

Background Paper 81-10

COMPARISON OF MAJOR STATE TAXES
SALES, INCOME & PROPERTY

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I

INTRODUCTION

The following chart is a state-by-state comparison of three major taxes. The comparison requires some explanation. No two states have exactly the same tax administered in exactly the same way. Comparisons of all 50 states along any dimension require some generalizing and some loss of detail.

The sales tax figures shown are a combination of a statewide rate and the highest possible local government rate for general purposes as of January 1981. There are a few local areas, such as those supporting California's Bay Area Rapid Transit, that are authorized additional sales tax beyond the statewide maximum shown.

The income tax figures in the table are the state rate and, where there is a range in the rate, the income figure at which the top rate goes into effect as of January 1981. There has been no attempt to account for the many nuances in exemptions and determination of taxable income. For the most part, state income taxes follow the federal income tax in determination of taxable income. Several states allow local governments to levy an income tax. Most do not so this was not added in to the figures in the table.

For the most part, the property tax is not a state tax but a local one. The method for deriving the figures in the table makes the recipient of the tax irrelevant. The figures are from the 1977 Census of Governments. The rates are the effective percentage of actual value of property sold in the last 6 months of 1976. Assessment ratios are also irrelevant to the figures shown since effective rates are not related to assessments. There have certainly been some changes in the property tax in several states since 1977. Where those were known, as in California, the 1981 figures are shown too. There were two states, Vermont and Wyoming, that had too few sales in the survey period to produce figures.

<u>State</u>	<u>Sales Tax</u>	<u>Income Tax</u> ¹	<u>Property Tax</u>	
Alabama	6%	1.5-5% (\$ 5,000)	.24-.64%	
Alaska	-	-	1.23%	
Arizona	6%	2-8% (\$ 6,000)	1.31%	
Arkansas	4%	1-7% (\$ 25,000)	.80-1.04%	
California	6%	1-11% (\$ 20,450)	1976	1.42-2.15%
			1981	1.00% plus debt service
Colorado	6%	2.5-8% (\$ 12,363)	1.35-1.83%	
Connecticut	7.5%	1-9% (\$100,000) ²	2.24-2.97%	
Delaware	-	1.4-13.5% (\$ 50,000)	1.59%	
Florida	5%	-	.93-1.27%	
Georgia	5%	1-6% (\$ 10,000)	1.11-1.55%	
Hawaii	4%	2.25-11% (\$ 30,000)	.66%	
Idaho	3%	2-7.5% (\$ 5,000)	1976	1.23%
			1981	1.00% plus debt service
Illinois	5%	2.5%	1.43-2.09%	
Indiana	4%	1.9%	.99-2.04%	
Iowa	3%	.5-13% (\$ 76,725)	1.95-2.23%	

<u>State</u>	<u>Sales Tax</u>	<u>Income Tax</u>	<u>Property Tax</u>	
Kansas	4%	2-9% (\$ 25,000)	1.28-2.10%	
Kentucky	5.5%	2-6% (\$ 8,000)	1.03-1.33%	
Louisiana	6%	2-6% (\$ 50,000)	.13-.61%	
Maine	5%	1-10% (\$ 25,000)	2.53%	
Maryland	5%	2-5% (\$ 5,000)	1.31-2.64%	
Massachusetts	5%	5%	1976 1981	3.76-4.94% 2.50% plus debt service
Michigan	4%	4.6%	1.64-2.52%	
Minnesota	5%	1.6-16%	1.29-2.68%	
Mississippi	5%	3-4% (\$ 5,000)	1.23%	
Missouri	4.125%	1.5-6% (\$ 9,000)	.88-1.96%	
Montana	-	2-11% (\$35,000)	1.34-1.57%	
Nebraska	4%	15% of Fed.	1.62-2.13%	
Nevada	3.5%	-	1976 1981	1.21-1.35% 1.29 cap
New Hampshire	-	5%	2.49-3.10%	
New Jersey	5%	2-2.5% (\$ 20,000)	2.64-6.54%	

<u>State</u>	<u>Sales Tax</u>	<u>Income Tax</u>	<u>Property Tax</u>
New Mexico	4.5%	.8-9.0% (\$100,000)	1.30%
New York	7.0% ³	2-14% (\$ 23,000)	2.30-4.23%
North Carolina	4%	3-7% (\$ 10,000)	.50-1.28%
Ohio	5.5%	.5-3.5% (\$ 40,000)	.80-1.51%
Oklahoma	5%	.5-6% (\$ 15,000)	.67-.98%
Oregon	-	4-10% (\$ 5,000)	1.99-2.40%
Pennsylvania	6%	2.2%	1.39-3.29%
Rhode Island	6%	19% of Fed.	1.97-3.37%
South Carolina	4%	2-7% (\$ 10,000)	.88-1.10%
South Dakota	6%	-	1.98-2.03%
Tennessee	6.75%	6%	.75-1.14%
Texas	5%	-	1.10-1.56%
Utah	4.75%	2.25-7.75% (\$ 4,500)	.92-1.09%
Vermont	3%	23% of Fed.	Inadequate data
Virginia	4%	2-5.75% (\$ 12,000)	.76-1.56%

<u>State</u>	<u>Sales Tax</u>	<u>Income Tax</u>	<u>Property Tax</u>
Washington	5%	-	.92-1.25%
West Virginia	3%	2.1-6.1%	.35-.46%
Wisconsin	4.5%	3.4-10% (\$ 44,000)	2.09-3.14%
Wyoming	4%	-	Inadequate data

FOOTNOTES:

¹The figures in parentheses are the income levels at which the maximum rate goes into effect.

²Connecticut does not tax ordinary income. The figures shown apply to interest and dividend income and capital gains.

³New York City is allowed an extra 1 percent but other local governments can only add to a total of 7 percent.