7.000	5.000	2.000			
Indianapolis	IN	7.000	7.000				
Jackson	MS	7.000	7.000				
Omaha	NE	7.000	5.500	1.500			
Newark	NJ	7.000	7.000				
Providence	RI	7.000	7.000				
Columbia	SC	7.000	6.000		1.000		
Albuquerque	NM	6.875	5.000	1.1875	0.6875		
Columbus	OH	6.750	5.500		0.750		0.500
Salt Lake City	UT	6.600	4.750	1.000	0.350		0.500
Bridgeport	CT	6.350	6.350				
Boston	MA	6.250	6.250				
Des Moines	IA	6.000	6.000				
Louisville	KY	6.000	6.000				
Detroit	MI	6.000	6.000				
Sioux Falls	SD	6.000	4.000	2.000			
Boise	ID	6.000	6.000				
WASHINGTON	DC	6.000	6.000				
Baltimore	MD	6.000	6.000				
Burlington	VT	6.000	6.000				
Charleston	WV	6.000	6.000				
Cheyenne	WY	6.000	4.000		2.000		
Milwaukee	WI	5.600	5.000		0.600		
Portland	ME	5.000	5.000				
Virginia Beach	VA	5.000	4.000	1.000			
Honolulu	HI	4.500	4.000		0.500		
UNWEIGHTED AVERAGE		6.595	5.429				
MEDIAN		7.000	6.000				

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

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

Automobile Taxes

Residents of all 51 cities in this study are subject to gasoline taxes and some type of automobile registration fee or tax. The automobile taxes included in this study are gasoline taxes, motor vehicle registration fees, excise taxes and personal property taxes. Twelve of the cities levy a personal property tax based on the value of motor vehicles owned by a taxpayer. Gasoline tax rates in each of the 51 cities as of December 31, 2011 are compared in Table 8, page 24. The gasoline tax rates vary from as high as 37.5 cents per gallon in Seattle, Washington; 35.25 cents in Charlotte, North Carolina; and 33.5 cents in Honolulu, Hawaii and Los Angeles, California 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. Jackson, Mississippi; Bridgeport, Connecticut; Providence, Rhode Island; 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. Indianapolis, Indiana; Newark, New Jersey; Anchorage, Alaska; 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, 2011
(STATE AND LOCAL RATES PER GALLON)

CITY	ST	TOTAL RATE	STATE RATE	LOCAL RATE
Seattle	WA	37.50	37.50	00.00
Charlotte	NC	35.25	35.25	00.00
Honolulu	HI	33.50	17.00	16.50
Los Angeles	CA	33.50	33.50	00.00
Las Vegas	NV	33.00	24.00	09.00
Portland	OR	33.00	30.00	03.00
Charleston	WV	32.20	32.20	00.00
Philadelphia	PA	31.20	31.20	00.00
Providence	RI	31.00	31.00	00.00
Milwaukee	WI	30.90	30.90	00.00
Portland	ME	30.00	30.00	00.00
Jacksonville	FL	28.80	14.90	13.90
Minneapolis	MN	28.00	28.00	00.00
Columbus	OH	28.00	28.00	00.00
Billings	MT	27.75	27.75	00.00
Omaha	NE	26.30	26.30	00.00
Bridgeport	CT	25.00	25.00	00.00
Boise	ID	25.00	25.00	00.00
Salt Lake City	UT	24.50	24.50	00.00
New York City	NY	26.05	26.05	00.00
Chicago	IL	24.00	19.00	05.00
Wichita	KS	24.00	24.00	00.00
Kansas City	MO	24.00	17.00	07.00
WASHINGTON	DC	23.50	23.50	00.00
Baltimore	MD	23.50	23.50	00.00
Wilmington	DE	23.00	23.00	00.00
Fargo	ND	23.00	23.00	00.00
Denver	CO	22.00	22.00	00.00
Sioux Falls	SD	22.00	22.00	00.00
Little Rock	AR	21.80	21.80	00.00
Boston	MA	21.00	21.00	00.00
New Orleans	LA	20.00	20.00	00.00
Memphis	TN	20.00	20.00	00.00
Houston	TX	20.00	20.00	00.00
Burlington	VT	20.00	20.00	00.00
Manchester	NH	19.70	19.70	00.00
Albuquerque	NM	19.50	19.50	00.00
Des Moines	IA	19.00	19.00	00.00
Detroit	MI	19.00	19.00	00.00
Jackson	MS	18.40	18.40	00.00
Birmingham	AL	18.30	18.30	00.00
Phoenix	AZ	18.00	18.00	00.00
Indianapolis	IN	18.00	18.00	00.00
Virginia Beach	VA	17.50	17.50	00.00
Oklahoma City	OK	17.00	17.00	00.00
Louisville	KY	16.40	16.40	00.00
Columbia	SC	16.00	16.00	00.00
Cheyenne	WY	14.00	14.00	00.00
Newark	NJ	10.50	10.50	00.00
Anchorage	AK	08.00	08.00	00.00
Atlanta	GA	07.50	07.50	00.00
UNWEIGHTED AVERAGE		23.60	22.50	
MEDIAN		23.50	21.80	

TABLE 9

**SUMMARY OF TYPES OF AUTOMOBILE
REGISTRATION TAXES
2011**

<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
2011

Income Level	Description Of Auto	Engine Size Liters 1/	Weight 2/	Year	Market Values			Estimated Mileage Per Gallon 1/	Estimated Annual Gasoline Usage 3/
					Retail Price 2/	Trade-In Value 2/	Loan Value 2/		
\$ 25,000	Sedan, 4 Door 4 cylinder, Automatic	2.0	2,925 lbs.	2008	\$13,725	\$10,250	\$ 9,225	25	600 Gallons
\$ 50,000	Sedan, 4 Door 4 Cylinder, Automatic	2.0	3,206 lbs.	2008	\$16,475	\$12,350	\$10,975	21	714 Gallons
\$ 75,000	Sedan, 4 Door 4 Cylinder, Automatic	2.4	3,263 lbs.	2009	\$19,875	\$15,675	\$14,425	21	714 Gallons
	4WD Utility, 4 Door 6 Cylinder, Automatic	3.3	3,935 lbs.	2004	\$16,975	\$13,100	\$11,925	18	417 Gallons
\$100,000	Sedan, 4 Door 6 Cylinder, Automatic	3.8	3,568 lbs.	2009	\$19,300	\$15,175	\$13,925	17	882 Gallons
	4WD Utility, 4 Door 6 Cylinder, Automatic	4.0	4,469 lbs.	2005	\$16,350	\$11,500	\$10,400	14	536 Gallons
\$150,000	Sedan, 4 Door 6 Cylinder, Automatic	3.6	3,872 lbs.	2010	\$34,600	\$28,425	\$26,200	18	833 Gallons
	AWD Utility, 4 Door 6 Cylinder, Automatic	3.5	4,288 lbs.	2008	\$25,175	\$20,625	\$19,300	15	500 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. As shown in Table 1, the District of Columbia ranks 30th at the \$25,000 income level; 27th at the \$50,000 income level; 29th at the \$75,000; 32nd at the \$100,000 income level; and 28th at the \$150,000 income level. At all income levels, the District is ranked at 29th.

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 below the average for the 44 cities that levy an individual income tax at the \$25,000, \$50,000 and \$72,000 income levels. Washington, D.C. levies an individual income tax with four rates (for tax year 2011): 4.0 percent on the first \$10,000 of taxable income; 6.0 percent on the next \$30,000 of taxable income; 8.5 percent on the next \$310,000 of taxable income up to \$350,000 and 8.95% on taxable income over \$350,000. For tax year 2011 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 2011. 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 on the next page details the sales tax rates in effect at the end of 2011.

ITEMS	SALES TAX RATE
Tangible personal property, selected services, and food sold in vending machines	6.0%
Restaurant meals, take-out food, rental cars, liquor sold for consumption off and on the premises, prepaid telephone cards, tickets sold for baseball games, merchandise sold at the baseball stadium, tickets sold for events at the Verizon Center and merchandise sold at the Verizon Center.	10.0%
Other tobacco products, including cigars (except premium cigars are taxed at 6%), chewing tobacco, snuff, roll-your-own-tobacco, hookah tobacco, and pipe tobacco.	12.0%
Transient accommodations	14.5%
Commercial parking	18.0%

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, 2011

TAX	DISTRICT OF COLUMBIA	AVERAGE FOR CITIES LEVYING TAX ^{1/}	PERCENT DIFFERENCE
\$25,000 INCOME LEVEL			
Income	\$0	\$266	-100.0%
Property	2,040	1,891	7.9%
Sales	594	728	-18.4%
Auto	213	274	-22.2%
TOTAL	\$2,847	\$3,065	-7.1%
\$50,000 INCOME LEVEL			
Income	\$1,173	\$1,227	-4.4%
Property	2,347	2,686	-12.6%
Sales	835	981	-14.9%
Auto	283	323	-12.5%
TOTAL	\$4,637	\$4,971	-6.7%
\$75,000 INCOME LEVEL			
Income	\$2,460	\$2,502	-1.7%
Property	2,655	3,092	-14.1%
Sales	1,158	1,303	-11.1%
Auto	410	589	-30.4%
TOTAL	\$6,684	\$7,041	-5.1%
\$100,000 INCOME LEVEL			
Income	\$3,872	\$3,871	0.0%
Property	2,759	3,405	-19.0%
Sales	1,281	1,436	-10.8%
Auto	477	651	-26.6%
TOTAL	\$8,389	\$8,719	-3.8%
\$150,000 INCOME LEVEL			
Income	\$7,568	\$6,835	10.7%
Property	3,070	4,067	-24.5%
Sales	2,041	2,194	-6.9%
Auto	477	846	-43.6%
TOTAL	\$13,157	\$12,831	2.5%

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

CHAPTER V

Why Do Tax Burdens Differ From One City To Another?

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

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

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

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

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

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

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

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

The District has relatively higher tax burdens at some income levels due the District's unique status as the nation's capital. The Government Accountability Office has documented that the District has a structural imbalance of \$500 million to \$1 billion per year. The structural imbalance results from two primary factors. First, the District has a higher service delivery cost than any other state – due the high rates of poverty and crime associated with an urban area. Second, the District's revenue capacity is restricted by the federal presence – the District cannot tax non-residents and as of Tax Year 2011 property assessments, 49.9 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)

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, 2012

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 three tax categories -- beer, light wine, and distilled spirits -- the District has lower tax rates than most states. Insurance premiums has seventeen states higher than the District and sixteen state lower than the District. 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/	36 2/	0	7 2/
Corporate Income	45	43	0	2
Insurance	49	17	16	16
Sales and Use	45	20	14	11
Beer	50	7	1	42
Light Wine	46	5	3	38
Distilled Spirits	33	0	1	32
Cigarette	50	42	0	8
Motor Fuel	50	25	1	24
Motor Vehicle Excise				
Cars < 3,500 lbs.	46	24	8	14
Cars > 3,500 lbs. Cars < 5,000 lbs.	46	41	4	1
Cars > 5,000 lbs.	46	46	0	0
Motor Vehicle Registration 3/	50	47	0	3
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, 2012

PERSONAL EXEMPTIONS	EXEMPTIONS	TAXABLE INCOME	RATES
DISTRICT OF COLUMBIA ^{1/}			
Single	\$1,675	\$0 - \$10,000 \$10,001-\$40,000 \$40,001-\$350,000 Over \$350,000	4.0% \$ 400 + 6.00% of excess > \$ 10,000 \$ 2,200 + 8.50% of excess > \$ 40,000 \$28,550 + 8.95% of excess > \$350,000
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 Over \$500,000	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
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, 2012

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	6.0% 6.0%	\$ 3,000 6,000
ARIZONA ^{2/3/}							
---	---	---		2.59%	20,000	4.54%	300,000
ARKANSAS							
(\$23)	(\$46)	(\$23)		1.0%	\$ 3,999	7.0%	\$ 33,200
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/}							
\$13,000	\$24,000	---	S,M/S HH M/J	3.0% 3.0% 3.0%	\$ 10,000 16,000 20,000	6.7% 6.7% 6.7%	\$ 250,000 400,000 500,000
DELAWARE							
(\$110)	(\$220)	(\$110)		2.2%	\$ 5,000	6.75%	\$ 60,000
DISTRICT OF COLUMBIA							
\$1,675	\$3,350	\$1,675		4.0%	\$ 10,000	8.95%	\$ 350,000
GEORGIA							
\$2,700	\$5,400	\$3,000	M/S S HH,M/J	1.0% 1.0% 1.0%	\$ 500 750 1,000	6.0% 6.0% 6.0%	\$ 5,000 7,000 10,000
HAWAII ^{5/}							
\$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 income is up to \$26,575 based on number of dependents, and if HH income limitation up to \$31,000, based on the number of dependents. Limit of credit for M/J, HH is \$240 and for M/S, S is \$120, exemption for M/J = \$80; and dependents = \$40.

4/ Head of Household personal exemption is \$19,000, and married filing separately personal exemption is \$12,000.

5/ Civil unions are treated the same as M/J.

TABLE 15 (continued)
INDIVIDUAL INCOME TAX
43 STATES AND DISTRICT OF COLUMBIA
AS OF JANUARY 1, 2012

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%	\$ 1,338 2,676	7.8% 7.8%	\$ 26,320 52,640
ILLINOIS							
\$2,050	\$4,100	\$2,050				5.0% of taxable net income.	
INDIANA ^{2/ 3/}							
\$1,000	\$2,000	\$1,000 ^{3/}				3.4% of federal adjusted gross income.	
IOWA							
(\$40)	(\$80)	(\$40)		0.36%	\$ 1,469	8.98%	\$ 66,105
KANSAS							
\$2,250	\$4,500	\$2,250	S,M/S M/J	3.5% 3.5%	\$ 15,000 30,000	6.45% 6.45%	\$ 30,000 60,000
KENTUCKY							
(\$20)	(\$40)	(\$20)		2.0%	\$ 3,000	6.0%	\$ 75,000
LOUISIANA							
\$4,500	\$9,000	\$1,000		2.0%	\$ 12,500	6.0%	\$ 25,000
MAINE							
\$2,850	\$5,700	\$2,850	S,M/S HH M/J	2.0% 2.0% 2.0%	\$ 5,000 7,500 10,000	8.5% 8.5% 8.5%	\$ 19,950 29,900 39,900
MARYLAND ^{2/}							
\$3,200	\$6,400	\$3,200		2.0%	\$ 1,000	5.50%	\$500,000
MASSACHUSETTS							
\$4,400	\$8,800	\$1,000				5.25% of taxable income.	
MICHIGAN ^{2/}							
\$3,750	\$7,400	\$3,700				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, 2012

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS				
SINGLE	MARRIED FILING JOINT	DEPENDENTS	TYPE OF RETURN	MINIMUM		MAXIMUM	
				RATE	UP TO	RATE	OVER
MINNESOTA							
\$3,800	\$7,600	\$3,800	M/S	5.35%	\$ 17,300	7.85%	\$ 68,720
			S	5.35%	23,670	7.85%	77,730
			HH	5.35%	29,130	7.85%	117,060
			M/J	5.35%	34,590	7.85%	137,430
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							
\$2,190	\$4,380	\$2,190		1.0%	\$ 2,700	6.9%	\$ 16,000
NEBRASKA							
(\$120)	(\$240)	(\$120)	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	8.82%	\$1,000,000
			HH	4.0%	12,000	8.82%	1,500,000
			M/J	4.0%	16,000	8.82%	2,000,000
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							
\$3,800	\$7,600	\$3,800	M/S	1.51%	\$ 29,550	3.99%	\$ 194,175
			S	1.51%	35,350	3.99%	388,350
			HH	1.51%	47,350	3.99%	388,350
			M/J,SS	1.51%	59,700	3.99%	388,350

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, 2012

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%	\$ 5,100	5.925%	\$204,200	
OKLAHOMA								
\$1,000	\$2,000	\$1,000	S,M/S SS,HH,M/J	0.5% 0.5%	\$ 1,000 2,000	5.25% 5.25%	\$ 8,700 15,000	
OREGON ^{1/}								
(\$183)	(\$366)	(\$183)	S,M/S HH,M/J	5.0% 5.0%	\$ 3,150 6,300	9.9% 9.9%	\$125,000 250,000	
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%	\$ 7,040 10,570 14,090	7.75% 7.75% 7.75%	\$ 155,110 232,660 310,210	

^{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 \$6,100, and begins to phase out at a FAGI of \$125,000 for Single or Married Filing Separate or \$250,000 for Head of Household or Married Filing Joint.

TABLE 17

STATE CORPORATION INCOME TAX RATES

(Maximum Rates)

DISTRICT OF COLUMBIA: 9.975%

LOWER THAN THE DISTRICT 43 STATES			
Kansas 1/	4.00%	New Mexico	7.60%
Colorado	4.63%	Oregon	7.60%
Mississippi	5.00%	West Virginia	7.75%
South Carolina	5.00%	Nebraska 4/	7.81%
Utah	5.00%	Wisconsin	7.90%
North Dakota	5.15%	Louisiana	8.00%
Florida	5.50%	Massachusetts 5/	8.00%
Georgia	6.00%	Connecticut 6/	8.25%
Kentucky	6.00%	Maryland	8.25%
Michigan	6.00%	New Hampshire	8.50%
Oklahoma	6.00%	Indiana	8.50%
Virginia	6.00%	Ohio	8.50%
Missouri	6.25%	Vermont	8.50%
Hawaii	6.40%	Delaware	8.70%
Alabama	6.50%	California	8.84%
Arkansas	6.50%	Maine	8.93%
Tennessee	6.50%	New Jersey	9.00%
Montana 2/	6.75%	Rhode Island	9.00%
North Carolina	6.90%	Alaska	9.40%
Arizona	6.968%	Illinois 7/	9.50%
New York 3/	7.10%	Minnesota	9.80%
Idaho	7.60%		
HIGHER THAN THE DISTRICT 2 STATES			
Pennsylvania	9.99%	Iowa 8/	12.00%
NO TAX 5 STATES			
Nevada		Washington (Gross Receipts Tax)	
South Dakota		Wyoming	
Texas			

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

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

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

4/ Income < \$100k = 5.58%.

5/ The rate is 9% for financial institutions.

6/ 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.

7/ Includes 2.5% Personal Property Replacement Tax.

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

TABLE 18

STATE GROSS PREMIUMS TAX RATES ON FOREIGN LIFE INSURERS

DISTRICT OF COLUMBIA: 2.0% ^{1/}

LOWER THAN THE DISTRICT 17 STATES			
Illinois ^{2/}	0.50%	Ohio	1.40%
New York ^{3/}	0.70%	Minnesota	1.50%
South Carolina	0.75%	Idaho ^{5/}	1.70%
Wyoming	0.75%	Connecticut	1.75%
Iowa	1.00%	Florida	1.75%
Nebraska	1.00%	Tennessee	1.75%
Michigan	1.25%	Texas	1.75%
New Hampshire ^{4/}	1.25%	North Carolina ^{6/}	1.90%
Indiana	1.30%		
HIGHER THAN THE DISTRICT 16 STATES			
New Jersey	2.10%	Arkansas	2.50%
Georgia	2.25%	South Dakota	2.50%
Louisiana ^{7/}	2.25%	Alaska	2.70%
Oklahoma	2.25%	Hawaii	2.75%
Utah	2.25%	Montana	2.75%
Virginia	2.25%	Mississippi	3.00%
Alabama	2.30%	New Mexico	3.00%
California	2.35%	Nevada	3.50%
SAME AS THE DISTRICT 16 STATE			
Arizona	2.00%	Missouri	2.00%
Colorado	2.00%	North Dakota	2.00%
Delaware	2.00%	Pennsylvania	2.00%
Kansas	2.00%	Rhode Island	2.00%
Kentucky	2.00%	Vermont	2.00%
Maine	2.00%	Washington	2.00%
Maryland	2.00%	West Virginia ^{8/}	2.00%
Massachusetts	2.00%	Wisconsin	2.00%
NO TAX 1 STATES			
Oregon ^{9/}			

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

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

3/ Life insurers pay a franchise tax which is equal to the sum of the premiums tax and a tax based on the highest of four bases, plus a tax on subsidiary capital. The sum of the two components cannot be less than 1.5% or greater than 2% of premiums.

4/ 2% against bodily injury or death by accident, and against disablement resulting from sickness & and every insurance pertaining thereto, including quarantine and identification; or providing for the mental and emotional welfare of an individual and members of his family by defraying the costs of legal service.

5/ 1.48% if qualified for reduced rate.

6/ An additional 5.5% insurance regulatory charge applied to premium tax liability. An additional 1.33% premium tax for fire related insurance policies.

7/ Maximum rate.

8/ 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.

9/ Corporate Excise Tax.

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

LOWER THAN THE DISTRICT			
20 STATES			
Nevada (5.75%)	2.00%	Missouri (5.3125%)	4.225%
Colorado (5.0%)	2.90%	Oklahoma (5%)	4.50%
Alabama (4.5%)	4.00%	North Carolina (2.5%)	4.75%
Georgia (3%)	4.00%	Utah (1.85%)	4.75%
Louisiana (6%)	4.00%	Maine	5.00%
Hawaii	4.00%	New Mexico 1/	5.00%
New York (4.75%)	4.00%	North Dakota (2.0%)	5.00%
South Dakota (2%)	4.00%	Wisconsin (.6%)	5.00%
Virginia (1%)	4.00%	Nebraska (2.6875%)	5.50%
Wyoming (2%)	4.00%	Ohio (3%)	5.50%
HIGHER THAN THE DISTRICT			
14 STATES			
Illinois (3%)	6.25%	Minnesota (1%)	6.875%
Massachusetts	6.25%	Indiana	7.00%
Texas (2%)	6.25%	Mississippi	7.00%
Kansas (2%)	6.30%	New Jersey	7.00%
Connecticut	6.35%	Rhode Island	7.00%
Washington (3.0%)	6.50%	Tennessee (2.75%)	7.00%
Arizona	6.60%	California (2.50%)	7.25%
SAME AS THE DISTRICT			
11 STATES			
Arkansas	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%
Maryland	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	Illinois	\$.231
Massachusetts	.11	Connecticut	.24
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
Iowa	.19	Washington 7/	.761
California	.20	South Carolina	.77
Michigan	.20	Hawaii 8/	.93
Texas	.20	North Carolina	1.00
Arkansas	.23	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 California Texas	\$.11 .20 .20	Wisconsin Colorado	\$.25 .28
SAME AS THE DISTRICT 3 STATES			
Kansas Minnesota	\$.30 .30	New York	\$.30
HIGHER THAN THE DISTRICT 38 STATES			
Ohio Mississippi Maryland Missouri Idaho Indiana Kentucky North Dakota Michigan Massachusetts Vermont Maine Rhode Island Oregon Nevada New Jersey Connecticut Oklahoma Arkansas	\$.32 .35 .40 .42 .45 .47 .50 .50 .51 .55 .55 .60 .60 .67 .70 .70 .72 .72 .75	North Carolina Arizona Washington South Carolina South Dakota Nebraska Delaware West Virginia Montana ^{3/} Tennessee Hawaii Illinois Georgia Virginia Alabama New Mexico Iowa Florida Alaska	\$.79 .84 .87 .90 .93 .95 .97 1.00 1.02 1.21 1.38 1.39 1.51 1.51 1.70 1.70 1.75 2.25 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			
17 STATES			
Alabama		Ohio	
Idaho		Oregon	
Iowa 1/		Pennsylvania 4/	
Maine		Utah 5/	
Michigan		Vermont	
Mississippi		Virginia 6/	
Montana 2/		West Virginia	
New Hampshire		Wyoming	
North Carolina 3/			
SAME AS THE DISTRICT			
1 STATE			
Maryland	\$ 1.50		
HIGHER THAN THE DISTRICT			
32 STATES			
Kentucky	\$ 1.92	Rhode Island	\$3.75
Missouri	2.00	Georgia	3.79
Colorado	2.28	South Dakota	3.93
Texas	2.40	Massachusetts	4.05
Arkansas 7/	2.50	New Jersey	4.40
Kansas	2.50	Tennessee	4.40
Louisiana	2.50	Minnesota	5.03
North Dakota	2.50	Connecticut	5.40
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	Washington 9/	14.27

1/ 50% markup.

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

3/ 30% Excise Tax. An additional 7% state sales tax.

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

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

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

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

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

9/ Liter tax of \$3.77, plus 20.5% of wholesale price.

TABLE 23

STATE CIGARETTE TAX RATES

(Per Pack of 20)

DISTRICT OF COLUMBIA: \$ 2.50

LOWER THAN THE DISTRICT 42 STATES			
Missouri	.17	Illinois	.98
Virginia	.30	Indiana	.995
Louisiana	.36	Oklahoma	1.03
Georgia	.37	Arkansas	1.15
Alabama	.425	Wyoming	1.15
North Dakota	.44	Oregon	1.18
North Carolina	.45	Ohio	1.25
Minnesota 1/	.48	Florida	1.339
West Virginia	.55	Iowa	1.36
Idaho	.57	Texas	1.41
South Carolina	.57	South Dakota	1.504
Kentucky	.60	Delaware	1.60
Tennessee	.62	Pennsylvania	1.60
Nebraska	.64	New Hampshire	1.68
Mississippi	.68	Montana	1.70
Utah	.695	Vermont	1.99
Kansas	.79	Alaska	2.00
Nevada	.80	Arizona	2.00
Colorado	.84	Maine	2.00
California	.87	Maryland	2.00
New Mexico	.91	Michigan	2.00
HIGHER THAN THE DISTRICT 8 STATES			
Massachusetts	2.51	Hawaii	3.20
Wisconsin	2.52	Connecticut	3.40
New Jersey	2.70	Rhode Island	3.46
Washington	3.025	New York	4.35

1/ An additional \$0.37 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	New Hampshire	.197
Wyoming	.13	Louisiana	.20
Georgia	.14	Tennessee 4/	.20
New Jersey	.145	Texas	.20
Oklahoma 1/	.16	Alabama	.209
		Massachusetts	.21
South Carolina	.168		
Missouri	.173	Arkansas	.218
Virginia	.175	Colorado	.22
Arizona	.18	Kentucky	.225
Mississippi	.188	Delaware	.23
New Mexico	.188	North Dakota	.23
Illinois 2/	.19	Vermont	.233
Iowa 3/	.19		
SAME AS THE DISTRICT 1 STATE			
Maryland	.235		
HIGHER THAN THE DISTRICT 24 STATES			
Kansas	.24	West Virginia	.322
South Dakota	.24	Rhode Island	.33
Utah	.245	Nevada	.331
Idaho	.25	Indiana	.338
Nebraska	.263	New York	.34
Montana 5/	.27	Florida	.345
Minnesota	.28	Michigan	.347
Ohio	.28	North Carolina	.3525
Maine	.30	California	.357
Oregon	.30	Hawaii	.36
Wisconsin 6/	.309	Washington	.375
Pennsylvania	.312	Connecticut	.462

1/ An additional \$0.01 per gallon charged for leaking underground storage tank tax.

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

3/ An additional \$0.02 per gallon not containing 10% ethanol.

4/ An additional \$0.0014 per gallon charged for petroleum products inspection and underground storage tank cleanup.

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

6/ An additional \$0.02 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%	Florida	6.0%
New Mexico	3.0%	Idaho	6.0%
North Carolina	3.0%	Kentucky	6.0%
South Dakota	3.0%	Maryland	6.0%
Virginia	3.0%	Michigan	6.0%
Wyoming (1%)	3.0%	Pennsylvania (1%-2%)	6.0%
Delaware	3.25%	Vermont	6.0%
Oklahoma	3.25%	Illinois	6.25%
Georgia (3%)	4.0%	Massachusetts	6.25%
Hawaii (0.5%)	4.0%	Texas	6.25%
Louisiana (1%-6%)	4.0%	Kansas (0%-2%)	6.3%
New York (3.0%-4.75%)	4.0%	Connecticut 4/	6.35%
Missouri (1.125%-3.5%)	4.225%	Minnesota	6.5%
Utah (1.85%)	4.75%	Nevada	6.5%
Iowa	5.0%	Arizona (1.0%-4.0%)	6.6%
Maine	5.0%	Washington (.5%-3.0%) 5/	6.8%
North Dakota	5.0%	Indiana	7.0%
South Carolina 2/	5.0%	New Jersey	7.0%
West Virginia	5.0%	Tennessee (2.75%) 6/	7.0%
Wisconsin (0%-0.6%)	5.0%	Rhode Island	7.0%
Nebraska (0%-1.5%)	5.5%	California (1.25%-2.5%)	7.25%
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/ 7% on most vehicles with sales price of more than \$50,000.

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

6/ 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 47 STATES			
Arizona ^{2/}	\$ 8.00	Connecticut	\$ 40.00
South Carolina	12.00	Delaware	40.00
Nebraska ^{3/}	15.00	Virginia	40.75
Kentucky	13.50	New Mexico	42.00
Mississippi	15.00	South Dakota	42.00
Wyoming	15.00	Oregon	43.00
Georgia	20.00	New Hampshire	43.20
Indiana	21.05	Washington ^{3/}	43.75
Tennessee	21.50	Hawaii	45.00
Utah	23.50	Colorado	45.54
Arkansas	25.00	Massachusetts	50.00
Alabama	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
Rhode Island	30.00	Wisconsin	75.00
West Virginia	30.00	New Jersey	84.00
California	31.00	Oklahoma	91.00
Florida	33.00	Idaho	91.30
Ohio ^{4/}	34.50	North Dakota	93.00
Maine	35.00	Illinois	99.00
Pennsylvania	36.00	Alaska	100.00
Michigan	37.00		
HIGHER THAN THE DISTRICT 3 STATES			
Iowa	\$293.00	Montana	217.00
Minnesota	359.00		

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

^{4/} Local fees not included.

^{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	Florida	3.50
West Virginia	1.10	Connecticut	3.75
Nebraska	1.125	Michigan	3.75
Kansas	1.30	New Hampshire	3.75
Virginia	1.25	Pennsylvania	5.00
Wisconsin	1.50	Vermont	5.00
Arkansas	1.65	Hawaii ^{5/}	6.25
Minnesota	1.65	Washington	6.40
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	
7 STATES	
Indiana 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 Hawaii ^{4/} Kansas ^{5/} Maine Minnesota ^{6/} Michigan	Missouri Nevada New Mexico New York ^{7/} North Carolina ^{8/} North Dakota South Carolina Texas Utah Vermont VIRGINIA Wisconsin Wyoming
NO ESTATE TAX	
7 STATE	
Arkansas Iowa ^{9/} Montana Nebraska ^{10/}	Oklahoma Pennsylvania ^{11/} West Virginia
ONLY STATE ESTATE TAX	
2 STATES	
Oregon 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/ Hawaii has an estate tax that is based on the Federal State Death Tax Credit as it existed on December 31, 2000. The taxable estate is determined under Federal Estate Law as it read on December 31, 2009.

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

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

7/ New York has a pick-up tax tied to pre-2002 Federal Estate Tax law.

8/ 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.

9/ Iowa levies an inheritance tax on any inheritance to nonlineal descendants.

10/ Estate Tax has been repealed on decedents dying or transfers made on or after January, 2007. Inheritance tax is administered at the county level.

11/ Pennsylvania no longer receives estate taxes because it is coupled with the death tax credit that was phased out by 2005. 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, 2013.

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) 2009

The following describes how the median house value for a specific income level is calculated using data from the 2009 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	19,000	Median	9500.5
\$50,000 TO \$74,999			
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

$((\text{MHV}_2 - \text{MHV}_1) * .375) + \text{MHV}_1 = \text{Estimated Median House Value}$

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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