

Government of the
District of Columbia



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Tax Rates and Tax Burdens

In The District of Columbia -
A Nationwide Comparison

1999

Issued July 2000

**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 42 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 (14 percent).
- About 17 percent of sales are not subject to sales and use tax in the District due to military and diplomatic exemptions.
- The District has a relatively high percentage of low-income taxpayers, which further limits the District's revenue-raising capacity.

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

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

The state and local tax rates for different types of taxes vary among jurisdictions. For

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

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

All 51 cities in this study levy some type of automobile registration fee or tax -- usually either a flat rate per vehicle or an 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 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, 1999 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, 941 North Capitol Street, N.E., Suite 860, 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.

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Part I

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

1999

OVERVIEW

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

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

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

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

CHAPTER I

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

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

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

This report compares the state and local tax burdens of hypothetical households in Washington, D.C., with the burden for the largest city in each of the 50 states for 1999. The four major taxes used in the comparison are the individual income tax, real property tax on residential property, general sales and use tax, and automobile taxes, including gasoline tax, registration fees, excise tax and personal property tax. This study does not incorporate the effects of differing local tax burdens on the federal individual income tax burden. Income and property taxes are deductible in computing federal income taxes and the effect of federal deductibility is to reduce the overall difference in tax burdens between jurisdictions.

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

Individual Income Tax

The five income levels used in this study are divided between wage and salary income

and other types of income as follows:

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

1/ Assumes a three-year holding period

Because several states allow the deduction of all or part of an individual's federal income tax liability in computing the state income tax, it is necessary to compute the 1999 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 1999 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-without taxes	2,700	5,600	7,800	10,000	15,400

1/ Nondeductible medical equals 7.5 percent of federal A.G.I. All or part of medical deductions may be allowed in some states.

2/ Tax deduction based on real and personal property taxes computed in 1999 study and individual income taxes computed in 1998 study.

3/ Non-mortgage interest is not deductible on federal returns.

4/ Nondeductible miscellaneous equals 2 percent of A.G.I.

The itemized deductions noted above are used in the calculation of the 1999 tax burdens. The 1999 deductible real and personal property taxes computed in the current year's 51-city burden study are used for the 1999 property tax deduction. For the 1999 state and local individual income tax deduction, 1998 data were used as a proxy. These figures were used in computing the 1999 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 \$5,688 burden for Bridgeport, Connecticut is more than five times greater than the \$971 burden for Anchorage, Alaska. Similarly, at the \$150,000 income level, the Bridgeport, Connecticut burden of \$34,325 is more than seven times the Anchorage, Alaska, burden of \$4,685. 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; Portland, Maine; and Providence, Rhode Island.

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

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

Progressivity

The average 51-city total tax burden is 8.1 percent at the \$25,000 income level, 8.6 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, 1999								
\$25,000								
RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	0	4,385	503	799	5,688	22.8%

Chapter II: Overall Tax Burdens For The Largest City In Each State

2	Newark	NJ	223	2,741	504	159	3,626	14.5%
3	Philadelphia	PA	1,551	1,157	513	118	3,339	13.4%
4	Providence	RI	0	1,794	509	602	2,905	11.6%
5	Portland	ME	137	1,908	425	333	2,804	11.2%
6	Manchester	NH	0	2,259	171	250	2,680	10.7%
7	Louisville	KY	1,324	565	408	335	2,631	10.5%
8	Virginia Beach	VA	580	646	678	509	2,413	9.7%
9	Milwaukee	WI	596	942	494	221	2,253	9.0%
10	Detroit	MI	1,117	482	442	177	2,218	8.9%
11	Seattle	WA	0	1,039	720	449	2,207	8.8%
12	Honolulu	HI	816	500	588	268	2,172	8.7%
13	WASHINGTON	DC	1,096	344	493	224	2,157	8.6%
14	Chicago	IL	517	703	679	212	2,110	8.4%
15	Columbus	OH	799	686	392	192	2,069	8.3%
16	Salt Lake City	UT	458	443	892	267	2,060	8.2%
17	Little Rock	AR	483	534	735	295	2,047	8.2%
18	Jackson	MS	192	531	602	700	2,025	8.1%
19	Boston	MA	543	831	354	293	2,021	8.1%
20	Des Moines	IA	485	783	507	230	2,004	8.0%
21	New York City	NY	438	784	694	71	1,987	7.9%
22	Oklahoma City	OK	637	387	700	262	1,986	7.9%
23	Charleston	WV	580	459	557	388	1,984	7.9%
24	Los Angeles	CA	0	961	621	392	1,973	7.9%
25	Sioux Falls	SD	0	1,054	758	153	1,965	7.9%
26	Kansas City	MO	570	476	510	382	1,938	7.8%
27	Birmingham	AL	683	322	655	271	1,931	7.7%
28	Charlotte	NC	468	561	549	307	1,885	7.5%
29	Phoenix	AZ	198	608	777	298	1,881	7.5%
30	Omaha	NE	225	746	609	300	1,880	7.5%
31	Wichita	KS	234	537	622	459	1,852	7.4%
32	Indianapolis	IN	738	496	491	122	1,847	7.4%
33	Portland	OR	925	716	0	199	1,840	7.4%
34	Fargo	ND	143	959	440	212	1,753	7.0%
35	Atlanta	GA	415	249	764	305	1,733	6.9%
36	Columbia	SC	163	503	500	556	1,722	6.9%
37	Minneapolis	MN	0	762	565	330	1,657	6.6%
38	Billings	MT	457	738	26	383	1,604	6.4%
39	Burlington	VT	0	1,060	353	172	1,585	6.3%
40	Memphis	TN	0	642	783	157	1,582	6.3%
41	Baltimore	MD	28	1,012	332	195	1,567	6.3%
42	Houston	TX	0	708	664	195	1,567	6.3%
43	Albuquerque	NM	115	613	682	145	1,554	6.2%
44	Las Vegas	NV	0	622	526	340	1,487	5.9%
45	Denver	CO	0	391	530	491	1,412	5.6%
46	Boise	ID	197	430	529	235	1,391	5.6%
47	New Orleans	LA	375	0	786	203	1,364	5.5%
48	Wilmington	DE	588	599	0	177	1,364	5.5%
49	Cheyenne	WY	0	382	583	327	1,292	5.2%
50	Jacksonville	FL	0	505	498	214	1,217	4.9%
51	Anchorage	AK	0	835	22	115	971	3.9%
AVERAGE ^{1/}			\$434	\$831	\$581	\$294	\$2,024	8.1%
MEDIAN			\$234	\$642	\$529	\$267	\$1,938	7.8%

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

TABLE 1								
ESTIMATED BURDEN OF MAJOR TAXES FOR A FAMILY OF FOUR, 1999								
\$50,000								
RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	391	8,352	827	1,100	10,670	21.3%
2	Newark	NJ	612	5,221	795	155	6,783	13.6%
3	Providence	RI	1,116	3,418	823	883	6,240	12.5%

Chapter II: Overall Tax Burdens For The Largest City In Each State

4	Portland	ME	1,443	3,635	704	445	6,227	12.5%
5	Philadelphia	PA	3,095	2,205	804	114	6,218	12.4%
6	New York City	NY	2,775	1,567	1,104	75	5,522	11.0%
7	Louisville	KY	3,176	1,076	661	456	5,368	10.7%
8	Milwaukee	WI	2,393	1,862	797	213	5,265	10.5%
9	Baltimore	MD	2,434	1,927	595	188	5,144	10.3%
10	Boston	MA	2,135	1,992	535	393	5,056	10.1%
11	Manchester	NH	0	4,303	265	374	4,942	9.9%
12	Detroit	MI	3,055	919	700	175	4,849	9.7%
13	Minneapolis	MN	1,812	1,700	885	337	4,734	9.5%
14	WASHINGTON	DC	2,698	915	848	218	4,680	9.4%
15	Virginia Beach	VA	1,774	1,231	956	616	4,578	9.2%
16	Salt Lake City	UT	2,127	844	1,273	302	4,546	9.1%
17	Des Moines	IA	1,788	1,686	821	224	4,519	9.0%
18	Honolulu	HI	2,293	1,084	877	258	4,512	9.0%
19	Columbus	OH	2,254	1,307	692	185	4,438	8.9%
20	Columbia	SC	1,779	975	765	799	4,318	8.6%
21	Charlotte	NC	1,986	1,069	850	382	4,288	8.6%
22	Birmingham	AL	2,278	642	1,022	345	4,287	8.6%
23	Atlanta	GA	1,567	1,129	1,151	436	4,283	8.6%
24	Chicago	IL	1,216	1,723	1,136	205	4,279	8.6%
25	Jackson	MS	1,114	1,229	916	1,014	4,274	8.5%
26	Little Rock	AR	1,660	1,018	1,099	383	4,160	8.3%
27	Kansas City	MO	1,794	908	860	515	4,077	8.2%
28	Omaha	NE	1,292	1,421	987	370	4,070	8.1%
29	Oklahoma City	OK	1,864	830	1,028	320	4,042	8.1%
30	Portland	OR	2,487	1,363	0	191	4,041	8.1%
31	Burlington	VT	1,132	2,075	626	166	3,999	8.0%
32	Los Angeles	CA	560	1,897	988	523	3,968	7.9%
33	Boise	ID	2,076	818	831	228	3,954	7.9%
34	Charleston	WV	1,695	875	844	506	3,919	7.8%
35	Wichita	KS	1,298	1,022	951	543	3,814	7.6%
36	Seattle	WA	0	1,978	1,159	592	3,729	7.5%
37	Phoenix	AZ	872	1,234	1,197	399	3,703	7.4%
38	Billings	MT	1,753	1,406	42	479	3,680	7.4%
39	Indianapolis	IN	1,763	967	763	117	3,610	7.2%
40	Albuquerque	NM	1,185	1,228	999	153	3,565	7.1%
41	New Orleans	LA	1,215	739	1,244	219	3,417	6.8%
42	Fargo	ND	649	1,826	694	206	3,375	6.7%
43	Wilmington	DE	2,044	1,141	0	170	3,355	6.7%
44	Sioux Falls	SD	0	2,009	1,123	147	3,279	6.6%
45	Denver	CO	1,070	745	863	575	3,253	6.5%
46	Houston	TX	0	1,546	1,077	189	2,812	5.6%
47	Memphis	TN	0	1,223	1,213	151	2,588	5.2%
48	Jacksonville	FL	0	1,444	827	206	2,477	5.0%
49	Las Vegas	NV	0	1,185	843	377	2,405	4.8%
50	Cheyenne	WY	0	728	861	441	2,030	4.1%
51	Anchorage	AK	0	1,590	59	112	1,761	3.5%
AVERAGE ^{1/}			\$1,675	\$1,671	\$913	\$356	\$4,296	8.6%
MEDIAN			\$1,660	\$1,234	\$848	\$320	\$4,160	8.3%

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

TABLE 1								
ESTIMATED BURDEN OF MAJOR TAXES FOR A FAMILY OF FOUR, 1999								
\$75,000								
RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	2,342	12,529	1,237	1,757	17,865	23.8%
2	Newark	NJ	1,079	7,831	1,277	286	10,472	14.0%
3	Portland	ME	3,166	5,453	1,056	641	10,316	13.8%
4	Providence	RI	1,995	5,127	1,235	1,355	9,711	12.9%
5	New York City	NY	5,378	2,392	1,657	130	9,557	12.7%

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6	Philadelphia	PA	4,522	3,307	1,207	200	9,235	12.3%
7	Louisville	KY	4,960	1,613	991	727	8,291	11.1%
8	Milwaukee	WI	3,875	2,830	1,196	364	8,264	11.0%
9	Minneapolis	MN	3,258	2,933	1,327	632	8,151	10.9%
10	Baltimore	MD	4,040	2,891	892	320	8,142	10.9%
11	Boston	MA	3,504	3,215	803	565	8,087	10.8%
12	WASHINGTON	DC	4,719	1,517	1,353	356	7,944	10.6%
13	Detroit	MI	4,892	1,378	1,051	300	7,621	10.2%
14	Des Moines	IA	3,216	2,638	1,232	399	7,485	10.0%
15	Columbia	SC	3,256	1,708	1,147	1,267	7,379	9.8%
16	Manchester	NH	0	6,454	398	517	7,369	9.8%
17	Honolulu	HI	3,916	1,698	1,315	438	7,368	9.8%
18	Atlanta	GA	2,797	2,055	1,727	697	7,276	9.7%
19	Columbus	OH	3,877	1,961	1,119	317	7,274	9.7%
20	Los Angeles	CA	2,060	2,883	1,485	841	7,269	9.7%
21	Salt Lake City	UT	3,548	1,267	1,893	516	7,224	9.6%
22	Virginia Beach	VA	3,018	1,847	1,362	990	7,217	9.6%
23	Boise	ID	3,759	1,771	1,247	396	7,173	9.6%
24	Jackson	MS	2,192	1,964	1,374	1,608	7,138	9.5%
25	Charlotte	NC	3,533	1,604	1,275	617	7,029	9.4%
26	Omaha	NE	2,699	2,131	1,464	543	6,836	9.1%
27	Little Rock	AR	3,040	1,527	1,648	613	6,828	9.1%
28	Chicago	IL	1,912	2,797	1,688	351	6,748	9.0%
29	Burlington	VT	2,092	3,340	1,009	286	6,727	9.0%
30	Portland	OR	4,301	2,044	0	317	6,662	8.9%
31	Charleston	WV	3,230	1,312	1,266	816	6,624	8.8%
32	Wichita	KS	2,677	1,533	1,426	875	6,511	8.7%
33	Oklahoma City	OK	3,269	1,296	1,543	397	6,505	8.7%
34	Birmingham	AL	3,423	978	1,522	559	6,482	8.6%
35	Kansas City	MO	2,999	1,361	1,291	800	6,451	8.6%
36	Billings	MT	3,516	2,109	63	723	6,411	8.5%
37	Albuquerque	NM	2,491	1,876	1,498	252	6,117	8.2%
38	Phoenix	AZ	1,530	2,014	1,796	576	5,916	7.9%
39	New Orleans	LA	1,895	1,745	1,866	337	5,843	7.8%
40	Seattle	WA	0	2,968	1,738	951	5,657	7.5%
41	Indianapolis	IN	2,788	1,462	1,144	198	5,593	7.5%
42	Wilmington	DE	3,380	1,712	0	284	5,376	7.2%
43	Fargo	ND	1,230	2,739	1,040	321	5,331	7.1%
44	Denver	CO	2,030	1,118	1,295	768	5,210	6.9%
45	Sioux Falls	SD	0	3,013	1,685	251	4,949	6.6%
46	Houston	TX	0	2,429	1,615	330	4,374	5.8%
47	Memphis	TN	0	1,835	1,933	254	4,022	5.4%
48	Jacksonville	FL	0	2,432	1,241	348	4,020	5.4%
49	Las Vegas	NV	0	1,777	1,265	550	3,592	4.8%
50	Cheyenne	WY	0	1,092	1,291	658	3,041	4.1%
51	Anchorage	AK	0	2,384	89	205	2,679	3.6%
AVERAGE ^{1/}			\$2,986	\$2,586	\$1,375	\$565	\$6,968	9.3%
MEDIAN			\$2,999	\$2,014	\$1,277	\$516	\$6,836	9.1%

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

TABLE 1								
ESTIMATED BURDEN OF MAJOR TAXES FOR A FAMILY OF FOUR, 1999								
\$100,000								
RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	3,691	15,869	1,656	1,949	23,166	23.2%
2	Portland	ME	4,985	6,907	1,408	660	13,960	14.0%
3	Newark	NJ	1,843	9,919	1,702	291	13,755	13.8%
4	New York City	NY	8,024	3,052	2,209	136	13,422	13.4%
5	Providence	RI	3,439	6,494	1,647	1,532	13,112	13.1%
6	Philadelphia	PA	6,018	4,189	1,609	206	12,021	12.0%
7	Minneapolis	MN	4,809	3,920	1,770	696	11,195	11.2%

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8	WASHINGTON	DC	6,838	1,998	1,805	366	11,007	11.0%
9	Milwaukee	WI	5,414	3,604	1,594	378	10,990	11.0%
10	Louisville	KY	6,816	2,044	1,321	806	10,986	11.0%
11	Baltimore	MD	5,794	3,662	1,189	332	10,977	11.0%
12	Boston	MA	4,940	4,193	1,070	601	10,805	10.8%
13	Los Angeles	CA	4,044	3,672	1,982	928	10,626	10.6%
14	Des Moines	IA	4,783	3,399	1,642	410	10,234	10.2%
15	Detroit	MI	6,730	1,746	1,401	310	10,187	10.2%
16	Columbus	OH	5,772	2,484	1,492	328	10,076	10.1%
17	Honolulu	HI	5,610	2,190	1,754	455	10,010	10.0%
18	Columbia	SC	4,747	2,295	1,530	1,415	9,987	10.0%
19	Atlanta	GA	4,045	2,796	2,303	776	9,920	9.9%
20	Boise	ID	5,542	2,224	1,662	409	9,838	9.8%
21	Charlotte	NC	5,357	2,031	1,701	675	9,763	9.8%
22	Burlington	VT	3,482	4,560	1,346	296	9,684	9.7%
23	Salt Lake City	UT	4,916	1,604	2,545	527	9,591	9.6%
24	Virginia Beach	VA	4,296	2,340	1,768	1,090	9,493	9.5%
25	Jackson	MS	3,294	2,552	1,833	1,798	9,476	9.5%
26	Omaha	NE	4,182	2,699	1,940	602	9,424	9.4%
27	Little Rock	AR	4,516	1,934	2,198	679	9,327	9.3%
28	Manchester	NH	0	8,175	530	522	9,228	9.2%
29	Billings	MT	5,580	2,672	83	772	9,107	9.1%
30	Charleston	WV	4,855	1,662	1,688	896	9,101	9.1%
31	Portland	OR	6,124	2,590	0	331	9,045	9.0%
32	Wichita	KS	4,108	1,942	1,901	972	8,924	8.9%
33	Chicago	IL	2,619	3,656	2,255	364	8,894	8.9%
34	Oklahoma City	OK	4,687	1,583	2,057	425	8,751	8.8%
35	Albuquerque	NM	4,021	2,394	1,998	274	8,687	8.7%
36	Kansas City	MO	4,315	1,724	1,721	896	8,656	8.7%
37	Birmingham	AL	4,528	1,247	2,030	612	8,416	8.4%
38	Phoenix	AZ	2,287	2,795	2,394	591	8,068	8.1%
39	New Orleans	LA	2,515	2,550	2,488	347	7,900	7.9%
40	Indianapolis	IN	3,813	1,858	1,526	206	7,403	7.4%
41	Wilmington	DE	4,880	2,168	0	297	7,345	7.3%
42	Fargo	ND	2,052	3,469	1,387	352	7,261	7.3%
43	Seattle	WA	0	3,759	2,317	1,048	7,124	7.1%
44	Denver	CO	2,966	1,416	1,727	846	6,954	7.0%
45	Sioux Falls	SD	0	3,816	2,246	261	6,323	6.3%
46	Houston	TX	0	3,135	2,153	341	5,628	5.6%
47	Jacksonville	FL	0	3,222	1,655	362	5,239	5.2%
48	Memphis	TN	30	2,324	2,578	264	5,196	5.2%
49	Las Vegas	NV	0	2,251	1,687	578	4,516	4.5%
50	Cheyenne	WY	0	1,383	1,722	674	3,779	3.8%
51	Anchorage	AK	0	3,020	119	209	3,348	3.3%
AVERAGE ^{1/}			\$4,393	\$3,317	\$1,833	\$610	\$9,371	9.4%
MEDIAN			\$4,296	\$2,590	\$1,702	\$522	\$9,424	9.4%

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

TABLE 1								
ESTIMATED BURDEN OF MAJOR TAXES FOR A FAMILY OF FOUR, 1999								
\$150,000								
RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	6,188	22,551	2,647	2,939	34,325	22.9%
2	Portland	ME	8,526	9,815	2,113	1,201	21,654	14.4%
3	Newark	NJ	4,573	14,095	2,510	299	21,477	14.3%
4	New York City	NY	13,481	4,372	3,368	142	21,364	14.2%
5	Providence	RI	6,263	9,228	2,470	2,565	20,526	13.7%
6	Los Angeles	CA	8,048	5,249	2,987	1,366	17,650	11.8%
7	Minneapolis	MN	8,107	5,893	2,613	981	17,595	11.7%
8	Philadelphia	PA	9,027	5,952	2,340	215	17,534	11.7%
9	WASHINGTON	DC	11,026	2,960	2,706	366	17,058	11.4%

Chapter II: Overall Tax Burdens For The Largest City In Each State

10	Boston	MA	7,870	6,150	1,784	1,070	16,874	11.2%
11	Louisville	KY	10,500	2,904	1,982	1,208	16,593	11.1%
12	Milwaukee	WI	8,468	5,153	2,387	397	16,405	10.9%
13	Baltimore	MD	8,862	5,203	1,784	350	16,199	10.8%
14	Columbus	OH	9,825	3,530	2,260	345	15,960	10.6%
15	Des Moines	IA	8,134	4,921	2,464	425	15,944	10.6%
16	Columbia	SC	7,757	3,469	2,276	2,197	15,699	10.5%
17	Boise	ID	9,057	3,534	2,493	428	15,512	10.3%
18	Honolulu	HI	9,165	3,174	2,631	480	15,449	10.3%
19	Atlanta	GA	6,499	4,279	3,454	1,196	15,427	10.3%
20	Detroit	MI	10,405	2,481	2,195	330	15,412	10.3%
21	Omaha	NE	7,496	3,835	2,894	973	15,199	10.1%
22	Billings	MT	10,036	3,796	125	1,222	15,179	10.1%
23	Charlotte	NC	8,612	2,886	2,734	944	15,177	10.1%
24	Burlington	VT	6,305	6,481	1,837	310	14,933	10.0%
25	Jackson	MS	5,443	3,727	2,749	2,806	14,725	9.8%
26	Little Rock	AR	7,560	2,748	3,296	960	14,565	9.7%
27	Virginia Beach	VA	6,862	3,325	2,580	1,637	14,404	9.6%
28	Charleston	WV	8,105	2,362	2,532	1,297	14,296	9.5%
29	Salt Lake City	UT	7,578	2,280	3,656	541	14,055	9.4%
30	Portland	OR	10,13	3,680	0	351	14,044	9.4%
31	Albuquerque	NM	7,300	3,431	2,997	286	14,014	9.3%
32	Wichita	KS	6,936	2,760	2,847	1,413	13,957	9.3%
33	Kansas City	MO	7,297	2,450	2,554	1,321	13,622	9.1%
34	Oklahoma City	OK	7,473	2,415	3,054	652	13,594	9.1%
35	Manchester	NH	10	11,617	796	960	13,383	8.9%
36	Phoenix	AZ	3,873	4,683	3,592	1,074	13,221	8.8%
37	Chicago	IL	4,033	5,375	3,376	382	13,165	8.8%
38	Birmingham	AL	6,681	1,815	3,044	870	12,410	8.3%
39	New Orleans	LA	3,830	4,159	3,454	567	12,011	8.0%
40	Wilmington	DE	8,011	3,081	0	314	11,406	7.6%
41	Fargo	ND	3,714	4,930	2,185	368	11,197	7.5%
42	Indianapolis	IN	5,863	2,651	2,289	218	11,020	7.3%
43	Denver	CO	4,564	2,012	2,590	1,187	10,352	6.9%
44	Seattle	WA	0	5,342	3,476	1,532	10,350	6.9%
45	Sioux Falls	SD	0	5,423	3,369	274	9,067	6.0%
46	Houston	TX	0	4,546	3,062	356	7,965	5.3%
47	Memphis	TN	150	3,303	4,004	279	7,736	5.2%
48	Jacksonville	FL	0	4,803	2,482	382	7,667	5.1%
49	Las Vegas	NV	0	3,198	2,530	712	6,441	4.3%
50	Cheyenne	WY	0	1,965	2,583	1,202	5,750	3.8%
51	Anchorage	AK	0	4,292	178	215	4,685	3.1%
AVERAGE ^{1/}			\$7,262	\$4,790	\$2,746	\$865	\$14,397	9.6%
MEDIAN			\$7,300	\$3,796	\$2,580	\$652	\$14,565	9.7%

^{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 .876 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 characterize the tax system in each of these cities.

The three cities with the least progressive state and local tax systems are Las Vegas, Nevada; Cheyenne, Wyoming; and Sioux Falls, South Dakota. 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 1999					
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%	0.538	23
New York City	NY	7.9%	14.2%	0.558	5
Minneapolis	MN	6.6%	11.7%	0.565	9
Baltimore	MD	6.3%	10.8%	0.580	10
Billings	MT	6.4%	10.1%	0.634	36
Burlington	VT	6.3%	10.0%	0.637	29
Columbia	SC	6.9%	10.5%	0.658	15
Albuquerque	NM	6.2%	9.3%	0.665	37
Los Angeles	CA	7.9%	11.8%	0.671	20
Atlanta	GA	6.9%	10.3%	0.674	18
New Orleans	LA	5.5%	8.0%	0.681	39
Wilmington	DE	5.5%	7.6%	0.717	42
Boston	MA	8.1%	11.2%	0.719	11
Omaha	NE	7.5%	10.1%	0.742	26
Charlotte	NC	7.5%	10.1%	0.745	25
Des Moines	IA	8.0%	10.6%	0.754	14
WASHINGTON	DC	8.6%	11.4%	0.759	12
Portland	ME	11.2%	14.4%	0.777	3
Columbus	OH	8.3%	10.6%	0.778	19
Portland	OR	7.4%	9.4%	0.786	30
Wichita	KS	7.4%	9.3%	0.796	32
Denver	CO	5.6%	6.9%	0.818	44
Milwaukee	WI	9.0%	10.9%	0.824	8
Jackson	MS	8.1%	9.8%	0.825	24
Charleston	WV	7.9%	9.5%	0.833	31
Little Rock	AR	8.2%	9.7%	0.843	27
Honolulu	HI	8.7%	10.3%	0.843	17
Providence	RI	11.6%	13.7%	0.849	4
Kansas City	MO	7.8%	9.1%	0.854	35
Phoenix	AZ	7.5%	8.8%	0.854	38
Detroit	MI	8.9%	10.3%	0.863	13
Oklahoma City	OK	7.9%	9.1%	0.876	33
Salt Lake City	UT	8.2%	9.4%	0.880	21
Birmingham	AL	7.7%	8.3%	0.933	34
Fargo	ND	7.0%	7.5%	0.940	43
Louisville	KY	10.5%	11.1%	0.951	7
Jacksonville	FL	4.9%	5.1%	0.952	48
Chicago	IL	8.4%	8.8%	0.962	28
Bridgeport	CT	22.8%	22.9%	0.994	1
Virginia Beach	VA	9.7%	9.6%	1.005	22
Indianapolis	IN	7.4%	7.3%	1.005	41
Newark	NJ	14.5%	14.3%	1.013	2
Philadelphia	PA	13.4%	11.7%	1.143	6
Houston	TX	6.3%	5.3%	1.180	46
Manchester	NH	10.7%	8.9%	1.201	16
Memphis	TN	6.3%	5.2%	1.227	47
Anchorage	AK	3.9%	3.1%	1.244	51
Seattle	WA	8.8%	6.9%	1.280	40
Sioux Falls	SD	7.9%	6.0%	1.300	45
Cheyenne	WY	5.2%	3.8%	1.348	50
Las Vegas	NV	5.9%	4.3%	1.386	49
AVERAGE		8.1%	9.6%	0.876	
MEDIAN				0.843	

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 eight 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 9.0 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 1.7 percent at \$25,000 income to 4.8 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, which allows taxpayers a choice of a graduated rate schedule or a tax equal to 14 percent of federal liability; Fargo is included in this group of states because most North Dakota taxpayers use the percentage of federal option. Income tax systems that utilize a percentage of the federal tax tend to be progressive because they are linked to the federal tax rate system, which is graduated within the income ranges used in the study.

Two of the larger cities in the study, Detroit, Michigan and Philadelphia, are subject to flat state and local tax rates. Five other cities levy local income taxes with flat rates to

complement graduated rate income tax systems. Until tax year 1998, Baltimore, Maryland local tax (piggyback) was a share of the state tax. However, effective tax year 1999, Baltimore levies a tax at 2.5 percent. New York City residents are subject to separate state and local income taxes, both of which are characterized by graduated rate schedules.

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

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

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

Table 1 indicates that the hypothetical families pay more in individual income taxes than any other tax at the 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. Nominal rates used in table 4 (page 19), represent the "announced" rates levied by the jurisdiction, while effective rates consider the various assessment levels in the cities. As the data indicate, effective rates range from a high of \$4.55 per \$100 of assessed value in Bridgeport, Connecticut to 37 cents per \$100 of assessed value in Honolulu, Hawaii. Assessment levels vary dramatically from 4.0 percent of assessed value in Columbia, South Carolina to 101 percent in Manchester, New Hampshire. 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 (\$.77 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 1999						
CITIES WITH:	ST	INCOME LEVELS:				
		\$25,000	\$50,000	\$75,000	\$100,000	\$150,000
GRADUATED STATE AND LOCAL TAX RATES						
New York City	NY	1.8%	5.6%	7.2%	8.0%	9.0%
GRADUATED STATE AND FLAT LOCAL RATES						
Birmingham	AL	2.7%	4.6%	4.6%	4.5%	4.5%
Wilmington	DE	2.4%	4.1%	4.5%	4.9%	5.3%
Louisville	KY	5.3%	6.4%	6.6%	6.8%	7.0%
Baltimore	MD	0.1%	4.9%	5.4%	5.8%	5.9%
Kansas City	MO	2.3%	3.6%	4.0%	4.3%	4.9%
Columbus	OH	3.2%	4.5%	5.2%	5.8%	6.6%
FLAT STATE AND LOCAL TAX RATES						
Detroit	MI	4.5%	6.1%	6.5%	6.7%	6.9%
Philadelphia	PA	6.2%	6.2%	6.0%	6.0%	6.0%
STATE TAX RATES AS A PERCENT OF FEDERAL LIABILITY						
Fargo	ND	0.6%	1.3%	1.6%	2.1%	2.5%
Providence	RI	0.0%	2.2%	2.7%	3.4%	4.2%
Burlington	VT	0.0%	2.3%	2.8%	3.5%	4.2%
GRADUATED STATE TAX						
Phoenix	AZ	0.8%	1.7%	2.0%	2.3%	2.6%
Little Rock	AR	1.9%	3.3%	4.1%	4.5%	5.0%
Los Angeles	CA	0.0%	1.1%	2.7%	4.0%	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	3.3%	4.6%	5.2%	5.6%	6.1%
Boise City	ID	0.8%	4.2%	5.0%	5.5%	6.0%
Des Moines	IA	1.9%	3.6%	4.3%	4.8%	5.4%
Wichita	KS	0.9%	2.6%	3.6%	4.1%	4.6%
New Orleans	LA	1.5%	2.4%	2.5%	2.5%	2.6%
Portland	ME	0.5%	2.9%	4.2%	5.0%	5.7%
Minneapolis	MN	0.0%	3.6%	4.3%	4.8%	5.4%
Jackson	MS	0.8%	2.2%	2.9%	3.3%	3.6%
Billings	MT	1.8%	3.5%	4.7%	5.6%	6.7%
Omaha	NE	0.9%	2.6%	3.6%	4.2%	5.0%
Newark	NJ	0.9%	1.2%	1.4%	1.8%	3.0%
Albuquerque	NM	0.5%	2.4%	3.3%	4.0%	4.9%
Charlotte	NC	1.9%	4.0%	4.7%	5.4%	5.7%
Oklahoma City	OK	2.5%	3.7%	4.4%	4.7%	5.0%
Portland	OR	3.7%	5.0%	5.7%	6.1%	6.7%
Columbia	SC	0.7%	3.6%	4.3%	4.7%	5.2%
Salt Lake City	UT	1.8%	4.3%	4.7%	4.9%	5.1%
Virginia Beach	VA	2.3%	3.5%	4.0%	4.3%	4.6%
Charleston	WV	2.3%	3.4%	4.3%	4.9%	5.4%
Milwaukee	WI	2.4%	4.8%	5.2%	5.4%	5.6%
FLAT STATE TAX RATE WITH EXEMPTIONS						
Bridgeport	CT	0.0%	0.8%	3.1%	3.7%	4.1%
Denver	CO	0.0%	2.1%	2.7%	3.0%	3.0%
Chicago	IL	2.1%	2.4%	2.5%	2.6%	2.7%
Indianapolis	IN	3.0%	3.5%	3.7%	3.8%	3.9%
Boston	MA	2.2%	4.3%	4.7%	4.9%	5.2%
Manchester	NH	0.0%	0.0%	0.0%	0.0%	0.0%
Memphis	TN	0.0%	0.0%	0.0%	0.0%	0.1%
No income tax: Anchorage, AK; Jacksonville, FL; Las Vegas, NV; Sioux Falls, SD; Houston, TX; Seattle, WA; Cheyenne, WY						
AVERAGE		1/	1.7%	3.4%	4.0%	4.4%
1/ Based on cities actually levying tax.						

TABLE 4
RESIDENTIAL PROPERTY TAX RATES IN THE LARGEST CITY IN EACH STATE
1999

RANK	CITY	ST	NOMINAL RATE 1/ PER \$100	ASSESSMENT LEVEL 2/	EFFECTIVE RATE PER \$100
1.	Bridgeport,	CT	6.50	70.0%	4.55
2.	Newark,	NJ	24.53	14.7%	3.60
3.	Providence,	RI	3.34	100.0%	3.34
4.	Manchester,	NH	3.09	101.0%	3.12
5.	Houston,	TX	2.84	100.0%	2.84
6.	Milwaukee,	WI	2.84	93.3%	2.65
7.	Philadelphia,	PA	8.26	32.0%	2.64
8.	Portland,	ME	2.53	100.0%	2.53
9.	Des Moines,	IA	4.46	56.5%	2.52
10.	Sioux Falls,	SD	2.79	85.0%	2.37
11.	Baltimore,	MD	5.82	40.0%	2.33
12.	Jacksonville,	FL	2.13	100.0%	2.13
13.	Burlington,	VT	2.20	92.3%	2.03
14.	Fargo,	ND	49.32	4.1%	2.02
15.	Detroit,	MI	5.68	34.5%	1.96
16.	Atlanta,	GA	4.83	40.0%	1.93
17.	Omaha,	NE	1.91	96.0%	1.83
18.	Boise,	ID	1.81	98.1%	1.77
19.	Anchorage,	AK	1.82	95.0%	1.72
20.	Billings,	MT	2.12	81.3%	1.72
21.	Jackson,	MS	17.00	10.0%	1.70
22.	New Orleans,	LA	16.97	10.0%	1.70
23.	Phoenix,	AZ	16.76	10.0%	1.68
24.	Columbus,	OH	5.63	29.7%	1.67
25.	Memphis,	TN	6.31	25.0%	1.58
26.	Portland,	OR	2.03	76.4%	1.55
27.	Salt Lake City,	UT	1.49	99.0%	1.48
28.	Indianapolis,	IN	9.50	15.0%	1.43
29.	Columbia,	SC	35.45	4.0%	1.42
30.	Boston,	MA	1.34	100.0%	1.34
31.	Louisville,	KY	1.33	100.0%	1.33
32.	Wichita,	KS	11.30	11.5%	1.30
33.	Minneapolis,	MN	1.46	88.3%	1.29
34.	Seattle,	WA	1.31	89.9%	1.18
35.	Little Rock,	AR	6.30	18.3%	1.15
36.	Charlotte,	NC	1.20	94.1%	1.13
37.	Oklahoma City,	OK	10.21	11.0%	1.12
38.	Virginia Beach,	VA	1.22	91.7%	1.12
39.	Albuquerque,	NM	3.37	33.0%	1.11
40.	Kansas City,	MO	5.83	19.0%	1.11
41.	Las Vegas,	NV	3.11	35.0%	1.09
42.	Wilmington,	DE	2.30	44.4%	1.02
43.	WASHINGTON,	DC	0.96	100.0	0.96
44.	Chicago,	IL	9.45	10.0%	0.95
45.	Charleston,	WV	1.51	60.0%	0.91
46.	New York City,	NY	10.88	7.6%	0.83
47.	Los Angeles,	CA	1.06	75.0%	0.80
48.	Birmingham,	AL	7.72	10.0%	0.77
49.	Cheyenne,	WY	7.73	9.5%	0.73
50.	Denver,	CO	6.89	9.7%	0.67
51.	Honolulu,	HI	0.37	100.0%	0.37
UNWEIGHTED AVERAGE			6.80	55.5%	\$1.69
MEDIAN			3.34	56.5%	\$1.55

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
1999

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
1999

CITY	STATE	EXEMPTION OR TAX REDUCTION AMOUNT	BASIS OF TAX REDUCTION OR EXEMPTION
Birmingham,	AL	\$4,000	Assessed Value-Homestead
Phoenix,	AZ	35% Exemption on School Tax Rates up to \$500	Assessed Value
Los Angeles,	CA	\$7,000 Exemption	Assessed Value
WASHINGTON,	DC	\$30,000 Exemption	Assessed Value-Homestead
Jacksonville,	FL	\$25,000 Exemption	Assessed Value 1/
Atlanta,	GA	\$15,000 Exemption	Assessed Value
Honolulu,	HI	\$40,000 Exemption (below age 55)	Assessed Value
Boise City,	ID	50% up to \$50,000 Exemption	Assessed Value-Improvements
Chicago,	IL	\$4,500 Exemption	Equalized Assessed Value
Indianapolis,	IN	15% Credit and \$2,000 Exemption	Assessed Value-Homestead
Des Moines,	IA	\$4,850 Exemption Credit on 1 * \$4,800 Taxable value	Assessed Value-Homestead
New Orleans,	LA	\$7,500 Exemption	Assessed Value
Boston,	MA	\$453.13 Exemption	Tax Credit
Detroit,	MI	Homesstead property exempt from Basic local school operating millage	Taxable Value
Minneapolis,	MN	1.7% Market Value over \$75,000 1% on First \$75,000	Assessed Value
Jackson,	MS	\$240 Exemption	Assessed Value
Billings,	MT	16% Homestead exemption	Market Value
Albuquerque,	NM	\$2,000 Household Head Exemption, \$2,000 Veteran exemption	Taxable Value
New York City,	NY	\$10,000	Assessed 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	12.3% 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

1/ Just value increases limited to lessor of change in CPI or 3%.

Given the assumptions used in this study, the real property tax burden is slightly regressive with an average percentage burden of 3.3 percent at \$25,000 income and 3.2 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, in Washington, D.C., the percentage property tax burden is 1.3 percent at \$25,000 and 2.0 percent at the \$150,000 income level.

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

Sales and Use Tax

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

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

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, 1999

CITY	ST	TOTAL RATE	STATE	CITY	COUNTY	SCHOOL	TRANSIT
New Orleans,	LA	9.0	4.0	3.5		1.5	
Chicago,	IL	8.75	6.25	1.0	0.75		0.75
Seattle,	WA	8.6	6.5	0.85	0.25		1.0
Los Angeles,	CA	8.25	6.0	1.0	0.25		1.0
New York City,	NY	8.25	4.0	4.0			0.25
Memphis,	TN	8.25	6.0		2.25		
Houston,	TX	8.25	6.25	1.0			1.0
Birmingham,	AL	8.0	4.0	3.0	1.0		
Oklahoma City,	OK	7.375	4.5	2.875			
Denver,	CO	7.3	3.0	3.5			0.8
Las Vegas,	NV	7.25	2.0		3.0	2.25	
Kansas City,	MO	7.1	4.225	1.5	0.875		0.5
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				
Philadelphia,	PA	7.0	6.0		1.0		
Providence,	RI	7.0	7.0				
Jacksonville,	FL	6.5	6.0				0.5
Charlotte,	NC	6.5	4.0	2.5			
Fargo,	ND	6.5	5.0	1.0	0.5		
Omaha,	NE	6.5	5.0	1.5			
Salt Lake City,	UT	6.35	4.75	1.0	0.35		0.25
Little Rock,	AR	6.125	4.625	0.5	1.0		
Bridgeport,	CT	6.0	6.0				
Louisville,	KY	6.0	6.0				
Detroit,	MI	6.0	6.0				
Newark,	NJ	6.0	6.0				
Sioux Falls,	SD	6.0	4.0	2.0			
Charleston,	WV	6.0	6.0				
Wichita,	KS	5.9	4.9		1.0		
Albuquerque, 1/	NM	5.8125	4.5	1.0625	0.25		
WASHINGTON,	DC	5.75	5.75				
Columbus,	OH	5.75	5.0		0.5		0.25
Milwaukee,	WI	5.6	5.0		0.6 2/		
Portland,	ME	5.5	5.5				
Des Moines,	IA	5.0	5.0				
Boise,	ID	5.0	5.0				
Indianapolis,	IN	5.0	5.0				
Boston,	MA	5.0	5.0				
Baltimore,	MD	5.0	5.0				
Columbia,	SC	5.0	5.0				
Burlington,	VT	5.0	5.0				
Cheyenne,	WY	5.0	4.0		1.0		
Virginia Beach,	VA	4.5	3.5	1.0			
Honolulu,	HI	4.0	4.0				
UNWEIGHTED AVERAGE		6.43					
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.

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

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

Automobile Taxes

Residents of all 51 cities in this study are subject to gasoline taxes and some type of automobile registration fee or tax. The automobile taxes included in this study are gasoline taxes, motor vehicle registration fees, excise taxes and personal property taxes. 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, 1999 are compared in Table 8, page 25. The gasoline tax rates vary from as high as 33 cents per gallon in Las Vegas, Nevada to a low of 7.5 cents per gallon in Atlanta, Georgia and 8 cents per gallon in Anchorage, Alaska, and New York City, New York. Several of the cities in Table 8 also levy a sales tax on gasoline, which is not included in the table.

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

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 for real property. Others use the same assessment system and property tax rate for automobiles as they do for personal residences.

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

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

Automobile tax burdens in the 51 cities are regressive on the average as shown in Table 1. The \$25,000 family pays 1.2 percent of income for automobile related taxes, while the \$150,000 income family pays an average of 0.6 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, 1999
(STATE AND LOCAL RATES)

CITY	ST	TOTAL RATE	STATE RATE	LOCAL RATE
Las Vegas,	NV	33.0	24.0	9.0
Honolulu,	HI	32.5	16.0	16.5
Bridgeport,	CT	32.0	32.0	0.0
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	26.6	15.5	11.1
Milwaukee,	WI	25.8	25.8	0.0
Boise,	ID	25.0	25.0	0.0
Omaha,	NE	24.1	24.1	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
Seattle,	WA	23.0	23.0	0.0
Denver,	CO	22.0	22.0	0.0
Portland,	ME	22.0	22.0	0.0
Columbus,	OH	22.0	22.0	0.0
Boston,	MA	21.0	21.0	0.0
Charlotte,	NC	21.0	21.0	0.0
Fargo,	ND	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
Memphis,	TN	20.0	20.0	0.0
Houston,	TX	20.0	20.0	0.0
Salt Lake City,	UT	19.5	19.5	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
Manchester,	NH	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
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
Cheyenne,	WY	11.0	11.0	0.0
Newark,	NJ	10.5	10.5	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		
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TABLE 9

SUMMARY OF TYPES OF AUTOMOBILE
REGISTRATION TAXES
1999

<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	12
Age Based	2
Local:	
Flat Rate	2

TABLE 10
AUTOMOBILE TAX ASSUMPTIONS
1999

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	2,675 lbs.	1996	\$16,000	\$14,375	\$12,725	22	682 Gallons
\$ 50,000	Sedan, 4 Door 4 Cylinder, Automatic	18.8	3,039 lbs.	1997	\$20,625	\$18,825	\$16,925	23	652 Gallons
\$ 75,000	Sedan, 4 Door 6 Cylinder, Automatic	29.4	3,359 lbs.	1997	\$21,350	\$19,550	\$17,650	20	750 Gallons
	Sedan, 4 Door 4 Cylinder, Automatic	16.7	2,451 lbs.	1995	\$11,225	\$10,050	\$ 8,750	24	313 Gallons
\$100,000	Sedan, 4 Door 6 Cylinder, Automatic	34.7	3,587 lbs.	1997	\$23,200	\$21,125	\$19,025	19	789 Gallons
	Sedan, 2 Door 4 Cylinder, Automatic	18.0	3,075 lbs.	1994	\$13,925	\$12,325	\$10,725	23	326 Gallons
\$150,000	Sedan, 4 Door 6 Cylinder, Automatic	35.1	3,450 lbs.	1998	\$40,000	\$37,125	\$33,950	18	833 Gallons
	Sedan, 4 Door 4 Cylinder, Automatic	18.8	3,097 lbs.	1996	\$19,275	\$17,550	\$15,725	21	357 Gallons

1/ National Automobile Dealers Association Used Car Guide.

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

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

CHAPTER IV

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

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

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

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

Individual Income Tax

The individual income tax burden for Washington, D.C. is substantially above the average for the 44 cities that levy an individual income tax at all income levels. Washington, D.C. levies an individual income tax with three rates (for tax year 2000): 5 percent on the first \$10,000 of taxable income; 7.5 percent on the next \$10,000 of taxable income; and 9.5 percent on taxable income over \$20,000. For tax year 1999 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. In fiscal year 1997, the Council of the District of Columbia, authorized a system of triennial assessment, commencing with the assessment for tax year 1999. With triennial assessment, the city is divided into three sections (each roughly one third of the assessed value of the taxable base); each section is then assessed once every three years. The first phase of the assessment was completed in February, 1998, and the assessment notices for tax year 1999 were mailed in accordance with the real property tax calendar. A decline in assessed value became effective immediately. 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 1.4 percent at the \$25,000 income level and 2.0 percent at \$150,000 income.

Sales Tax

The District of Columbia levies a sales tax with five different rates. This rate structure is utilized, in part, to take advantage of the District's special status as a tourist center and to increase the contribution of non-residents working in the city. These differential rates illustrate the concept of tax exporting. The table below details the sales tax rates in effect at the end of 1999.

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

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

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

Automobile Taxes

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

Washington, D.C., automobile tax burdens are below the 51-city average at all income levels as shown in Table 11. High registration fees and a flat gasoline tax rate cause the District auto tax burden to be regressive. Washington, D.C., automobile tax burdens represent 1.2 percent of income at \$25,000 and 0.6 percent at \$150,000.

Summary

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

TABLE 11				
TAX BURDENS IN WASHINGTON, D.C. COMPARED WITH THE AVERAGE FOR THE LARGEST CITY IN EACH STATE BY INCOME CLASS, 1999				
		DISTRICT OF COLUMBIA	AVERAGE FOR CITIES LEVYING TAX 1/	PERCENT DIFFERENCE
\$25,000 INCOME LEVEL				
Income		\$1,096	\$434	152.6%
Property		344	831	-58.7%
Sales		493	581	-15.2%
Auto		224	294	-23.6%
TOTAL	DC	\$2,157	51 CITY AVERAGE \$2,024	6.6%
\$50,000 INCOME LEVEL				
Income		\$2,698	\$1,675	61.0%
Property		915	1,671	-45.2%
Sales		848	913	-7.0%
Auto		218	356	-38.7%
TOTAL	DC	\$4,680	51 CITY AVERAGE \$4,296	8.9%
\$75,000 INCOME LEVEL				
Income		\$4,719	\$2,986	58.0%
Property		1,517	2,586	-41.4%
Sales		1,353	1,375	-1.6%
Auto		356	565	-37.0%
TOTAL	DC	\$7,944	51 CITY AVERAGE \$6,968	14.0%
\$100,000 INCOME LEVEL				
Income		\$6,838	\$4,393	55.6%
Property		1,998	3,317	-39.8%
Sales		1,805	1,833	-1.5%
Auto		366	610	-39.9%
TOTAL	DC	\$11,007	51 CITY AVERAGE \$9,371	17.5%
\$150,000 INCOME LEVEL				
Income		\$11,026	\$7,262	51.8%
Property		2,960	4,790	-38.2%
Sales		2,706	2,746	-1.5%
Auto		366	865	-57.7%
TOTAL	DC	\$17,058	51 CITY AVERAGE \$14,397	18.5%

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%

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

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

Part II

A Comparison of Selected Tax Rates In The District of Columbia With Those In The 50 States As of January 1, 2000

Overview

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

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	7	2	41
Cigarette	50	39	0	11
Corporate Income	44	41	0	3
Deed Recordation	36	36	0	0
Light Wine	46	6	2	38
Distilled Spirits	32	0	1	31
Individual Income	42 1/	39 2/	0	3 2/
Insurance	48	4	0	44
Motor Fuel	50	24	6	20
Motor Vehicle Excise				
Light Cars < 3,500 lbs.	47	32	9	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, 2000			
PERSONAL EXEMPTIONS	(CREDITS)	TAXABLE INCOME	RATES
DISTRICT OF COLUMBIA			
Single	\$1,370	\$0 - \$10,000 \$10,000-\$20,000 Over \$20,000	5.0%
Married Filing Separately	\$1,370		\$ 600 + 7.5% of excess > \$10,000
Married Filing Jointly	\$2,740		\$1,350 + 9.5% of excess > \$20,000
Head of Household	\$2,740		
Dependent (additional)	\$1,370		
Blind (additional)	\$1,370		
Age 65 and over (additional)	\$1,370		
Standard	1/		
MARYLAND 2/			
Single	\$1,850	\$0 - \$1,000 \$1,001-\$2,000 \$2,001-\$3,000 Over \$3,000	2.0%
Married Filing Separately	\$1,850		\$20 + 3.00% of excess > \$1,000
Married Filing Jointly	\$3,700		\$50 + 4.00% of excess > \$2,000
Head of Household	\$1,850		\$90 + 4.85% of excess > \$3,000
Dependent (additional)	\$1,850		
Blind (additional)	\$1,000		
Age 65 and over (additional)	\$1,000		
Standard	3/		
VIRGINIA			
Single	\$ 800	\$0 - \$3,000 \$3,001-\$5,000 \$5,001-\$17,000 Over \$17,000	2.0%
Married Filing Separately	\$ 800		\$ 60 + 3.00% of excess > \$ 3,000
Married Filing Jointly	\$1,600		\$ 120 + 5.00% of excess > \$ 5,000
Head of Household	\$ 800		\$ 720 + 5.75% of excess > \$17,000
Dependent (additional)	\$ 800		
Blind (additional)	\$ 800		
Age 65 and over (additional)	\$ 800		
Standard	4/		

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

2/ Maryland rates do not include local 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, 2000							
PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS				
SINGLE	M/J	DEPENDENT S		MINIMUM		MAXIMUM	
				RAT E	UP TO	RAT E	OVE R
ALABAMA 1/							
\$1,500	\$3,000	\$300	S,HH,M M/J	2.0% 2.0%	\$ 500 1,000	5.0% 5.0%	\$ 3,000 6,000
ARIZONA 2/3/							
\$2,100	\$4,200	\$2,300	S,M/S M/J,HH	2..87% 2.87%	\$ 10,000 20,000	5.04% 5.04%	\$150,000 300,000
ARKANSAS							
(\$20)	(\$40)	(\$20)		1.0%	\$ 2,999	7.0%	\$ 25,000
CALIFORNIA							
(\$72)	(\$144)	(\$257)	S,M/S HH M/J	1.0% 1.0% 1.0%	\$ 5,131 10,264 10,262	9.3% 9.3% 9.3%	\$ 33,673 45,833 67,346
COLORADO							
4.75% of federal taxable income with certain modifications.							
CONNECTICUT 4/							
\$12,000	\$24,000	---	S,M/S HH M/J	3.0% 3.0% 3.0%	\$ 10,000 16,000 20,000	4.5% 4.5% 4.5%	\$ 10,000 16,000 30,000
DELAWARE							
(\$100)	(\$200)	(\$100)		2.6%	\$ 5,000	6.4%	\$ 60,000
DISTRICT OF COLUMBIA							
\$1,370	\$2,740	\$1,370		5.0%	\$ 10,000	9.5%	\$ 20,000
GEORGIA							
\$2,700	\$5,400	\$2,700	M/S S HH,M/J	1.0% 1.0% 1.0%	\$ 500 750 1,000	6.0% 6.0% 6.0%	\$ 5,000 7,000 10,000
HAWAII							
\$1,040	\$2,080	\$1,040	M/S,S HH SS,M/J	1.6% 1.6% 1.6%	\$ 2,000 3,000 4,000	8.75% 8.75% 8.75%	\$ 40,000 60,000 80,000

1/ Does not include various local income taxes.

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

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

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

TABLE 15 (continued)							
INDIVIDUAL INCOME TAX 43 STATES AND DISTRICT OF COLUMBIA AS OF JANUARY 1, 2000							
PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS				
SINGLE	M/J	DEPENDENT S		MINIMUM		MAXIMUM	
				RAT E	UP TO	RAT E	OVE R
IDAHO 1/							
\$2,750	\$5,500	\$2,750	S M/J	2.0% 2.0%	\$ 1,000 2,000	8.2% 8.2%	\$ 20,000 40,000
ILLINOIS							
\$1,650	\$3,300	\$1,600				3.0% of taxable net income.	
INDIANA 2/							
\$1,000	\$2,000	\$1,000				3.4% of federal adjusted gross income.	
IOWA							
(\$40)	(\$80)	(\$40)		0.36%	\$ 1,148	8.98%	\$ 51,660
KANSAS							
\$2,250	\$4,500	\$2,250	S,M/S M/J	3.5% 3.5%	\$ 15,000 30,000	6.45% 6.45%	\$ 30,000 60,000
KENTUCKY							
(\$20)	(\$40)	(\$20)		2.0%	\$ 3,000	6.0%	\$ 8,000
LOUISIANA							
\$4,500	\$9,000	\$1,000	S,M/S,HH M/J	2.0% 2.0%	\$ 10,000 20,000	6.0% 6.0%	\$ 50,000 100,000
MAINE							
\$2,750	\$5,500	\$2,700	S,M/S HH M/J	2.0% 2.0% 2.0%	\$ 4,150 6,200 8,250	8.5% 8.5% 8.5%	\$ 16,500 24,750 33,000
MARYLAND 2/							
\$1,850	\$3,700	\$1,850	M/S,S,D HH,M/J,QW	2.0% 2.0%	\$ 1,000 1,000	4.85% 4.85%	\$ 3,000 3,000
MASSACHUSETTS							
\$4,400	\$8,800	\$1,000		5.95 CAPITAL GAIN S	(earned)	12.0% (unearned) 12.0% < 1yr holding 5.0% 1-2 yrs holding 4.0% > 2 yrs holding	
MICHIGAN 2/							
\$2,900	\$5,800	\$2,900				4.3% 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, 2000							
PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS				
SINGLE	M/J	DEPENDENT S		MINIMUM		MAXIMUM	
				RAT E	UP TO	RAT E	OVE R
MINNESOTA							
\$2,800	\$5,600	\$2,800	M/S	5.5%	\$ 12,840	8.0%	\$ 51,010
			S	5.5%	17,570	8.0%	57,710
			HH	5.5%	21,630	8.0%	86,910
			M/J	5.5%	25,680	8.0%	102,030
MISSISSIPPI							
\$6,000	\$12,000	\$1,500		4.0%	\$ 10,000	5.0%	\$ 10,000
MISSOURI 1/							
\$2,100	\$4,200	\$1,200		1.5%	\$ 1,000	6.0%	\$ 9,000
MONTANA							
\$1,60	\$3,220	\$1,610		2.0%	\$ 2,000	11.0%	\$ 70,400
NEBRASKA							
(\$89)	(\$178)	(\$89)	S,M/S	2.51%	\$ 2,400	6.68%	\$ 26,500
			M/J,HH	2.51%	4,000	6.68%	46,750
NEW HAMPSHIRE							
\$2,400	\$4,800	---	5.0% on dividend and interest income over personal exemption.				
NEW JERSEY							
\$1,000	\$2,000	\$1,500	S,M/S	1.4%	\$ 20,000	6.37%	\$ 75,001
			HH,M/J	1.4%	20,000	6.37%	150,001
NEW MEXICO							
\$2,750	\$5,500	\$2,750	M/S	1.7%	\$ 4,000	8.2%	\$ 50,000
			S	1.7%	5,500	8.2%	65,000
			HH	1.7%	7,000	8.2%	83,000
			M/J	1.7%	8,000	8.2%	100,000
NEW YORK							
---	---	\$1,000	M/S,S	4.0%	\$ 8,000	6.85%	\$ 20,000
			HH	4.0%	11,000	6.85%	30,000
			M/J	4.0%	16,000	6.85%	40,000
NORTH CAROLINA 2/							
\$2,500	\$5,000	\$2,500	M/S	6.0%	\$ 10,625	7.75%	\$ 50,000
			S	6.0%	12,750	7.75%	60,000
			HH	6.0%	17,000	7.75%	80,000
			M/J,SS	6.0%	21,250	7.75%	100,000
NORTH DAKOTA 3/							
---	---	---	14.0% of federal liability before credits.				

1/ Does not include various local income taxes.

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

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

TABLE 15 (continued)							
INDIVIDUAL INCOME TAX 43 STATES AND DISTRICT OF COLUMBIA AS OF JANUARY 1, 2000							
PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS				
SINGLE	M/J	DEPENDENT S		MINIMUM		MAXIMUM	
				RAT E	UP TO	RAT E	OVE R
OHIO 1/							
\$1,050 (\$20)	\$2,100 (\$40)	\$1,050 (\$20)		0.716%	\$ 5,000	7.228%	\$200,000
OKLAHOMA							
Without federal deduction							
\$1,000	\$2,000	\$1,000	S,M/S SS,HH,M/J	0.5% 0.5%	\$ 1,000 2,000	6.75% 6.75%	\$ 10,000 21,000
With federal deduction							
	\$10,000		S,M/S HH,M/J	0.5% 0.5%	\$ 1,000 2,000	10.0% 10.0%	\$ 16,000 24,000
OREGON 1/							
(\$134)	(\$268)	(\$134)	S,M/S HH,M/J	5.0% 5.0%	\$ 2,350 4,700	9.0% 9.0%	\$ 5,900 11,800
PENNSYLVANIA 1/							
---	---	---	2.8% of specified classes of taxable income is effective rate.				
RHODE ISLAND							
---	---	---	26% of modified federal income tax liability.				
SOUTH CAROLINA							
\$2,750	\$5,500	\$2,750 2/		2.5%	\$ 2,340	7.0%	\$ 11,700
TENNESSEE							
\$1,250	\$2,500	---	6.0% on interest and dividend income.				
UTAH							
\$2,063	\$4,126	\$2,063	M/S,S HH,M/J	2.3% 2.3%	\$ 750 1,500	7.0% 7.0%	\$ 3,750 7,500
VERMONT							
---	---	---	24% of federal income tax liability.				
VIRGINIA							
\$800	\$1,600	\$800		2.0%	\$ 3,000	5.75%	\$ 17,000
WEST VIRGINIA							
\$2,000	\$4,000	\$2,000	M/S S,SS,HH,M/ J	3.0% 3.0%	\$ 5,000 10,000	6.5% 6.5%	\$ 30,000 60,000
WISCONSIN							
---	---	(\$50)	M/S S M/J	4.77% 4.77% 4.77%	\$ 5,080 7,620 10,160	6.77% 6.77% 6.77%	\$ 10,160 15,240 20,320

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 DEFINITIO N OF INCOME FOR STATE TAX BASE	STATE DEFINITIO N 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 DEFINITIO N OF INCOME FOR STATE TAX BASE	STATE DEFINITIO N OF INCOME FOR STATE TAX BASE	FEDERAL TAX LIABILITY FOR STATE TAX BASE
NEW JERSEY			NJ		NJ	
NEW MEXICO			NM	NM		
NEW YORK			NY	NY		
NORTH CAROLINA			NC	NC		
NORTH CAROLINA			NC	NC		
NORTH DAKOTA			ND			
OHIO			OH	OH		
OKLAHOMA 1/	OK		OK	OK		
OREGON 2/	OR		OR	OR		
PENNSYLVANIA			PA		PA	
RHODE ISLAND			RI			RI
SOUTH CAROLINA			SC	SC		
SOUTH DAKOTA		SD				
TENNESSEE					TN	
TEXAS		TX				
UTAH 2/	UT		UT	UT		
VERMONT			VT			
VIRGINIA			VA	VA		
WASHINGTON		WA				
WEST VIRGINIA			WV	WV		
WISCONSIN			WI	WI		
WYOMING		WY				

1/ Method 2 only.

2/ Federal deductibility is limited.

TABLE 17
STATE CORPORATION INCOME TAX RATES
(Maximum Rates)

DISTRICT OF COLUMBIA: 9.975%

LOWER THAN THE DISTRICT 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	7.968%
Florida	5.50%	Idaho	8.00%
Georgia	6.00%	Louisiana	8.00%
Oklahoma	6.00%	Kentucky	8.25%
Tennessee	6.00%	New York	8.50%
VIRGINIA	6.00%	Ohio	8.50%
Missouri	6.25%	Delaware	8.70%
Hawaii	6.40%	California	8.84%
Arkansas	6.50%	Maine	8.93%
Oregon	6.60%	New Jersey	9.00%
Montana	6.75%	Rhode Island	9.00%
North Dakota	6.83%	West Virginia	9.00%
North Carolina	6.90%	Alaska	9.40%
MARYLAND	7.00%	Massachusetts	9.50%
New Hampshire	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% 1.29%
HIGHER THAN THE DISTRICT 44 STATES			
Connecticut	1.75%	Wisconsin	2.00%
Florida	1.75%	Colorado	2.05%
Texas	1.75%	Ohio	2.09%
Tennessee	1.80%	New Jersey	2.10%
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%	California	2.35%
Kentucky	2.00%	Arkansas	2.50%
Maine	2.00%	South Dakota	2.50%
MARYLAND	2.00%	Wyoming	2.50%
Massachusetts	2.00%	Alaska	2.70%
Minnesota	2.00%	Hawaii	2.75%
Missouri	2.00%	Montana	2.75%
New Hampshire	2.00%	Alabama	3.00%
North Dakota	2.00%	Idaho	3.00%
Pennsylvania	2.00%	Mississippi	3.00%
Rhode Island	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 (2.6875%)	5.00%
North Carolina (2.5%)	4.00%	New Mexico 1/	5.00%
South Dakota (2%)	4.00%	North Dakota (2.0%)	5.00%
Wyoming (1%)	4.00%	Ohio (0-3%)	5.00%
Arkansas (4.625%)	4.50%	South Carolina	5.00%
Oklahoma (6%)	4.50%	Vermont	5.00%
Missouri (5.3125%)	4.50%	Wisconsin (.6%)	5.00%
Utah (1.6%)	4.75%	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%
New Jersey	6.00%	Mississippi	7.00%
Pennsylvania (1%)	6.00%	Rhode Island	7.00%
Tennessee (2.75%)	6.00%		
NO TAX 5 STATES			
Alaska			
Delaware			
Montana			
New Hampshire			
Oregon			

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

Note: Maximum local rates in parentheses

TABLE 20

STATE BEER TAX RATES

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

DISTRICT OF COLUMBIA: \$0.09

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

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

^{2/} 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.

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

TABLE 22

STATE DISTILLED SPIRITS TAX RATES

(Per Gallon)

DISTRICT OF COLUMBIA: \$ 1.50

CONTROL BOARD STATES 18 STATES	
Alabama Idaho Iowa Maine Michigan	Ohio Oregon Pennsylvania Utah Vermont
Mississippi Montana New Hampshire North Carolina	VIRGINIA Washington West Virginia Wyoming

SAME AS THE DISTRICT 1 STATE		
MARYLAND	\$ 1.50	

HIGHER THAN THE DISTRICT 31 STATES			
Kentucky	\$ 1.92	Rhode Island	\$ 3.75 1/
Missouri	2.00	Delaware	3.75 2/
Nevada	2.05	Georgia	3.79
Colorado	2.28	South Dakota	3.93
Texas	2.40	Tennessee	4.00
Arkansas	2.50	Massachusetts	4.05
Kansas	2.50	New Jersey	4.40
Louisiana	2.50	Connecticut	4.50
North Dakota	2.50	Illinois	4.50
Indiana	2.68	Minnesota	5.03
		Oklahoma	5.56
South Carolina	2.72	Alaska	5.60
Arizona	3.00	Hawaii	5.98
Nebraska	3.00	New York	6.43
Wisconsin	3.25	Florida	6.50
California	3.30	New Mexico	6.75

1/ 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 39 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	Texas	.41
Missouri	.17	North Dakota	.44
West Virginia	.17	Vermont	.44
Mississippi	.18	Minnesota	.48
Montana	.18	Connecticut	.50
Colorado	.20	Utah	.515
Louisiana	.20	New Hampshire	.52
New Mexico	.21	New York	.56
Oklahoma	.23	Arizona	.58
Delaware	.24	Illinois	.58
Kansas	.24	Wisconsin	.59
Ohio	.24		.66

HIGHER THAN THE DISTRICT 11 STATES			
MARYLAND	\$.66	New Jersey	\$.80
Oregon	.68	Washington	.825
Rhode Island	.71	California	.87
Maine	.74	Alaska	1.00
Michigan	.75	Hawaii	1.00
Massachusetts	.76		

TABLE 24

MOTOR FUEL TAX RATES

(Per Gallon)

DISTRICT OF COLUMBIA: \$.20

LOWER THAN THE DISTRICT 24 STATES			
Georgia	\$.075	New Mexico	\$.17
Alaska	.08	Oklahoma	.17
New York	.08	VIRGINIA	.175
New Jersey	.105	Arizona	.18
Wyoming	.13	California	.18
Florida	.155	Mississippi	.18
Indiana	.15	New Hampshire	.18
Kentucky	.15	Arkansas	.185
Alabama	.16	Illinois	.19
Hawaii	.16	Michigan	.19
South Carolina	.16	Utah	.195
Missouri	.17	Vermont	.19
SAME AS THE DISTRICT 6 STATES			
Iowa	\$.20	Minnesota	\$.20
Louisiana	.20	Tennessee	.20
Kansas	.20	Texas	.20
HIGHER THAN THE DISTRICT 20 STATES			
Massachusetts	\$.21	Oregon	\$.24
North Dakota	.21	Nevada	.24
South Dakota	.21	Nebraska	.241
North Carolina	.22	Idaho	.25
Colorado	.22	West Virginia	.2535
Ohio	.22	Wisconsin	.258
Maine	.22	Pennsylvania	.259
Delaware	.23	Montana	.27
Washington	.23	Rhode Island	.28
MARYLAND	.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 (.6%)	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 (1.6%)	4.75%	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 1/	\$ 8.00	California	\$ 30.00
Louisiana	10.00	Rhode Island	30.00
Kentucky	11.50	South Dakota	30.00
Indiana	12.00	West Virginia	30.00
South Carolina	12.00	Florida	32.50
Mississippi	15.00	Nevada	33.00
Oregon	15.00	Colorado	33.24
Wyoming	15.00	Alaska	34.00
Nebraska	17.50	Connecticut	35.00
Montana	19.25	MARYLAND	35.00
Delaware	20.00	Pennsylvania	36.00
Georgia	20.00	New Hampshire	36.20
North Carolina	20.00	Missouri	39.00
Tennessee	20.50	Idaho	40.73
Ohio	21.50	New Mexico	42.00
New York	22.50	Vermont	43.00
Alabama	23.00	Wisconsin	45.00
Maine	23.00	Hawaii	46.42
Utah	24.50	Massachusetts	50.00
Arkansas	25.00	Texas	59.80
Kansas	25.00	North Dakota	72.00
VIRGINIA	26.50	New Jersey	73.50
Washington	27.85	Illinois	78.00
HIGHER THAN THE DISTRICT 3 STATES			
Iowa	\$ 93.00	Minnesota	\$108.75
		Oklahoma	119.00
OTHER BASIS			
Michigan			

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

TABLE 27

STATE REAL ESTATE DEED RECORDATION AND TRANSFER TAX RATES

(Per \$500 of Consideration)

DISTRICT OF COLUMBIA: \$ 11.00

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

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

NOTE: Maximum local rate in parentheses.

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

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

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

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

TABLE 28

TYPES OF STATE INHERITANCE AND ESTATE TAXES

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

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