

**Government of the
District of Columbia**



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

1998

Issued July 1999

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

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EXECUTIVE SUMMARY

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

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

- Manufacturing, an important industry in the economic and tax bases of many major cities, is largely lacking in the District.
- Unlike every state in the nation that has an income tax, Washington, D.C., does not have the authority to tax nonresident income earned within its borders. Nonresidents earn about 2/3 of all income in the District of Columbia.
- About 43 percent of all property value in the District is exempt from property taxation due to the federal and diplomatic presence (28 percent) as well as other tax-exempt properties (15 percent).
- About 17 percent of sales are not subject to sales and use tax in the District due to military and diplomatic exemptions.
- The District has a relatively high percentage of low-income taxpayers, which further limits the District's revenue-raising capacity.

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

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

The state and local tax rates for different types of taxes vary among jurisdictions. For example, all 51 cities in this study levy a tax on real property located within the city, yet effective tax rates range from a high of \$4.59 per \$100 of assessed value in Bridgeport, Connecticut to \$0.46 per \$100 of assessed value in Honolulu, Hawaii. In addition, several jurisdictions allow tax exemptions and credits in the calculation of the real property tax. The District of Columbia has a \$30,000 homestead deduction for owner-occupied residences as well as other credits.

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

All 51 cities in this study levy some type of automobile registration fee or tax -- usually either a flat rate per vehicle or an excise tax based upon the value of the vehicle. In addition, personal property taxes are levied in 16 of the cities.

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

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

ACKNOWLEDGMENT

Each year the Tax and Economic Policy Administration, Office of Tax and Revenue, of the District of Columbia publishes several reports, which provide information to the citizens and taxpayers of the District of Columbia. The reports contain information about the rates and burdens of major taxes in the District of Columbia as compared with states and other large cities in the United States.

This publication contains two reports: (I) Tax burdens in Washington, D.C., Compared with Those in the Largest City in Each State, 1998 and (II) A Comparison of Selected Tax Rates in the District of Columbia with Those in the 50 States: A Compendium of Tables. This information is requested annually by committees of the U.S. Congress and the District of Columbia Council and is provided pursuant to Public Law 93-407.

Questions and comments concerning these publications should be addressed to: Edward W. Wyatt, Tax Research Specialist, Tax and Economic Policy Administration, Office of Tax and Revenue, Room 8704, 941 North Capitol Street, N.E., Washington, DC 20002, telephone (202) 442-6422.

Our appreciation is extended to the many state and local officials who reviewed draft reports. Their cooperation in providing information and their helpful suggestions make this publication possible. We would also like to extend a special thanks to the Federation of Tax Administrators (FTA) for their assistance in compiling the state tax rate comparison 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**

1998

OVERVIEW

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

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

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

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

CHAPTER I

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

The state and local tax liability of an individual taxpayer varies from one jurisdiction to another across the United States. While obvious to many, the extent of these differences in state and local tax burdens across the country may not be fully recognized.

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

This report compares the state and local tax burdens of hypothetical households in Washington, D.C., with the burden for the largest city in each of the 50 states for 1998. The four major taxes used in the comparison are the individual income tax, real property tax on residential property, general sales and use tax, and automobile taxes, including gasoline tax, registration fees, excise tax and personal property tax. This study does not incorporate the effects of differing local tax burdens on the federal individual income tax burden. Income and property taxes are deductible in computing federal income taxes and the effect of federal deductibility is to reduce the overall difference in tax burdens between jurisdictions.

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

Individual Income Tax

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

Gross Income		Long-Term Wages And Salaries	Interest	Capital Gains 1/	1997 Federal AGI
\$ 25,000	Spouse 1	\$17,200	\$ 200	0	\$ 25,000
	Spouse 2	7,400	200	0	
\$ 50,000	Spouse 1	\$34,000	\$ 500	0	\$ 50,000
	Spouse 2	15,000	500	0	
\$ 75,000	Spouse 1	\$49,000	\$1,000	\$1,500	\$ 75,000
	Spouse 2	21,000	\$1,000	1,500	
\$100,000	Spouse 1	\$65,000	\$1,500	\$2,000	\$100,000
	Spouse 2	28,000	1,500	2,000	
\$150,000	Spouse 1	\$97,500	\$2,500	\$2,750	\$150,000
	Spouse 2	42,000	2,500	2,750	

1/ Assumes a three-year holding period

Because several states allow the deduction of all or part of an individual's federal income tax liability in computing the state income tax, it is necessary to compute the 1998 federal individual income tax at each income level using the above assumptions. Interest and long-term capital gains were fully or partially taxable at the federal level at the time period used for this report

Many states in 1998 allowed taxpayers to begin their state income tax computations with federal adjusted gross income (A.G.I.) or federal taxable income. Other states do not use either of these two measures of federal income as a starting point.

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

Deduction	Gross Income Level				
	\$ 25,000	\$ 50,000	\$ 75,000	\$100,000	\$150,000
Medical (Gross)	1,000	1,800	2,500	3,500	5,000
Nondeductible Medical	<u>-1,875</u>	<u>-3,750</u>	<u>-5,625</u>	<u>-7,500</u>	<u>-11,200</u>
Net Medical Deduction 1/	0	0	0	0	0
Deductible Taxes	2/	2/	2/	2/	2/
Mortgage Interest 3/	2,000	4,100	5,600	7,000	10,800
Contribution Deduction	700	1,500	2,200	3,000	4,600
Gross Miscellaneous	500	800	1,200	1,500	2,000
Nondeductible 4/	<u>-500</u>	<u>-1,000</u>	<u>-1,500</u>	<u>-2,000</u>	<u>-3,000</u>
Net Miscellaneous Deduction	0	0	0	0	0
Total Deduction 5/	2,700	5,600	7,800	10,000	15,400

- 1/ Nondeductible medical equals 7.5 percent of federal A.G.I. All or part of medical deductions may be allowed in some states.
- 2/ Tax deduction based on real and personal property taxes computed in this study and individual income taxes computed in 1997 study.
- 3/ Non-mortgage interest is not deductible on federal returns.
- 4/ Nondeductible miscellaneous equals 2 percent of A.G.I.
- 5/ Total does not include deduction amounts for property and income taxes.

The itemized deductions noted above are used in the calculation of the 1998 tax burdens. The 1998 deductible real and personal property taxes computed in the current year's 51-city burden study are used for the 1998 property tax deduction. For the 1998 state and local individual income tax deduction, 1997 data were used as a proxy. These figures were used in computing the 1998 federal income tax burden for residents of each city as well as for the state and local tax burdens where appropriate. For those states not allowing their own state income tax as a deduction, it is not included in itemized deductions.

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

Real Property Tax

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sales and Use Tax

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

Automobile Taxes

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

CHAPTER II

Overall Tax Burdens For The Largest City In Each State

The major state and local tax burdens by tax type for the five different income levels used in this study are presented in Table 1 (pages 8-12). As reflected by data in Table 1, tax burdens across the 51 cities vary widely at all income levels. At the \$25,000 income level, the \$5,601 burden for Bridgeport, Connecticut is more than five times greater than the \$1,006 burden for Anchorage, Alaska. Similarly, at the \$150,000 income level, the Bridgeport, Connecticut burden of \$33,908 is more than seven times the Anchorage, Alaska, burden of \$4,733. The differences in the composition of state and local tax structures cause a wide variation in tax burdens at all income levels.

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

The lowest tax burdens for the 51 cities occur in Anchorage followed by Cheyenne, Wyoming; Las Vegas, Nevada; and Houston, Texas.

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

Progressivity

The average 51-city total tax burden is 8.1 percent at the \$25,000 income level, 8.5 percent at the \$50,000 income level, 9.3 percent at the \$75,000 income level, 9.4 percent at the \$100,000 income level, and 9.6 percent at the \$150,000 income level.

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A FAMILY OF FOUR, 1998
\$25,000

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	0	4,419	523	659	5,601	22.4%
2	Newark	NJ	223	3,040	414	159	3,836	15.3%
3	Philadelphia	PA	1,540	1,157	438	118	3,253	13.0%
4	Manchester	NH	0	2,417	99	207	2,723	10.9%
5	Chicago	IL	531	1,267	685	212	2,694	10.8%
6	Portland	ME	170	1,908	440	153	2,670	10.7%
7	Louisville	KY	1,335	479	420	259	2,493	10.0%
8	Milwaukee	WI	647	1,122	482	218	2,469	9.9%
9	Des Moines	IA	795	777	606	230	2,408	9.6%
10	Detroit	MI	1,195	576	493	135	2,399	9.6%
11	Honolulu	HI	892	630	482	252	2,256	9.0%
12	Kansas City	MO	660	641	553	370	2,224	8.9%
13	Birmingham	AL	1,072	45	806	240	2,163	8.7%
14	New York City	NY	484	865	731	71	2,152	8.6%
15	WASHINGTON	DC	1,100	325	492	224	2,141	8.6%
16	Virginia Beach	VA	580	646	494	417	2,138	8.6%
17	Little Rock	AR	476	593	756	253	2,078	8.3%
18	Seattle	WA	0	1,047	652	373	2,072	8.3%
19	Columbus	OH	784	687	405	192	2,067	8.3%
20	Oklahoma City	OK	637	389	803	203	2,032	8.1%
21	Indianapolis	IN	820	579	471	122	1,992	8.0%
22	Burlington	VT	267	1,169	377	172	1,984	7.9%
23	Phoenix	AZ	199	902	665	217	1,984	7.9%
24	Omaha	NE	233	832	633	249	1,946	7.8%
25	Sioux Falls	SD	0	1,054	738	153	1,945	7.8%
26	Portland	OR	1,017	702	0	199	1,918	7.7%
27	Charleston	WV	580	463	531	326	1,900	7.6%
28	Salt Lake City	UT	467	421	714	286	1,888	7.6%
29	Boston	MA	477	831	354	220	1,882	7.5%
30	Los Angeles	CA	0	953	651	272	1,876	7.5%
31	Charlotte	NC	476	499	565	266	1,807	7.2%
32	Baltimore	MD	146	1,048	396	195	1,785	7.1%
33	Fargo	ND	150	1,037	384	205	1,776	7.1%
34	Providence	RI	0	1,116	427	203	1,746	7.0%
35	Atlanta	GA	415	251	838	238	1,742	7.0%
36	Minneapolis	MN	208	767	484	269	1,728	6.9%
37	Wichita	KS	244	515	620	301	1,680	6.7%
38	Jackson	MS	234	199	654	548	1,636	6.5%
39	Wilmington	DE	665	784	0	177	1,626	6.5%
40	Albuquerque	NM	120	663	665	145	1,592	6.4%
41	Columbia	SC	178	488	429	447	1,541	6.2%
42	Memphis	TN	0	569	783	157	1,509	6.0%
43	Las Vegas	NV	0	613	509	378	1,499	6.0%
44	New Orleans	LA	365	104	805	201	1,475	5.9%
45	Billings	MT	472	657	26	306	1,460	5.8%
46	Boise	ID	222	440	514	240	1,417	5.7%
47	Denver	CO	0	456	566	385	1,408	5.6%
48	Houston	TX	0	671	459	195	1,325	5.3%
49	Jacksonville	FL	0	498	511	211	1,220	4.9%
50	Cheyenne	WY	0	359	632	172	1,162	4.6%
51	Anchorage	AK	0	872	0	134	1,006	4.0%
AVERAGE 1/			\$479	\$854	\$569	\$246	\$2,026	8.1%
MEDIAN			\$267	\$663	\$511	\$218	\$1,918	7.7%

1/ Based on cities actually levying tax.

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A FAMILY OF FOUR, 1998
\$50,000

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	530	8,417	808	830	10,584	21.2%
2	Newark	NJ	704	5,791	698	155	7,348	14.7%
3	Philadelphia	PA	3,067	2,205	724	114	6,110	12.2%
4	Portland	ME	1,562	3,635	721	147	6,065	12.1%
5	New York City	NY	2,934	1,648	1,179	75	5,837	11.7%
6	Milwaukee	WI	2,445	2,184	778	211	5,617	11.2%
7	Baltimore	MD	2,492	1,997	656	188	5,333	10.7%
8	Chicago	IL	1,205	2,773	1,090	205	5,272	10.5%
9	Louisville	KY	3,190	912	683	322	5,107	10.2%
10	Manchester	NH	0	4,604	188	274	5,066	10.1%
11	Detroit	MI	3,007	1,097	786	129	5,020	10.0%
12	Honolulu	HI	2,613	1,366	746	242	4,967	9.9%
13	Boston	MA	2,087	1,992	535	278	4,893	9.8%
14	WASHINGTON	DC	2,709	879	844	218	4,650	9.3%
15	Des Moines	IA	1,802	1,683	898	224	4,607	9.2%
16	Minneapolis	MN	1,683	1,766	794	281	4,523	9.0%
17	Kansas City	MO	1,876	1,221	915	473	4,485	9.0%
18	Columbus	OH	2,183	1,308	698	185	4,374	8.7%
19	Salt Lake City	UT	2,130	801	1,093	339	4,363	8.7%
20	Virginia Beach	VA	1,780	1,231	745	535	4,291	8.6%
21	Portland	OR	2,753	1,337	0	191	4,281	8.6%
22	Providence	RI	1,226	2,125	731	198	4,280	8.6%
23	Atlanta	GA	1,567	1,141	1,219	313	4,239	8.5%
24	Burlington	VT	1,134	2,226	668	166	4,195	8.4%
25	Omaha	NE	1,291	1,584	992	312	4,179	8.4%
26	Birmingham	AL	2,363	370	1,159	281	4,173	8.3%
27	Little Rock	AR	1,609	1,130	1,107	306	4,151	8.3%
28	Oklahoma City	OK	1,912	833	1,149	244	4,139	8.3%
29	Charlotte	NC	2,000	950	859	306	4,115	8.2%
30	Columbia	SC	1,811	949	643	592	3,995	8.0%
31	Boise	ID	2,111	839	796	233	3,978	8.0%
32	Phoenix	AZ	865	1,719	1,042	289	3,915	7.8%
33	Los Angeles	CA	547	1,881	1,024	396	3,849	7.7%
34	Indianapolis	IN	1,845	1,129	714	117	3,806	7.6%
35	Wilmington	DE	2,128	1,494	0	170	3,792	7.6%
36	Charleston	WV	1,695	882	791	393	3,760	7.5%
37	Albuquerque	NM	1,191	1,327	966	153	3,637	7.3%
38	Wichita	KS	1,314	981	949	354	3,598	7.2%
39	Jackson	MS	1,211	597	978	728	3,514	7.0%
40	Seattle	WA	0	1,995	1,036	453	3,484	7.0%
41	Billings	MT	1,803	1,251	63	364	3,480	7.0%
42	Fargo	ND	650	1,974	616	199	3,440	6.9%
43	New Orleans	LA	1,205	729	1,265	213	3,412	6.8%
44	Denver	CO	1,173	869	907	458	3,406	6.8%
45	Sioux Falls	SD	0	2,009	1,083	147	3,239	6.5%
46	Memphis	TN	0	1,084	1,213	151	2,448	4.9%
47	Jacksonville	FL	0	1,424	816	203	2,443	4.9%
48	Houston	TX	0	1,467	778	189	2,433	4.9%
49	Las Vegas	NV	0	1,167	816	423	2,406	4.8%
50	Cheyenne	WY	0	683	961	249	1,894	3.8%
51	Anchorage	AK	0	1,662	0	131	1,793	3.6%
AVERAGE 1/			\$1,714	\$1,712	\$890	\$281	\$4,274	8.5%
MEDIAN			\$1,609	\$1,337	\$808	\$242	\$4,173	8.3%

1/ Based on cities actually levying tax.

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A FAMILY OF FOUR, 1998
\$75,000

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	2,485	12,625	1,210	1,515	17,835	23.8%
2	Newark	NJ	1,058	8,687	1,127	290	11,161	14.9%
3	Portland	ME	3,319	5,453	1,081	255	10,108	13.5%
4	New York City	NY	5,699	2,473	1,768	133	10,073	13.4%
5	Philadelphia	PA	4,466	3,307	1,183	204	9,160	12.2%
6	Milwaukee	WI	3,925	3,301	1,167	370	8,763	11.7%
7	Baltimore	MD	4,102	2,995	984	329	8,410	11.2%
8	Chicago	IL	1,876	4,358	1,619	360	8,214	11.0%
9	Honolulu	HI	4,518	2,141	1,118	419	8,196	10.9%
10	Minneapolis	MN	3,117	3,117	1,289	565	8,088	10.8%
11	Boston	MA	3,459	3,215	803	525	8,001	10.7%
12	Louisville	KY	4,986	1,368	1,025	585	7,964	10.6%
13	Detroit	MI	4,820	1,646	1,180	307	7,953	10.6%
14	WASHINGTON	DC	4,729	1,462	1,346	363	7,901	10.5%
15	Des Moines	IA	3,330	2,635	1,347	407	7,720	10.3%
16	Manchester	NH	0	6,906	282	456	7,643	10.2%
17	Atlanta	GA	2,797	2,077	1,829	578	7,280	9.7%
18	Los Angeles	CA	2,079	2,859	1,539	723	7,201	9.6%
19	Kansas City	MO	3,065	1,831	1,463	837	7,196	9.6%
20	Boise	ID	3,771	1,815	1,193	415	7,195	9.6%
21	Columbus	OH	3,735	1,961	1,128	325	7,150	9.5%
22	Salt Lake City	UT	3,544	1,202	1,725	614	7,085	9.4%
23	Omaha	NE	2,687	2,377	1,472	547	7,082	9.4%
24	Portland	OR	4,741	2,006	0	328	7,074	9.4%
25	Columbia	SC	3,288	1,699	964	1,089	7,040	9.4%
26	Providence	RI	2,303	3,188	1,194	333	7,018	9.4%
27	Virginia Beach	VA	3,013	1,847	1,117	984	6,961	9.3%
28	Little Rock	AR	2,967	1,694	1,660	545	6,867	9.2%
29	Charlotte	NC	3,553	1,426	1,332	549	6,859	9.1%
30	Burlington	VT	2,129	3,340	1,073	293	6,835	9.1%
31	Oklahoma City	OK	3,364	1,301	1,723	359	6,748	9.0%
32	Birmingham	AL	3,648	712	1,714	509	6,584	8.8%
33	Charleston	WV	3,230	1,323	1,186	714	6,453	8.6%
34	Albuquerque	NM	2,569	2,027	1,448	258	6,303	8.4%
35	Wilmington	DE	3,741	2,241	0	293	6,276	8.4%
36	Billings	MT	3,610	1,876	94	645	6,225	8.3%
37	Wichita	KS	2,697	1,472	1,424	630	6,222	8.3%
38	Phoenix	AZ	1,528	2,578	1,564	503	6,173	8.2%
39	Jackson	MS	2,305	1,016	1,468	1,342	6,131	8.2%
40	Indianapolis	IN	2,870	1,708	1,072	204	5,854	7.8%
41	New Orleans	LA	1,875	1,721	1,897	359	5,852	7.8%
42	Fargo	ND	1,241	2,961	924	318	5,445	7.3%
43	Denver	CO	2,077	1,303	1,360	686	5,427	7.2%
44	Seattle	WA	0	2,992	1,554	823	5,369	7.2%
45	Sioux Falls	SD	0	3,013	1,624	258	4,895	6.5%
46	Jacksonville	FL	0	2,398	1,224	354	3,976	5.3%
47	Memphis	TN	150	1,626	1,933	261	3,970	5.3%
48	Houston	TX	0	2,304	1,166	338	3,808	5.1%
49	Las Vegas	NV	0	1,750	1,224	757	3,731	5.0%
50	Cheyenne	WY	0	1,025	1,526	440	2,991	4.0%
51	Anchorage	AK	0	2,492	0	246	2,738	3.7%
AVERAGE 1/			\$3,056	\$2,644	\$1,355	\$501	\$7,004	9.3%
MEDIAN			\$2,967	\$2,077	\$1,224	\$415	\$7,018	9.4%

1/ Based on cities actually levying tax.

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A FAMILY OF FOUR, 1998
\$100,000

RANK	CITY	ST	TAXES				BURDEN		
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT	
1	Bridgeport	CT	3,839	15,992	1,619	1,774	23,224	23.2%	
2	Newark	NJ	1,840	11,003	1,500	291	14,634	14.6%	
3	New York City	NY	8,494	3,132	2,358	136	14,121	14.1%	
4	Portland	ME	5,129	6,907	1,442	258	13,735	13.7%	
5	Philadelphia	PA	5,934	4,189	1,577	206	11,906	11.9%	
6	Milwaukee	WI	5,464	4,196	1,556	373	11,589	11.6%	
7	Minneapolis	MN	4,628	4,198	1,718	652	11,196	11.2%	
8	Honolulu	HI	6,510	2,760	1,491	424	11,185	11.2%	
9	Baltimore	MD	5,725	3,794	1,312	332	11,163	11.2%	
10	WASHINGTON	DC	6,845	1,929	1,797	366	10,937	10.9%	
11	Boston	MA	4,894	4,193	1,070	587	10,744	10.7%	
12	Chicago	IL	2,563	5,626	2,164	364	10,716	10.7%	
13	Des Moines	IA	5,109	3,397	1,796	410	10,713	10.7%	
14	Louisville	KY	6,849	1,733	1,367	682	10,630	10.6%	
15	Los Angeles	CA	4,087	3,641	2,056	837	10,620	10.6%	
16	Detroit	MI	6,632	2,085	1,573	310	10,600	10.6%	
17	Atlanta	GA	4,039	2,825	2,438	687	9,990	10.0%	
18	Columbus	OH	5,546	2,484	1,504	328	9,863	9.9%	
19	Boise	ID	5,554	2,280	1,591	418	9,843	9.8%	
20	Omaha	NE	4,160	3,010	1,951	673	9,795	9.8%	
21	Providence	RI	3,819	4,038	1,592	337	9,787	9.8%	
22	Columbia	SC	4,779	2,299	1,286	1,302	9,666	9.7%	
23	Kansas City	MO	4,381	2,320	1,950	995	9,645	9.6%	
24	Manchester	NH	0	8,748	376	521	9,645	9.6%	
25	Portland	OR	6,745	2,540	0	331	9,617	9.6%	
26	Charlotte	NC	5,378	1,806	1,776	616	9,575	9.6%	
27	Burlington	VT	3,544	4,230	1,431	296	9,501	9.5%	
28	Salt Lake City	UT	4,909	1,522	2,300	700	9,431	9.4%	
29	Little Rock	AR	4,387	2,146	2,213	619	9,365	9.4%	
30	Virginia Beach	VA	4,285	2,340	1,489	1,156	9,269	9.3%	
31	Oklahoma City	OK	4,833	1,589	2,298	418	9,138	9.1%	
32	Billings	MT	5,734	2,376	125	720	8,955	9.0%	
33	Charleston	WV	4,855	1,675	1,582	818	8,930	8.9%	
34	Albuquerque	NM	4,107	2,587	1,931	261	8,886	8.9%	
35	Birmingham	AL	4,963	986	2,302	576	8,828	8.8%	
36	Wichita	KS	4,128	1,864	1,898	732	8,622	8.6%	
37	Wilmington	DE	5,389	2,839	0	297	8,524	8.5%	
38	Jackson	MS	3,415	1,350	1,957	1,605	8,327	8.3%	
39	Phoenix	AZ	2,299	3,266	2,085	559	8,208	8.2%	
40	New Orleans	LA	2,495	2,514	2,530	404	7,943	7.9%	
41	Indianapolis	IN	3,895	2,171	1,429	206	7,701	7.7%	
42	Fargo	ND	2,061	3,751	1,232	341	7,385	7.4%	
43	Denver	CO	2,930	1,651	1,814	790	7,184	7.2%	
44	Seattle	WA	0	3,790	2,072	948	6,810	6.8%	
45	Sioux Falls	SD	0	3,816	2,165	261	6,242	6.2%	
46	Memphis	TN	270	2,059	2,578	264	5,171	5.2%	
47	Jacksonville	FL	0	3,178	1,632	357	5,167	5.2%	
48	Houston	TX	0	2,973	1,555	341	4,869	4.9%	
49	Las Vegas	NV	0	2,217	1,633	839	4,688	4.7%	
50	Cheyenne	WY	0	1,298	2,035	517	3,850	3.8%	
51	Anchorage	AK	0	3,157	0	247	3,404	3.4%	
AVERAGE			1/	\$4,487	\$3,382	\$1,807	\$559	\$9,442	9.4%
MEDIAN				\$4,285	\$2,760	\$1,632	\$418	\$9,575	9.6%

1/ Based on cities actually levying tax.

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A FAMILY OF FOUR, 1998
\$150,000

RANK	CITY	ST	TAXES				BURDEN		
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT	
1	Bridgeport	CT	6,300	22,725	2,591	2,291	33,908	22.6%	
2	Newark	NJ	4,573	15,636	2,202	291	22,702	15.1%	
3	New York City	NY	14,230	4,451	3,511	136	22,328	14.9%	
4	Portland	ME	8,725	9,815	2,162	258	20,960	14.0%	
5	Los Angeles	CA	8,090	5,205	3,097	1,062	17,454	11.6%	
6	Minneapolis	MN	7,738	6,360	2,536	800	17,434	11.6%	
7	Philadelphia	PA	8,887	5,952	2,293	206	17,338	11.6%	
8	Honolulu	HI	10,560	4,000	2,237	424	17,221	11.5%	
9	Milwaukee	WI	8,518	5,984	2,329	373	17,205	11.5%	
10	Des Moines	IA	8,972	4,922	2,695	410	16,998	11.3%	
11	WASHINGTON	DC	11,039	2,863	2,693	366	16,961	11.3%	
12	Baltimore	MD	8,932	5,391	1,966	332	16,621	11.1%	
13	Boston	MA	7,825	6,150	1,605	673	16,253	10.8%	
14	Louisville	KY	10,558	2,462	2,050	873	15,943	10.6%	
15	Detroit	MI	10,257	2,963	2,349	310	15,878	10.6%	
16	Chicago	IL	3,936	8,163	3,238	364	15,701	10.5%	
17	Omaha	NE	7,516	4,278	2,910	892	15,596	10.4%	
18	Boise	ID	9,070	3,621	2,387	418	15,497	10.3%	
19	Columbus	OH	9,414	3,531	2,152	328	15,425	10.3%	
20	Atlanta	GA	6,509	4,323	3,657	907	15,396	10.3%	
21	Providence	RI	6,900	5,738	2,389	337	15,364	10.2%	
22	Columbia	SC	7,809	3,499	1,928	1,732	14,968	10.0%	
23	Kansas City	MO	7,374	3,296	2,898	1,286	14,855	9.9%	
24	Billings	MT	10,234	3,376	188	904	14,703	9.8%	
25	Burlington	VT	6,398	6,011	1,965	296	14,670	9.8%	
26	Portland	OR	10,707	3,610	0	331	14,648	9.8%	
27	Charlotte	NC	8,654	2,566	2,663	747	14,630	9.8%	
28	Little Rock	AR	7,313	3,050	3,320	771	14,453	9.6%	
29	Albuquerque	NM	7,384	3,707	2,897	274	14,261	9.5%	
30	Oklahoma City	OK	7,739	2,424	3,395	493	14,052	9.4%	
31	Salt Lake City	UT	7,571	2,163	3,323	869	13,926	9.3%	
32	Charleston	WV	8,105	2,381	2,373	1,024	13,883	9.3%	
33	Virginia Beach	VA	6,804	3,325	2,233	1,489	13,850	9.2%	
34	Manchester	NH	10	12,431	529	655	13,626	9.1%	
35	Wichita	KS	6,979	2,649	2,847	910	13,385	8.9%	
36	Birmingham	AL	7,631	1,534	3,429	709	13,303	8.9%	
37	Wilmington	DE	8,752	4,034	0	297	13,083	8.7%	
38	Jackson	MS	5,615	2,020	2,935	2,133	12,703	8.5%	
39	Phoenix	AZ	3,946	4,641	3,127	767	12,481	8.3%	
40	New Orleans	LA	3,818	4,101	3,541	538	11,999	8.0%	
41	Indianapolis	IN	5,945	3,097	2,143	206	11,392	7.6%	
42	Fargo	ND	3,726	5,331	1,848	341	11,246	7.5%	
43	Denver	CO	5,060	2,346	2,720	970	11,097	7.4%	
44	Seattle	WA	0	5,386	3,108	1,196	9,690	6.5%	
45	Sioux Falls	SD	0	5,423	3,248	261	8,932	6.0%	
46	Memphis	TN	480	2,926	4,004	264	7,674	5.1%	
47	Jacksonville	FL	0	4,737	2,449	357	7,543	5.0%	
48	Houston	TX	0	4,313	2,333	341	6,986	4.7%	
49	Las Vegas	NV	0	3,151	2,449	997	6,596	4.4%	
50	Cheyenne	WY	0	1,844	3,052	721	5,617	3.7%	
51	Anchorage	AK	0	4,486	0	247	4,733	3.2%	
AVERAGE			1/	\$7,423	\$4,870	\$2,696	\$670	\$14,376	9.6%
MEDIAN				\$7,384	\$4,034	\$2,449	\$493	\$14,648	9.8%

1/ Based on cities actually levying tax.

The average tax burden for the 51 cities is progressive since the percentage tax burden at \$150,000 income (9.6 percent of income) is greater than the percentage tax burden at \$25,000 (8.1 percent). Any tax system in which the percentage of tax paid rises with the income level is said to be progressive. A tax system in which the percentage of taxes paid decreases as income rises is regressive.

Table 2 (page 14) indicates the relative progressivity or regressivity for the tax systems of each of the 51 cities. The progressivity index is measured by dividing the percentage tax burden at the \$25,000 income level by the percentage tax burden at the \$150,000 income level. Index coefficients of less than 1.000 indicates a progressive tax system, while an index greater than 1.000 indicates a regressive tax system. A proportional tax system is indicated by a coefficient of 1.000. The average index of .846 indicates that, overall, the average state and local tax system of the 51 cities is slightly progressive. The most progressive tax systems are found in Boise, Idaho; New York City, New York; and Minneapolis, Minnesota. A graduated individual income tax and some type of low-income exemption or credit on the real property tax characterizes the tax system in each of these cities.

The three cities with the least progressive state and local tax systems are Las Vegas, Nevada; Sioux Falls, South Dakota; and Seattle, Washington. Residents of these states do not pay a state individual income tax, and in Sioux Falls and Cheyenne, the sales and use tax burden is substantially above the 51-city average. In all of these states, the tax burden is below the median at all income levels.

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

TABLE 2
INDEX OF PROGRESSIVITY FOR THE TAX SYSTEM
OF THE LARGEST CITY IN EACH STATE
1998

CITY	ST	MAJOR STATE AND LOCAL TAXES AS A PERCENT OF INCOME FOR \$25,000 FAMILY	MAJOR STATE AND LOCAL TAXES AS A PERCENT OF INCOME FOR \$150,000 FAMILY	PROGRESSIVITY INDEX	MAJOR STATE AND LOCAL TAX BURDEN RANK AT \$75,000 INCOME LEVEL
Boise	ID	5.6%	10.3%	0.547	20
New York City	NY	8.6%	14.9%	0.578	4
Minneapolis	MN	6.9%	11.7%	0.593	10
Billings	MT	5.8%	9.8%	0.594	36
Columbia	SC	6.2%	10.0%	0.618	25
Baltimore	MD	7.1%	11.1%	0.644	7
Los Angeles	CA	7.5%	11.6%	0.645	18
Albuquerque	NM	6.4%	9.5%	0.670	34
Atlanta	GA	7.0%	10.3%	0.679	17
Providence	RI	7.0%	10.2%	0.682	26
Boston	MA	7.4%	10.6%	0.700	11
New Orleans	LA	5.9%	8.0%	0.734	41
Charlotte	NC	7.2%	9.8%	0.741	29
Wilmington	DE	6.5%	8.7%	0.746	35
Wichita	KS	6.7%	8.9%	0.753	37
WASHINGTON	DC	8.6%	11.3%	0.757	14
Portland	ME	10.7%	14.0%	0.764	3
Jackson	MS	6.5%	8.4%	0.767	39
Omaha	NE	8.3%	10.6%	0.784	23
Portland	OR	7.7%	9.8%	0.786	24
Honolulu	HI	9.0%	11.5%	0.786	9
Columbus	OH	8.3%	10.3%	0.804	21
Salt Lake City	UT	7.4%	9.2%	0.805	22
Burlington	VT	7.9%	9.8%	0.812	30
Charleston	WV	7.6%	9.3%	0.821	33
Des Moines	IA	8.6%	10.2%	0.843	15
Oklahoma City	OK	7.8%	9.2%	0.847	31
Milwaukee	WI	9.9%	11.5%	0.861	6
Little Rock	AR	8.3%	9.6%	0.863	28
Denver	CO	5.6%	6.5%	0.868	43
Kansas City	MO	7.8%	8.9%	0.882	19
Virginia Beach	VA	8.6%	9.2%	0.926	27
Louisville	KY	10.0%	10.6%	0.939	12
Detroit	MI	10.2%	10.9%	0.940	13
Fargo	ND	7.1%	7.5%	0.947	42
Phoenix	AZ	7.9%	8.3%	0.954	38
Jacksonville	FL	4.9%	5.0%	0.970	46
Birmingham	AL	8.7%	8.9%	0.975	32
Bridgeport	CT	22.4%	22.6%	0.991	1
Newark	NJ	15.4%	15.1%	1.015	2
Chicago	IL	10.8%	10.5%	1.029	8
Indianapolis	IN	7.8%	7.4%	1.047	40
Philadelphia	PA	13.0%	11.5%	1.123	5
Houston	TX	5.3%	4.7%	1.138	48
Memphis	TN	6.0%	5.1%	1.180	47
Manchester	NH	10.9%	9.1%	1.199	16
Cheyenne	WY	4.6%	3.7%	1.241	50
Anchorage	AK	4.0%	3.2%	1.274	51
Seattle	WA	7.5%	5.9%	1.282	44
Sioux Falls	SD	7.8%	6.0%	1.306	45
Las Vegas	NV	6.0%	4.4%	1.364	49
AVERAGE		8.1%	9.6%	0.846	
MEDIAN				0.821	

CHAPTER III

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

Individual Income Tax

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

The percentage of income used for payment of the individual income tax burden among residents of the largest city in states having an income tax at the income level of \$25,000 ranges from a low of zero percent in six of the cities in the study to a high of 6.2 percent in Philadelphia, Pennsylvania. At the \$150,000 income level, the burden ranges from zero percent of income in Manchester, New Hampshire to 9.5 percent in New York City. It should be noted that the Tennessee and New Hampshire income taxes are applicable only to interest and dividend income and the exemptions are high enough to eliminate individual income taxes at most income levels used in the study. New York City has broad-based income taxes at both the state and local levels, each of which has graduated rates.

The average individual income tax rate for the 44 cities levying the tax ranges from 1.9 percent at \$25,000 income to 4.9 percent at \$150,000 income. Overall, the individual income tax is quite progressive; only Philadelphia has an individual income tax system that is not progressive. The slightly regressive Philadelphia income tax has no exemptions or deductions.

As Table 3 indicates, there are several types of individual income tax systems including graduated state and local rates, graduated state and flat local rates, flat state and local rates, state tax rates as a percent of federal income tax liability, graduated state tax rates and flat state rates with exemptions. The most common system is the graduated state tax rate, which applies to taxpayers in 25 of the cities. Taxpayers of seven cities are subject to a flat state tax rate with exemptions. Three cities are located in states that levy state taxes based on a percentage of federal tax liability. This includes Fargo, who allows taxpayers a choice of a graduated rate schedule or a tax equal to 14 percent of federal liability; Fargo is included in this group of states because most North Dakota taxpayers use the percentage of federal option. Income tax systems that utilize a percentage of the federal tax tend to be progressive because they are linked to the federal tax rate system, which is graduated within the income ranges used in the study.

Two of the larger cities in the study, Detroit, Michigan and Philadelphia, are subject to flat

state and local tax rates. Five other cities levy local income taxes with flat rates to complement graduated rate income tax systems. Baltimore, Maryland uses a piggyback system with a local tax based on a percentage of the graduated state tax, while New York City residents are subject to separate state and local income taxes, both of which are characterized by graduated rate schedules.

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

States That Index Some Part of Their Individual Income Tax		
<u>State</u>	<u>Indexed Portion</u>	<u>Status</u>
California	Tax brackets, exemptions (credit), standard deduction	Active
Iowa	Tax brackets, standard deduction	Active
Maine	Tax brackets, exemptions standard deduction	Active
Michigan	Personal exemptions	Active
Minnesota	Tax brackets, exemptions and standard deduction	Active
Montana	Tax brackets, exemptions, standard deduction	Active
Oregon	Tax brackets, exemptions	Active
South Carolina	Tax brackets	Active
Utah	Standard deduction, personal exemption	Active
Wisconsin	Tax Brackets, Standard Deduction	Tax Year 1999

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 standard deduction.

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

Real Property Tax

All 51 cities in the study levy a property tax on residential property located within the city. The real property tax is a function of housing values, real estate tax rates, assessment levels, homeowner exemptions and credits allowed. Nominal rates used in table 4 (page 19), represent the "announced" rates levied by the jurisdiction, while effective rates consider the various assessment levels in the cities. As the data indicate, effective rates range from a high of \$4.59 per \$100 of assessed value in Bridgeport, Connecticut to 46 cents per \$100 of assessed value in Honolulu, Hawaii. Assessment levels vary dramatically from 4.0 percent of assessed value in Columbia to 107 percent in Manchester. Local assessors and state tax provided the assessment level and nominal rate used in the cities researchers.

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

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

Birmingham, Alabama has the lowest real estate tax burden at all income levels. This very low real estate tax burden results from a combination of a low effective real estate tax rate (\$.79 per \$100 value), below average housing values and an exemption program.

TABLE 3
PERCENTAGE OF INCOME TAX BURDENS IN THE LARGEST CITIES BY
TYPE OF INCOME TAX FOR A FAMILY OF FOUR
1998

CITIES WITH:	ST	INCOME LEVELS:				
		\$25,000	\$50,000	\$75,000	\$100,000	\$150,000
GRADUATED STATE AND LOCAL TAX RATES						
Baltimore	MD	0.6%	5.0%	5.5%	5.7%	6.0%
New York City	NY	1.9%	5.9%	7.6%	8.5%	9.5%
GRADUATED STATE AND FLAT LOCAL RATES						
Birmingham	AL	4.3%	4.7%	4.9%	5.0%	5.1%
Wilmington	DE	2.7%	4.3%	5.0%	5.4%	5.8%
Louisville	KY	5.3%	6.4%	6.6%	6.8%	7.0%
Kansas City	MO	2.6%	3.8%	4.1%	4.4%	4.9%
Columbus	OH	3.1%	4.4%	5.0%	5.5%	6.3%
FLAT STATE AND LOCAL TAX RATES						
Detroit	MI	4.8%	6.0%	6.4%	6.6%	6.8%
Philadelphia	PA	6.2%	6.1%	6.0%	5.9%	5.9%
STATE TAX RATES AS A PERCENT OF FEDERAL LIABILITY						
Fargo	ND	0.6%	1.3%	1.7%	2.1%	2.5%
Providence	RI	0.0%	2.5%	3.1%	3.8%	4.6%
Burlington	VT	1.1%	2.3%	2.8%	3.5%	4.3%
GRADUATED STATE TAX						
Phoenix	AZ	0.8%	1.7%	2.0%	2.3%	2.6%
Little Rock	AR	1.9%	3.2%	4.0%	4.4%	4.9%
Los Angeles	CA	0.0%	1.1%	2.8%	4.1%	5.4%
WASHINGTON	DC	4.4%	5.4%	6.3%	6.8%	7.4%
Atlanta	GA	1.7%	3.1%	3.7%	4.0%	4.3%
Honolulu	HI	3.6%	5.2%	6.0%	6.5%	7.0%
Boise City	ID	0.9%	4.2%	5.0%	5.6%	6.0%
Des Moines	IA	3.2%	3.6%	4.4%	5.1%	6.0%
Wichita	KS	1.0%	2.6%	3.6%	4.1%	4.7%
New Orleans	LA	1.5%	2.4%	2.5%	2.5%	2.5%
Portland	ME	0.7%	3.1%	4.4%	5.1%	5.8%
Minneapolis	MN	0.8%	3.4%	4.2%	4.6%	5.2%
Jackson	MS	0.9%	2.4%	3.1%	3.4%	3.7%
Billings	MT	1.9%	3.6%	4.8%	5.7%	6.8%
Omaha	NE	0.9%	2.6%	3.6%	4.2%	5.0%
Newark	NJ	0.9%	1.4%	1.4%	1.8%	3.0%
Albuquerque	NM	0.5%	2.4%	3.4%	4.1%	4.9%
Charlotte	NC	1.9%	4.0%	4.7%	5.4%	5.8%
Oklahoma City	OK	2.5%	3.8%	4.5%	4.8%	5.2%
Portland	OR	4.1%	5.5%	6.3%	6.7%	7.1%
Columbia	SC	0.7%	3.6%	4.4%	4.8%	5.2%
Salt Lake City	UT	1.9%	4.3%	4.7%	4.9%	5.0%
Virginia Beach	VA	2.3%	3.6%	4.0%	4.3%	4.5%
Charleston	WV	2.3%	3.4%	4.3%	4.9%	5.4%
Milwaukee	WI	2.6%	4.9%	5.2%	5.5%	5.7%
FLAT STATE TAX RATE WITH EXEMPTIONS						
Bridgeport	CT	0.0%	1.1%	3.3%	3.8%	4.2%
Denver	CO	0.0%	2.3%	2.8%	2.9%	3.4%
Chicago	IL	2.1%	2.4%	2.5%	2.6%	2.6%
Indianapolis	IN	3.3%	3.7%	3.8%	3.9%	4.0%
Boston	MA	1.9%	4.2%	4.6%	4.9%	5.2%
Manchester	NH	0.0%	0.0%	0.0%	0.0%	0.0%
Memphis	TN	0.0%	0.0%	0.2%	0.3%	0.3%
No income tax: Anchorage, AK; Jacksonville, FL; Las Vegas, NV; Sioux Falls, SD; Houston, TX; Seattle, WA; Cheyenne, WY						
AVERAGE	1/	1.9%	3.4%	4.1%	4.5%	4.9%
1/ Based on cities actually levying tax.						

**TABLE 4
RESIDENTIAL PROPERTY TAX RATES IN THE LARGEST CITY IN EACH STATE
1998**

RANK	CITY	ST	NOMINAL RATE 1/ PER \$100	ASSESSMENT LEVEL 2/	EFFECTIVE RATE PER \$100
1.	Bridgeport,	CT	6.55	70.0%	4.59
2.	Newark,	NJ	24.28	16.4%	3.99
3.	Manchester,	NH	3.12	107.0%	3.33
4.	Milwaukee,	WI	3.03	99.1%	3.00
5.	Philadelphia,	PA	8.26	32.0%	2.64
6.	Portland,	ME	2.53	100.0%	2.53
7.	Des Moines,	IA	4.59	54.9%	2.52
8.	Baltimore,	MD	6.03	40.0%	2.41
9.	Sioux Falls,	SD	2.79	85.0%	2.37
10.	Detroit,	MI	5.76	40.7%	2.34
11.	Jacksonville,	FL	2.10	100.0%	2.10
12.	Providence,	RI	3.20	65.0%	2.08
13.	Omaha,	NE	2.17	94.0%	2.04
14.	Fargo,	ND	47.99	4.2%	2.02
15.	Atlanta,	GA	4.88	40.0%	1.95
16.	Burlington,	VT	2.02	93.0%	1.88
17.	Boise,	ID	1.83	99.3%	1.82
18.	Anchorage,	AK	1.85	97.5%	1.80
19.	New Orleans,	LA	16.73	10.0%	1.67
20.	Columbus,	OH	5.33	31.4%	1.67
21.	Phoenix,	AZ	16.61	10.0%	1.66
22.	Indianapolis,	IN	11.10	15.0%	1.66
23.	Portland,	OR	1.98	76.8%	1.52
24.	Kansas City,	MO	7.84	19.0%	1.49
25.	Columbia,	SC	36.25	4.0%	1.45
26.	Chicago,	IL	8.84	16.0%	1.41
27.	Salt Lake City,	UT	1.42	99.0%	1.40
28.	Boston,	MA	1.34	100.0%	1.40
29.	Memphis,	TN	5.59	25.0%	1.40
30.	Houston,	TX	1.40	100.0%	1.34
31.	Wilmington,	DE	2.19	61.0%	1.34
32.	Minneapolis,	MN	1.47	89.2%	1.31
33.	Billings,	MT	1.74	74.0%	1.29
34.	Little Rock,	AR	6.39	20.0%	1.28
35.	Wichita,	KS	10.85	11.5%	1.25
36.	Albuquerque,	NM	3.61	33.3%	1.20
37.	Seattle,	WA	1.30	91.2%	1.19
38.	Oklahoma City,	OK	10.25	11.0%	1.13
39.	Louisville,	KY	1.25	90.0%	1.13
40.	Virginia Beach,	VA	1.22	91.7%	1.12
41.	Las Vegas,	NV	3.06	35.0%	1.07
42.	Charlotte,	NC	1.16	86.3%	1.00
43.	Jackson,	MS	9.69	10.0%	0.97
44.	WASHINGTON,	DC	0.96	97.0%	0.93
45.	Charleston,	WV	1.53	60.0%	0.92
46.	New York City,	NY	10.87	7.6%	0.83
47.	Birmingham,	AL	7.86	10.0%	0.79
48.	Los Angeles,	CA	1.06	75.0%	0.79
49.	Denver,	CO	8.00	9.7%	0.78
50.	Cheyenne,	WY	7.25	9.5%	0.69
51.	Honolulu,	HI	0.46	100.0%	0.46
UNWEIGHTED AVERAGE			6.66	55.2%	\$1.67
MEDIAN					\$1.41

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

**TABLE 5
FACTORS USED IN HOUSING VALUE ASSUMPTIONS
1998**

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

1/ Source: General Housing Characteristics, U.S. Summary, Bureau of the Census

2/ Source: Census of Housing, Detailed Housing Characteristics 1990, Bureau of the Census

3/ Figures are rounded

TABLE 6
CITIES WHICH ALLOW EXEMPTIONS OR REDUCED RATES
IN THE CALCULATION OF REAL ESTATE TAXES FOR HOMEOWNERS
1998

CITY	STATE	EXEMPTION OR TAX REDUCTION AMOUNT	BASIS OF TAX REDUCTION OR EXEMPTION
Birmingham,	AL	\$4,000	Assessed Value-Homestead
Phoenix,	AZ	35% Exemption on School Tax Rates up to \$2.20 each or \$4.40 in a Unified District up to \$500.00	Assessed Value
Los Angeles,	CA	\$7,000 Exemption	Assessed Value
WASHINGTON,	DC	\$30,000 Exemption	Assessed Value-Homestead
Jacksonville,	FL	\$25,000 Exemption	Assessed Value
Atlanta,	GA	\$15,000 Exemption	Assessed Value
Honolulu,	HI	\$40,000 Exemption (below age 55)	Assessed Value
Boise City,	ID	50% up to \$50,000 Exemption	Assessed Value-Improvements
Chicago,	IL	\$4,500 Exemption	Equalized Assessed Value
Indianapolis,	IN	15% Credit and \$2,000 Exemption	Assessed Value-Homestead
Des Moines,	IA	\$4,850 Exemption	Assessed Value-Homestead
New Orleans,	LA	\$7,500 Exemption	Assessed Value
Boston,	MA	\$453.13 Exemption	Tax Credit
Minneapolis,	MN	1.85% Market Value over \$75,000 1% on First \$75,000	Assessed Value
Jackson,	MS	\$240 Exemption	Assessed Value
Albuquerque,	NM	\$2,000 Household Head Exemption, \$2,000 Veteran exemption	Taxable Value
Columbus,	OH	12.5% Tax Rollback	Assessed Value
Oklahoma City,	OK	\$1,000 Exemption	Assessed Value-Homestead
Providence,	RI	35%	Assessed Value
Columbia,	SC	1.378 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 district tax on 1st \$6,800, 1.09 per \$100 Lottery credit of \$2.26 per \$100	Tax Credit Assessed Value

Given the assumptions used in this study, the real property tax burden is slightly regressive with an average percentage burden of 3.4 percent at \$25,000 income and 3.2 percent at \$150,000 income. Because of high exemptions or credits, the property tax in some cities is actually progressive despite the regressivity assumed in deriving housing values (see Chapter I). For example, the property tax burden in Birmingham is 0.2 percent of income at \$25,000, compared to 1.0 percent at \$150,000. For Washington, D.C., the percentage property tax burden is 1.3 percent at \$25,000 and 1.9 percent at the \$150,000 income level.

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

Sales and Use Tax

Residents of 46 of the 51 cities in this study are subject to some form of a sales and use tax. The combined sales tax rates range from 9 percent in New Orleans to 4 percent in Honolulu as indicated in Table 7, page 23. The highest state sales tax rate is 7 percent in Rhode Island and Mississippi, while the lowest state rate of 2 percent is found in Nevada. Sales taxes are levied by 19 of the 51 cities in addition to state sales taxes with the highest city rate at 4 percent in New York City. Of the sixteen counties levying a sales tax, the highest rate (2.75 percent) is in Clark County (Las Vegas). Three school districts and 11 transit districts also levy sales taxes, with rates ranging from 0.25 percent to 2.25 percent.

The average sales tax burden is the second highest of the four major tax types at the \$25,000 income level, according to Table 1. It is third highest tax paid at the four other income levels. However, the sales tax burden is far below the levels of property and income taxes at the four highest income levels.. For cities subject to a sales tax, the highest burdens occur in Atlanta, Georgia; Birmingham, Alabama; and New Orleans, Louisiana. The cities with a sales tax having the lowest burdens include Boston, Massachusetts; Burlington, Vermont; and Fargo, North Dakota.

Table 1 shows that the sales tax is regressive; the \$25,000 income family pays an average 2.3 percent for sales taxes, while the \$150,000 family pays 1.8 percent. Factors that make the sales tax regressive include a flat tax rate as well as a tax base, which includes tangible necessities but not necessarily services. Factors, which can lessen the regressivity of the sales tax, include the exemption of groceries and the taxation of certain services.

TABLE 7
STATE AND LOCAL GENERAL SALES TAX
RATES IN EACH OF THE 51 CITIES
AS OF DECEMBER 31, 1998

CITY	ST	TOTAL RATE	STATE	CITY	COUNTY	SCHOOL	TRANSIT
New Orleans,	LA	9.0	4.0	3.5		1.5	
Chicago,	IL	8.75	6.25	1.0	0.75		0.75
Seattle,	WA	8.6	6.5	1.1			1.0
Oklahoma City,	OK	8.375	4.5	3.875			
Los Angeles,	CA	8.25	6.0	1.0	0.25		1.0
New York City,	NY	8.25	4.0	4.0			0.25
Memphis,	TN	8.25	6.0		2.25		
Houston,	TX	8.25	6.25	1.0			1.0
Birmingham,	AL	8.0	4.0	3.0	1.0		
Denver,	CO	7.3	3.0	3.5			0.8
Phoenix,	AZ	7.0	5.0	1.3	0.7		
Atlanta,	GA	7.0	4.0		1.0	1.0	1.0
Minneapolis,	MN	7.0	6.5	0.5			
Jackson,	MS	7.0	7.0				
Las Vegas,	NV	7.0	2.0		2.75	2.25	
Philadelphia,	PA	7.0	6.0		1.0		
Providence,	RI	7.0	7.0				
Jacksonville,	FL	6.5	6.0				0.5
Omaha,	NE	6.5	5.0	1.5			
Kansas City,	MO	6.475	4.225	1.0	0.75		0.5
Little Rock,	AR	6.125	4.625	0.5	1.0		
Salt Lake City,	UT	6.125	4.875	1.0			0.25
Bridgeport,	CT	6.0	6.0				
Louisville,	KY	6.0	6.0				
Detroit,	MI	6.0	6.0				
Charlotte, NC		6.0		2.0			
Fargo,	ND	6.0	5.0	1.0			
Newark,	NJ	6.0	6.0				
Sioux Falls,	SD	6.0	4.0	2.0			
Charleston,	WV	6.0	6.0				
Cheyenne,	WY	6.0	4.0		2.0		
Wichita,	KS	5.9	4.9		1.0		
Albuquerque,	NM	5.8125	4.5	1.0625	0.25		
WASHINGTON,	DC	5.75	5.75				
Columbus,	OH	5.75	5.0		0.5		0.25
Milwaukee,	WI	5.6	5.0		0.6		
Portland,	ME	5.5	5.5				
Des Moines,	IA	5.0	5.0				
Boise City,	ID	5.0	5.0				
Indianapolis,	IN	5.0	5.0				
Boston,	MA	5.0	5.0				
Baltimore,	MD	5.0	5.0				
Columbia,	SC	5.0	5.0				
Burlington,	VT	5.0	5.0				
Virginia Beach,	VA	4.5	3.5	1.0			
Honolulu,	HI	4.0	4.0				
UNWEIGHTED AVERAGE		6.43					
MEDIAN		6.0					

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

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

Automobile Taxes

All 51 cities in this study levy 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. Sixteen 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, 1998 are compared in Table 8, page 25. The gasoline tax rates vary from as high as 34 cents per gallon in Bridgeport to a low of 7.5 cents per gallon in Atlanta and 8 cents per gallon in Anchorage, and New York City. Several of the cities in Table 8 also levy a sales tax on gasoline, which is not included in the table.

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

Sixteen 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 may not be the same as is used for other personal property or for real property. Others use the same assessment system and property tax rate for automobiles as they do for personal residences.

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

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

Automobile tax burdens in the 51 cities are regressive on the average as shown in Table 1. The \$25,000 family pays 1.0 percent of income for automobile related taxes, while the \$150,000 income family pays an average of 0.4 percent. Since gasoline consumption does not necessarily increase at the same rate as income, a flat tax rate on gasoline will not be progressive. Similarly, in a society where ownership of at least one automobile by a family is almost a necessity, any tax (excise or personal property) based on the value of vehicle ownership tends to be regressive.

TABLE 8
GASOLINE TAX RATES IN THE 51 CITIES AS OF DECEMBER 31, 1998
(STATE AND LOCAL RATES)

CITY	ST	TOTAL RATE	STATE RATE	LOCAL RATE
Bridgeport,	CT	34.0	34.0	0.0
Las Vegas,	NV	33.0	24.0	9.0
Honolulu,	HI	32.5	16.0	16.5
Providence,	RI	28.0	28.0	0.0
Billings,	MT	27.0	27.0	0.0
Portland,	OR	27.0	24.0	3.0
Jacksonville,	FL	26.2	15.2	11.0
Milwaukee,	WI	25.4	25.4	0.0
Boise,	ID	25.0	25.0	0.0
Omaha,	NE	24.9	24.9	0.0
Chicago,	IL	24.0	19.0	5.0
Baltimore,	MD	23.5	23.5	0.0
Wilmington,DE	23.0	23.0	0.0	0.0
Seattle,	WA	23.0	23.0	0.0
Denver,	CO	22.0	22.0	0.0
Columbus,	OH	22.0	22.0	0.0
Charlotte,	NC	21.6	21.6	0.0
Boston,	MA	21.0	21.0	0.0
Charleston,	WV	20.5	20.5	0.0
WASHINGTON,	DC	20.0	20.0	0.0
Des Moines,	IA	20.0	20.0	0.0
New Orleans,	LA	20.0	20.0	0.0
Minneapolis,	MN	20.0	20.0	0.0
Manchester,	NH	20.0	20.0	0.0
Memphis,	TN	20.0	20.0	0.0
Fargo,	ND	20.0	20.0	0.0
Houston,	TX	20.0	20.0	0.0
Salt Lake City,	UT	19.5	19.5	0.0
Portland,	ME	19.0	19.0	0.0
Detroit,	MI	19.0	19.0	0.0
Burlington,	VT	19.0	19.0	0.0
Little Rock,	AR	18.6	18.6	0.0
Phoenix,	AZ	18.0	18.0	0.0
Los Angeles,	CA	18.0	18.0	0.0
Wichita,	KS	18.0	18.0	0.0
Jackson,	MS	18.0	18.0	0.0
Sioux Falls,	SD	18.0	18.0	0.0
Virginia Beach,	VA	17.5	17.5	0.0
Birmingham,	AL	17.0	16.0	1.0
Kansas City,MO	17.0	17.0	0.0	0.0
Albuquerque,	NM	17.0	17.0	0.0
Oklahoma City,	OK	17.0	17.0	0.0
Columbia,	SC	16.0	16.0	0.0
Indianapolis,	IN	15.0	15.0	0.0
Louisville,	KY	15.0	15.0	0.0
Philadelphia,	PA	12.0	12.0	0.0
Newark,	NJ	10.5	10.5	0.0
Cheyenne,	WY	9.0	9.0	0.0
New York City,	NY	8.0	8.0	0.0
Anchorage,	AK	8.0	8.0	0.0
Atlanta,	GA	7.5	7.5	0.0
UNWEIGHTED AVERAGE		19.9		
MEDIAN		20.0		

TABLE 9

**SUMMARY OF TYPES OF AUTOMOBILE
REGISTRATION TAXES
1998**

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

<u>OTHER AUTO TAXES (INCLUDING LOCAL)</u>	
Personal Property	16
Excise:	
Value Based	13
Weight Based	2
Local:	
Flat Rate	2

**TABLE 10
AUTOMOBILE TAX ASSUMPTIONS
1998**

Income Level	Description Of Auto	Horse-Power 1/	Weight 1/	Year	Market Values			Estimated Mileage Per Gallon 2/	Estimated Annual Gasoline Usage 3/
					Retail Price 1/	Trade-In Value 1/	Loan Value 1/		
\$ 25,000	Sedan, 4 Door 4 cylinder, Automatic	16.9	2,735 lbs.	1994	\$10,575	\$8,550	\$ 7,600	22	682 Gallons
\$ 50,000	Sedan, 4 Door 4 Cylinder, Automatic	18.8	3,097 lbs.	1995	\$14,625	\$12,500	\$11,400	23	652 Gallons
\$ 75,000	Sedan, 4 Door 6 Cylinder, Automatic	29.4	3,147 lbs.	1996	\$16,950	\$14,875	\$13,850	19	789 Gallons
	Sedan, 4 Door 4 Cylinder, Automatic	16.7	2,312 lbs.	1993	\$ 9,450	\$ 8,475	\$ 7,500	24	313 Gallons
\$100,000	Sedan, 4 Door 6 Cylinder, Automatic	34.7	3,587 lbs.	1996	\$22,575	\$20,050	\$18,525	19	789 Gallons
	Sedan, 2 Door 6 Cylinder, Automatic	18.0	2,987 lbs.	1992	\$10,700	\$8,850	\$8,075	23	326 Gallons
\$150,000	Sedan, 4 Door 6 Cylinder, Automatic	35.1	3,665 lbs.	1996	\$29,975	\$26,675	\$24,475	19	789 Gallons
	Sedan, 4 Door 4 Cylinder, Automatic	18.8	3,097 lbs.	1994	\$15,625	\$13,500	\$12,400	23	326 Gallons

1/ National Automobile Dealers Association Used Car Guide.

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

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

CHAPTER IV

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

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

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

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

Individual Income Tax

The individual income tax burden for Washington, D.C. is substantially above the average for the 44 cities that levy an individual income tax at all income levels. Washington, D.C. levies an individual income tax with three rates: 6 percent on the first \$10,000 of taxable income; 8 percent on the next \$10,000 of taxable income; and 9.5 percent on taxable income over \$20,000. For tax year 1998 personal exemptions of \$1,370 per dependent were allowed, as well as a \$1,370 exemption for the filer and spouse, respectively. A standard deduction of \$2,000 (\$1,000 for married-separate) was in effect for the period of this study. Itemized deductions are the same as

those allowed in computing the federal income tax, but the District does not allow the deduction of its own individual income tax. Washington, D.C. also has liberal "circuit-breaker" property tax relief programs for both elderly and non-elderly qualified homeowners and renters, as well as a low-income credit, which eliminates the District income tax for taxpayers with no federal income tax liability.

The individual income tax burden for Washington, D.C., is substantially above the average of the 51 cities at the four income levels studied according to Table 11. The high income tax burden on those subject to the tax is due in part to restrictions on the individual income tax base of the District. The Congress prohibits Washington, D.C., from taxing the earnings of non-residents working within the city. As a result of this tax base restriction, the District of Columbia is forced to tax its residents at higher rates than would otherwise be the case since approximately 59 percent of the wages and salaries earned in the District of Columbia are earned by non-residents.

Real Property Tax

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

The tax on residential property in the District of Columbia is based on the assessed value of the property. All property is assessed at a statutory level of 100 percent of its estimated market value, and assessments are done annually. The tax rate on residential owner-occupied property in the District of Columbia was \$0.96 per \$100 for the period of this study. Washington, D.C. homeowners are allowed to deduct a homestead exemption of \$30,000 before calculation of the property tax for all owner-occupied dwellings.

Despite the assumption of regressivity present in the housing value assumptions (Chapter I), the computed property tax for Washington, D.C., is slightly progressive because of the homestead deduction which reduces the property tax of each homeowner by \$288 (at the \$0.96 rate). The burden is 1.3 percent at the \$25,000 income level and 1.9 percent at \$150,000 income.

Sales Tax

The District of Columbia levies a sales tax with five different rates. This rate structure is utilized, in part, to take advantage of the District's special status as a tourist center and to increase the contribution of non-residents working in the city. These differential rates illustrate the concept of tax exporting. The table below details the sales tax rates in effect at the end of 1998.

<u>Items</u>	<u>Sales Tax Rate</u>
Tangible Personal Property	5.75%
Alcohol for off premises consumption	8%
Restaurant Meals, Take-Out Food, rental cars, Telephone calling cards	10%
Commercial Parking	12%
Hotel, Motel Rooms ^{1/}	14.5%

^{1/} Rate increased from 13.0% to 14.5%, effective October 1, 1998.

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

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

Automobile Taxes

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

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

Summary

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

TABLE 11
TAX BURDENS IN WASHINGTON, D.C. COMPARED WITH THE AVERAGE FOR
THE LARGEST CITY IN EACH STATE BY INCOME CLASS, 1998

		DISTRICT OF COLUMBIA	AVERAGE FOR CITIES LEVYING TAX 1/	PERCENT DIFFERENCE
\$25,000 INCOME LEVEL				
	Income	\$1,100	\$479	129.6%
	Property	325	854	-62.0%
	Sales	492	569	-13.5%
	Auto	224	246	-8.7%
TOTAL	DC	\$2,141	51 CITY AVERAGE \$2,026	5.7%
\$50,000 INCOME LEVEL				
	Income	\$2,709	\$1,714	58.1%
	Property	879	1,712	-48.7%
	Sales	844	890	-5.1%
	Auto	218	281	-22.4%
TOTAL	DC	\$4,650	51 CITY AVERAGE \$4,274	8.8%
\$75,000 INCOME LEVEL				
	Income	\$4,729	\$3,056	54.7%
	Property	1,462	2,644	-44.7%
	Sales	1,346	1,355	-0.7%
	Auto	363	501	-27.4%
TOTAL	DC	\$7,901	51 CITY AVERAGE \$7,004	12.8%
\$100,000 INCOME LEVEL				
	Income	\$6,845	\$4,487	52.5%
	Property	1,929	3,382	-43.0%
	Sales	1,797	1,807	-0.6%
	Auto	366	559	-34.4%
TOTAL	DC	\$10,937	51 CITY AVERAGE \$9,442	15.8%
\$150,000 INCOME LEVEL				
	Income	\$11,039	\$7,423	48.7%
	Property	2,863	4,870	-41.2%
	Sales	2,693	2,696	-0.1%
	Auto	366	670	-45.4%
TOTAL	DC	\$16,961	51 CITY AVERAGE \$14,376	18.0%
/1 Averages based on cities actually levying each tax. The total average is not presented because each jurisdiction may use only some of the taxes specified.				

CHAPTER V

Why Do Tax Burdens Differ From One City To Another?

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

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

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

such an exemption can narrow the sales tax base and may require a higher sales tax rate in order to raise sufficient revenues.

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

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

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

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

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

STATE	CITY	1990 POPULATION	1980 POPULATION	PERCENT DIFFERENCE
Alabama	Birmingham	265,968	284,413	-6.5%
Alaska	Anchorage	226,338	173,017	30.8%
Arizona	Phoenix	983,403	789,704	24.5%
Arkansas	Little Rock	175,795	158,461	10.9%
California	Los Angeles	3,485,398	2,966,763	17.5%
Colorado	Denver	467,610	491,396	-4.8%
Connecticut	Bridgeport	141,686	142,546	-0.6%
Delaware	Wilmington	71,529	70,195	1.9%
Florida	Jacksonville	672,971	540,898	24.4%
Georgia	Atlanta	394,017	425,020	-7.3%
Hawaii	Honolulu	377,059	365,048	3.3%
Idaho	Boise	125,738	102,451	22.7%
Illinois	Chicago	2,783,726	3,005,072	-7.4%
Indiana	Indianapolis	731,327	700,807	4.4%
Iowa	Des Moines	193,187	191,003	1.1%
Kansas	Wichita	304,011	279,272	8.9%
Kentucky	Louisville	269,063	298,451	-9.8%
Louisiana	New Orleans	496,938	557,482	-10.9%
Maine	Portland	64,358	61,572	4.5%
Maryland	Baltimore	736,014	786,775	-6.5%
Massachusetts	Boston	574,283	562,994	2.0%
Michigan	Detroit	1,027,974	1,203,339	-14.6%
Minnesota	Minneapolis	368,383	370,951	-0.7%
Mississippi	Jackson	196,637	202,895	-3.1%
Missouri	Kansas City	435,146	448,159	-2.9%
Montana	Billings	81,151	66,798	21.5%
Nebraska	Omaha	335,795	311,681	7.7%
Nevada	Las Vegas	258,295	164,674	56.9%
New Hampshire	Manchester	99,567	90,936	9.5%
New Jersey	Newark	275,221	329,248	-16.4%
New Mexico	Albuquerque	384,736	331,767	16.0%
New York	New York City	7,322,564	7,071,030	3.6%
North Carolina	Charlotte	395,934	314,447	25.9%
North Dakota	Fargo	74,111	61,308	20.9%
Ohio	Columbus	632,910	564,871	12.0%
Oklahoma	Oklahoma City	444,719	403,213	10.3%
Oregon	Portland	437,319	366,383	19.4%
Pennsylvania	Philadelphia	1,585,577	1,688,210	-6.1%
Rhode Island	Providence	160,728	156,804	2.5%
South Carolina	Columbia	98,052	99,296	-1.3%
South Dakota	Sioux Falls	100,814	81,343	23.9%
Tennessee	Memphis	610,337	646,356	-5.6%
Texas	Houston	1,630,553	1,594,086	2.3%
Utah	Salt Lake City	159,936	163,033	-1.9%
Vermont	Burlington	39,127	37,712	3.8%
Virginia	Virginia Beach	393,069	262,199	49.9%
Washington	Seattle	516,259	493,846	4.5%
West Virginia	Charleston	57,287	63,968	-10.4%
Wisconsin	Milwaukee	628,088	636,212	-1.3%
Wyoming	Cheyenne	50,008	47,283	5.8%
Washington, DC		606,900	637,651	-4.8%

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

Part II

A Comparison of Selected Tax Rates In The District of Columbia With Those In The 50 States As of January 1, 1999

Overview

As can be seen from a review of the major taxes compared in this report, the tax rates in the District of Columbia are among the highest in the nation. Of the 13 taxes compared, District tax categories that are higher than in most of the states include: cigarette; corporate income; individual income; deed recordation; motor vehicle excise; motor vehicle registration fees; motor fuel; and sales and use. In four tax categories -- insurance premiums, beer, dessert wine, and distilled spirits, the District has lower tax rates than most states (page 48).

TABLE 13
COMPARISON OF SELECTED STATE TAX RATES
NUMBER OF JURISDICTIONS

Tax	Levying Tax	Lower Than DC	Same As DC	Higher Than DC
Beer	50	8	2	40
Cigarette	50	40	0	10
Corporate Income	44	41	0	3
Deed recordation	36	36	0	0
Light Wine	46	7	2	37
Distilled Spirits	32	0	1	31
Individual Income	44 1/	35 2/	0	7 2/
Insurance	48	4	0	44
Motor Fuel	50	29	5	16
Motor Vehicle Excise				
Light Cars <3,500 lbs.	47	33	8	6
Heavy Cars >3,500 lbs.	47	45	1	1
Motor Vehicle Registration 3/	49	46	0	3
Sales and Use	45	30	0	15

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

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

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

TABLE 14
INDIVIDUAL INCOME TAX
WASHINGTON METROPOLITAN AREA
JANUARY 1, 1999

PERSONAL EXEMPTIONS	(CREDITS)	TAXABLE INCOME	RATES
<u>DISTRICT OF COLUMBIA</u>			
Single	\$1,370	\$ 0-\$10,000	6.0%
Married Filing Separate	\$1,370	\$10,001-\$20,000	\$ 600 + 8.0% of excess of >\$10,000
Married Filing Jointly	\$2,740	Over \$20,000	\$1,400 + 9.5% of excess of >\$20,000
Head of Household	\$2,740		
Dependent (additional)	\$1,370		
Blind (additional)	\$1,370		
Age 65 and over (addnl)	\$1,370		
Standard	1/		
<u>MARYLAND</u> 2/			
Single	\$1,850	\$ 0-\$ 1,000	2.0%
Married Filing Separately	\$1,850	\$ 1,001-\$ 2,000	\$ 20 + 3.0% of excess >\$ 1,000
Married Filing Jointly	\$3,700	\$ 2,001-\$ 2,000	\$ 50 + 4.0% of excess >\$ 2,000
Head of Household	\$1,850	Over \$ 3,000	\$ 90 + 4.85% of excess >\$ 3,000
Dependent (additional)	\$1,850		
Blind (additional)	\$1,850		
Age 65 and over (addnl)	\$1,000		
Standard	3/		
<u>VIRGINIA</u>			
Single	\$ 800	\$ 0-\$ 3,000	2.0%
Married Filing Separately	\$ 800	\$ 3,001-\$ 5,000	\$ 60 + 3.0% of excess >\$ 3,000
Married Filing Jointly	\$1,600	\$ 5,001-\$17,000	\$ 120 + 5.0% of excess >\$ 5,000
Head of Household	\$ 800	Over \$17,000	\$ 720 + 5.75% of excess >\$17,000
Dependent (additional)	\$ 800		
Blind (additional)	\$ 800		
Age 65 and over (addnl)	\$ 800		
Standard	4/		

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

2/ Maryland rates do not include local piggyback rates of which may be as much as 60%.

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

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

TABLE 15
INDIVIDUAL INCOME TAX
43 STATES AND DISTRICT OF COLUMBIA
AS OF JANUARY 1, 1999

PERSONAL EXEMPTIONS (CREDITS)				RATES AND TAXABLE INCOME BRACKETS			
SINGLE	M/J	DEPENDENTS		RATE	MINIMUM UP TO	MAXIMUM RATE	OVER
Alabama ^{1/}							
\$1,500	\$3,000	\$300	S,HH,M	2.0%	\$ 500	5.0%	\$ 3,000
			M/J	2.0%	1,000	5.0%	6,000
Arizona							
\$2,100	\$4,200	\$2,300	S,M/S	2.88%	\$ 10,000	5.1%	\$150,000
	\$6,300 ^{2/}		M/J,HH	2.88%	20,000	5.1%	300,000
	(\$60) ^{3/}	(\$30) ^{3/}					
Arkansas							
(\$20)	(\$40)	(\$20)		1.0%	\$ 2,999	7.0%	\$ 25,000
California							
(\$70)	(\$140)	(\$253)	M/S,S	1.0%	\$ 5,131	9.3%	\$ 33,673
			HH	1.0%	10,264	9.3%	45,833
			M/J	1.0%	10,262	9.3%	67,346
Colorado							
							5.0% of federal taxable income with certain modifications.
Connecticut							
\$12,000	\$24,000						4.5% of federal adjusted gross income with certain modifications.
Delaware							
(\$ 100)	(\$ 200)	(\$100)		2.6%	\$ 5,000	6.4%	\$ 40,000
District of Columbia							
\$1,370	\$2,740	\$1,370		6.0%	\$ 10,000	9.5%	\$ 20,000
Georgia							
\$1,500	\$3,000	\$2,000	M/S	1.0%	\$ 500	6.0%	\$ 5,000
			S	1.0%	750	6.0%	7,000
			HH,M/J	1.0%	1,000	6.0%	10,000
Hawaii							
\$1,040	\$2,080	\$1,040	M/S,S	1.6%	\$ 2,000	8.75%	\$ 40,000
			HH	1.6%	3,000	8.75%	60,000
			SS,M/J	1.6%	4,000	8.75%	80,000

1/ Does not include various local income taxes.

2/ If married filing joint with at least one dependent.

3/ If M/J, HH and FAGI do not exceed \$20,000 or M/S, S and FAGI do not exceed \$10,000. Limit of credit for M/J, HH is \$120 and for M/S, S is \$60.

TABLE 15 (continued)

INDIVIDUAL INCOME TAX
43 STATES AND DISTRICT OF COLUMBIA
AS OF JANUARY 1, 1999

PERSONAL EXEMPTIONS (CREDITS)				RATES AND TAXABLE INCOME BRACKETS			
SINGLE	M/J	DEPENDENTS		RATE	MINIMUM UP TO	MAXIMUM RATE	OVER
Idaho ^{1/}							
\$2,700	\$5,400	\$2,700	S	2.0%	\$ 1,000	8.2%	\$ 20,000
			M/J	2.0%	2,000	8.2%	40,000
Illinois							
\$1,000	\$2,000	\$1,000				3.0% of taxable net income.	
Indiana ^{2/}							
\$1,000	\$2,000	\$1,000				3.4% of federal adjusted gross income.	
Iowa							
(\$40)	(\$80)	(\$40)		0.36%	\$ 1,136	8.98%	\$ 51,120
Kansas							
\$2,250	\$4,500	\$2,250	S,M/S	3.5%	\$ 15,000	6.45%	\$ 30,000
			M/J	3.5%	30,000	6.45%	60,000
Kentucky							
(\$20)	(\$40)	(\$20)		2.0%	\$ 3,000	6.0%	\$ 8,000
Louisiana							
\$4,500	\$9,000	\$1,000	S,M/S,HH	2.0%	\$ 10,000	6.0%	\$ 50,000
			M/J	2.0%	20,000	6.0%	100,000
Maine							
\$2,400	\$4,800	\$2,400	S,M/S	2.0%	\$ 4,150	8.5%	\$ 16,500
			HH	2.0%	6,200	8.5%	24,750
			M/J	2.0%	8,250	8.5%	33,000
Maryland ^{2/}							
\$1,850	\$3,700	\$1,850	S,M/S,D	2.0%	\$ 1,000	4.85%	\$ 3,000
			M/J,HH,QW	2.0%	1,000	4.85%	3,000
Massachusetts							
\$4,780	\$9,560	\$1,000		5.95%	(earned)	12.0%	(unearned)
				Capital Gains:		12.0%	< 1 yr holding
						5.0%	1-2 yrs holding
						4.0%	> 2 yrs holding
Michigan ^{2/}							
\$2,800	\$5,600	\$2,800				4.4% of federal adjusted gross income.	

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

2/ Does not include various local income taxes.

TABLE 15 (continued)

INDIVIDUAL INCOME TAX
43 STATES AND DISTRICT OF COLUMBIA
AS OF JANUARY 1, 1999

PERSONAL EXEMPTIONS (CREDITS)				RATES AND TAXABLE INCOME BRACKETS			
SINGLE	M/J	DEPENDENTS		RATE	MINIMUM UP TO	MAXIMUM RATE	OVER
Minnesota							
\$2,750	\$5,500	\$2,750	M/S	5.5%	\$ 12,610	8.0%	\$ 50,100
			S	5.5%	17,250	8.0%	56,680
			HH	5.5%	21,240	8.0%	85,350
			M/J	5.5%	25,220	8.0%	100,200
Mississippi							
\$6,000	\$9,500	\$1,500		3.0%	\$ 5,000	5.0%	\$ 10,000
Missouri 1/							
\$1,200	\$2,400	\$1,200		1.5%	\$ 1,000	6.0%	\$ 9,000
Montana							
\$1,580	\$3,600	\$1,580		2.0%	\$ 2,000	11.0%	\$ 69,000
Nebraska							
(\$86)	(\$172)	(\$86)	S,M/S	2.51%	\$ 2,400	6.68%	\$ 26,500
			M/J,H/H	2.51%	4,000	6.68%	46,750
New Hampshire							
\$2,400	\$4,800	---					5.0% on dividend and interest income over personal exemption.
New Jersey							
\$1,000	\$2,000	\$1,500	S,M/S	1.4%	\$ 20,000	6.37%	\$ 75,001
			HH,M/J	1.4%	20,000	6.37%	150,001
New Mexico							
\$2,550	\$2,550	\$2,550	M/S	1.7%	\$ 4,000	8.5%	\$ 50,000
			S	1.7%	5,500	8.5%	65,000
			HH	1.7%	7,000	8.5%	83,000
			M/J	1.7%	8,000	8.5%	100,000
New York							
---	---	\$1,000	S,M/S	4.0%	\$ 8,000	6.85%	\$ 20,000
			HH	4.0%	11,000	6.85%	30,000
			M/J	4.0%	16,000	6.85%	40,000
North Carolina 2/							
\$2,500	\$5,000	\$2,500	M/S	6.0%	\$10,625	7.75%	\$ 50,000
			S	6.0%	12,750	7.75%	60,000
			HH	6.0%	17,000	7.75%	80,000
			M/J,SS	6.0%	21,250	7.75%	100,000
North Dakota 3/							
---	---	---					14.0% of federal liability before credits

1/ Does not include various local income taxes.

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

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

TABLE 15 (continued)

INDIVIDUAL INCOME TAX

43 STATES AND DISTRICT OF COLUMBIA
AS OF JANUARY 1, 1999

PERSONAL EXEMPTIONS (CREDITS)				RATES AND TAXABLE INCOME BRACKETS			
SINGLE	M/J	DEPENDENTS		RATE	MINIMUM UP TO	MAXIMUM RATE	OVER
Ohio 1/ \$1,050 (\$20)	\$2,100 (\$40)	\$1,050 (\$20)		0.673%	\$ 5,000	6.799%	\$200,000
Oklahoma \$1,000 (With no federal deduction)	\$2,000	\$1,000	S,M/S	0.5%	\$ 1,000	6.75%	\$ 10,000
			SS,HH,M/J	0.5%	2,000	6.75%	21,000
(With Federal Deduction)			S,M/S	0.5%	1,000	10.0%	16,000
			SS,HH,M/J	0.5%	2,000	10.0%	24,000
Oregon 1/ (\$132)	(\$264)	(\$132)	S,M/S	5.0%	\$ 2,300	9.0%	\$ 5,800
			HH,M/J	5.0%	4,600	9.0%	\$ 11,600
Pennsylvania 1/ ---	---	---			2.8% of specified classes of taxable income is effective rate.		
Rhode Island ---	---	---			27% of modified federal income tax liability.		
South Carolina \$2,750	\$5,500	\$2,750 2/		2.5%	\$ 2,340	7.0%	\$ 11,700
Tennessee \$1,250	\$2,500	---			6.0% on interest and dividend income.		
Utah \$1,875	\$3,750	\$1,875	M/S,S	2.55%	\$ 750	7.2%	\$ 3,750
			HH,M/J	2.55%	1,500	7.2%	7,500
Vermont ---	---	---			25% of federal income tax liability.		
Virginia \$ 800	\$1,600	\$ 800		2.0%	\$ 3,000	5.75%	\$ 17,000
West Virginia \$2,000	\$4,000	\$2,000	M/S	3.0%	\$ 5,000	6.5%	\$ 30,000
			S,SS,M/J,HH	3.0%	10,000	6.5%	60,000
Wisconsin ---	---	(\$50)	M/S	4.77%	\$ 5,000	6.77%	\$ 10,000
			S	4.77%	7,500	6.77%	15,000
			M/J	4.77%	10,000	6.77%	20,000

1/ Does not include various local income taxes.

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

TABLE 16

CHARACTERISTICS OF STATE INDIVIDUAL INCOME TAXES

Jurisdiction	Federal Income Tax Deductible	No Income Tax	With- Holding	Federal Definition Of Income For State Tax Base	State Definition Of Income For State Tax Base	Federal Tax Liability For State Tax Base
Alabama	AL		AL		AL	
Alaska		AK				
Arizona			AZ		AZ	
Arkansas			AR		AR	
California			CA	CA		
Colorado			CO	CO		
Connecticut			CT	CT	CT	
Delaware			DE	DE		
DISTRICT OF COLUMBIA			DC	DC		
Florida		FL				
Georgia			GA	GA		
Hawaii			HI	HI		
Idaho			ID	ID		
Illinois			IL	IL		
Indiana			IN	IN		
Iowa	IA		IA	IA		
Kansas			KS	KS		
Kentucky			KY	KY		
Louisiana	LA		LA	LA		
Maine			ME	ME		
MARYLAND			MD	MD		
Massachusetts			MA	MA		
Michigan			MI	MI		
Minnesota			MN	MN		
Mississippi			MS		MS	
Missouri	MO		MO	MO		
Montana	MT		MT	MT		
Nebraska			NE	NE		
Nevada		NV				
New Hampshire						NH

TABLE 16 (continued)

CHARACTERISTICS OF STATE INDIVIDUAL INCOME TAXES

Jurisdiction	Federal Income Tax Deductible	No Income Tax	With- Holding	Federal Definition Of Income For State Tax Base	State Definition Of Income For State Tax Base	Federal Tax Liability For State Tax Base
New Jersey			NJ		NJ	
New Mexico			NM	NM		
New York			NY	NY		
North Carolina			NC	NC		
North Dakota			ND			
Ohio			OH	OH		
Oklahoma	OK 1/		OK	OK		
Oregon	OR 2/		OR	OR		
Pennsylvania			PA		PA	
Rhode Island			RI			RI
South Carolina			SC	SC		
South Dakota		SD				
Tennessee					TN	
Texas		TX				
Utah	UT 1/		UT	UT		
Vermont			VT			VT
VIRGINIA			VA	VA		
Washington		WA				
West Virginia			WV	WV		
Wisconsin			WI	WI		
Wyoming		WY				

1/ Method 2 only.

2/ Federal deductibility is limited.

TABLE 17

STATE CORPORATION INCOME TAX RATES

(Maximum Rates)

DISTRICT OF COLUMBIA: 9.975%

LOWER THAN THE DISTRICT 41 STATES			
Alabama	5.00%	New Mexico	7.60%
Colorado	5.00%	Nebraska	7.81%
Mississippi	5.00%	Indiana	7.90%
South Carolina	5.00%	Wisconsin	7.90%
Utah	5.00%	Arizona	8.00%
Florida	5.50%	Idaho	8.00%
Georgia	6.00%	Louisiana	8.00%
Oklahoma	6.00%	Kentucky	8.25%
Tennessee	6.00%	Ohio	8.50%
VIRGINIA	6.00%	Delaware	8.70%
Missouri	6.25%	California	8.84%
Hawaii	6.40%	Maine	8.93%
Arkansas	6.50%	New Jersey	9.00%
Oregon	6.60%	New York	9.00%
Montana	6.75%	Rhode Island	9.00%
North Dakota	6.83%	West Virginia	9.00%
MARYLAND	7.00%	Alaska	9.40%
New Hampshire	7.00%	Massachusetts	9.50%
North Carolina	7.00%	Vermont	9.75%
Illinois	7.30%	Minnesota	9.80%
Kansas	7.35%		
HIGHER THAN THE DISTRICT 3 STATES			
Pennsylvania	9.99%	Iowa	12.00%
Connecticut	10.50%		
NO TAX 6 STATES			
Michigan (Single Business Tax)		Texas	
Nevada		Washington (Gross Receipts Tax)	
South Dakota		Wyoming	

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

LOWER THAN THE DISTRICT			
4 STATES			
New York 1/ South Carolina	0.70% 0.75%	Nebraska Michigan	1.00% 1.30%
HIGHER THAN THE DISTRICT			
44 STATES			
Florida	1.75%	Wisconsin	2.00%
Connecticut	1.75%	New Jersey	2.10%
Tennessee	1.80%	Colorado	2.25%
North Carolina	1.90%	Georgia	2.25%
Arizona	2.00%	Louisiana 2/	2.25%
Delaware	2.00%	Oklahoma	2.25%
Indiana	2.00%	Utah	2.25%
Iowa	2.00%	VIRGINIA	2.25%
Kansas	2.00%	Ohio	2.30%
Kentucky	2.00%	California	2.35%
Maine	2.00%	Arkansas	2.50%
MARYLAND	2.00%	South Dakota	2.50%
Massachusetts	2.00%	Wyoming	2.50%
Minnesota	2.00%	Alaska	2.70%
Missouri	2.00%	Hawaii	2.75%
New Hampshire	2.00%	Montana	2.75%
North Dakota	2.00%	Alabama	3.00%
Pennsylvania	2.00%	Idaho	3.00%
Rhode Island	2.00%	Mississippi	3.00%
Texas	2.00%	New Mexico	3.00%
Vermont	2.00%	West Virginia	3.00% 3/
Washington	2.00%	Nevada	3.50%
NO TAX			
2 STATES			
Illinois		Oregon	

1/ Does not include local premium taxes.

2/ Maximum rate.

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

TABLE 19

STATE GENERAL SALES AND USE TAX RATES

DISTRICT OF COLUMBIA: 5.75%

LOWER THAN THE DISTRICT 30 STATES			
Nevada (4.5)	2.00%	Kansas (2%)	4.90%
Colorado (4.3%)	3.00%	Arizona	5.00%
VIRGINIA (1%)	3.50%	Idaho	5.00%
Alabama (4.5%)	4.00%	Indiana	5.00%
Georgia (3%)	4.00%	Iowa (1%)	5.00%
Hawaii	4.00%	MARYLAND	5.00%
Louisiana (5%)	4.00%	Massachusetts	5.00%
New York (4.25%)	4.00%	Nebraska (1.5%)	5.00%
North Carolina (2%)	4.00%	New Mexico (1.44%)	5.00%
South Dakota (2%)	4.00%	North Dakota (2.0%)	5.00%
Wyoming (1%)	4.00%	Ohio (3%)	5.00%
Arkansas (4.625%)	4.50%	South Carolina	5.00%
Oklahoma (6%)	4.50%	Vermont	5.00%
Missouri (5.3125%)	4.50%	Wisconsin (.5%)	5.00%
Utah (1.25%)	4.875%	Maine	5.50%
HIGHER THAN THE DISTRICT 15 STATES			
California (2.50%)	6.00%	West Virginia	6.00%
Connecticut	6.00%	Illinois (3%)	6.25%
Florida	6.00%	Texas (2%)	6.25%
Kentucky	6.00%	Minnesota (1%)	6.50%
Michigan	6.00%	Washington (2.1%)	6.50%
			7.00%
New Jersey	6.00%	Mississippi	7.00%
Pennsylvania	6.00%	Rhode Island	
Tennessee (2.75%)	6.00%		
NO TAX 5 STATES			
Alaska			
Delaware			
Montana			
New Hampshire			
Oregon			

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 8 STATES			
Wyoming	\$.02	Colorado	\$.08
Missouri	.06	Kentucky	.08
Wisconsin ^{2/}	.06	Oregon	.08
Illinois	.07	Pennsylvania	.08
SAME AS THE DISTRICT 2 STATES			
MARYLAND	\$.09	Nevada	\$.09
HIGHER THAN THE DISTRICT 40 STATES			
Rhode Island ^{2/}	\$.10	Arkansas	\$.23
Massachusetts	.11	Nebraska	.23
Indiana	.12	VIRGINIA	.26
New Jersey	.12	Washington ^{2/}	.26
Tennessee ^{3/}	.13	South Dakota	.27
Montana	.14	Vermont	.27
Minnesota ^{2/}	.15	Louisiana	.32
Idaho	.15	Alaska	.35
Delaware	.156	Maine	.35
Arizona	.16	New Hampshire	.35
New York	.16	Utah	.3548
North Dakota ^{4/}	.16	Oklahoma	.40
Kansas	.18	New Mexico ^{5/}	.41
Ohio	.18	Mississippi	.43
West Virginia	.18	Florida	.48
Connecticut	.19	Georgia	.48
Iowa	.19	North Carolina ^{6/}	.48
Texas	.19	Alabama	.53
California	.20	South Carolina	.77
Michigan	.20	Hawaii	.93

^{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/} Lower rates for small brewers.

^{3/} Additional tax of 17% of wholesale price.

^{4/} \$.08 per gallon for bulk beer.

^{5/} Rate is \$.25 per gallon for microbrewer.

^{6/} Rate is \$.48 per gallon for barrels greater or equal to 7.75 gallons, and \$.53 per gallon for containers less than 7.75 gallons.

TABLE 21

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

DISTRICT OF COLUMBIA: \$0.30

MONOPOLY STATES			
4 STATES			
New Hampshire		Utah	
Pennsylvania		Wyoming	

LOWER THAN THE DISTRICT			
7 STATES			
Louisiana	\$.11	Illinois	\$.23
New York	.19	Wisconsin	.25
California	.20	Colorado	.28
Texas	.20		

SAME AS THE DISTRICT			
2 STATES			
Kansas	\$.30	Minnesota	\$.30

HIGHER THAN THE DISTRICT			
37 STATES			
Ohio	\$.32	Arkansas	\$.75
Mississippi	.35	Nebraska	.75
Missouri	.36	North Carolina	.79
MARYLAND	.40	Arizona	.84
Nevada	.40	Alaska	.85
Idaho	.45	Washington	.87
Indiana	.47	South Carolina	.90
Kentucky	.50	South Dakota	.93
North Dakota	.50	Delaware	.97
Michigan	.51	West Virginia	1.00
Massachusetts	.55	Montana	1.02
Vermont	.55	Tennessee	1.10
Connecticut	.60	Hawaii	1.38
Maine	.60	Georgia	1.51
Rhode Island	.60	VIRGINIA	1.51
Oregon	.67	Alabama	1.70
New Jersey	.70	Iowa	1.75
Oklahoma	.7	New Mexico	1.90
		Florida	2.25

TABLE 22

STATE DISTILLED SPIRITS TAX RATES

(Per Gallon)

DISTRICT OF COLUMBIA: \$ 1.50

CONTROL BOARD STATES 18 STATES			
Alabama		Ohio	
Idaho		Oregon	
Iowa		Pennsylvania	
Maine		Utah	
Michigan		Vermont	
Mississippi		VIRGINIA	
Montana		Washington	
New Hampshire		West Virginia	
North Carolina		Wyoming	
SAME AS THE DISTRICT 1 STATE			
MARYLAND	\$ 1.50		
HIGHER THAN THE DISTRICT 31 STATES			
Kentucky	\$ 1.92	Rhode Island	\$ 3.75 ^{1/}
Illinois	2.00	Delaware	3.75 ^{2/}
Missouri	2.00	Georgia	3.79
Nevada	2.05	South Dakota	3.93
Colorado	2.28	Tennessee	4.00
Texas	2.40	Massachusetts	4.05
Arkansas	2.50	New Jersey	4.40
Kansas	2.50	Connecticut	4.50
Louisiana	2.50	Minnesota	5.03
North Dakota	2.50	Oklahoma	5.56
Indiana	2.68	Alaska	5.60
South Carolina	2.72	Hawaii	5.98
Arizona	3.00	New Mexico	6.05
Nebraska	3.00	New York	6.43
Wisconsin	3.25	Florida	6.50
California	3.30		

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

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

TABLE 23

STATE CIGARETTE TAX RATES

(Per Pack of 20)

DISTRICT OF COLUMBIA: \$.65

LOWER THAN THE DISTRICT 40 STATES			
VIRGINIA	\$.025	Idaho	\$.28
Kentucky	.03	Pennsylvania	.31
North Carolina	.05	Arkansas	.315
South Carolina	.07	South Dakota	.33
Georgia	.12	Florida	.339
Wyoming	.12	Nebraska	.34
Tennessee	.13	Nevada	.35
Indiana	.155	Iowa	.36
Alabama	.165	MARYLAND	.36
Missouri	.17	New Hampshire	.37
West Virginia	.17	Texas	.41
Mississippi	.18	North Dakota	.44
Montana	.18	Vermont	.44
Colorado	.20	Minnesota	.48
Louisiana	.20	Connecticut	.50
New Mexico	.21	Utah	.515
Oklahoma	.23	New York	.56
Delaware	.24	Arizona	.58
Kansas	.24	Illinois	.58
Ohio	.24	Wisconsin	.59

HIGHER THAN THE DISTRICT 10 STATES			
Oregon	\$.68	New Jersey	\$.80
Rhode Island	.71	Washington	.825
Maine	.74	California	.87
Michigan	.75	Alaska	1.00
Massachusetts	.76	Hawaii	1.00

TABLE 24

MOTOR FUEL TAX RATES

(Per Gallon)

DISTRICT OF COLUMBIA: \$.20

LOWER THAN THE DISTRICT 26 STATES			
Florida	\$.04	Oklahoma	\$.17
Georgia	.075	VIRGINIA	.175
Alaska	.08	Arizona	.18
New York	.08	California	.18
New Jersey	.105		
		Kansas	.18
Wyoming	.13	Mississippi	.18
Indiana	.15	New Hampshire	.18
Kentucky	.15	Arkansas	.185
Alabama	.16	Illinois	.19
Hawaii	.16		
		Maine	.19
South Carolina	.16	Michigan	.19
Missouri	.17	Utah	.19
New Mexico	.17	Vermont	.19

SAME AS THE DISTRICT 6 STATES			
Iowa	\$.20	North Dakota	\$.20
Louisiana	.20	Tennessee	.20
Minnesota	.20	Texas	.20

HIGHER THAN THE DISTRICT 18 STATES			
Massachusetts	\$.21	Oregon	\$.24
South Dakota	.21	Nevada	.24
North Carolina	.212	West Virginia	.254
Colorado	.22	Wisconsin	.254
Ohio	.22	Idaho	.25
Delaware	.23	Pennsylvania	.259
Washington	.23	Montana	.27
MARYLAND	.235	Rhode Island	.28
Nebraska	.235	Connecticut	.32

TABLE 25

MOTOR VEHICLE SALES AND EXCISE TAXES

PAID AT TIME OF SALES OR TITLING
47 STATES AND D.C.

DISTRICT OF COLUMBIA: 1/ 6% of fair market value - 3,499 pounds or less 7% of fair market value - 3,500 pounds or more			
Montana	1.5%	Massachusetts	5.0%
Alabama (.125-2.5%)	2.75%	Mississippi	5.0%
Delaware	2.75%	Nebraska	5.0%
Colorado	3.0%	North Dakota	5.0%
North Carolina 2/	3.0%	Ohio (0%-3%)	5.0%
New Mexico	3.0%	South Carolina 3/	5.0%
South Dakota	3.0%	West Virginia	5.0%
VIRGINIA	3.0%	Wisconsin (.5%)	5.0%
Wyoming (1%)	3.0%	Maine	5.5%
Oklahoma	3.25%	California (1.25%-2.5%)	6.0%
Georgia (3%)	4.0%	Connecticut	6.0%
Hawaii	4.0%	Florida	6.0%
Louisiana (1%-5%)	4.0%	Kentucky	6.0%
New York (2%-4.5%)	4.0%	Michigan	6.0%
Missouri (.375-3%)	4.225%	New Jersey	6.0%
Arkansas (1%)	4.625%	Pennsylvania	6.0%
Utah (1.0%-1.25%)	4.875%	Tennessee (2.75%) 4/	6.0%
Kansas (0%-2%)	4.9%	Vermont	6.0%
Arizona (1.0%-3%)	5.0%	Illinois (.25%-1%)	6.25%
Idaho	5.0%	Texas	6.25%
Indiana	5.0%	Minnesota	6.5%
Iowa	5.0%	Nevada	6.5%
MARYLAND	5.0%	Rhode Island	7.0%
		Washington (.5%-2.1%)	8.7%

NO TAX 3 STATES	
Alaska	
New Hampshire	
Oregon	

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

2/ Maximum of \$1,500.00

3/ Maximum of \$300.00

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

TABLE 26

STATE MOTOR VEHICLE REGISTRATION FEES

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

DISTRICT OF COLUMBIA: \$ 88.00

LOWER THAN THE DISTRICT 46 STATES			
Arizona	\$ 8.00	Washington	\$ 27.85
Louisiana	10.00	California	30.00
Kentucky	11.50	Rhode Island	30.00
Indiana	12.00	South Dakota	30.00
South Carolina	12.00	West Virginia	30.00
Utah	14.50	Colorado	30.13
Mississippi	15.00	New Hampshire	31.20
Oregon	15.00	Florida	32.50
Wyoming	15.00	Nevada	33.00
Nebraska	17.50	Alaska	34.00
Montana	18.25	Connecticut	35.00
Delaware	20.00	MARYLAND	35.00
Georgia	20.00	Pennsylvania	36.00
Hawaii	20.00	Missouri	39.00
North Carolina	20.00	Idaho	40.73
Tennessee	20.50	New Mexico	42.00
Ohio	21.50	Vermont	43.00
New York	22.50	Wisconsin	45.00
Alabama	23.00	Illinois	48.00
Maine	23.00	Massachusetts	50.00
Arkansas	25.00	Texas	58.80
Kansas	25.00	North Dakota	70.00
VIRGINIA	26.50	New Jersey	87.00

HIGHER THAN THE DISTRICT 3 STATES			
Iowa	\$ 93.40	Minnesota	\$108.75
		Oklahoma	119.00

OTHER BASIS			
Michigan			

TABLE 27

STATE REAL ESTATE DEED RECORDATION AND TRANSFER TAX RATES

(Per \$500 of Consideration)

DISTRICT OF COLUMBIA: \$ 11.00

LOWER THAN THE DISTRICT 36 STATES			
Colorado	\$.05	Wisconsin	\$ 1.50
Alabama	.50	Arkansas	1.65
Georgia	.50	Minnesota	1.65
Hawaii	.50	New Jersey ^{2/}	1.75
Illinois	.50	Tennessee	1.85
Ohio (\$1.50)	.50	Arizona	2.00
South Dakota	.50	New York	2.00
Nevada	.65 ^{1/}	Massachusetts (\$10.25)	2.28
Oklahoma	.75	MARYLAND (\$ 12.50) ^{3/}	2.50
VIRGINIA (\$.25)	.75	New Hampshire	2.50
Iowa	.80	Connecticut	3.05
Nebraska	.875	Florida	3.50
North Carolina	1.00	Kentucky	3.50
Maine	1.10	Michigan (.75%)	3.75
West Virginia (\$1.10)	1.10	Pennsylvania (\$5.00)	5.00
Kansas	1.30	Washington	6.40
South Carolina	1.30	Vermont ^{4/}	6.50
Rhode Island	1.40	Delaware (\$5.00)	10.00

NO TAX 14 STATES			
Alaska		Montana	
California (\$.55)		New Mexico	
Idaho		North Dakota	
Indiana		Oregon	
Louisiana		Texas	
Mississippi		Utah	
Missouri		Wyoming	

NOTE: Maximum local rate in parentheses.

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

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

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

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

TABLE 28

TYPES OF STATE INHERITANCE AND ESTATE TAXES

INHERITANCE TAX STATES WITH AN ESTATE TAX TO ABSORB FEDERAL CREDIT 14 STATES			
Connecticut Idaho Indiana Iowa		Montana Nebraska New Hampshire New Jersey	
Kentucky Louisiana MARYLAND		Pennsylvania South Dakota Tennessee	
ESTATE TAX STATES WITH AN ESTATE TAX TO ABSORB FEDERAL CREDIT 9 STATES			
Alaska Illinois Massachusetts Mississippi		New York Ohio Oklahoma Rhode Island West Virginia	
ABSORB FEDERAL CREDIT 28 STATES AND D.C.			
Alabama Arizona Arkansas California Colorado		Missouri Nevada New Mexico North Carolina North Dakota	
Delaware District of Columbia Hawaii Florida Georgia		Oregon South Carolina Texas Utah Vermont	
Kansas Maine Minnesota Michigan		VIRGINIA Washington Wisconsin Wyoming	

OFFICE LOCATIONS AND TELEPHONE NUMBERS

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Washington, DC 20002

Office hours: Monday through Friday, 8:15 a.m. - 4:45 p.m.

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Herbert Huff, Director of Operations
Stephen Kranz, Chief Counsel
Clarice Nassif Ransom, Director of Communications

Customer Service Administration

Vacant

Tax and Economic Policy Administration

Julia Friedman, Director

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Wilma Matthias, Director

Revenue Accounting Administration

Susan Probyn, Director

Compliance Operations Administration

Lee Monks, Director

Real Property Tax Administration

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Room 202
(202) 727-5374

Integrated Tax System

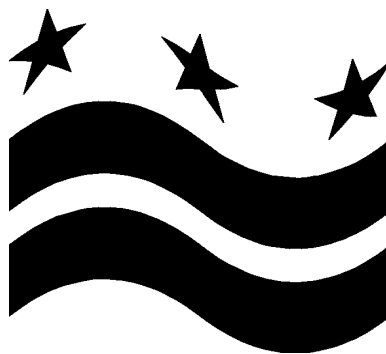
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