

SPECIAL REPORT

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State Tax Collections and Rates

*Surpluses Prompt Eight States to Cut Individual Income Tax Rates;
Five States Raise Excise Taxes on Gasoline or Cigarettes*

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State Tax Collections in Fiscal Year 1998

State tax and fee collections grew by 7.1 percent between FY 1997 and FY 1998. This growth in tax collections is substantial even when adjusted for inflation, and it continues a decade-long trend (see Figure 1 and Table 1).

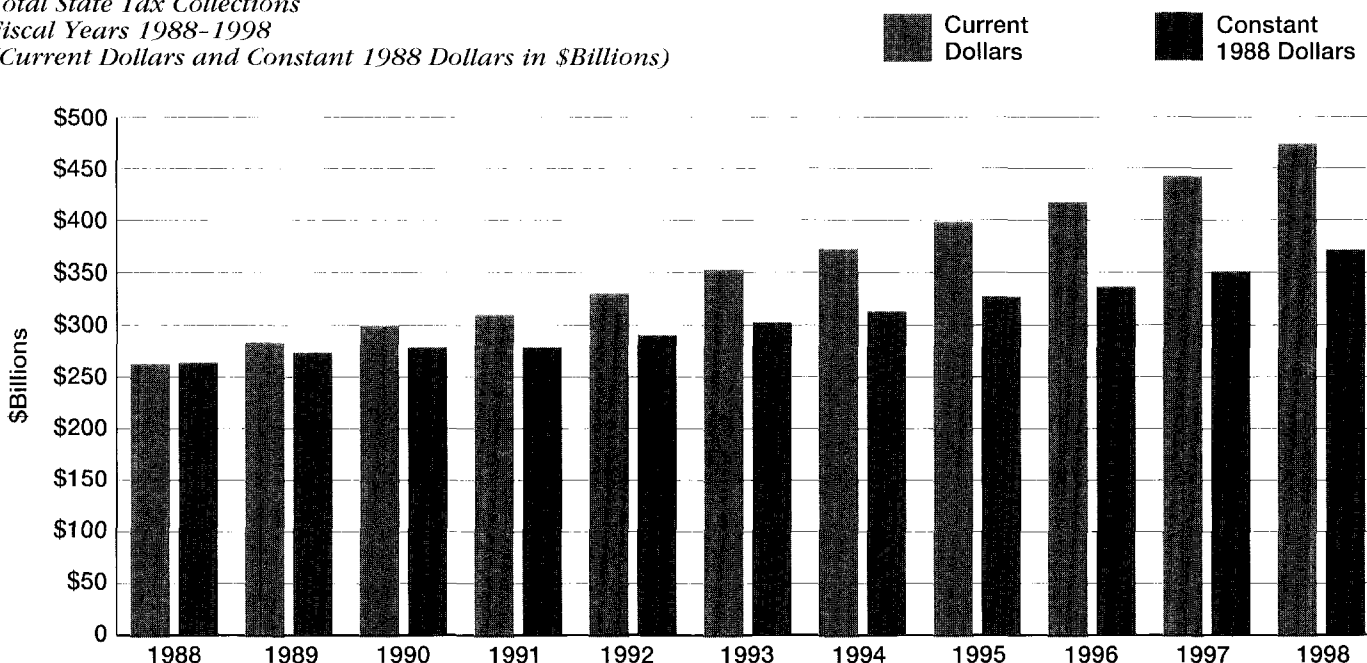
The fastest growing category of state collections was estate and gift tax collections which rose 17.4 percent (see Table 1). Individual income taxes rose rapidly at an 11.1

percent clip in FY 1998. "Other taxes" were up 9.8 percent. This is a catch-all category that includes amusement sales, pari-mutuel sales, documentary and stock transfer taxes and miscellaneous taxes (mostly other sales taxes). Total state-by-state collections for FY 1998, along with the distribution by type of tax, are reported in Table 2.

State Tax Collections Compared to Personal Income

During the past decade, state govern-

Figure 1
Total State Tax Collections
Fiscal Years 1988-1998
(Current Dollars and Constant 1988 Dollars in \$Billions)



Source: Department of Commerce, Bureau of the Census.

ments' tax collections have grown faster than their taxpayers' personal income, an average of 0.35 percent faster after adjusting for inflation. In FY 1998 the trend continued as growth in state tax collections exceeded growth in per-

tax collections were Alaska, Arizona, Oregon, Minnesota and Washington.

Various measurements of state tax collections can differ substantially. For example, Mississippi and New Jersey show an almost equally large disparity between their rankings "per capita" and "per \$1,000 of personal income," but in opposite directions (see Table 4). This disparity can be explained by the income per capita in the two states.

Income per capita in Mississippi is approximately 56 percent of New Jersey's, and the state tax system is more progressive than New Jersey's. As a result, Mississippi is ranked 34th in tax collections per capita, but in terms of tax collections per \$1,000 of personal income, it is ranked as the 9th highest. On the other hand, New Jersey is ranked 13th in tax collections per capita but only 43rd in tax collections per \$1,000 of personal income.

In some cases, taxes are high by any measure. If Washington, D.C. were a state, it would have the highest tax collections of any state, per capita and per \$1,000 of personal income.

Changes in State Tax Rates During 1998

With the nation's economy going full steam ahead, many state governments responded by making no significant tax changes,

During the past decade, state governments' tax collections have grown faster than their taxpayers' personal income, an average of 0.35 percent faster after adjusting for inflation. In FY 1998 the trend continued as growth in state tax collections exceeded growth in personal income by 1.4 percent.

sonal income by 1.4 percent (see Table 3).

However, the growth rate of state tax collections relative to personal income growth varies substantially from state to state. From FY 1997 to FY 1998, the five states whose tax collections grew fastest compared to taxpayers' personal income growth were Wyoming, Maine, New Mexico, Connecticut and Utah. On the flip side, the five states where personal income growth clearly outpaced the growth in

Table 1
State Government Tax Collections by Type
Fiscal Years 1988-1998
(\$Billions)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	'88-'98	'97-'98
General Sales	\$ 87.1	\$ 93.5	\$ 99.9	\$ 103.2	\$ 108.7	\$ 114.9	\$ 123.3	\$ 132.2	\$ 139.3	\$ 147.1	\$ 156.1	6.0%	6.1%
Individual Income	80.1	88.8	96.1	99.3	105.0	112.2	117.7	125.6	134.3	145.2	161.2	7.2%	11.1%
Corporate Income	21.6	23.9	21.8	20.3	21.9	24.2	25.5	29.1	29.4	30.6	31.1	3.7%	1.8%
Motor Fuels	17.2	18.1	19.4	20.6	22.3	23.6	24.5	25.4	26.0	27.1	28.3	5.1%	4.6%
Licenses	17.0	17.7	18.8	19.5	21.6	23.2	24.2	26.1	27.0	28.2	29.7	5.7%	5.2%
Insurance	6.9	7.4	7.4	7.7	7.8	8.0	8.6	8.6	9.1	9.0	9.2	2.9%	1.5%
Public Utilities	6.2	6.2	6.5	6.8	7.8	8.3	8.5	8.1	8.6	8.6	8.8	3.6%	2.2%
Property	5.0	5.3	5.8	6.3	7.4	7.8	8.4	9.5	10.0	10.3	10.7	7.8%	3.8%
Tobacco	4.8	5.1	5.5	6.0	6.1	6.2	6.6	7.3	7.3	7.5	7.7	4.8%	4.0%
Severance	4.3	4.1	4.7	5.4	4.6	4.9	4.3	4.5	4.4	4.6	4.2	-0.4%	-9.7%
Estate and Gift	3.2	3.5	3.8	4.3	4.5	4.7	5.0	4.9	5.3	5.9	6.9	7.9%	17.4%
Alcohol	3.2	3.1	3.2	3.4	3.6	3.6	3.6	3.6	3.7	3.7	3.8	1.7%	2.4%
All Other	7.4	7.7	7.8	8.3	10.0	12.7	13.5	14.2	14.2	15.8	17.3	8.9%	9.8%
Total State Taxes	\$ 264.1	\$ 284.4	\$ 300.7	\$ 311.1	\$ 331.2	\$ 354.3	\$ 373.8	\$ 399.2	\$ 418.6	\$ 443.5	\$ 475.0	6.0%	7.1%
Annual % Change	7.2%	7.7%	5.7%	3.5%	6.4%	7.0%	5.5%	6.8%	4.9%	5.9%	7.1%	*	*
Total State Taxes (Constant 1988\$)	\$ 264.1	\$ 273.9	\$ 278.7	\$ 278.9	\$ 290.6	\$ 302.7	\$ 312.8	\$ 327.1	\$ 336.8	\$ 351.0	\$ 371.6	3.5%	5.9%
Annual % Change	3.7%	3.7%	1.8%	0.1%	4.2%	4.2%	3.3%	4.6%	3.0%	4.2%	5.9%	*	*

Note: Does not include the District of Columbia.

Source: Tax Foundation, based on data from the Department of Commerce, Bureau of Census.

Table 2
State Tax Collections and Distribution by Source
Fiscal Year 1998

	Total (\$Thousands)	Distribution					
		General Sales & Use	Individual Income	Corporate Income	Motor Fuels	Licenses	All Other
All States (a)	\$ 474,990,564	32.9%	33.9%	6.5%	6.0%	6.2%	14.4%
Alabama	\$ 5,734,128	27.4%	31.3%	4.3%	8.5%	7.6%	21.0%
Alaska	1,186,235	0.0	0.0	23.2	2.9	8.0	65.9
Arizona	6,949,270	43.9	26.8	7.6	7.7	3.4	10.7
Arkansas	4,056,582	37.3	34.3	6.2	8.6	5.9	7.7
California	67,713,433	31.5	41.0	8.3	4.2	4.6	10.4
Colorado	\$ 5,898,349	26.0%	48.9%	4.6%	8.5%	4.7%	7.4%
Connecticut	9,393,604	32.3	36.3	5.7	6.1	3.8	15.9
Delaware	1,981,473	0.0	38.4	10.4	5.0	32.8	13.5
Florida	22,513,115	57.4	0.0	5.6	6.6	6.4	23.9
Georgia	11,589,495	34.5	45.9	6.4	4.8	3.4	5.0
Hawaii	\$ 3,176,246	44.9%	34.1%	1.9%	2.3%	2.9%	13.8%
Idaho	2,057,378	31.7	37.9	5.7	10.1	9.5	5.1
Illinois	19,771,284	28.3	35.3	9.9	6.6	6.1	13.7
Indiana	9,747,426	32.5	41.7	9.5	6.6	2.2	7.5
Iowa	4,802,531	31.8	38.3	4.1	6.8	9.4	9.6
Kansas	\$ 4,647,921	34.8%	37.5%	6.6%	6.9%	4.6%	9.6%
Kentucky	7,115,149	27.8	34.0	4.7	5.8	6.3	21.4
Louisiana	6,082,026	32.6	23.9	5.9	8.7	7.5	21.4
Maine	2,369,820	35.1	38.2	4.5	6.6	5.0	10.5
Maryland	9,190,482	23.5	45.0	4.1	7.4	3.8	16.1
Massachusetts	\$ 14,488,496	20.4%	55.4%	9.4%	4.3%	3.1%	7.4%
Michigan	21,692,742	34.9	31.3	10.9	4.8	5.1	13.0
Minnesota	11,503,928	28.2	41.3	6.5	4.8	7.6	11.5
Mississippi	4,343,435	46.8	19.5	5.6	8.9	6.9	12.2
Missouri	8,222,326	32.0	41.0	4.4	8.1	7.0	7.6
Montana	\$ 1,331,895	0.0%	35.3%	6.8%	13.4%	11.5%	33.1%
Nebraska	2,633,216	34.9	37.0	5.4	10.1	6.4	6.2
Nevada	3,228,206	54.9	0.0	0.0	7.7	10.4	27.0
New Hampshire	1,008,518	0.0	6.1	23.4	11.4	12.4	46.6
New Jersey	15,604,971	30.5	35.8	7.5	3.1	4.8	18.2
New Mexico	\$ 3,574,537	40.7%	22.4%	5.0%	6.7%	5.3%	19.9%
New York	36,154,533	21.1	50.6	8.7	1.4	2.7	15.7
North Carolina	13,869,426	23.6	44.2	7.2	8.0	6.1	10.9
North Dakota	1,078,375	28.7	16.5	7.7	9.8	7.4	30.0
Ohio	17,642,836	31.4	39.5	4.3	7.5	8.3	9.0
Oklahoma	\$ 5,300,829	25.1%	35.6%	4.2%	6.7%	14.1%	14.4%
Oregon	4,999,091	0.0	68.8	5.6	7.6	10.1	7.9
Pennsylvania	20,629,483	30.6	29.2	7.6	3.9	10.6	18.1
Rhode Island	1,783,913	29.5	41.2	3.9	7.0	4.9	13.4
South Carolina	5,683,148	38.1	36.7	3.8	6.0	7.1	8.4
South Dakota	\$ 833,662	53.1%	0.0%	4.6%	13.6%	12.6%	16.1%
Tennessee	6,996,120	57.6	2.3	8.7	10.8	9.4	11.3
Texas	24,629,000	50.6	0.0	0.0	10.2	14.3	24.8
Utah	3,457,679	36.9	39.8	5.6	8.9	4.3	4.6
Vermont	957,656	20.3	38.2	4.8	5.9	6.8	24.0
Virginia	\$ 10,542,966	21.1%	51.3%	4.2%	7.2%	4.3%	11.9%
Washington	11,806,170	58.5	0.0	0.0	6.0	4.5	31.0
West Virginia	3,011,990	28.4	28.8	7.4	7.7	5.3	22.5
Wisconsin	11,149,754	27.3	45.3	6.1	7.6	5.7	8.0
Wyoming	855,716	39.2	0.0	0.0	5.3	9.2	46.2

(a) Does not include the District of Columbia.

(b) Based on quarterly data.

Source: Tax Foundation, based on data from the Department of Commerce, Bureau of the Census.

Table 3
State Tax Growth Compared to Personal Income (PI) Growth
Fiscal Years 1988-1998

	Average Annual Tax Growth FY1988-98 (Real 1988 \$)	Average Annual PI Growth FY1988-98 (Real 1988 \$) (c)	Average Annual Growth of Taxes Relative to PI FY1988-98 (Real 1988 \$) (a)	Tax Growth Rank FY1988- 1998	Growth of Taxes Relative to PI FY1997- 1998 (Current \$) (a)	Tax Growth Rank FY1997- 1998
All States (b)	3.47%	3.12%	0.35%	—	1.40%	—
Alabama	2.89%	3.32%	-0.43%	40	-0.28%	36
Alaska	-2.94	2.11	-5.05	50	-30.44	50
Arizona	3.86	4.57	-0.71	45	-5.90	49
Arkansas	4.62	3.28	1.34	7	2.60	21
California	3.92	2.64	1.27	8	3.59	11
Colorado	5.40%	4.74%	0.66%	18	3.27%	15
Connecticut	5.32	2.46	2.86	1	9.83	4
Delaware	4.29	3.78	0.51	26	7.43	6
Florida	4.39	3.85	0.54	24	0.74	29
Georgia	4.60	4.38	0.22	32	-0.54	38
Hawaii	1.99%	2.82%	-0.82%	46	0.40	33
Idaho	6.06	4.69	1.37	5	-0.22	35
Illinois	3.39	2.86	0.53	25	1.35	27
Indiana	3.68	3.04	0.64	19	1.91	24
Iowa	2.83	2.62	0.21	33	-2.15	45
Kansas	4.05%	2.68%	1.36%	6	3.97%	9
Kentucky	4.27	3.20	1.07	11	-1.57	43
Louisiana	2.34	2.91	-0.57	41	2.93	16
Maine	2.10	2.03	0.08	34	12.30	2
Maryland	2.12	2.77	-0.65	43	1.15	28
Massachusetts	2.89%	2.33%	0.57%	22	2.89%	17
Michigan	4.90	2.59	2.31	2	2.23	22
Minnesota	3.89	3.31	0.58	21	-3.09	47
Mississippi	4.80	3.55	1.25	9	2.82	18
Missouri	3.86	2.64	1.21	10	0.51	30
Montana	3.84%	2.95%	0.88%	14	1.98%	23
Nebraska	4.37	2.88	1.49	4	-1.30	42
Nevada	7.85	7.26	0.59	20	-1.03	41
New Hampshire	3.07	2.58	0.49	27	3.92	10
New Jersey	2.26	2.48	-0.22	37	2.72	19
New Mexico	4.54%	3.62%	0.92%	13	10.73%	3
New York	0.78	2.26	-1.48	49	-0.89	40
North Carolina	4.59	4.19	0.41	30	3.53	13
North Dakota	2.91	2.35	0.55	23	-2.02	44
Ohio	3.28	2.51	0.78	15	2.63	20
Oklahoma	2.79%	2.32%	0.47%	28	-0.37%	37
Oregon	6.36	4.43	1.93	3	-4.34	48
Pennsylvania	3.16	2.47	0.69	17	1.91	25
Rhode Island	2.22	1.78	0.44	29	3.35	14
South Carolina	2.60	3.53	-0.93	47	-0.09	34
South Dakota	3.20%	3.31%	-0.11%	36	4.20%	8
Tennessee	3.57	3.83	-0.27	38	0.46	32
Texas	3.68	4.32	-0.64	42	-0.86	39
Utah	5.38	5.09	0.29	31	8.09	5
Vermont	1.97	2.67	-0.71	44	1.59	26
Virginia	3.00%	3.09%	-0.09%	35	3.57%	12
Washington	4.42	4.82	-0.40	39	-2.27	46
West Virginia	3.05	2.01	1.05	12	0.50	31
Wisconsin	3.80	3.10	0.70	16	4.29	7
Wyoming	1.57	2.74	-1.18	48	25.25	1
District of Columbia	0.81%	1.39%	-0.58%	—	8.71%	—

(a) If tax growth exceeds income growth, the relationship will be positive. If income growth exceeds tax growth, the relationship will be negative.

(b) Does not include the District of Columbia.

(c) Personal income figures adjusted into fiscal years.

Source: Tax Foundation, based on data from the Department of Commerce, Bureau of the Census and Bureau of Economic Analysis.

spending the extra revenue where they saw fit. Eleven states lowered either their individual or corporate income tax rates. However, several states actually raised taxes in this environment, usually targeting the cigarette or gasoline excise tax. Tables 5, 6, and 7 summarize tax rates for each state.

Individual Income Taxes

Eight states, Arizona, Delaware, Hawaii, Maryland, Minnesota, Ohio, Oklahoma and Rhode Island, all lowered their individual income tax rates.

- Arizona has five brackets and lowered its top rate from 5.1 to 5.04 percent and its bottom rate from 2.9 to 2.87 percent.

- Delaware reduced all seven of its rates, cutting a half of a percentage point off the top rate, moving it from 6.9 to 6.4 percent.

- Hawaii, which has nine brackets, lowered its top rate from 10 to 8.75 percent, lowered its bottom rate from 2 to 1.6 percent, and significantly increased its bracket ranges.

- Maryland has four brackets and lowered its top rate from 4.875 to 4.85.

- Minnesota reduced all three of its rates, cutting the top bracket from 8.5 to 8 percent and its bottom bracket from 6 to 5.5 percent.

- Ohio enacted a complex formula designed to lower all of its rates enough to refund the surplus it accumulated the year before—in FY 1999, rates were reduced 3.627 percent.

- Oklahoma has eight brackets and lowered its top rate from 7 to 6.75 percent.

- Rhode Island's income tax is based on a percentage of federal income tax liability—the percentage was reduced from 27 to 26.5 percent.

See Table 5 for more details.

Corporate Income Taxes

In addition to cutting all its individual rates, Ohio reduced its top corporate tax rate from 8.9 to 8.5 percent. Three other states changed their corporate income tax rates, Colorado, Connecticut and North Carolina.

Colorado lowered its single corporate tax rate from 5 to 4.75 percent. Connecticut lowered its rate from 9.5 to 8.5 percent for 1999, and has another legislated tax cut in 2000, when it is scheduled to fall to 7.5 percent. North Carolina enacted a similar phased reduction, dropping its rate from 7.25 percent to 7 percent for 1999, then to 6.9 percent after 1999. See Table 6 for more details.

Other Tax Rate Changes

Although most states continue to rely on sales and income taxes as the mainstays of

Table 4
State Tax Collections Per Capita and Per \$1,000 of Personal Income
With Corresponding Ranks
Fiscal Year 1998

	Total (\$Thousands)	Per Capita (c)	Per \$1,000 of Personal Income (c)	Rank	
				Per Capita	Per \$1,000 of Personal Income
All States (a)	\$ 474,990,564	\$ 1,769	\$ 68.39	-	-
Alabama	\$ 5,734,128	\$ 1,323	\$ 62.70	46	39
Alaska	1,186,235	1,938	76.42	12	21
Arizona	6,949,270	1,508	66.74	42	31
Arkansas	4,056,582	1,603	80.17	31	14
California	67,713,433	2,087	77.49	9	18
Colorado	\$ 5,898,349	\$ 1,501	\$ 53.72	43	47
Connecticut	9,393,604	2,872	78.08	1	16
Delaware	1,981,473	2,679	91.73	2	3
Florida	22,513,115	1,522	59.98	39	42
Georgia	11,589,495	1,533	62.52	37	40
Hawaii	\$ 3,176,246	\$ 2,669	\$ 102.82	3	2
Idaho	2,057,378	1,685	81.40	24	11
Illinois	19,771,284	1,642	58.07	29	45
Indiana	9,747,426	1,655	69.77	28	28
Iowa	4,802,531	1,681	71.30	25	25
Kansas	\$ 4,647,921	\$ 1,769	\$ 72.50	21	24
Kentucky	7,115,149	1,815	86.10	17	8
Louisiana	6,082,026	1,396	66.65	45	32
Maine	2,369,820	1,901	84.84	14	10
Maryland	9,190,482	1,798	61.22	19	41
Massachusetts	\$ 14,488,496	\$ 2,364	\$ 73.68	5	23
Michigan	21,692,742	2,213	86.93	6	6
Minnesota	11,503,928	2,444	90.67	4	4
Mississippi	4,343,435	1,584	85.40	34	9
Missouri	8,222,326	1,516	63.07	40	37
Montana	\$ 1,331,895	\$ 1,515	\$ 75.88	41	22
Nebraska	2,633,216	1,588	65.55	33	33
Nevada	3,228,206	1,888	69.95	15	27
New Hampshire	1,008,518	855	30.03	50	50
New Jersey	15,604,971	1,933	58.20	13	43
New Mexico	\$ 3,574,537	\$ 2,068	\$ 105.10	10	1
New York	36,154,533	1,992	64.29	11	35
North Carolina	13,869,426	1,852	78.32	16	15
North Dakota	1,078,375	1,687	80.66	23	12
Ohio	17,642,836	1,572	63.77	35	36
Oklahoma	\$ 5,300,829	\$ 1,593	\$ 76.87	32	19
Oregon	4,999,091	1,532	62.93	38	38
Pennsylvania	20,629,483	1,718	65.38	22	34
Rhode Island	1,783,913	1,807	68.67	18	30
South Carolina	5,683,148	1,490	71.16	44	26
South Dakota	\$ 833,662	\$ 1,141	\$ 52.21	49	48
Tennessee	6,996,120	1,294	55.93	47	46
Texas	24,629,000	1,261	51.63	48	49
Utah	3,457,679	1,660	80.43	27	13
Vermont	957,656	1,624	68.75	30	29
Virginia	\$ 10,542,966	\$ 1,559	\$ 58.15	36	44
Washington	11,806,170	2,091	76.62	8	20
West Virginia	3,011,990	1,661	87.21	26	5
Wisconsin	11,149,754	2,140	86.89	7	7
Wyoming	855,716	1,783	77.74	20	17
Dist. of Columbia (b)	\$ 2,854,971	\$ 5,437	\$ 148.52	-	-

(a) Does not include the District of Columbia.

(b) Based on quarterly data.

(c) Population and personal income figures adjusted into fiscal years.

Source: Tax Foundation, based on data from the Department of Commerce, Bureau of the Census and Bureau of Economic Analysis.

their tax systems, they are also collecting substantial revenue from excise taxes. Table 7 lists each state's sales tax rate, as well as its gasoline tax rate, cigarette tax rate, and its rates on spirits (liquor), wine and beer.

Sales Tax Rates

Many states enacted specific changes to their sales and use taxes, but Nebraska was the only state to change its basic sales tax rate, which it increased from 4.5 to 5 percent.

Excise Tax Rates

Arkansas, Kansas and North Dakota all increased their gasoline tax rates: Arkansas's increased from 18.5 to 19.5 cents a gallon, Kansas's increased from 18 to 20 cents, and North Dakota increased its rate from 20 cents to 21 cents. Nebraska's and Wisconsin's gasoline tax rates are indexed for inflation while North Carolina's gasoline tax rate is revised every six months.

Three states changed their cigarette tax rates. California increased its rate from 37 cents per pack to 87 cents and Maryland raised its rate from 36 to 66 cents. Indiana cut its rate in half from 31 to 15.5 cents.

Methodology

Fiscal year 1998 state tax collections are based on data from the Bureau of the Census. Census data records the tax collections received from various taxes levied at the state level. While useful for a state-by-state comparison of tax systems, the data is limited in its application to the computation of individual tax burdens by state. Tax burdens are best determined through a tax incidence analysis.

Tax incidence analysis determines which taxpayers ultimately bear the real burden of taxes. For example, income taxes paid by corporations to the state of California are not fully borne by the residents of California. Some portion of the real tax burden will be borne by residents of other states, whether as customers, out-of-state employees, or shareholders. The Census data used in this report makes no adjustment for this effect. For a more complete state-by-state tax incidence analysis, refer to the "Tax Freedom Day" special report published by the Tax Foundation every April 15. ●

Table 5
Individual Income Tax Rates
As of December 31, 1999
(1999's noteworthy changes in bold)

	Federal Deductibility	Marginal Rates (a) (Percent)	No. of Brackets	Low Bracket (a) (b) (Under)	High Bracket (a) (b) (Over)	Standard Deduction		Personal Exemptions	
						Single	Joint	Single (b)	Dependents
Alabama	Yes	2.0-5.0%	3	\$ 500	\$ 3,000	\$ 2,000	\$ 4,000	\$ 1,500	\$ 300
Alaska	No	None	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Arizona	No	2.87-5.04	5	10,000	150,000	3,600	7,200	2,100	2,300
Arkansas	No	1.0-7.0 (i)	6	3,000	25,000	2,000	4,000	20 (c)	20 (c)
California	No	1.0-9.3	6	5,131	33,673	2,642	5,284	72	227 (c)
Colorado	No	5% of federal taxable income				n.a.	n.a.	n.a.	n.a.
Connecticut	No	3.0-4.5	2	\$ 10,000	\$ 10,000	n.a.	n.a.	\$ 12,000 (e)	0
Delaware	No	0.0-6.4	7	2,000	30,000	\$ 3,250	\$ 4,000	100 (c)	100 (c)
Florida	No	None	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Georgia	No	1.0-6.0	6	750	7,000	2,300	3,000	2,700	2,700
Hawaii	No	1.6-8.75%	9	\$ 2,000	\$ 40,000	\$ 1,500	\$ 1,900	\$ 1,040	\$ 1,040
Idaho	No	2.0-8.2	8	1,000	20,000	4,300	7,350	2,750	2,750
Illinois	No	3.0	1	n.a.	n.a.	n.a.	n.a.	1,650	1,650
Indiana	No	3.4	1	n.a.	n.a.	n.a.	n.a.	1,000	1,000
Iowa	Yes	0.36-8.98	9	1,148	51,120	1,460	3,590	40 (c)	40 (c)
Kansas	No	3.5-6.45%	3	\$ 15,000	\$ 30,000	\$ 3,000	\$ 6,000	\$ 2,250	\$ 2,250
Kentucky	No	2.0-6.0	5	3,000	8,000	1,500	1,500	20 (c)	20 (c)
Louisiana	Yes	2.0-6.0	3	10,000	50,000	n.a.	n.a.	4,500 (m)	1,000
Maine	No	2.0-8.5	4	4,150	16,500	4,300	7,200	2,750	2,750
Maryland	No	2.0-4.85	4	1,000	3,000	2,000 (n)	4,000 (n)	1,850	1,850
Massachusetts	No	5.95/12.0% (f)	1	n.a.	n.a.	n.a.	n.a.	\$ 4,400	\$ 1,000
Michigan	No	4.4	1	n.a.	n.a.	n.a.	n.a.	2,800	2,800
Minnesota	No	5.5-8.0	3	\$ 17,250 (o)	\$ 56,680 (o)	\$ 4,300	\$ 7,200	2,750	2,750
Mississippi	No	3.0-5.0	3	5,000	10,000	2,300	4,600	6,000	1,500
Missouri	Yes	1.5-6.0	10	1,000	9,000	4,300	7,200	2,100	1,200
Montana	Yes (p)	2.0-11.0%	10	\$ 2,000	\$ 70,400	\$ 3,020 (p)	\$ 6,040 (p)	\$ 1,610	\$ 1,610
Nebraska	No	2.51-6.68	4	2,400	26,500	4,300	7,200	89 (c) (q)	89 (c) (q)
Nevada	No	None	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
New Hampshire	No	5.0 (h)	n.a.	n.a.	n.a.	n.a.	n.a.	2,400	n.a.
New Jersey	No	1.4-6.37	6	20,000	75,000	n.a.	n.a.	1,000	1,500
New Mexico	No	1.7-8.2%	7	\$ 5,500 (t)	\$ 65,000 (t)	\$ 4,300	\$ 7,200	\$ 2,750	\$ 2,750
New York	No	4.0-6.85	5	8,000	20,000	7,500	13,000	n.a.	1,000
North Carolina	No	6.0-7.75	3	12,750	60,000	3,000	5,000	2,750 (r)	2,750 (r)
North Dakota	Yes (d)	14% of federal income tax liability				n.a.	n.a.	n.a.	n.a.
Ohio	No	0.716-7.228 (u)	9	5,000	200,000	n.a.	n.a.	1,050 (g)	1,050 (g)
Oklahoma	Yes (d)	0.5-6.75%	8	\$ 1,000	\$ 10,000	\$ 2,000 (s)	\$ 2,000 (s)	\$ 1,000	\$ 1,000
Oregon	Yes	5.0-9.0	3	2,300	5,800	1,800	3,000	132 (c)	132 (c)
Pennsylvania	No	2.8	1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Rhode Island	No	26.5% of federal income tax liability				n.a.	n.a.	n.a.	n.a.
South Carolina	No	2.5-7.0	6	2,310	11,550	4,300	7,200	2,750	2,750
South Dakota	No	None	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Tennessee	No	6.0% (h)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Texas	No	None	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Utah	Yes	2.3-7.0	6	750	3,750	\$ 4,250	\$ 7,100	\$ 2,063 (v)	\$ 2,063 (v)
Vermont	No	25% of federal income tax liability				n.a.	n.a.	n.a.	n.a.
Virginia	No	2.0-5.75%	4	\$ 3,000	\$ 17,000	\$ 3,000	\$ 5,000	\$ 800	\$ 800
Washington	No	None	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
West Virginia	No	3.0-6.5	5	10,000 (i)	60,000 (i)	n.a.	n.a.	2,000	2,000
Wisconsin	No	4.77-6.77	3	7,500 (j)	15,000 (j)	5,200 (k)	8,900 (k)	0	50
Wyoming	No	None	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
District of Columbia	No	6.0-9.5%	3	\$ 10,000	\$ 20,000	\$ 2,000	\$ 2,000	\$ 1,370	\$ 1,370

Note: Bold, Italics indicate notable tax changes.

- (a) Applies to single taxpayers and married people filing separately.
 (b) Except for Delaware and Mississippi, married-joint filers receive double the single exemption. Delaware is a flat \$100 tax credit and Mississippi is \$9,500 for joint.
 (c) Tax Credit.
 (d) Rates listed assume that taxpayers opt not to deduct their federal income tax liability. In North Dakota, a filer who chooses to deduct his federal liability faces a range of rates from 2.67% to 12% on income up to \$3,000 and over \$50,000, respectively. In Oklahoma, if a filer chooses to deduct his federal liability, then he faces a range of rates from 0.5% to 10% on income up to \$1,000 and over \$16,000 respectively.
 (e) Taxpayers receive a declining tax credit instead of a deduction or exemption of taxable income and declines to 0% after \$52,500.
 (f) The 12% rate applies to interest, dividends and capital gains.
 (g) Taxpayers receive a \$20 tax credit per exemption in addition to the normal exemption amount.
 (h) Applies to interest and dividend income only.
 (i) For married, filing separately, the low bracket is \$5,000 and the high bracket is \$30,000.
 (j) For married, filing separately, the low bracket is \$5,000 and the high bracket is \$10,000.
 (k) Deduction phases out to zero for single filers at \$51,000 and joint filers at \$55,000.
 (l) Rates apply to regular tax table. A special tax table is available for low-income taxpayers that reduces their tax payments.
 (m) Standard deduction and personal exemptions are combined: \$4,500 for single and married filing separately; \$9,000 married filing jointly and head of household.
 (n) The standard deduction is taken as a percentage of income (15 percent) and capped at \$2,000 for single filers, married filing separately filers and dependent filers earning more than \$13,333. The standard deduction is capped at \$4,000 for married filing jointly filers, head of household filers and qualifying widowers earning more than \$26,667.
 (o) For married, filing separately, the low bracket is \$12,610 and the high bracket is \$50,100.
 (p) Can claim either the standard deduction or the amount of federal taxes withheld, whichever is greater.
 (q) The \$88 personal exemption credit is phased out for filers with adjusted gross income of \$62,000 or more.
 (r) Exemptions are based on federal standard deductions but are adjusted according to income and filing status.
 (s) The deduction given is applicable to all filers, excluding married filing separately filers, with adjusted gross income (AGI) over \$13,333. For those with AGI between \$6,666 and \$13,333 the standard deduction is 15% of AGI and for those with AGI of less than \$6,666 the standard deduction is \$1,000. For married filing separately filers, the standard deduction is \$500 or 15% of AGI, but not to exceed \$1,000.
 (t) For married, filing separately, the low bracket is \$4,000 and the high bracket is \$50,000.
 (u) Under Ohio law, when the state ends its fiscal year with a significant budget surplus, that surplus is refunded to taxpayers through a temporary reduction in the income tax rates. Normal rates range from 0.743 percent for the lowest bracket to 7.5 percent.
 (v) Three-fourths federal exemption.
 Source: Respective state tax forms and instructions, Commerce Clearing House, Federation of Tax Administrators.

Table 6
Corporate Income Tax Rates
As of December 31, 1999
(1999's noteworthy changes in bold)

	Rates (Percentage)	No. of Brackets	Low Bracket	High Bracket	Special Rates or Notes
Alabama	5.0%	1	n.a.	n.a.	6% on financial institutions; Federal deductibility.
Alaska	1.0-9.4	10	\$10,000	\$90,000	
Arizona	8.0	1	n.a.	n.a.	Minimum tax is \$50.
Arkansas	1.0-6.5	6	3,000	100,000	Corporations with net incomes exceeding \$100,000, 6.5% of entire net income.
California	8.84	1	n.a.	n.a.	10.84% on financial institutions. 6.65% alternative minimum tax rate (2% for financial institutions. Minimum tax is \$800.
Colorado	4.75%	1	n.a.	n.a.	
Connecticut	8.5	1	n.a.	n.a.	Tax rate scheduled to fall to 7.5% after 1999.
Delaware	8.7	1	n.a.	n.a.	
Florida	5.5	1	n.a.	n.a.	3.3% alternative minimum rate.
Georgia	6.0	1	n.a.	n.a.	
Hawaii	4.4-6.4%	3	\$ 25,000	\$ 100,000	4% capital gains rate, 7.92% on financial institutions.
Idaho	8.0	1	n.a.	n.a.	Minimum tax is \$20.
Illinois	4.8	1	n.a.	n.a.	2.5% income replacement tax.
Indiana	3.4	1	n.a.	n.a.	4.5% on supplemental income.
Iowa	6.0-12.0	4	25,000	250,000	5% on financial institutions; 7.2% alternative minimum rate; 50% federal deductibility.
Kansas	4.0%	1	n.a.	n.a.	3.35% surtax over \$50,000; Banks 2.25% plus 2.125% surtax over \$25,000.
Kentucky	4.0-8.25	5	\$ 25,000	\$ 250,000	
Louisiana	4.0-8.0	5	25,000	200,000	Federal deductibility.
Maine	3.5-8.93	4	25,000	250,000	27% of federal alternative minimum tax liability.
Maryland	7.0	1	n.a.	n.a.	
Massachusetts	9.5%	1	n.a.	n.a.	Franchise tax built into rate (.26% per \$1,000 of income); 10.5% on financial institutions; 10.91% on savings and loan associations. Minimum tax is \$456.
Michigan	0.0-2.2	2	\$ 45,000	\$ 45,000	Modified VAT. Rate applies to gross receipts. Must file only with gross receipts over \$250,000. \$45,000 deductible.
Minnesota	9.8	1	n.a.	n.a.	5.8% alternative minimum tax rate. A minimum tax is levied based on Minnesota property, payroll and sales.
Mississippi	3.0-5.0	3	5,000	10,000	
Missouri	6.25	1	n.a.	n.a.	7% on financial institution; 50% of federal tax deductible.
Montana	6.75%	1	n.a.	n.a.	7% for corporations filing under a water's edge election. Minimum tax is \$50. Minimum tax for small business corporations is \$10.
Nebraska	5.58-7.81	2	\$ 50,000	\$ 50,000	
Nevada	None	n.a.	n.a.	n.a.	
New Hampshire	7.0	1	n.a.	n.a.	Must file business profits tax only with gross receipts over \$50,000. Businesses with over \$100,000 in gross receipts or wages, interest, and dividends over \$50,000 are subject to 0.25% business enterprise tax on total value of wages, interest, and dividends. Such business' BPT liability is reduced by sum of BET liability.
New Jersey	9.0	1	n.a.	n.a.	Corporations with entire net income of less than \$100,000 pay 7.5%. Minimum tax is \$200.
New Mexico	4.8-7.6%	3	\$ 500,000	\$ 1,000,000	
New York	9.0	1	n.a.	n.a.	2.5% surtax rate.
North Carolina	7.0	1	n.a.	n.a.	Tax rate scheduled to fall to 6.9% after 1999.
North Dakota	3.0-10.5	6	3,000	50,000	5% for financial institutions plus 2% surtax rate; Federal deductibility. Minimum tax is \$50.
Ohio	5.1-8.5	2	50,000	50,000	For financial institutions, 0.015 times value of stock. Minimum tax is \$50.
Oklahoma	6%	1	n.a.	n.a.	
Oregon	6.6	1	n.a.	n.a.	Minimum tax is \$10.
Pennsylvania	9.99	1	n.a.	n.a.	Imposes a "Capital Stock and Franchise Tax."
Rhode Island	9.0	1	n.a.	n.a.	Minimum tax is \$250.
South Carolina	5.0	1	n.a.	n.a.	4.5% for banks; 6% for savings and loans.
South Dakota	None	n.a.	n.a.	n.a.	6%-1% on a bank's net income. Minimum tax is \$200 per location (banks).
Tennessee	6.0%	1	n.a.	n.a.	
Texas	None	n.a.	n.a.	n.a.	
Utah	5.0	1	n.a.	n.a.	Minimum tax is \$100.
Vermont	7.0-9.75	4	\$ 10,000	\$ 250,000	Minimum tax is \$250.
Virginia	6.0%	1	n.a.	n.a.	
Washington	None	n.a.	n.a.	n.a.	Gross receipts tax. The 20 different rates range from 0.011%-5.029% depending on the type of business activity.
West Virginia	9.0	1	n.a.	n.a.	
Wisconsin	7.9	1	n.a.	n.a.	Temporary recycling surcharge of 2.75% of gross tax applies only to taxable years that end before April 1, 1999.
Wyoming	None	n.a.	n.a.	n.a.	
District of Columbia	9.975%	1	n.a.	n.a.	Includes 5% surtax. Minimum tax is \$100.

Note: Noteworthy changes during 1999 set in bold type.

Sources: Respective state tax forms and instructions, Commerce Clearing House, Federation of Tax Administrators.

Table 7
Various State Tax Rates
As of December 31, 1999
(1999's noteworthy changes in bold)

	General Sales and Use Tax	Gasoline Tax (Cents per Gallon)	Cigarette Tax (Cents per 20-pack)	Spirits Tax (Dollars per Gallon)	Table Wine Tax (Dollars per Gallon)	Beer Tax (Dollars per Gallon)
Alabama	4%	16¢	16.5¢	(b)	\$ 1.7	\$ 0.53
Alaska	None	8	100	\$ 5.60	0.85	0.35
Arizona	5	18	58	3.00	0.84	0.16
Arkansas	4.625	19.5	31.5	2.50	0.75	0.23
California	6	18	87	3.30	0.20	0.20
Colorado	3%	22¢	20¢	\$ 2.28	\$.32 (c)	\$ 0.08
Connecticut	6	32	50	4.50	0.60	0.194
Delaware	None	23	24	3.75	0.97	0.156
Florida	6	4	33.9	6.50	2.25	0.48
Georgia	4	7.5	12	3.79	1.51	0.48
Hawaii	4%	16¢	100¢	\$ 5.98	\$ 1.38	\$ 0.93
Idaho	5	25	28	(b)	0.45	0.15
Illinois	6.25	19	58	2.00	0.23	0.07
Indiana	5	15	15.5	2.68	0.47	0.115
Iowa	5	20	36	(b)	1.75	0.19
Kansas	4.9%	20¢	24¢	\$ 2.50	\$ 0.30	\$ 0.18
Kentucky	6	15	3	1.92	0.50	0.08
Louisiana	4	20	20	2.50	0.11	0.32
Maine	5.5	19	74	(b)	0.60	0.35
Maryland	5	23.5	66	1.50	0.40	0.09
Massachusetts	5%	21¢	76¢	\$ 4.05	\$ 0.55	\$ 0.106
Michigan	6	19	75	(b)	0.51	0.20
Minnesota	6.5	20	48	5.03	0.30	0.15
Mississippi	7	18	18	(b)	0.35	0.427
Missouri	4.225	17	17	2.00	0.36 (d)	0.06
Montana	None	27¢	18¢	(b)	\$ 1.02	\$ 0.139
Nebraska	5%	23.9 (a)	34	\$ 3.00	0.75	0.23
Nevada	6.5	23	35	2.05	0.40	0.09
New Hampshire	None	18	52	(b)	0.30	0.30
New Jersey	6	10.5	80	4.40	0.70	0.12
New Mexico	5%	17¢	21¢	\$ 6.06	\$ 1.70	\$ 0.41
New York	4	8	56	6.43	0.19	0.135
North Carolina	4	21 (a)	5	(b)	0.79	(f)
North Dakota	5	21	44	2.50	0.50	0.16
Ohio	5	22	24	2.25 (b)	0.30	0.18
Oklahoma	4.5%	16¢	23¢	\$ 5.56	\$ 0.72	\$ 0.40
Oregon	None	24	68	(b)	0.67	0.08
Pennsylvania	6	12	31	(b)	(b)	0.08
Rhode Island	7	28	71	3.75	0.6	0.10
South Carolina	5	16	7	2.72 (g)	1.08 (f)	.77 (f)
South Dakota	4%	21¢	33¢	\$ 3.93	\$ 0.93	\$ 0.27
Tennessee	6	20	13	4.00	1.10	0.125
Texas	6.25	20	41	2.40	0.20	0.198
Utah	4.75	24.5	51.5	(b)	13% (b)	0.355
Vermont	5	19	44	(b)	0.55	0.265
Virginia	3.5%	17.5¢	2.5¢	(b)	\$ 1.51	\$ 0.256
Washington	6.5	23	82.5	(b)	0.78	0.15 (g)
West Virginia	6	20.5	17	(b)	1.00	0.177
Wisconsin	5	25.8 (a)	59	\$ 3.25	0.25	0.065
Wyoming	4	13	12	(b)	(b)	0.02
District of Columbia	5.75%	20¢	65¢	\$ 1.50	\$ 0.30	\$ 0.09

Note: Notable tax changes set in bold type.

- (a) Indexed for inflation. Nebraska's indexed rate is revised quarterly. North Carolina's indexed rate is revised every six months. Wisconsin's indexed rate is revised every April 1.
 (b) Control states.
 (c) Effective July 31, 1997, the annual surcharge for native wine will use an annual graduated rate: 5 cents per liter for the first 9,000 liters, 3 cents per liter for the next 36,000 liters, and 1 cent per liter for all additional amounts.

(d) Through September 30, 2001, rate includes additional 6-cent tax on wine.

(e) .48387 per gallon in barrels holding at least 7.75 gallons. .53376 per gallon in barrels holding less than 7.75 gallons.

(f) Includes 18 cents additional tax.

(g) Plus \$4.78 per barrel beginning July 1, 1997.

Source: Respective State Revenue Departments, Commerce Clearing House, Federation of Tax Administrators.



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