

Government of the
District of Columbia



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

2008

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

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EXECUTIVE SUMMARY

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

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

The state and local tax rates of individual taxpayers vary from one jurisdiction to another. For example, all 51 cities in this study levy a tax on real property located within the city, yet effective tax rates range from a high of \$2.93 per \$100 of assessed value in Indianapolis, Indiana to \$0.33 per \$100 of assessed value in Honolulu, Hawaii. In addition, several jurisdictions allow tax exemptions, credits and caps in the calculation of the real property tax liability (Table 6, page 20). The District of Columbia had a \$64,000 homestead deduction in FY 2008 for owner-occupied residences as well as other credits. In FY 2008, the Class One property tax rate for the District is \$0.85 per \$100 of assessed value; and the owner-occupied residential real property tax cap is 10 percent.

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

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

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

No single pattern of taxation characterizes a high tax burden or a low tax burden city. Details concerning the various taxes levied and why the tax burdens differ from one jurisdiction to another are presented in this publication. Part I of this publication compares tax burdens in the District of Columbia with those of the most populous city in each state, through December 31, 2008. Part II of this publication contains a compendium of tables which illustrate the tax rates in the District of Columbia and the 50 states for 13 different types of taxes as of January 1, 2009.

ACKNOWLEDGMENT

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

This publication contains two reports: (I) Tax Burdens in Washington, D.C., Compared with Those in the Largest City in Each State, 2008 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, Fiscal Analyst, Economic Affairs Administration, Office of Revenue Analysis, 441 4th Street, NW, Suite 410 South, Washington, D.C. 20001, telephone (202) 727-7775.

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

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Part I

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

2008

OVERVIEW

There is wide diversity in state and local tax systems in the United States. The fifty states and the District of Columbia employ a broad range of taxes and fees to fund state and local government operations. The combination of taxes and fees utilized by a particular jurisdiction is dependent upon many factors, including 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.

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

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

CHAPTER I

How Tax Burdens are Computed for the Largest City in Each State

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

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

This report compares the state and local tax burdens of hypothetical households in Washington, D.C., with the burden for the largest city in each of the 50 states for 2008. The four major taxes used in the comparison are the individual income tax, the real property tax on residential property, the general sales and use tax, and automobile taxes, including the gasoline tax, registration fees, excise tax and the personal property tax. This study does not incorporate the effects of differing local tax burdens on the federal individual income tax burden. Income and property taxes are deductible in computing federal income taxes and the effect of federal deductibility is to reduce the overall difference in tax burdens between jurisdictions.

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

- **Housing Values.** Housing values across income levels in the 2008 study are based on data from the U.S. Census Bureau's American Community Survey (ACS) and adjusted by linear regression for the different income levels. The use of the ACS and regression is intended to provide an improved estimate of the housing values by income levels across the 51 cities in the study.

- **Mortgage Interest.** The mortgage interest amount (for use as an itemized deduction) in the 2008 study is derived by calculating an amortization schedule for the estimated home value for each income level in each city.
- **Renters versus Owners.** The hypothetical family at the \$25,000 income level in this year's study is assumed to rent, rather than own a home. Given the recent increase in real estate values in most areas of the country, the assumption that families earning \$25,000 per year rent is likely more realistic than the assumption that they own a home.

Individual Income Tax

The five income levels used in this study are divided between wage and salary income and other types of income. The table below shows the wages and salaries, interest income and capital gains for Washington, D.C. married filers. The following data have been updated from the previous year for all of the income categories using 2007 tax year data except for the \$25,000 income category.

Gross Income		Wages and Salaries	Interest	Long-Term Capital Gains 1/	2008 Federal AGI
\$25,000	Spouse 1	\$17,206	\$492	\$96	\$25,000
	Spouse 2	7,206			
\$50,000	Spouse 1	\$34,300	\$790	\$610	\$50,000
	Spouse 2	14,300			
\$75,000	Spouse 1	\$51,374	\$1,176	\$1,076	\$75,000
	Spouse 2	21,374			
\$100,000	Spouse 1	\$68,545	\$1,398	\$1,512	\$100,000
	Spouse 2	28,545			
\$150,000	Spouse 1	\$101,912	\$2,299	\$3,877	\$150,000
	Spouse 2	41,912			

1/ Assumes a three-year holding period

Because the Federal Earned Income Tax credit (EITC) at the \$25,000 income level in some states will determine the state's EITC, and because several states (such as Alabama, Iowa, Louisiana, Missouri, Montana, Oklahoma, Oregon, and Utah) allow the deduction of all or part of an individual's federal income tax liability in computing the state income tax, it is necessary to compute the 2008 federal individual income tax at each income level using the above assumptions. Interest and long-term capital gains were fully or partially taxable at the federal level during the time period used for this report.

Many states in 2008 allowed taxpayers to begin their state income tax computations with federal adjusted gross income (A.G.I.) or federal taxable income. Other states do not use either of these two measures of federal income as a starting point.

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

Deduction	Gross Income Level				
	\$ 25,000	\$ 50,000	\$ 75,000	\$100,000	\$150,000
Medical (Gross)	2,600	6,005	8,158	9,121	12,047
Nondeductible Medical 1/	<u>-1,875</u>	<u>-3,750</u>	<u>-5,625</u>	<u>-7,500</u>	<u>-11,250</u>
Net Medical Deduction	725	2,255	2,533	1,621	797
Deductible Taxes	2/	2/	2/	2/	2/
Mortgage Interest	3/	3/	3/	3/	3/
Contribution Deduction	596	3,371	4,264	4,205	4,027
Gross Miscellaneous	561	3,545	3,253	3,504	4,318
Nondeductible 4/	<u>-500</u>	<u>-1,000</u>	<u>-1,500</u>	<u>-2,000</u>	<u>-3,000</u>
Net Miscellaneous Deduction	61	2,545	1,753	1,504	1,318
Other Miscellaneous Deductions	334	350	266	334	252
Total Deductions-without taxes And mortgage interest	1,716	8,521	8,816	7,664	6,394

- 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/ The tax deduction varies from city to city and is based on real and personal property taxes computed in the 2008 study and individual income taxes computed in the 2007 study.
- 3/ Mortgage interest is based on 8th year interest paid on a home purchased in 2000 at an interest rate of 5.0%.
- 4/ Nondeductible miscellaneous equals 2 percent of A.G.I.

The itemized deductions shown above are used in the calculation of the 2008 tax burdens. The 2008 deductible real and personal property taxes computed in the current year's 51-city burden study is used for the 2008 property tax deduction. For the 2008 state and local individual income tax deduction, 2007 data were used as a proxy. These figures were used in computing the 2008 federal income tax burden. States that allow state and local income tax deductions are Georgia, Hawaii, New Mexico, Oklahoma, Rhode Island, and Vermont. Alabama allows social security tax and Medicare tax deductions on their state tax. Iowa and New Jersey allow all medical expenses paid as an itemized state deduction. For those states not allowing their own state income tax as a deduction, it is not included in itemized deductions.

Real Property Tax

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

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

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

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

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

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

² Ibid

housing in different parts of the country and at different income levels. Data from the 2004 ACS were used because they are the only data comparable for all the jurisdictions in this study. It is important to note that these are **hypothetical** values based on income levels and do not represent **average** values for a particular jurisdiction.

In computing property tax burdens, it is also necessary to consider the various exemptions, limitations and credits noted in Table 6 (page 20). The variety of real property tax exemptions, most of which apply only to residential real property, is very broad. Table 6 does not include the many senior citizen exemptions and credits available in a large number of states, nor can it adjust for “caps” on the growth in tax liability over time. Table 4 (page 18), which compares residential real estate tax rates for each city, does not reflect the various exemptions and credits noted in Table 6. The many senior citizen exemptions and credits available are also not reflected in Table 4, because seniors are not included in the hypothetical households of this study. However, the property tax burdens computed and shown in Table 1 of this study reflect the applicable provisions.

Sales and Use Tax

The sales tax burdens included in this study are based on information from the 2008 Bureau of Labor Statistics Consumer Expenditure Survey (CES). The CES provides data on consumer expenditures for different income categories. For example, the CES data provide average annual expenditures on items such as food at home, food away from home, apparel and services, health care and transportation. The expenditure data and the tax rates of cities are used to determine the sales tax that these expenditures generate. The state and local general sales tax rates in each city are reported in Table 7, page 22.

Automobile Taxes

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

CHAPTER II

Overall Tax Burdens for the Largest City in Each State

The major state and local tax burdens by tax type for the five different income levels used in this study are presented in Table 1 (pages 8-13). As reflected in Table 1, tax burdens across the 51 cities vary widely at all income levels. At the \$25,000 income level, the \$4,103 burden for Philadelphia, Pennsylvania is more than two times greater than the \$1,878 burden for Billings, Montana. Similarly, at the \$150,000 income level, the Bridgeport, Connecticut burden of \$22,415 is more than five times the Anchorage, Alaska, burden of \$4,469. The differences in the composition of state and local tax structures cause a wide variation in tax burdens at all income levels.

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

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

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

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2008
\$25,000

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY ^{2/}	SALES	AUTO	AMOUNT	PERCENT
1	Philadelphia	PA	1,769	1,577	554	203	4,103	16.4%
2	Birmingham	AL	1,074	1,426	968	174	3,642	14.6%
3	Louisville	KY	1,336	1,303	574	188	3,401	13.6%
4	Chicago	IL	474	1,666	879	255	3,274	13.1%
5	Atlanta	GA	559	1,783	710	188	3,241	13.0%
6	Honolulu	HI	538	1,829	705	142	3,213	12.9%
7	Indianapolis	IN	787	1,536	752	109	3,184	12.7%
8	Charlotte	NC	518	1,670	775	207	3,170	12.7%
9	Boston	MA	228	2,424	288	173	3,113	12.5%
10	Little Rock	AR	467	1,478	939	205	3,090	12.4%
11	Kansas City	MO	465	1,555	765	235	3,021	12.1%
12	Columbus	OH	751	1,512	570	185	3,017	12.1%
13	Bridgeport	CT	7	2,227	569	171	2,975	11.9%
14	Phoenix	AZ	116	1,642	992	161	2,911	11.6%
15	New York City	NY	0	1,975	751	164	2,890	11.6%
16	Charleston	WV	662	1,370	562	292	2,886	11.5%
17	Detroit	MI	582	1,562	554	173	2,871	11.5%
18	Salt Lake City	UT	136	1,706	748	266	2,856	11.4%
19	Des Moines	IA	421	1,332	715	377	2,846	11.4%
20	Seattle	WA	0	1,793	796	241	2,831	11.3%
21	Denver	CO	164	1,783	670	211	2,828	11.3%
22	Memphis	TN	0	1,574	1,025	138	2,738	11.0%
23	Minneapolis	MN	0	1,970	573	181	2,724	10.9%
24	Oklahoma City	OK	158	1,464	915	182	2,719	10.9%
25	New Orleans	LA	238	1,466	870	138	2,713	10.9%
26	Jackson	MS	207	1,361	819	317	2,703	10.8%
27	Portland	OR	883	1,656	0	156	2,695	10.8%
28	Los Angeles	CA	0	1,843	591	230	2,665	10.7%
29	Virginia Beach	VA	168	1,663	545	224	2,600	10.4%
30	Jacksonville	FL	0	1,709	767	118	2,594	10.4%
31	WASHINGTON	DC	0	1,805	580	179	2,564	10.3%
32	Columbia	SC	0	1,625	673	256	2,553	10.2%
33	Newark	NJ	0	1,769	627	140	2,536	10.1%
34	Providence	RI	0	1,726	647	131	2,503	10.0%
35	Wichita	KS	12	1,356	873	262	2,503	10.0%
36	Houston	TX	0	1,555	757	167	2,479	9.9%
37	Albuquerque	NM	0	1,373	975	130	2,478	9.9%
38	Las Vegas	NV	0	1,687	529	239	2,455	9.8%
39	Omaha	NE	0	1,510	700	197	2,406	9.6%
40	Sioux Falls	SD	0	1,344	878	176	2,398	9.6%
41	Portland	ME	51	1,711	396	220	2,379	9.5%
42	Cheyenne	WY	0	1,378	807	162	2,347	9.4%
43	Wilmington	DE	305	1,894	0	144	2,343	9.4%
44	Burlington	VT	0	1,639	511	166	2,317	9.3%
45	Milwaukee	WI	0	1,512	564	241	2,316	9.3%
46	Boise	ID	0	1,459	578	211	2,248	9.0%
47	Anchorage	AK	0	2,136	0	93	2,229	8.9%
48	Baltimore	MD	0	1,464	529	190	2,183	8.7%
49	Manchester	NH	0	1,968	0	152	2,120	8.5%
50	Fargo	ND	76	1,176	506	196	1,954	7.8%
51	Billings	MT	261	1,351	0	266	1,878	7.5%
AVERAGE ^{1/}			\$305	\$1,633	\$682	\$195	\$2,720	10.9%
MEDIAN			\$76	\$1,625	\$670	\$185	\$2,703	10.8%

1/ Based on cities actually levying tax.

2/ Based on 20 percent of estimated annual rent.

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2008
\$50,000

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	349	8,690	825	204	10,069	20.1%
2	Philadelphia	PA	3,527	2,303	789	244	6,864	13.7%
3	Chicago	IL	1,143	3,543	1,259	280	6,226	12.5%
4	Detroit	MI	2,747	2,000	784	238	5,769	11.5%
5	Newark	NJ	590	3,761	876	159	5,386	10.8%
6	Columbus	OH	1,985	2,141	836	221	5,183	10.4%
7	Milwaukee	WI	1,293	2,660	824	281	5,058	10.1%
8	Indianapolis	IN	1,918	1,912	1,082	132	5,044	10.1%
9	Los Angeles	CA	0	3,737	872	384	4,993	10.0%
10	Boston	MA	1,656	2,519	445	277	4,897	9.8%
11	Des Moines	IA	998	2,315	1,060	473	4,846	9.7%
12	Louisville	KY	2,541	1,121	846	292	4,800	9.6%
13	Baltimore	MD	1,775	1,965	788	221	4,749	9.5%
14	Providence	RI	577	2,471	904	669	4,621	9.2%
15	New York City	NY	594	2,682	1,065	201	4,542	9.1%
16	Atlanta	GA	967	2,147	992	317	4,423	8.8%
17	Jackson	MS	599	1,986	1,178	552	4,315	8.6%
18	Portland	ME	609	2,710	587	358	4,264	8.5%
19	Charlotte	NC	1,348	1,513	1,073	310	4,245	8.5%
20	Omaha	NE	770	2,126	985	346	4,227	8.5%
21	Minneapolis	MN	918	2,244	828	236	4,226	8.5%
22	Burlington	VT	707	2,553	761	192	4,214	8.4%
23	Kansas City	MO	1,425	1,257	1,099	401	4,181	8.4%
24	Wilmington	DE	1,236	2,606	0	174	4,017	8.0%
25	Birmingham	AL	1,837	497	1,273	265	3,872	7.7%
26	Albuquerque	NM	507	1,835	1,339	168	3,849	7.7%
27	Charleston	WV	1,817	756	799	446	3,818	7.6%
28	Seattle	WA	0	2,331	1,153	305	3,790	7.6%
29	Little Rock	AR	1,096	988	1,317	332	3,734	7.5%
30	Manchester	NH	0	3,475	0	244	3,719	7.4%
31	Virginia Beach	VA	1,116	1,403	823	339	3,682	7.4%
32	Portland	OR	1,691	1,794	0	187	3,672	7.3%
33	Oklahoma City	OK	1,164	970	1,289	204	3,627	7.3%
34	Salt Lake City	UT	1,197	1,049	1,055	298	3,599	7.2%
35	Columbia	SC	1,074	1,080	949	461	3,564	7.1%
36	Wichita	KS	991	947	1,234	350	3,522	7.0%
37	WASHINGTON	DC	921	1,288	854	248	3,311	6.6%
38	Denver	CO	789	1,157	977	353	3,277	6.6%
39	Las Vegas	NV	0	2,150	763	331	3,243	6.5%
40	New Orleans	LA	1,085	692	1,255	167	3,198	6.4%
41	Boise	ID	1,026	987	837	245	3,096	6.2%
42	Houston	TX	0	1,752	1,101	193	3,047	6.1%
43	Memphis	TN	0	1,396	1,443	166	3,005	6.0%
44	Fargo	ND	329	1,654	740	246	2,969	5.9%
45	Phoenix	AZ	488	834	1,363	277	2,962	5.9%
46	Anchorage	AK	0	2,551	0	103	2,654	5.3%
47	Sioux Falls	SD	0	1,201	1,217	205	2,623	5.2%
48	Honolulu	HI	607	863	911	164	2,545	5.1%
49	Jacksonville	FL	0	1,160	1,026	138	2,323	4.6%
50	Cheyenne	WY	0	812	1,118	293	2,223	4.4%
51	Billings	MT	1,183	680	0	326	2,190	4.4%
AVERAGE ^{1/}			\$1,118	\$1,946	\$970	\$279	\$4,084	8.2%
MEDIAN			\$ 967	\$1,835	\$911	\$265	\$3,849	7.7%

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

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2008
\$75,000

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	2,514	9,571	1,183	315	13,583	18.1%
2	Philadelphia	PA	5,286	2,532	1,104	371	9,293	12.4%
3	Detroit	MI	4,610	2,321	1,075	378	8,385	11.2%
4	Chicago	IL	1,870	3,994	1,741	488	8,093	10.8%
5	Columbus	OH	3,492	2,493	1,193	337	7,516	10.0%
6	New York City	NY	2,685	2,870	1,476	306	7,337	9.8%
7	Louisville	KY	4,460	1,240	1,164	469	7,333	9.8%
8	Des Moines	IA	2,177	2,846	1,492	811	7,326	9.8%
9	Baltimore	MD	3,627	2,222	1,091	353	7,293	9.7%
10	Milwaukee	WI	2,866	2,761	1,151	446	7,224	9.6%
11	Indianapolis	IN	2,992	2,496	1,504	197	7,189	9.6%
12	Atlanta	GA	2,257	2,809	1,344	519	6,929	9.2%
13	Portland	ME	2,151	3,296	829	571	6,847	9.1%
14	Newark	NJ	1,063	4,297	1,214	264	6,838	9.1%
15	Charlotte	NC	2,958	1,757	1,449	635	6,799	9.1%
16	Boston	MA	2,938	2,723	622	474	6,757	9.0%
17	Jackson	MS	1,711	2,351	1,610	922	6,593	8.8%
18	Kansas City	MO	2,670	1,663	1,514	630	6,477	8.6%
19	Los Angeles	CA	114	4,460	1,213	631	6,417	8.6%
20	Omaha	NE	1,890	2,657	1,369	496	6,412	8.5%
21	Minneapolis	MN	2,248	2,524	1,122	396	6,290	8.4%
22	Providence	RI	1,433	2,759	1,215	848	6,255	8.3%
23	Little Rock	AR	2,424	1,368	1,801	527	6,121	8.2%
24	Charleston	WV	3,362	925	1,107	711	6,105	8.1%
25	Columbia	SC	2,564	1,453	1,285	764	6,066	8.1%
26	Wichita	KS	2,342	1,365	1,669	619	5,995	8.0%
27	Burlington	VT	1,510	3,093	1,061	310	5,973	8.0%
28	Wilmington	DE	2,742	2,944	0	262	5,948	7.9%
29	Oklahoma City	OK	2,535	1,290	1,741	335	5,901	7.9%
30	Portland	OR	3,446	2,156	0	284	5,886	7.8%
31	Birmingham	AL	2,994	805	1,575	427	5,802	7.7%
32	Albuquerque	NM	1,726	2,025	1,784	252	5,787	7.7%
33	Salt Lake City	UT	2,678	1,159	1,427	514	5,778	7.7%
34	Virginia Beach	VA	2,379	1,627	1,170	559	5,734	7.6%
35	WASHINGTON	DC	2,088	1,929	1,224	379	5,620	7.5%
36	Boise	ID	2,758	1,118	1,155	393	5,424	7.2%
37	New Orleans	LA	2,208	891	1,732	376	5,207	6.9%
38	Denver	CO	1,854	1,290	1,363	548	5,055	6.7%
39	Seattle	WA	0	2,762	1,630	473	4,865	6.5%
40	Honolulu	HI	2,044	991	1,142	264	4,441	5.9%
41	Phoenix	AZ	1,109	967	1,842	409	4,327	5.8%
42	Manchester	NH	0	3,902	0	396	4,298	5.7%
43	Fargo	ND	788	2,049	1,024	386	4,247	5.7%
44	Houston	TX	0	2,360	1,557	311	4,228	5.6%
45	Billings	MT	2,781	777	0	660	4,218	5.6%
46	Memphis	TN	0	1,945	1,958	252	4,155	5.5%
47	Las Vegas	NV	0	2,539	1,038	469	4,046	5.4%
48	Sioux Falls	SD	0	1,596	1,663	314	3,573	4.8%
49	Anchorage	AK	0	3,023	0	177	3,200	4.3%
50	Jacksonville	FL	0	1,614	1,265	218	3,096	4.1%
51	Cheyenne	WY	0	978	1,513	458	2,949	3.9%
AVERAGE ^{1/}			\$2,371	\$2,306	\$1,328	\$449	\$6,024	8.0%
MEDIAN			\$2,248	\$2,222	\$1,224	\$409	\$5,995	8.0%

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

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2008
\$100,000

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	4,007	10,769	1,675	492	16,943	16.9%
2	Philadelphia	PA	7,050	2,840	1,559	390	11,839	11.8%
3	Detroit	MI	6,322	2,663	1,495	589	11,069	11.1%
4	New York City	NY	5,304	3,007	2,056	322	10,689	10.7%
5	Columbus	OH	5,238	2,890	1,713	355	10,196	10.2%
6	Louisville	KY	6,412	1,502	1,670	611	10,195	10.2%
7	Baltimore	MD	5,572	2,555	1,592	368	10,087	10.1%
8	Chicago	IL	2,595	4,492	2,450	500	10,037	10.0%
9	Des Moines	IA	3,598	3,333	2,059	952	9,942	9.9%
10	Portland	ME	4,217	3,609	1,194	915	9,935	9.9%
11	Milwaukee	WI	4,556	3,213	1,664	465	9,898	9.9%
12	Atlanta	GA	3,625	3,467	1,862	712	9,666	9.7%
13	Indianapolis	IN	4,092	3,209	2,102	208	9,611	9.6%
14	Charlotte	NC	4,867	2,004	1,940	793	9,604	9.6%
15	Omaha	NE	3,552	3,039	1,942	816	9,348	9.3%
16	Jackson	MS	2,886	2,852	2,199	1,287	9,225	9.2%
17	Providence	RI	2,585	2,967	1,698	1,791	9,041	9.0%
18	Kansas City	MO	4,035	1,856	2,135	881	8,908	8.9%
19	Little Rock	AR	4,042	1,603	2,457	694	8,796	8.8%
20	Boston	MA	4,292	2,811	909	775	8,787	8.8%
21	Columbia	SC	4,257	1,594	1,775	1,802	8,707	8.7%
22	Minneapolis	MN	3,839	2,806	1,610	409	8,663	8.7%
23	Wichita	KS	3,901	1,662	2,255	743	8,862	8.6%
24	Charleston	WV	4,987	1,116	1,523	919	8,545	8.5%
25	Los Angeles	CA	1,239	4,663	1,748	859	8,508	8.5%
26	Newark	NJ	1,923	4,332	1,679	273	8,207	8.2%
27	Burlington	VT	2,811	3,526	1,535	322	8,194	8.2%
28	Oklahoma City	OK	3,888	1,548	2,389	355	8,180	8.2%
29	Portland	OR	5,438	2,306	0	299	8,042	8.0%
30	Salt Lake City	UT	4,267	1,246	1,950	559	8,022	8.0%
31	Birmingham	AL	4,194	1,099	2,159	552	8,004	8.0%
32	Boise	ID	4,642	1,277	1,659	409	7,987	8.0%
33	WASHINGTON	DC	3,465	2,325	1,757	391	7,938	7.9%
34	Virginia Beach	VA	3,814	1,764	1,674	684	7,936	7.9%
35	Wilmington	DE	4,361	3,296	0	277	7,933	7.9%
36	Albuquerque	NM	2,926	2,298	2,407	264	7,895	7.9%
37	New Orleans	LA	3,438	1,128	2,454	449	7,469	7.5%
38	Denver	CO	2,988	1,399	1,949	988	7,324	7.3%
39	Honolulu	HI	3,888	1,063	1,476	274	6,701	6.7%
40	Phoenix	AZ	1,821	1,149	2,605	714	6,290	6.3%
41	Billings	MT	4,529	823	0	784	6,136	6.1%
42	Fargo	ND	1,566	2,495	1,432	401	5,894	5.9%
43	Seattle	WA	0	2,777	2,332	526	5,636	5.6%
44	Houston	TX	0	2,787	2,246	324	5,357	5.4%
45	Memphis	TN	25	2,245	2,658	265	5,194	5.2%
46	Las Vegas	NV	0	2,973	1,421	594	4,988	5.0%
47	Manchester	NH	0	4,264	0	586	4,850	4.9%
48	Sioux Falls	SD	0	1,897	2,253	340	4,490	4.5%
49	Cheyenne	WY	0	1,167	2,063	802	4,032	4.0%
50	Jacksonville	FL	0	2,003	1,759	237	4,000	4.0%
51	Anchorage	AK	0	3,428	0	182	3,610	3.6%
AVERAGE ^{1/}			\$3,797	\$2,611	\$1,854	\$584	\$8,179	8.2%
MEDIAN			\$3,839	\$2,555	\$1,757	\$526	\$8,207	8.2%

1/ Based on cities actually levying tax.

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2008
\$150,000

RANK	CITY	ST	TAXES				BURDEN	
			INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	6,850	12,996	1,927	641	22,415	14.9%
2	New York City	NY	11,604	3,249	2,354	312	17,520	11.7%
3	Philadelphia	PA	10,501	3,490	1,810	375	16,175	10.8%
4	Detroit	MI	9,747	3,314	1,726	644	15,430	10.3%
5	Portland	ME	8,295	4,259	1,409	1,118	15,080	10.1%
6	Louisville	KY	10,319	1,914	1,987	753	14,973	10.0%
7	Columbus	OH	8,898	3,673	2,009	341	14,921	9.9%
8	Baltimore	MD	9,405	3,129	1,945	356	14,836	9.9%
9	Des Moines	IA	6,413	4,375	2,397	1,069	14,255	9.5%
10	Milwaukee	WI	7,748	3,994	1,949	450	14,141	9.4%
11	Atlanta	GA	6,332	4,712	2,178	917	14,139	9.4%
12	Charlotte	NC	8,385	2,463	2,204	943	13,994	9.3%
13	Omaha	NE	6,805	3,818	2,259	922	13,804	9.2%
14	Indianapolis	IN	6,292	4,610	2,462	199	13,563	9.0%
15	Providence	RI	5,956	3,398	1,963	2,231	13,547	9.0%
16	Los Angeles	CA	4,891	5,295	2,029	1,102	13,317	8.9%
17	Jackson	MS	5,200	3,862	2,565	1,689	13,316	8.9%
18	Little Rock	AR	7,332	2,160	2,854	869	13,214	8.8%
19	Columbia	SC	7,612	2,004	2,070	1,432	13,118	8.7%
20	Kansas City	MO	7,070	2,362	2,519	1,138	13,089	8.7%
21	Minneapolis	MN	7,346	3,349	1,865	399	12,959	8.6%
22	Wichita	KS	6,969	2,306	2,610	1,018	12,903	8.6%
23	Chicago	IL	4,046	5,473	2,846	491	12,855	8.6%
24	Portland	OR	9,823	2,668	0	287	12,778	8.5%
25	Burlington	VT	6,220	4,405	1,803	312	12,741	8.5%
26	Charleston	WV	8,235	1,476	1,763	1,122	12,596	8.4%
27	Boise	ID	8,397	1,784	1,965	396	12,542	8.4%
28	WASHINGTON	DC	6,892	3,101	2,046	391	12,430	8.3%
29	Boston	MA	6,986	3,047	1,047	939	12,020	8.0%
30	Wilmington	DE	7,712	3,990	0	265	11,967	8.0%
31	Oklahoma City	OK	6,583	2,073	2,785	347	11,788	7.9%
32	Salt Lake City	UT	7,378	1,431	2,223	547	11,580	7.7%
33	Virginia Beach	VA	6,625	2,057	1,971	767	11,420	7.6%
34	Newark	NJ	4,566	4,578	1,925	266	11,335	7.6%
35	Albuquerque	NM	5,291	2,769	2,857	267	11,184	7.5%
36	Birmingham	AL	6,320	1,686	2,500	674	11,181	7.5%
37	Honolulu	HI	7,736	1,238	1,691	266	10,931	7.3%
38	New Orleans	LA	5,598	1,612	2,871	452	10,533	7.0%
39	Denver	CO	5,212	1,650	2,250	1,226	10,337	6.9%
40	Billings	MT	7,929	946	0	833	9,708	6.5%
41	Phoenix	AZ	3,389	1,489	3,016	893	8,786	5.9%
42	Fargo	ND	3,191	3,341	1,648	409	8,590	5.7%
43	Houston	TX	0	3,672	2,546	314	6,532	4.4%
44	Memphis	TN	221	2,914	3,083	255	6,473	4.3%
45	Seattle	WA	0	3,025	2,702	547	6,274	4.2%
46	Las Vegas	NV	0	3,695	1,618	636	5,949	4.0%
47	Manchester	NH	69	5,044	0	719	5,831	3.9%
48	Sioux Falls	SD	0	2,547	2,638	330	5,515	3.7%
49	Jacksonville	FL	0	2,861	2,102	220	5,183	3.5%
50	Cheyenne	WY	0	1,550	2,414	1,025	4,990	3.3%
51	Anchorage	AK	0	4,291	0	178	4,469	3.0%
AVERAGE 1/			\$6,782	\$3,238	\$2,157	\$672	\$11,749	7.8%
MEDIAN			\$6,625	\$3,101	\$2,046	\$547	\$12,596	8.4%

1/ Based on cities actually levying tax.

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2008
COMBINED TOTALS

RANK	CITY	ST	TAXES				BURDEN AMOUNT
			INCOME	PROPERTY	SALES	AUTO	
1	Bridgeport	CT	13,727	44,253	6,180	1,823	65,984
2	Philadelphia	PA	28,133	12,741	5,816	1,583	48,274
3	Detroit	MI	24,008	11,860	5,634	2,021	43,524
4	New York City	NY	20,187	13,783	7,703	1,304	42,977
5	Columbus	OH	20,364	12,709	6,321	1,439	40,832
6	Louisville	KY	25,068	7,081	6,240	2,313	40,702
7	Chicago	IL	10,128	19,168	9,176	2,013	40,485
8	Des Moines	IA	13,607	14,202	7,723	3,683	39,215
9	Baltimore	MD	20,379	11,335	5,946	1,488	39,148
10	Milwaukee	WI	16,463	14,139	6,151	1,883	38,637
11	Indianapolis	IN	16,081	13,763	7,902	845	38,591
12	Portland	ME	15,323	15,585	4,416	3,182	38,505
13	Atlanta	GA	13,740	14,918	7,086	2,654	38,398
14	Charlotte	NC	18,076	9,408	7,441	2,887	37,812
15	Omaha	NE	13,017	13,149	7,256	2,776	36,198
16	Jackson	MS	10,603	12,412	8,370	4,767	36,152
17	Providence	RI	10,551	13,320	6,427	5,669	35,967
18	Los Angeles	CA	6,244	19,999	6,453	3,205	35,901
19	Kansas City	MO	15,665	8,694	8,032	3,285	35,676
20	Boston	MA	16,100	13,525	3,311	2,639	35,574
21	Little Rock	AR	15,361	7,597	9,369	2,626	34,953
22	Minneapolis	MN	14,351	12,894	5,998	1,620	34,863
23	Newark	NJ	8,142	18,737	6,321	1,102	34,301
24	Columbia	SC	15,507	7,756	6,751	3,994	34,008
25	Charleston	WV	19,063	5,643	5,755	3,490	33,950
26	Wichita	KS	14,215	7,637	8,642	2,992	33,485
27	Burlington	VT	11,248	15,216	5,672	1,302	33,439
28	Portland	OR	21,281	10,580	0	1,213	33,073
29	Birmingham	AL	16,419	5,512	8,475	2,093	32,499
30	Oklahoma City	OK	14,328	7,344	9,119	1,424	32,215
31	Wilmington	DE	16,356	14,729	0	1,123	32,208
32	WASHINGTON	DC	13,366	10,448	6,461	1,588	31,863
33	Salt Lake City	UT	15,656	6,593	7,404	2,183	31,835
34	Virginia Beach	VA	14,102	8,514	6,183	2,573	31,372
35	Boise	ID	16,823	6,626	6,194	1,654	31,297
36	Albuquerque	NM	10,450	10,300	9,362	1,081	31,193
37	New Orleans	LA	12,567	5,789	9,182	1,581	29,119
38	Denver	CO	11,007	7,279	7,209	3,326	28,821
39	Honolulu	HI	14,813	5,984	5,924	1,110	27,831
40	Phoenix	AZ	6,923	6,081	9,818	2,453	25,276
41	Billings	MT	16,683	4,577	0	2,869	24,129
42	Fargo	ND	5,950	10,715	5,350	1,639	23,655
43	Seattle	WA	0	12,688	8,614	2,093	23,395
44	Houston	TX	0	12,128	8,206	1,309	21,643
45	Memphis	TN	246	10,074	10,167	1,077	21,564
46	Manchester	NH	69	18,653	0	2,097	20,818
47	Las Vegas	NV	0	13,044	5,369	2,269	20,682
48	Sioux Falls	SD	0	8,586	8,649	1,365	18,600
49	Jacksonville	FL	0	9,346	6,920	930	17,196
50	Cheyenne	WY	0	5,885	7,916	2,741	16,541
51	Anchorage	AK	0	15,429	0	732	16,161
AVERAGE		1/	\$14,373	\$11,734	\$6,992	\$2,179	\$32,756
MEDIAN			\$14,102	\$11,335	\$6,461	\$2,021	\$33,485

1/ Based on cities actually levying tax.

CHAPTER III

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

Individual Income Tax

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

The percentage of income paid in individual income taxes by residents of the largest city in states having an income tax at the income level of \$25,000 ranges from a low of zero percent in seventeen of the cities in the study to a high of 7.1 percent in Philadelphia, Pennsylvania. At the \$150,000 income level, the burden ranges from zero percent of income in Manchester, New Hampshire to 7.7 percent in New York City, New York. It should be noted that the New Hampshire income tax is applicable only to interest and dividend income and the exemptions are high enough to eliminate individual income taxes at all income levels used in the study. New York City has broad-based income taxes at both the state and local levels, each of which has graduated rates. The average individual income tax rate for the 44 cities levying the tax ranges from 1.2 percent at \$25,000 income to 4.5 percent at \$150,000 income.

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

Three of the larger cities in the study, Indianapolis, Indiana; Detroit, Michigan; and Philadelphia, Pennsylvania are subject to flat state and local tax rates. Six other cities levy local income taxes with flat rates to complement graduated rate state income tax systems. New York City residents are subject to separate state and local income taxes, both of which are characterized by graduated rate schedules.

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

TABLE 2
STATES THAT INDEX SOME PART OF
THEIR INDIVIDUAL INCOME TAX, 2008

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

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

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

Real Property Tax

All 51 cities in the study levy a property tax on residential property located within the city. The real property tax is a function of housing values, real estate tax rates, assessment levels, homeowner exemptions and credits. Nominal rates used in table 4 (page 18), represent the "announced" rates levied by the jurisdiction, while effective rates consider the various assessment levels in the cities. As the data indicate, effective rates range from a high of \$2.93 per \$100 of assessed value in Indianapolis, Indiana to \$0.33 per \$100 of assessed value in Honolulu, Hawaii. Assessment levels vary dramatically from 4.0 percent of assessed value in Columbia, South Carolina to 100.5 percent of assessed value in Boise, Idaho. Local assessors, state tax and county officials provided the assessment level and nominal rate used in the cities.

The assumed housing values in the 51 cities at each of the five income levels are presented in Table 5, page 19. Housing values at the same income level vary a great deal. In addition, several jurisdictions allow tax exemptions and credits in the calculation of the property tax. These exemptions and credits are noted in Table 6 (page 20).

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

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

Billings, Montana; Birmingham, Alabama; Charleston, West Virginia; and New Orleans, Louisiana have the lowest real estate tax burden at all income levels. This very low real estate tax burden results from a combination of a low effective real estate tax rate, below average housing values or an exemption program.

TABLE 3
INCOME TAX BURDEN AS PERCENT OF INCOME IN THE LARGEST CITIES BY
TYPE OF INCOME TAX FOR A FAMILY OF THREE
2008

CITIES WITH:	ST	INCOME LEVELS:				
		\$25,000	\$50,000	\$75,000	\$100,000	\$150,000
GRADUATED STATE AND LOCAL TAX RATES						
New York City	NY	0.0%	1.2%	3.6%	5.3%	7.7%
GRADUATED STATE AND FLAT LOCAL RATES						
Birmingham	AL	4.3%	3.7%	4.0%	4.2%	4.2%
Wilmington	DE	1.2%	2.5%	3.7%	4.4%	5.1%
Louisville	KY	5.3%	5.1%	5.9%	6.4%	6.9%
Baltimore	MD	0.0%	3.6%	4.8%	5.6%	6.3%
Kansas City	MO	1.9%	2.9%	3.6%	4.0%	4.7%
Columbus	OH	3.0%	4.0%	4.7%	5.2%	5.9%
FLAT STATE AND LOCAL TAX RATES						
Indianapolis	IN	3.1%	3.8%	4.0%	4.1%	4.2%
Detroit	MI	2.3%	5.5%	6.1%	6.3%	6.5%
Philadelphia	PA	7.1%	7.1%	7.0%	7.1%	7.0%
GRADUATED STATE TAX RATE						
Phoenix	AZ	0.5%	1.0%	1.5%	1.8%	2.3%
Little Rock	AR	1.9%	2.2%	3.2%	4.0%	4.9%
Los Angeles	CA	0.0%	0.0%	0.2%	1.2%	3.3%
Bridgeport	CT	0.0%	0.7%	3.4%	4.0%	4.6%
WASHINGTON	DC	0.0%	1.8%	2.8%	3.5%	4.6%
Atlanta	GA	2.2%	1.9%	3.0%	3.6%	4.2%
Honolulu	HI	2.2%	1.2%	2.7%	3.9%	5.2%
Boise	ID	0.0%	2.1%	3.7%	4.6%	5.6%
Des Moines	IA	1.7%	2.0%	2.9%	3.6%	4.3%
Wichita	KS	0.0%	2.0%	3.1%	3.9%	4.6%
New Orleans	LA	1.0%	2.2%	2.9%	3.4%	3.7%
Portland	ME	0.2%	1.2%	2.9%	4.2%	5.5%
Minneapolis	MN	0.0%	1.8%	3.0%	3.8%	4.9%
Jackson	MS	0.8%	1.2%	2.3%	2.9%	3.5%
Billings	MT	1.0%	2.4%	3.7%	4.5%	5.3%
Omaha	NE	0.0%	1.5%	2.5%	3.6%	4.5%
Newark	NJ	0.0%	1.2%	1.4%	1.9%	3.0%
Albuquerque	NM	0.0%	1.0%	2.3%	2.9%	3.5%
Charlotte	NC	2.1%	2.7%	3.9%	4.9%	5.6%
Fargo	ND	0.3%	0.7%	1.1%	1.6%	2.1%
Oklahoma City	OK	0.6%	2.3%	3.4%	3.9%	4.4%
Portland	OR	3.5%	3.4%	4.6%	5.4%	6.5%
Providence	RI	0.0%	1.2%	1.9%	2.6%	4.0%
Columbia	SC	0.0%	2.1%	3.4%	4.3%	5.1%
Salt Lake City	UT	0.5%	2.4%	3.6%	4.3%	4.9%
Virginia Beach	VA	0.7%	2.2%	3.2%	3.8%	4.4%
Burlington	VT	0.0%	1.4%	2.0%	2.8%	4.1%
Charleston	WV	2.6%	3.6%	4.5%	5.0%	5.5%
Milwaukee	WI	0.0%	2.6%	3.8%	4.6%	5.2%
FLAT STATE TAX RATE WITH EXEMPTIONS						
Denver	CO	0.7%	1.6%	2.5%	3.0%	3.5%
Chicago	IL	1.9%	2.3%	2.5%	2.6%	2.7%
Boston	MA	0.9%	3.3%	3.9%	4.3%	4.7%
Manchester	NH	0.0%	0.0%	0.0%	0.0%	0.0%
Memphis	TN	0.0%	0.0%	0.0%	0.0%	0.1%
No income tax: Anchorage, AK; Jacksonville, FL; Las Vegas, NV; Sioux Falls, SD; Houston, TX; Seattle, WA; Cheyenne, WY						
AVERAGE	1/	1.2%	2.2%	3.2%	3.8%	4.5%

1/ Based on cities actually levying tax.

TABLE 4
RESIDENTIAL PROPERTY TAX RATES IN THE LARGEST CITY IN EACH STATE
2008

RANK	CITY	ST	NOMINAL RATE PER \$100	ASSESSMENT LEVEL	EFFECTIVE RATE PER \$100
1.	Indianapolis	IN	2.93	100.0%	2.93
2.	Bridgeport	CT	3.87	70.0%	2.71
3.	Philadelphia	PA	8.26	32.0%	2.64
4.	Houston	TX	2.52	100.0%	2.52
5.	Milwaukee	WI	2.42	100.0%	2.42
6.	Providence	RI	2.37	100.0%	2.37
7.	Baltimore	MD	2.27	100.0%	2.27
8.	Detroit	MI	6.58	32.1%	2.11
9.	Des Moines	IA	4.50	45.0%	2.03
10.	Fargo	ND	45.54	4.4%	2.00
11.	Columbus	OH	5.94	33.4%	1.98
12.	Omaha	NE	2.05	96.0%	1.97
13.	Burlington	VT	1.78	100.0%	1.78
14.	Memphis	TN	7.47	23.3%	1.74
15.	Jackson	MS	17.16	10.0%	1.72
16.	Anchorage	AK	1.72	100.0%	1.72
17.	Manchester	NH	1.69	98.6%	1.66
18.	Atlanta	GA	4.10	40.0%	1.64
19.	Portland	ME	1.77	91.0%	1.61
20.	Jacksonville	FL	1.60	100.0%	1.60
21.	Wilmington	DE	3.38	47.2%	1.59
22.	Newark	NJ	2.60	60.0%	1.56
23.	Wichita	KS	12.32	11.5%	1.42
24.	Little Rock	AR	7.05	20.0%	1.41
25.	Albuquerque	NM	4.52	30.0%	1.36
26.	Boise	ID	1.32	100.5%	1.32
27.	New Orleans	LA	12.93	10.0%	1.29
28.	Sioux Falls	SD	1.49	85.0%	1.27
29.	Louisville	KY	1.24	100.0%	1.24
30.	Oklahoma City	OK	10.98	11.0%	1.21
31.	Kansas City	MO	6.32	19.0%	1.20
32.	Salt Lake City	UT	1.19	100.0%	1.19
33.	Las Vegas	NV	3.27	35.0%	1.14
34.	Minneapolis	MN	1.20	92.5%	1.11
35.	Los Angeles	CA	1.10	100.0%	1.10
36.	Charlotte	NC	1.30	82.9%	1.08
37.	Columbia	SC	26.26	4.0%	1.05
38.	Boston	MA	1.02	100.0%	1.02
39.	Portland	OR	1.95	52.1%	1.02
40.	New York City	NY	15.43	6.0%	0.93
41.	Virginia Beach	VA	0.89	100.0%	0.89
42.	Phoenix	AZ	8.75	10.0%	0.88
43.	Charleston	WV	1.44	60.0%	0.87
44.	WASHINGTON	DC	0.85	100.0%	0.85
45.	Seattle	WA	0.94	83.4%	0.79
46.	Birmingham	AL	7.53	10.0%	0.75
47.	Cheyenne	WY	7.10	9.5%	0.67
48.	Chicago	IL	6.72	10.0%	0.67
49.	Billings	MT	1.86	34.0%	0.63
50.	Denver	CO	7.06	8.0%	0.56
51.	Honolulu	HI	0.33	100.0%	0.33
UNWEIGHTED AVERAGE			\$5.63	58.2%	\$1.45
MEDIAN			\$2.60	60.0%	\$1.32

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

**TABLE 5
HOUSING VALUE ASSUMPTIONS
2008**

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

**TABLE 6
CITIES THAT ALLOW EXEMPTIONS OR REDUCED RATES
IN THE CALCULATION OF REAL ESTATE TAXES FOR HOMEOWNERS
2008**

CITY	STATE	EXEMPTION OR TAX REDUCTION AMOUNT	BASIS OF TAX REDUCTION OR EXEMPTION
Anchorage	AK	10% up to \$20,000 maximum	Assessed Value
Birmingham	AL	\$4,000	Assessed Value-Homestead
Little Rock 1/	AR	\$350 Credit against Homestead for Homeowners	Tax Credit
Phoenix	AZ	35% Exemption on School Tax Rates up to \$500	Assessed Value
Los Angeles	CA	\$7,000 Exemption	Assessed Value
WASHINGTON	DC	\$64,000 Exemption	Assessed Value-Homestead
Jacksonville 2/	FL	\$25,000 Exemption	Assessed Value
Atlanta	GA	\$15,000 Exemption	Assessed Value
Honolulu 3/	HI	\$40,000 Exemption (below age 55)	Assessed Value
Des Moines	IA	\$3,780 Exemption	Assessed Value
Boise	ID	50% up to \$100,938 Exemption	Assessed Value and Improvements
Chicago	IL	\$5,500 Exemption	Equalized Assessed Value
Indianapolis	IN	25% Credit and \$35,000 Exemption	Assessed Value-Homestead
Wichita	KS	\$20,000 School Levy Exemption	Assessed Value
Louisville	KY	\$26,800 Homestead Exemption	Assessed Value
Des Moines	IA	\$4,850 Exemption Credit on 1 st \$4,800 Taxable Value	Assessed Value-Homestead
New Orleans	LA	\$7,500 Exemption	Assessed Value
Boston	MA	20% Residential Exemption	Assessed Value
Detroit	MI	Homestead Property Exempt From Basic Local School Operating Millage Tax	Taxable Value
Jackson	MS	\$300 Exemption	Assessed Value
Billings	MT	34.0% Homestead Exemption, 6 year phase-in of new value	Market Value
Albuquerque	NM	\$2,000 Household Head Exemption, \$2,000 Veteran Exemption	Taxable Value
New York City	NY	\$400	Tax Credit
Columbus	OH	12.5% Tax Rollback	Assessed Value
Oklahoma City	OK	\$1,000 Exemption	Assessed Value-Homestead
Providence	RI	50%	Assessed Value
Columbia	SC	30.0% School District Credit	Property Tax Relief Fund
Houston	TX	20% Exemption on Value Plus \$15,000 Exemption 20% Exemption	Assessed Value -School District Only -City and County Tax Only
Salt Lake City	UT	45% Residential	Taxable Value Exemption
Milwaukee	WI	School Levy Credit: \$0.118 per \$100 Market Value Lottery Credit: School Tax on 1 st \$9,600 Market Value	Tax Credit Equalized Assessed Value

1/ Annual assessment increases limited to 5% for homesteads.
2/ Assessed value increases limited to lesser of change in CPI or 3%.
3/ Annual assessment increases limited to 4% for homeowners.

Sales and Use Tax

Residents of 46 of the 51 cities in this study are subject to some form of sales and use tax. The combined sales tax rates range from 9.25 percent in Memphis, Tennessee to 4.5 percent in Honolulu, Hawaii as indicated in Table 7, page 22. The highest state sales tax rate is 7 percent in Mississippi, New Jersey, Rhode Island and Tennessee; while the lowest state rate of 2 percent is found in Nevada. Sales taxes are levied by nineteen of the 51 cities in addition to state sales taxes with the highest city rate at 4.0 percent in New York City. The lowest city rates are Little Rock, Arkansas and Minneapolis, Minnesota. Of the twenty-two counties levying a sales tax, the highest rate (3.5 percent) is in Clark County (Las Vegas). Four school districts and twelve transit districts also levy sales taxes, with rates ranging from 0.25 percent in Minneapolis, Minnesota, to 2.25 percent in Las Vegas, Nevada.

According to Table 1, the average sales tax burden is the second highest of the four major tax types at the \$25,000 income level. It is third highest tax paid at the four other income levels. However, the sales tax burden is far below the levels of property and income taxes at the four highest income levels. For cities subject to a sales tax, the highest burdens occur in Memphis, Tennessee; Phoenix, Arizona; Little Rock, Arkansas; and Albuquerque, New Mexico. Boston, Massachusetts; Portland, Maine; and Fargo, North Dakota have the lowest sales tax burden.

TABLE 7
STATE AND LOCAL GENERAL SALES TAX
RATES IN EACH OF THE 51 CITIES
AS OF DECEMBER 31, 2008

CITY	ST	TOTAL RATE	STATE	CITY	COUNTY	SCHOOL	TRANSIT
Memphis	TN	9.25	7.0		2.25		
New Orleans	LA	9.0	4.0	3.5		1.5	
Seattle	WA	9.0	6.5	1.0	0.2		1.3
Chicago	IL	8.75	6.25	1.0	0.75		0.75
Los Angeles	CA	8.50	6.25	1.0	0.25		1.0
New York City	NY	8.375	4.0	4.0			0.375
Oklahoma City	OK	8.375	4.5	3.875			
Phoenix	AZ	8.3	5.6	2.0	0.7		
Houston	TX	8.25	6.25	1.0			1.0
Birmingham	AL	8.0	4.0	3.0	1.0		
Las Vegas	NV	7.75	2.0		3.5	2.25	
Kansas City	MO	7.725	4.225	2.375	1.125		
Denver	CO	7.72	2.9	3.62			1.2
Little Rock	AR	7.5	6.0	0.5	1.0		
Minneapolis	MN	7.40	6.5	0.5	0.15		0.25
Wichita	KS	7.3	5.3		2.0		
Charlotte	NC	7.25	4.25		2.5		0.5
Jacksonville	FL	7.0	6.0		0.5		0.5
Atlanta	GA	7.0	4.0		1.0	1.0	1.0
Des Moines	IA	7.0	6.0			1.0	
Jackson	MS	7.0	7.0				
Omaha	NE	7.0	5.5	1.5			
Newark	NJ	7.0	7.0				
Philadelphia	PA	7.0	6.0		1.0		
Providence	RI	7.0	7.0				
Columbia	SC	7.0	6.0		1.0		
Albuquerque	NM	6.875	5.0	1.1875	0.6875		
Columbus	OH	6.75	5.5		0.78		0.5
Salt Lake City	UT	6.6	4.75	1.0	0.35		0.5
Bridgeport	CT	6.0	6.0				
Louisville	KY	6.0	6.0				
Detroit	MI	6.0	6.0				
Fargo	ND	6.0	5.0	1.0			
Sioux Falls	SD	6.0	4.0	2.0			
Boise	ID	6.0	6.0				
Baltimore	MD	6.0	6.0				
Burlington	VT	6.0	6.0				
Charleston	WV	6.0	6.0				
Cheyenne	WY	6.0	4.0		2.0		
WASHINGTON	DC	5.75	5.75				
Milwaukee	WI	5.6	5.0		0.6		
Indianapolis	IN	5.0	5.0				
Boston	MA	5.0	5.0				
Portland	ME	5.0	5.0				
Virginia Beach	VA	5.0	4.0	1.0			
Honolulu	HI	4.5	4.0		0.5		
UNWEIGHTED AVERAGE		6.90	5.30				
MEDIAN		7.00	5.50				

Automobile Taxes

Residents of all 51 cities in this study are subject to gasoline taxes and some type of automobile registration fee or tax. The automobile taxes included in this study are gasoline taxes, motor vehicle registration fees, excise taxes and personal property taxes. Twelve of the cities levy a personal property tax based on the value of motor vehicles owned by a taxpayer. Gasoline tax rates in each of the 51 cities as of December 31, 2008 are compared in Table 8, page 24. The gasoline tax rates vary from as high as 37.5 cents per gallon in Seattle, Washington; and 33.5 cents in Honolulu, Hawaii, to a low of 7.5 cents per gallon in Atlanta, Georgia. Normally, Anchorage, Alaska's rate is 8 cents per gallon; the tax has been suspended until September 1, 2009.

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

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

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

The lowest tax burdens at all income levels in this study are the automobile tax burdens. Providence, Rhode Island; Jackson, Mississippi; Columbia, South Carolina; and Des Moines, Iowa are among the cities with high automobile tax burdens. These cities levy either a personal property tax or a very high excise tax. Anchorage, Alaska; Indianapolis, Indiana; Jacksonville, Florida; and Memphis, Tennessee have consistently low automobile tax burdens. All of these cities have flat registration rates or registration by weight, moderate gasoline tax rates and no personal property or excise tax.

TABLE 8
GASOLINE TAX RATES IN THE 51 CITIES AS OF DECEMBER 31, 2008
(STATE AND LOCAL RATES PER GALLON)

CITY	ST	TOTAL RATE	STATE RATE	LOCAL RATE
Seattle	WA	37.5	37.5	00.0
Honolulu	HI	33.5	17.0	16.5
Las Vegas	NV	33.0	24.0	09.0
Charleston	WV	32.2	32.2	00.0
Providence	RI	31.0	31.0	00.0
Philadelphia	PA	31.2	31.2	00.0
Milwaukee	WI	30.9	30.1	00.0
Charlotte	NC	29.9	29.9	00.0
Jacksonville	FL	28.8	14.9	13.9
Portland	ME	28.4	28.4	00.0
Columbus	OH	28.0	28.0	00.0
Billings	MT	27.0	27.0	00.0
Portland	OR	27.0	24.0	03.0
Los Angeles	CA	26.2	26.2	00.0
Omaha	NE	26.0	26.0	00.0
Bridgeport	CT	25.0	25.0	00.0
Boise	ID	25.0	25.0	00.0
Minneapolis	MN	25.0	25.0	00.0
New York City	NY	24.6	24.6	00.0
Salt Lake City	UT	24.5	24.5	00.0
Chicago	IL	24.0	19.0	05.0
Wichita	KS	24.0	24.0	00.0
Kansas City	MO	24.0	17.0	07.0
Baltimore	MD	23.5	23.5	00.0
Wilmington	DE	23.0	23.0	00.0
Fargo	ND	23.0	23.0	00.0
Denver	CO	22.0	22.0	00.0
Sioux Falls	SD	22.0	22.0	00.0
Little Rock	AR	21.8	21.8	00.0
Des Moines	IA	21.0	21.0	00.0
Boston	MA	21.0	21.0	00.0
WASHINGTON	DC	20.0	20.0	00.0
New Orleans	LA	20.0	20.0	00.0
Memphis	TN	20.0	20.0	00.0
Houston	TX	20.0	20.0	00.0
Burlington	VT	20.0	20.0	00.0
Manchester	NH	19.5	19.5	00.0
Albuquerque	NM	19.5	19.5	00.0
Detroit	MI	19.0	19.0	00.0
Jackson	MS	18.4	18.4	00.0
Birmingham	AL	18.3	18.3	01.0
Phoenix	AZ	18.0	18.0	00.0
Indianapolis	IN	18.0	18.0	00.0
Virginia Beach	VA	17.5	17.5	00.0
Oklahoma City	OK	17.0	17.0	00.0
Louisville	KY	16.4	16.4	00.0
Columbia	SC	16.0	16.0	00.0
Cheyenne	WY	14.0	14.0	00.0
Newark	NJ	10.5	10.5	00.0
Atlanta	GA	07.5	07.5	00.0
Anchorage	AK	00.0	00.0	00.0
UNWEIGHTED AVERAGE		22.6		
MEDIAN		23.0		

TABLE 9

**SUMMARY OF TYPES OF AUTOMOBILE
REGISTRATION TAXES
2008**

<u>TYPE OF REGISTRATION</u>	<u>NUMBER OF STATES</u>
Flat Rate Only	30
Weight Only	13
Weight and Age	3
Horsepower Only	1
Age Only	2
Value Only	1
Value and Age	<u>1</u>
	51
<u>OTHER AUTO TAXES (INCLUDING LOCAL)</u>	
Personal Property	12
Excise:	
Value and Age	9
Value Based	5
Age Based	1

TABLE 10
AUTOMOBILE TAX ASSUMPTIONS
2008

Income Level	Description Of Auto	Engine Size Liters 1/	Weight 2/	Year	Market Values			Estimated Mileage Per Gallon 1/	Estimated Annual Gasoline Usage 3/
					Retail Price 2/	Trade-In Value 2/	Loan Value 2/		
\$ 25,000	Sedan, 4 Door 4 cylinder, 5 Speed	2.0	2,623 lbs.	2004	\$ 7,950	\$ 5,150	\$ 4,350	28	536 Gallons
\$ 50,000	2 Door Coupe 4 Cylinder, Automatic	3.3	3,450 lbs.	2005	\$15,425	\$11,625	\$10,450	23	667 Gallons
\$ 75,000	Sedan, 4 Door 4 Cylinder, Automatic	2.5	3,296 lbs.	2006	\$16,350	\$12,400	\$11,275	24	625 Gallons
	4WD Utility, 4 Door 4 Cylinder, Automatic	2.0	2,877 lbs.	2002	\$10,850	\$ 7,400	\$ 6,425	23	333 Gallons
\$100,000	Sedan, 4 Door 6 Cylinder, Automatic	3.6	3,554 lbs.	2007	\$30,400	\$24,425	\$22,450	21	732 Gallons
	Wagon, 4 Door 4 Cylinder, Automatic	3.0	2,654 lbs.	2004	\$ 9,125	\$ 6,225	\$ 5,400	26	288 Gallons
\$150,000	Sedan, 4 Door 6 Cylinder, Automatic	3.0	3,484 lbs.	2007	\$36,600	\$30,350	\$28,150	23	652 Gallons
	Sedan, 4 Door 6 Cylinder, Automatic	3.0	3,230 lbs.	2005	\$16,700	\$12,900	\$11,700	24	319 Gallons

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

2/ National Automobile Dealers Association Used Car Guide.

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

CHAPTER IV

How Do Tax Burdens in Washington, D.C. Compare with Those in the Largest City in Each State?

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

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

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

Individual Income Tax

The individual income tax burden for Washington, D.C. is substantially below the average for the 44 cities that levy an individual income tax at all income levels except at the \$150,000 income level. Washington, D.C. levies an individual income tax with three rates (for tax year 2008): 4.0 percent on the first \$10,000 of taxable income; 6.0 percent on the next \$30,000 of taxable income; and 8.5 percent on taxable income over \$40,000. For tax year 2008 personal exemptions of \$1,675 per dependent were allowed, as well as a \$1,675 exemption for the filer

and spouse, respectively. A standard deduction of \$4,000 (\$2,000 for married-separate) was in effect for the period of this study. Itemized deductions are the same as those allowed in computing the federal income tax, but the District does not allow the deduction of its own individual income tax. Washington, D.C. also has "circuit-breaker" property tax relief programs for both elderly and non-elderly qualified homeowners and renters. The District's low-income credit eliminates the District income tax for taxpayers with no federal income tax liability.

The individual income tax burden for Washington, D.C. is below the average of the 44 cities at all income levels studied, except the \$150,000 income level, according to Table 11. Even though the rates have decreased over the last several years, the higher income tax burden for the \$150,000 level is due in part to restrictions on the individual income tax base of the District. Federal law prohibits Washington, D.C. from taxing the earnings of non-residents working within the city, a restriction not imposed on any other city in the nation. As a result of this, the District of Columbia taxes residents at a higher rate than would otherwise be the case since approximately 66 percent of the wages and salaries earned in the District of Columbia are earned by non-residents.

Real Property Tax

Property tax burdens in the District of Columbia are below the 51-city average at the \$50,000, \$75,000, \$100,000 and \$150,000 income levels according to Table 11. The tax on residential property in the District of Columbia is based on the assessed value of the property. All property is assessed at a statutory level of 100 percent of its estimated market value. The tax rate on residential owner-occupied property in the District of Columbia is \$0.85 per \$100 for 2008. Homeowners deduct a homestead exemption of \$64,000 (the homestead deduction will be increased annually by indexing beginning October 1, 2008) from the assessed base, not the tax bill, before calculation of the property tax for all owner-occupied dwellings. The District has capped the growth of property assessments at 10 percent, when calculating the tax due. The calculations in this study do not adjust for capped growth.

Sales Tax

The District of Columbia levies a sales tax with five different rates. This rate structure is utilized, in part, to take advantage of the District's special status as a tourist center and to increase the contribution of non-residents working in the city. These differential rates illustrate the concept of tax exporting. The table below details the sales tax rates in effect at the end of 2008.

ITEMS	SALES TAX RATE
Tangible personal property, selected services, and food sold in vending machines	5.75%
Alcohol for off premises consumption	9%
Restaurant meals, take-out food, rental cars, liquor sold for consumption on the premises, prepaid telephone cards, tickets sold for baseball games, merchandise sold at the baseball stadium and events at the Verizon Center and merchandise sold at the Verizon Center.	10%
Commercial parking, rolled tobacco products usually used for smoking, chewing or as snuff, made in whole or in part with tobacco, except for cigarettes, premium cigars or pipe leaf tobacco products.	12%
Transient accommodations	14.5%

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

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

Automobile Taxes

Washington, D.C. taxes gasoline and requires registration fees for automobile owners. The gasoline tax rate is 20 cents per gallon. Registration fees of \$72 on cars weighing less than 3,500 pounds; \$115 on cars equal to or greater than 3,500 pounds and less than 5,000 pounds; and \$155 on automobiles weighing more than 5,000 pounds were in effect for the period of this study. The District of Columbia does not impose an annual excise tax or personal property tax on automobiles.

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

Summary

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

TABLE 11
TAX BURDENS IN WASHINGTON, D.C. FOR A HYPOTHETICAL FAMILY COMPARED WITH
THE AVERAGE FOR THE LARGEST CITY IN EACH STATE BY INCOME CLASS, 2008

TAX	DISTRICT OF COLUMBIA	AVERAGE FOR CITIES LEVYING TAX ^{1/}	PERCENT DIFFERENCE
\$25,000 INCOME LEVEL			
Income	\$0	\$305	-100.0%
Property	1,805	1,633	10.5%
Sales	580	682	-15.0%
Auto	179	195	-7.9%
TOTAL	\$2,564	\$2,720	-5.7%
\$50,000 INCOME LEVEL			
Income	\$ 921	\$1,118	-17.6%
Property	1,288	1,946	-33.8%
Sales	854	970	-12.0%
Auto	248	279	-10.9%
TOTAL	\$3,311	\$4,084	-18.9%
\$75,000 INCOME LEVEL			
Income	\$2,088	\$2,371	-12.0%
Property	1,929	2,306	-16.3%
Sales	1,224	1,328	-7.8%
Auto	379	449	-15.7%
TOTAL	\$5,620	\$6,024	-6.7%
\$100,000 INCOME LEVEL			
Income	\$3,465	\$3,797	-8.7%
Property	2,325	2,611	-10.9%
Sales	1,757	1,854	- 5.3%
Auto	391	584	-33.0%
TOTAL	\$7,938	\$8,179	-2.9%
\$150,000 INCOME LEVEL			
Income	\$6,892	\$6,782	1.6%
Property	3,101	3,238	- 4.2%
Sales	2,046	2,157	- 5.2%
Auto	391	672	-41.8%
TOTAL	\$12,430	\$11,749	5.8%

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

CHAPTER V

Why Do Tax Burdens Differ From One City To Another?

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

Some of the reasons for these differences are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

Part II

A Comparison of Selected Tax Rates in the District of Columbia with Those in the 50 States as of January 1, 2009

Overview

As can be seen from a review of the major taxes compared in this report, the tax rates in the District of Columbia are among the highest in the nation. Of the 12 taxes compared, District tax categories where rates are higher than in most of the states include: cigarette; corporate income; individual income; deed recordation; motor vehicle excise; motor vehicle registration fees; and sales and use. In five tax categories -- insurance premiums, beer, light wine, distilled spirits, and motor vehicle fuel -- the District has lower tax rates than most states.

TABLE 13
COMPARISON OF SELECTED STATE TAX RATES

TAX	LEVYING TAX	NUMBER OF JURISDICTIONS		
		LOWER THAN DC	SAME AS DC	HIGHER THAN DC
Individual Income	43 1/	35 2/	2	6 2/
Corporate Income	45	43	0	2
Insurance	49	8	0	41
Sales and Use	45	24	0	21
Beer	50	7	1	42
Light Wine	46	6	2	38
Distilled Spirits	32	0	1	31
Cigarette	50	38	6	6
Motor Fuel	50	12	2	36
Motor Vehicle Excise				
Cars < 3,500 lbs.	46	29	9	8
Cars > 3,500 lbs. Cars < 5,000 lbs.	46	43	3	0
Cars > 5,000 lbs.	46	46	0	0
Motor Vehicle Registration 3/	50	49	0	1
Deed Recordation	35	35	0	0

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

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

3/ Heavy cars (> 5,000 lbs.)

TABLE 14
INDIVIDUAL INCOME TAX
WASHINGTON METROPOLITAN AREA
JANUARY 1, 2009

PERSONAL EXEMPTIONS	EXEMPTIONS	TAXABLE INCOME	RATES
DISTRICT OF COLUMBIA			
Single	\$1,675	\$0 - \$10,000 \$10,001-\$40,000 Over \$40,000	4.0%
Married Filing Separately	\$1,675		\$ 400 + 6.0% of excess > \$10,000
Married Filing Jointly	\$3,350		\$2,200 + 8.5% of excess > \$40,000
Head of Household	\$3,350		
Dependent (additional)	\$1,675		
Blind (additional)	\$1,675		
Age 65 and over (additional)	\$1,675		
Standard Deduction	1/		
MARYLAND 2/			
Single	\$2,400	\$0 - \$1,000 \$1,001-\$2,000 \$2,001-\$3,000 \$3,001-\$200,000 \$200,001-\$350,000 \$350,001-\$500,000 \$500,001-\$1,000,000 Over \$1,000,000	2.0%
Married Filing Separately	\$2,400		3.00% of excess > \$1,000
Married Filing Jointly	\$4,800		4.00% of excess > \$2,000
Head of Household	\$2,400		4.75% of excess > \$3,000
Dependent (additional)	\$2,400		5.00% of excess > \$200,000
Blind (additional)	\$1,000		5.25% of excess > \$350,000
Age 65 and over (additional)	\$1,000		5.50% of excess > \$500,000
Standard Deduction	3/		6.25% of excess > \$1,000,000
VIRGINIA			
Single	\$ 930	\$0 - \$3,000 \$3,001-\$5,000 \$5,001-\$17,000 Over \$17,000	2.0%
Married Filing Separately	\$ 930		\$ 60 + 3.00% of excess > \$ 3,000
Married Filing Jointly	\$1,860		\$ 120 + 5.00% of excess > \$ 5,000
Head of Household	\$ 930		\$ 720 + 5.75% of excess > \$17,000
Dependent (additional)	\$ 930		
Blind (additional)	\$ 800		
Age 65 and over (additional)	\$ 800		
Standard Deduction	4/		

1/ Married persons filing separately - \$1,250; all others - \$2,500.

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

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

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

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

TABLE 15
INDIVIDUAL INCOME TAX
43 STATES AND DISTRICT OF COLUMBIA
AS OF JANUARY 1, 2009

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS					
SINGLE	M/J	DEPENDENTS	TYPE OF RETURN	MINIMUM		MAXIMUM		
				RATE	UP TO	RATE	OVER	
ALABAMA 1/								
\$1,500	\$3,000	\$300	S,HH,M M/J	2.0% 2.0%	\$ 500 1,000	5.0% 5.0%	\$ 3,000 6,000	
ARIZONA 2/3/								
\$2,100	\$4,200	\$2,300	S,M/S M/J,HH	2.59% 2.59%	\$ 10,000 20,000	4.54% 4.54%	\$150,000 300,000	
ARKANSAS								
(\$23)	(\$46)	(\$23)		1.0%	\$ 3,799	7.0%	\$ 31,700	
CALIFORNIA								
(\$99)	(\$198)	(\$309)	S,M/S HH M/J	1.0% 1.0% 1.0%	\$ 7,168 14,345 14,336	9.3% 9.3% 9.3%	\$ 47,055 64,050 94,110	
COLORADO								
4.63% of federal taxable income with certain modifications.								
CONNECTICUT 4/								
\$13,500	\$24,000	---	S,M/S HH M/J	3.0% 3.0% 3.0%	\$ 10,000 16,000 20,000	5.0% 5.0% 5.0%	\$ 10,000 16,000 20,000	
DELAWARE								
(\$110)	(\$220)	(\$110)		2.2%	\$ 5,000	5.95%	\$ 60,000	
DISTRICT OF COLUMBIA								
\$1,675	\$3,350	\$1,675		4.0%	\$ 10,000	8.5%	\$ 40,000	
GEORGIA								
\$2,700	\$5,400	\$3,000	M/S S HH,M/J	1.0% 1.0% 1.0%	\$ 500 750 1,000	6.0% 6.0% 6.0%	\$ 5,000 7,000 10,000	
HAWAII								
\$1,040	\$2,080	\$1,040	M/S,S HH SS,M/J	1.4% 1.4% 1.4%	\$ 2,400 3,600 4,800	8.25% 8.25% 8.25%	\$ 48,000 72,000 96,000	

1/ Does not include various local income taxes.

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

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

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

TABLE 15 (continued)
INDIVIDUAL INCOME TAX
43 STATES AND DISTRICT OF COLUMBIA
AS OF JANUARY 1, 2009

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS					
SINGLE	M/J	DEPENDENTS	TYPE OF RETURN	MINIMUM		MAXIMUM		
				RATE	UP TO	RATE	OVER	
IDAHO ^{1/}								
\$3,500	\$7,000	\$3,500		1.6%	\$ 1,272	7.8%	\$ 25,441	
ILLINOIS								
\$2,000	\$4,000	\$2,000		3.0% of taxable net income.				
INDIANA ^{2/}								
\$1,000	\$2,000	\$1,000		3.4% of federal adjusted gross income.				
IOWA								
(\$40)	(\$80)	(\$40)		0.36%	\$ 1,407	8.98%	\$ 63,315	
KANSAS								
\$2,250	\$4,500	\$2,250	S,M/S M/J	3.5% 3.5%	\$ 15,000 30,000	6.45% 6.45%	\$ 30,000 60,000	
KENTUCKY								
(\$20)	(\$40)	(\$20)		2.0%	\$ 3,000	6.0%	\$ 75,000	
LOUISIANA								
\$4,500	\$9,000	\$1,000		2.0%	\$ 12,500	6.0%	\$ 25,000	
MAINE								
\$2,850	\$5,700	\$2,850	S,M/S HH M/J	2.0% 2.0% 2.0%	\$ 4,850 7,300 9,750	8.5% 8.5% 8.5%	\$ 19,450 29,200 38,900	
MARYLAND ^{2/}								
\$2,400	\$4,800	\$2,400		2.0%	\$ 1,000	4.75%	\$ 3,000	
MASSACHUSETTS								
\$4,125	\$8,250	\$1,000		5.3% of taxable income.				
MICHIGAN ^{2/}								
\$3,500	\$7,000	\$3,500		4.35% of taxable income.				

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

2/ Does not include various local income taxes.

TABLE 15 (continued)
INDIVIDUAL INCOME TAX
43 STATES AND DISTRICT OF COLUMBIA
AS OF JANUARY 1, 2009

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS					
SINGLE	M/J	DEPENDENTS	TYPE OF RETURN	MINIMUM		MAXIMUM		
				RATE	UP TO	RATE	OVER	
MINNESOTA								
\$3,650	\$7,300	\$3,650	M/S	5.35%	\$ 16,160	7.85%	\$ 65,990	
			S	5.35%	22,730	7.85%	74,650	
			HH	5.35%	27,980	7.85%	112,420	
			M/J	5.35%	33,320	7.85%	131,970	
MISSISSIPPI								
\$6,000	\$12,000	\$1,500		3.0%	\$ 5,000	5.0%	\$ 10,000	
MISSOURI 1/								
\$2,100	\$4,200	\$1,200		1.5%	\$ 1,000	6.0%	\$ 9,000	
MONTANA								
\$2,140	\$4,280	\$2,140		1.0%	\$ 2,600	6.9%	\$ 15,600	
NEBRASKA								
(\$118)	(\$236)	(\$118)	M/S	2.56%	\$ 2,000	6.84%	\$ 25,000	
			S	2.56%	2,400	6.84%	27,000	
			M/J	2.56%	4,000	6.84%	54,000	
			HH	2.56%	3,800	6.84%	40,000	
NEW HAMPSHIRE								
\$2,400	\$4,800	---	5.0% on dividend and interest income over personal exemption.					
NEW JERSEY								
\$1,000	\$2,000	\$1,500	S,M/S	1.4%	\$ 20,000	8.97%	\$ 500,000	
			HH,M/J	1.4%	20,000	8.97%	500,000	
NEW MEXICO								
\$3,050	\$6,100	\$3,050	M/S	1.7%	\$ 4,000	5.3%	\$ 20,000	
			S	1.7%	5,500	5.3%	26,000	
			HH	1.7%	8,000	5.3%	33,000	
			M/J	1.7%	8,000	5.3%	40,000	
NEW YORK								
---	---	\$1,000	M/S,S	4.0%	\$ 8,000	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	8.0%	\$ 100,000	
			S	6.0%	12,750	8.0%	120,000	
			HH	6.0%	17,000	8.0%	160,000	
			M/J,SS	6.0%	21,250	8.0%	200,000	
NORTH DAKOTA								
\$3,500	\$7,000	\$3,500	M/S	1.84%	\$ 28,375	4.86%	\$ 186,475	
			S	1.84%	33,950	4.86%	372,950	
			HH	1.84%	45,500	4.86%	372,950	
			M/J,SS	1.84%	56,750	4.86%	372,950	

1/ Does not include various local income taxes.

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

TABLE 15 (continued)
INDIVIDUAL INCOME TAX
43 STATES AND DISTRICT OF COLUMBIA
AS OF JANUARY 1, 2009

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS					
SINGLE	M/J	DEPENDENTS		MINIMUM		MAXIMUM		
				RATE	UP TO	RATE	OVER	
OHIO ^{1/}								
\$1,500	\$3,000	\$1,500		5.87%	\$ 5,000	5.925%	\$200,001	
OKLAHOMA								
\$1,000	\$2,000	\$1,000	S,M/S SS,HH,M/J	0.5% 0.5%	\$ 1,000 2,000	5.65% 5.65%	\$ 10,500 21,000	
OREGON ^{1/}								
(\$176)	(\$352)	(\$176)	S,M/S HH,M/J	5.0% 5.0%	\$ 3,050 6,100	9.0% 9.0%	\$ 7,600 15,200	
PENNSYLVANIA ^{1/}								
---	---	---	3.07% of specified classes of taxable income is effective rate.					
RHODE ISLAND								
\$3,400	\$6,800	\$3,400	S,HH,M/S M/J	3.75% 3.75%	\$ 36,000 62,600	9.9% 9.9%	\$ 374,250 378,800	
SOUTH CAROLINA								
---	---	---		3.0%	\$ 2,670	7.0%	\$ 13,350	
TENNESSEE								
\$1,250	\$2,500	---	6.0% on interest and dividend income.					
UTAH								
\$2,550	\$5,100	\$2,550	M/S,S HH,M/J	2.3% 2.3%	\$ 1,000 2,000	6.98% 6.98%	\$ 5,500 11,000	
VERMONT								
---	---	---	S M/S M/J HH	3.6% 3.6% 3.6% 3.6%	\$30,650 \$25,600 \$51,200 \$41,050	9.5% 9.5% 9.5% 9.5%	\$336,550 \$168,275 \$336,550 \$336,550	
VIRGINIA								
\$900	\$1,800	\$900		2.0%	\$ 3,000	5.75%	\$ 17,000	
WEST VIRGINIA								
\$2,000	\$4,000	\$2,000	M/S S,SS,HH, M/J	3.0% 3.0%	\$ 5,000 10,000	6.5% 6.5%	\$ 30,000 60,000	
WISCONSIN								
\$700	\$1,400	\$700	M/S HH,S M/J	4.6% 4.6% 4.6%	\$ 6,810 10,220 13,620	6.75% 6.75% 6.75%	\$ 102,190 153,280 204,370	

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

TABLE 16

CHARACTERISTICS OF STATE INDIVIDUAL INCOME TAXES

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

TABLE 16 (continued)

CHARACTERISTICS OF STATE INDIVIDUAL INCOME TAXES

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

1/ Federal taxes used as a deduction are limited to \$5,000.

2/ Tax only on interest and dividends.

3/ Federal deductibility is limited to \$5,850.

TABLE 17
STATE CORPORATION INCOME TAX RATES
(Maximum Rates)

DISTRICT OF COLUMBIA: 9.975% ^{1/}

LOWER THAN THE DISTRICT			
43 STATES			
Kansas ^{1/}	4.00%	Connecticut	7.50%
Colorado	4.63%	New York	7.50%
Michigan	4.95%	Idaho	7.60%
Mississippi	5.00%	New Mexico	7.60%
South Carolina	5.00%	Nebraska	7.81%
Utah	5.00%	Wisconsin	7.90%
Florida	5.50%	Louisiana	8.00%
Georgia	6.00%	MARYLAND	8.25%
Kentucky	6.00%	New Hampshire	8.50%
Oklahoma	6.00%	Indiana	8.50%
VIRGINIA	6.00%	Ohio	8.50%
Missouri	6.25%	Vermont	8.50%
Hawaii	6.40%	West Virginia	8.50%
Alabama	6.50%	Delaware	8.70%
Arkansas	6.50%	California	8.84%
North Dakota	6.50%	Maine	8.93%
Tennessee	6.50%	New Jersey	9.00%
Oregon	6.60%	Rhode Island	9.00%
Montana ^{2/}	6.75%	Alaska	9.40%
North Carolina	6.90%	Massachusetts	9.50%
Arizona	6.968%	Minnesota	9.80%
Illinois	7.30%		
HIGHER THAN THE DISTRICT			
2 STATES			
Pennsylvania	9.99%	Iowa	12.00%
NO TAX			
5 STATES			
Nevada		Washington (Gross Receipts Tax)	
South Dakota		Wyoming	
Texas			

^{1/} Includes surtax.

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

TABLE 18

STATE GROSS PREMIUMS TAX RATES ON FOREIGN LIFE INSURERS

DISTRICT OF COLUMBIA: 1.7% ^{1/}

LOWER THAN THE DISTRICT 8 STATES			
Illinois ^{2/}	0.50%	Nebraska	1.00%
New York	0.70%	Michigan	1.25%
South Carolina	0.75%	Ohio	1.40%
Wyoming	0.75%	Minnesota	1.625%
HIGHER THAN THE DISTRICT 41 STATES			
Connecticut	1.75%	Vermont	2.00%
Florida	1.75%	Washington	2.00%
Indiana	1.75%	West Virginia ^{4/}	2.00%
Iowa	1.75%	Wisconsin	2.00%
Tennessee	1.75%	New Jersey	2.10%
Texas	1.75%	Georgia	2.25%
North Carolina ^{3/}	1.90%	Louisiana ^{5/}	2.25%
Idaho	1.99%	Oklahoma	2.25%
Arizona	2.00%	Utah	2.25%
Colorado	2.00%	VIRGINIA	2.25%
Delaware	2.00%	Alabama	2.30%
Kansas	2.00%	California	2.35%
Kentucky	2.00%	Arkansas	2.50%
Maine	2.00%	South Dakota	2.50%
MARYLAND	2.00%	Alaska	2.70%
Massachusetts	2.00%	Hawaii	2.75%
Missouri	2.00%	Montana	2.75%
New Hampshire	2.00%	Mississippi	3.00%
North Dakota	2.00%	New Mexico	3.00%
Pennsylvania	2.00%	Nevada	3.50%
Rhode Island	2.00%		
NO TAX 1 STATES			
Oregon ^{6/}			

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

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

^{3/} An additional 5.5% insurance regulatory charge applied to premium tax liability. An additional 1.33% premium tax for fire related insurance policies.

^{4/} 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.

^{5/} Maximum rate.

^{6/} Corporate Excise Tax.

TABLE 19

STATE GENERAL SALES AND USE TAX RATES

DISTRICT OF COLUMBIA: 5.75%

LOWER THAN THE DISTRICT 24 STATES			
Nevada (5.75%)	2.00%	Oklahoma (5%)	4.50%
Colorado (5.0%)	2.90%	Utah (1.85%)	4.75%
Alabama (4.5%)	4.00%	Maine	5.00%
Georgia (3%)	4.00%	MARYLAND	5.00%
Louisiana (6%)	4.00%	Massachusetts	5.00%
Hawaii	4.00%	New Mexico 1/	5.00%
New York (4.75%)	4.00%	North Dakota (2.0%)	5.00%
South Dakota (2%)	4.00%	Wisconsin (.6%)	5.00%
VIRGINIA (1%)	4.00%	Kansas (2%)	5.30%
Wyoming (2%)	4.00%	Nebraska (2.6875%)	5.50%
Missouri (5.3125%)	4.225%	Ohio (3%)	5.50%
North Carolina (3%)	4.25%	Arizona	5.60%
HIGHER THAN THE DISTRICT 21 STATES			
Arkansas	6.00%	West Virginia	6.00%
Connecticut	6.00%	California (2.50%) 2/	6.25%
Florida	6.00%	Illinois (3%)	6.25%
Idaho	6.00%	Texas (2%)	6.25%
Indiana	6.00%	Minnesota (1%) 3/	6.50%
Iowa (1%)	6.00%	Washington (2.5%)	6.50%
Kentucky	6.00%	Mississippi	7.00%
Michigan	6.00%	New Jersey	7.00%
Pennsylvania (1%)	6.00%	Rhode Island	7.00%
South Carolina	6.00%	Tennessee (2.75%)	7.00%
Vermont	6.00%		
NO TAX 5 STATES			
Alaska			
Delaware			
Montana			
New Hampshire			
Oregon			

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

2/ Tax rate will increase to 7.25% on 04/01/09.

3/ Tax rate will increase to 6.875% on 07/01/09.

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	.06	Pennsylvania	.08
Colorado	.08		
SAME AS THE DISTRICT 1 STATE			
MARYLAND	\$.09		
HIGHER THAN THE DISTRICT 42 STATES			
Rhode Island	\$.10	Michigan	\$.20
Massachusetts	.11	Arkansas	.23
New York	.11	VIRGINIA	.26
Indiana	.115	Washington ^{3/}	.261
New Jersey	.12	Vermont	.265
Montana	.14	Georgia	.32
Tennessee ^{2/}	.14	South Dakota	.27
Minnesota ^{3/}	.148	New Hampshire	.30
Idaho	.15	Nebraska	.31
Arizona	.16	Louisiana	.32
Delaware	.16	Maine	.35
Nevada	.16	Oklahoma	.40
North Dakota ^{4/}	.16	New Mexico ^{5/}	.41
Kansas	.18	Utah	.41
Ohio	.18	Mississippi	.4268
West Virginia	.18	Florida	.48
Illinois	.185	Alabama	.53
Connecticut	.19	North Carolina	.53
Iowa	.19	South Carolina	.77
Texas	.19	Hawaii ^{6/}	.93
California	.20	Alaska	1.07

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

^{2/} Additional tax of 17% of wholesale price.

^{3/} Credit allowed to small brewers.

^{4/} \$0.08 per gallon for bulk beer.

^{5/} Rate is \$0.08 per gallon for microbrewer.

^{6/} Rate is \$0.54 per gallon for draft beer.

TABLE 21

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

DISTRICT OF COLUMBIA: \$0.30

MONOPOLY STATES 4 STATES			
New Hampshire Pennsylvania 1/		Utah 2/ Wyoming	
LOWER THAN THE DISTRICT 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	North Carolina	.79
MARYLAND	.40	Arizona	.84
Missouri	.42	Washington	.87
Idaho	.45	South Carolina	.90
			.93
Indiana	.47	South Dakota	
Kentucky	.50	Nebraska	.95
North Dakota	.50	Delaware	.97
Michigan	.51	West Virginia	1.00
Massachusetts	.55	Montana	1.02
			1.21
Vermont	.55	Tennessee	
Connecticut	.60	Hawaii	1.38
Maine	.60	Georgia	1.51
Rhode Island	.60	VIRGINIA	1.51
Oregon	.67	Alabama	1.70
			1.70
Nevada	.70	New Mexico	
New Jersey	.70	Iowa	1.75
Oklahoma	.72	Florida	2.25
Illinois	.73	Alaska	2.50

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

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

TABLE 22

STATE DISTILLED SPIRITS TAX RATES

(Per Gallon)

DISTRICT OF COLUMBIA: \$ 1.50

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

1/ 14.30% plus 50% markup.

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

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

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

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

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

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

TABLE 23

STATE CIGARETTE TAX RATES

(Per Pack of 20)

DISTRICT OF COLUMBIA: \$ 2.00

LOWER THAN THE DISTRICT 38 STATES			
South Carolina	.07	California	.87
Missouri	.17	New Mexico	.91
VIRGINIA	.30	Illinois	.98
North Carolina	.35	Indiana	.995
Louisiana	.36	Oklahoma	1.03
Georgia	.37	Delaware	1.15
Alabama	.425	Arkansas	1.15
North Dakota	.44	Oregon	1.18
Minnesota	.55	Ohio	1.25
Idaho	.57	Pennsylvania	1.35
Kentucky	.60	New Hampshire	1.33
Wyoming 1/	.60	Florida	1.339
Tennessee	.62	Iowa	1.36
Nebraska	.64	Texas	1.41
Mississippi	.68	South Dakota	1.504
Utah	.695	West Virginia	1.53
Kansas	.79	Montana	1.70
Nevada	.80	Wisconsin	1.77
Colorado	.84	Vermont	1.99
SAME AS THE DISTRICT 6 STATE			
Alaska	2.00	Maine	2.00
Arizona	2.00	MARYLAND	2.00
Connecticut	2.00	Michigan	2.00
HIGHER THAN THE DISTRICT 6 STATES			
Washington	2.025	Hawaii	2.60
New York	2.575	New Jersey	2.75
Massachusetts	2.51	Rhode Island	3.46

1/ Rate will increase to \$1.15, effective 03/01/09.

TABLE 24

MOTOR FUEL TAX RATES

(Per Gallon)

DISTRICT OF COLUMBIA: \$.20

LOWER THAN THE DISTRICT 12 STATES			
Alaska 1/	.08	Missouri	.173
Wyoming	.13	Mississippi	.188
Georgia	.14	New Mexico	.188
New Jersey	.145	Arizona	.19
South Carolina	.168	VIRGINIA	.194
Oklahoma	.17	New Hampshire	.197
SAME AS THE DISTRICT 2 STATES			
Louisiana	.20	Texas	.20
HIGHER THAN THE DISTRICT 36 STATES			
Alabama	.209	Montana	.278
Tennessee	.214	Ohio	.28
Arkansas	.218	North Carolina	.302
Colorado	.22	Maine	.31
Iowa	.22	Pennsylvania	.323
Kentucky	.225	West Virginia	.322
Vermont	.233	Wisconsin	.329
Massachusetts	.235	Rhode Island	.33
Delaware	.23	Nevada	.331
North Dakota	.23	Indiana	.338
MARYLAND	.235	Florida	.345
South Dakota	.24	Washington	.375
Utah	.245	Michigan	.347
Idaho	.25	Illinois	.388
Kansas	.25	Connecticut	.416
Oregon	.25	Hawaii	.443
Minnesota	.272	New York	.45
Nebraska	.273	California	.461

1/ Tax rate suspended until 09/01/09.

NOTE: Rates include state excise and other state taxes.

TABLE 25

MOTOR VEHICLE SALES AND EXCISE TAXES

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

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

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

2/ Maximum of \$300.00.

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

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

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

Note: Local rates in parentheses

TABLE 26

STATE MOTOR VEHICLE REGISTRATION FEES

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

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

LOWER THAN THE DISTRICT 49 STATES			
Arizona ^{2/}	\$ 8.00	California	\$ 31.00
South Carolina	12.00	Florida	33.00
Indiana	12.25	Ohio ^{4/}	34.50
Kentucky	13.50	Connecticut	37.50
Mississippi	15.00	Pennsylvania	36.00
Wyoming	15.00	Michigan	37.00
Georgia	20.00	New Hampshire	37.20
Tennessee	21.50	Delaware	40.00
Nebraska ^{3/}	21.50	Idaho	91.30
North Carolina	23.00	New Mexico	42.00
New York	23.50	South Dakota	42.00
Utah	23.50	Washington ^{3/}	43.00
Arkansas	25.00	Missouri ^{5/}	51.25
Alabama	25.00	Wisconsin	75.00
Hawaii	25.00	Vermont	59.00
Louisiana	25.00	Nevada	59.35
Maine	25.00	Texas	59.80
VIRGINIA	26.50	MARYLAND ^{6/}	61.50
Oregon	27.00	New Jersey	84.00
Montana	28.75	Illinois	78.00
Kansas	30.00	Oklahoma	90.00
Massachusetts	30.00	North Dakota	93.00
Rhode Island	30.00	Alaska	100.00
West Virginia	30.00	Minnesota	108.75
Colorado	30.99		
HIGHER THAN THE DISTRICT 1 STATES			
Iowa	\$203.00		

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

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

^{3/} Does not include local vehicle excise taxes levied in certain urban areas.

^{4/} Local fees not included.

^{5/} Maximum tax.

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

TABLE 27

STATE REAL ESTATE DEED RECORDATION AND TRANSFER TAX RATES

(Per \$500 of Consideration)

DISTRICT OF COLUMBIA: \$ 11.00

LOWER THAN THE DISTRICT 35 STATES			
Colorado	\$.05	Tennessee	\$ 1.85
Alabama	.50	Arizona	2.00
Georgia	.50	New Jersey ^{2/}	2.00
Illinois	.50	New York	2.00
Kentucky	.50	Rhode Island	2.00
South Dakota	.50	Maine	2.20
Oklahoma	.75	MARYLAND ^{3/}	2.20
Iowa	.80	Massachusetts	2.28
North Carolina	1.00	Nevada ^{4/}	2.55
West Virginia	1.10	Connecticut	3.05
Nebraska	1.125	Florida	3.50
Kansas	1.30	Michigan	3.75
Wisconsin	1.50	Pennsylvania	5.00
VIRGINIA	1.25	Vermont	5.00
Arkansas	1.65	Washington	6.40
Minnesota	1.65	New Hampshire	7.50
Hawaii ^{1/}	1.75	Delaware	10.00
South Carolina	1.85		
NO TAX 15 STATES			
Alaska		New Mexico	
California		North Dakota	
Idaho		Ohio	
Indiana		Oregon	
Louisiana		Texas	
Mississippi		Utah	
Missouri		Wyoming	
Montana			

1/ If the property is residential for which the buyer is not eligible for a homeowner's exemption, the tax rate graduates from \$0.50 to \$1.50 per \$500 of value, as value rises from less than \$600,000 to over \$1,000,000. Otherwise, the tax rate graduates from \$0.75 to \$1.75 per \$500 of value.

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

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

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

TABLE 28

TYPES OF STATE INHERITANCE AND ESTATE TAXES

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

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

^{2/} The District's Estate Tax is no longer in conformity with the Federal Estate Tax. Except for raising the filing threshold from \$600,000 to \$675,000 (January 1, 2002), the Estate and Inheritance Tax Clarification Temporary Act of 2004 raised the estate tax filing threshold from \$675,000 to \$1,000,000 to decedents whose death occurs on or after January 1, 2003. Hence, some District estate tax payers may have been and others may be required in the future to file and pay District estate taxes even when no federal filing or tax is due.

^{3/} Tax equal to the maximum credit for state death taxes allowed against the Federal Estate Tax under pre 2001 federal law.

^{4/} North Carolina imposes an estate tax based on the Federal Estate Tax calculation. The North Carolina Estate Tax is equal to the state death tax credit that was allowable under section 2011 of the IRC as it existed prior to 2002. For decedents dying on or after January 1, 2005, the North Carolina Estate Tax is limited to the Federal Estate Tax that would be payable if the Federal Estate Tax was computed without regard to the deduction for state death taxes.

^{5/} Estate Tax has been repealed on Decedents dying or transfers made on or after January, 2007. Inheritance tax is administered at the county level.

^{6/} Pennsylvania no longer receives estate taxes because it is coupled with the Death tax credit that was phased out in 2006. The state death tax credit is scheduled to be reinstated on the federal estate tax return, IRS form 706, for decedents dying on or after January 1, 2011.

Appendix A

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

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

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

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

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

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

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

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

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

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

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

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

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

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