

SPECIAL REPORT

June 1995
Number 50

State Tax Rates and 1994 Collections

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State tax and fee collections grew by 8.3 percent between 1993 and 1994. The growth in inflation-adjusted tax collections continues a trend that began more than a decade ago. (*Figure 1* charts the growth over the past decade.) *Table 5* reports that the three fastest growing categories of state collections were license fees (33.1 percent), property taxes (10.6 percent), and corporate income taxes (9.9 percent). Total 1994 state-by-state collections, along with the distribution by type of tax, are reported in *Table 6*.

On average, economic growth in 1994 accounted for almost all of the growth in state

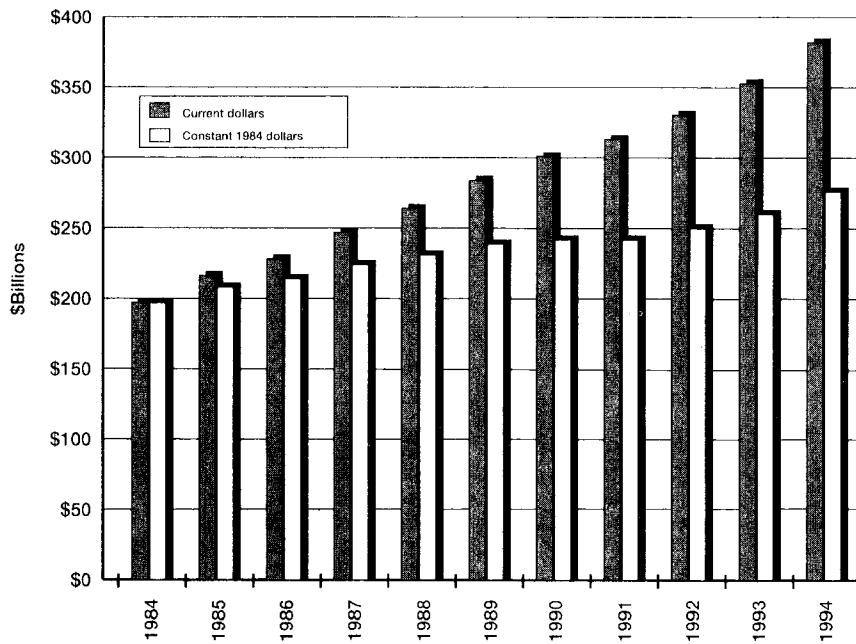
collections. *Table 7* reports that, for the nation, state collections grew 0.88 percent faster than personal income. That growth rate compares with an inflation-adjusted decade-long average of 1.71 percent.

However, the growth rate of state tax collections relative to personal income growth varies substantially from state to state. From 1993 to 1994, the five states that had the highest tax growth relative to personal income growth were New Hampshire, South Dakota, Delaware, Utah, and Mississippi. The five states that had the highest personal income growth relative to tax growth were Alaska, Rhode Island, Louisiana, Pennsylvania, and Vermont.

The growth of taxes relative to income does not necessarily correlate with the overall tax burden in a state. *Table 4* shows that New Hampshire has the second lowest tax burden per \$1,000 of personal income despite the fact that it recorded the fastest tax growth between 1993 and 1994. Alaska showed the slowest tax growth but has the highest state tax burden. However, Alaska, because of its large tax collections from oil production, is a unique case. (If Washington, D.C. were a state, it would have the highest ranking tax burden.)

Table 4 also shows that various measurements of the tax burden can differ substantially. For example, both Mississippi and New Jersey show an equally large disparity between their per-capita and per-\$1,000-of-personal-income rankings. But the opposite direction of the disparities can be explained by the per capita income levels of the two states. Mississippi is ranked 36th in terms of tax burden per capita, but is ranked 8th in terms of tax burden per \$1,000 of personal income. New Jersey is ranked 10th in per capita tax burden, but 38th in terms of tax burden per \$1,000 of personal income.

Figure 1
Total State Government Tax Collections, Fiscal Years 1984-1994



Source: Tax Foundation.

Table 1
Individual Income Tax Rates (Scheduled for 1995)

	Federal Deduct	Marginal Rates(a) (Percent)	No. of Brackets	Low	High	Standard Deduction		Personal Exemptions	
				Bracket (a) (Under)	Bracket (a) (Over)	Single	Joint	Single (b)	Dependents
Alabama	Y	2.0-5.0	3	\$500	\$3,000	\$2,000	\$4,000	\$1,500	\$300
Alaska	N	None	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Arizona	N	3.25-6.9	5	20,000	300,000	3,500	7,000	2,100	2,300
Arkansas	N	1.0-7.0	6	2,999	25,000	1,000	1,000	20	20
California	N	1.0-11.0	8	4,722	214,929	2,431	4,862	65	65
Colorado	N	5% of federal taxable income.				n.a	n.a	n.a	n.a
Connecticut	N	4.5 (d)	1	n.a	n.a	n.a	n.a	12,000 (d)	0
Delaware	N	3.2-7.7	7	2,000	40,000	1,300	1,600	1,250	1,250
District of Columbia	N	6.0-9.5	3	10,000	20,000	2,000	2,000	1,370	1,370
Florida	N	None	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Georgia	N	1.0-6.0	6	750	7,000	n.a	n.a	1,500	2,000
Hawaii	N	2.0-10.0	8	1,500	20,500	1,500	1,900	1,040	1,040
Idaho	N	2.0-8.2	8	1,000	20,000	3,900	6,550	2,500	2,500
Illinois	N	3.0	1	n.a	n.a	n.a	n.a	1,000	1,000
Indiana	N	3.4	1	n.a	n.a	n.a	n.a	1,000	1,000
Iowa	Y	0.4-9.98	9	1,060	47,700	1,340	3,310	20	15
Kansas	N	4.4-7.75	3	20,000	30,000	3,075	5,130	2,000	2,000
Kentucky	N	2.0-6.0	5	3,000	8,000	650	650	20	20
Louisiana	Y	2.0-6.0	3	10,000	50,000	n.a	n.a	4,500	1,000
Maine	N	2.0-8.5	4	4,150	16,500	3,900	6,550	2,500	2,500
Maryland	N	2.0-6.0	4	1,000	100,000	3,000	4,000	1,200	1,200
Massachusetts	N	5.95/12.0	1 (e)	n.a	n.a	n.a	n.a	2,200	1,000
Michigan	N	4.4	1	n.a	n.a	n.a	n.a	2,100	2,100
Minnesota	N	6.0-8.5	4	18,750	75,350	3,900	6,550	2,500	2,500
Mississippi	N	3.0-5.0	3	5,000	10,000	2,300	3,400	6,000	1,500
Missouri	Y	1.5-6.0	10	1,000	9,000	3,900	6,550	2,500	2,500
Montana	Y	2.0-11.0	10	1,800	62,700	2,690	5,380	1,430	1,430
Nebraska	N	2.62-6.99	4	2,400	26,500	3,900	6,550	72 (d)	72 (d)
Nevada	N	None	n.a	n.a	n.a	n.a	n.a	n.a	n.a
New Hampshire	N	5.0 (f)	1	n.a	n.a	n.a	n.a	1,200	0
New Jersey	N	1.9-6.65	5	20,000	75,000	n.a	n.a	1,000	1,500
New Mexico	N	1.7-8.5	7	5,500	41,600	3,900	6,550	2,500	2,500
New York	N	4.55-7.5	4	6,500	12,500	7,400	12,350	1,000	1,000
North Carolina	N	6.0-7.75	3	12,750	60,000	3,900	6,550	2,500	2,500
North Dakota	Y (c)	14% of federal income tax liability.				n.a	n.a	n.a	n.a
Ohio	N	0.743-7.5	9	5,000	200,000	n.a	n.a	650	650
Oklahoma	Y (c)	0.5-7.0	8	1,000	10,000	2,000	2,000	1,000	1,000
Oregon	Y	5.0-9.0	3	2,100	5,250	1,800	3,000	0	500
Pennsylvania	N	2.8	1	n.a	n.a	n.a	n.a	n.a	n.a
Rhode Island	N	27.5% of federal income tax liability.				n.a	n.a	n.a	n.a
South Carolina	N	2.5-7.0	6	2,220	11,100	3,900	6,550	2,500	2,500
South Dakota	N	None	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Tennessee	N	6.0 (f)	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Texas	N	None	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Utah	Y	2.55-7.2	6	750	3,750	3,900	6,550	625	625
Vermont	N	25% of federal income tax liability.				n.a	n.a	n.a	n.a
Virginia	N	2.0-5.75	4	3,000	17,000	3,000	5,000	800	800
Washington	N	None	n.a	n.a	n.a	n.a	n.a	n.a	n.a
West Virginia	N	3.0-6.5	5	10,000	60,000	n.a	n.a	2,000	2,000
Wisconsin	N	4.9-6.93	3	7,500	15,000	5200(g)	8900(g)	50	50
Wyoming	N	None	n.a	n.a	n.a	n.a	n.a	n.a	n.a

(a) Applies to single taxpayers and married people filing separately.

(b) Except for Mississippi, married-joint filers receive double the single exemption. Mississippi is \$3,400 for joint.

(c) Rates listed assume that taxpayers opt not to deduct their federal income tax liability. In Oklahoma, if a filer chooses to deduct his federal liability he faces 11 different marginal rates in the range of 0.5%-10%. The low rate applies to income under \$1,000; the high rate to income over \$16,000. In North Dakota, a filer who chooses to deduct his federal liability faces a range of rates from 2.67%-12% on income up to \$3,000 and over \$50,000, respectively. The higher rate structure induces only about 5% of North Dakota filers to deduct their federal liability each year.

(d) Taxpayers receive a declining tax credit instead of an exemption. For Connecticut, the credit is 75% of tax liability starting at \$15,000 of taxable income and declines to 0% after \$52,500. For Nebraska, taxpayers receive a \$72 credit for each exemption listed on their federal returns.

The amount is phased out as a taxpayer's income increases.

(e) The 12% rate applies to interest, net capital gains, dividends for state residents, and state business income earned by nonresidents.

(f) Applies to interest and dividend income only.

Source: Compiled by Tax Foundation from survey of state revenue offices.

Table 2
Corporate Income Tax Rates (Scheduled for 1995)

	Rates	No. of Brackets	Low Bracket	High Bracket	Special Rates or Notes
Alabama	5.0	1	n.a.	n.a.	6% on financial institutions; federal deductability.
Alaska	1.0-9.4	10	\$10,000	\$90,000	
Arizona	9	1	n.a.	n.a.	
Arkansas	1.0-6.5	6	3,000	100,000	
California	9.3	1	n.a.	n.a.	7% alternative minimum tax rate.
Colorado	5.0	1	n.a.	n.a.	
Connecticut	11.5	1	n.a.	n.a.	
Delaware	8.7	1	n.a.	n.a.	
District of Columbia	9.975	1	n.a.	n.a.	Rate includes 2.5% surtax rate.
Florida	5.5	1	n.a.	n.a.	3.3% alternative minimum tax rate.
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.	
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; 50% federal deductability.
Kansas	4.0	1	n.a.	n.a.	3.35% surtax over \$50,000; banks 4.25% 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 deductability.
Maine	3.5-8.93	4	25,000	250,000	27% of federal alternative minimum tax liability; 10% surtax.
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).
Michigan	0.0-2.3	2	44,000	44,000	Modified VAT; rate applies to gross receipts. Must file only with gross receipts over \$100,000. \$45,000 deductible.
Minnesota	9.8	1			5.8% alternative minimum tax rate.
Mississippi	3.0-5.0	3	5,000	10,000	
Missouri	6.25	1	n.a.	n.a.	50% of federal tax deductible.
Montana	6.75-7.25	2	500,000	500,000	4.7% surtax rate.
Nebraska	5.58-7.81	2	50,000	50,000	
Nevada	None	n.a.	n.a.	n.a.	
New Hampshire	8	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.	
New Mexico	4.8-7.6	3	500,000	1,000,000	10% surtax rate.
New York	9.0	1	n.a.	n.a.	
North Carolina	7.75	1	n.a.	n.a.	
North Dakota	3.0-10.5	6	3,000	50,000	5% for financial institutions plus 2% surtax rate; federal deductability.
Ohio	5.1-8.9	2	50,000	50,000	For financial institutions, 0.015 times value of stock.
Oklahoma	6.0	1	n.a.	n.a.	
Oregon	6.6	1	n.a.	n.a.	
Pennsylvania	10.99	1	n.a.	n.a.	
Rhode Island	9.0	1	n.a.	n.a.	
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% on a bank's net income.
Tennessee	6.0	1	n.a.	n.a.	
Texas	None	n.a.	n.a.	n.a.	
Utah	5.0	1	n.a.	n.a.	
Vermont	5.5-8.25	4	10,000	250,000	
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 0.012%-2.5% depending on the type of business activity.
West Virginia	9	1	n.a.	n.a.	
Wisconsin	7.9	1	n.a.	n.a.	5.5% surtax rate. A 0.4345% rate applies to the net Wisconsin business income of noncorporate entities. Sole proprietors with less than \$4,000 exempt.
Wyoming	None	n.a.	n.a.	n.a.	

Source: Compiled by Tax Foundation from survey of state revenue offices.

Table 3
Various Tax Rates (State-level only)
(Scheduled for 1995)

	General Sales and Use Tax	Gasoline Tax (\$/Gallon)	Cigarette Tax (\$/20-pack)	Spirits Tax (\$/Gallon)	Table Wine Tax (\$/Gallon)	Beer Tax (\$/Gallon)
Alabama	4%	18	16.5	56% (a)	0.18/1.64 (b)	0.53
Alaska	0	8	29	5.60	0.85	0.35
Arizona	5	18	58	3.00	0.84	0.16
Arkansas	4.5	18.5	31.5	2.50	0.75	0.2
California	6	18	37	3.30	0.20	0.2
Colorado	3	22	20	3.04	0.62/0.42 (b)	0.08
Connecticut	6	33	50	4.50	0.60	0.194
Delaware	0	23	24	5.46	0.97	0.156
District of Columbia	5.75	20	65	1.50	0.30	0.09
Florida	6	4 (c)	33.9	6.50	2.25	0.48
Georgia	4	7.5	12	6.06	2.02	0.32
Hawaii	4	16	60	5.81	1.32	0.9
Idaho	5	22	28	0% (a)	0.45	0.15
Illinois	6.25	19	44	2.00	0.23	0.07
Indiana	5	15	15.5	2.68	0.47	0.115
Iowa	5	20	36	0% (a)	1.75	0.19
Kansas	4.9	18	24	2.5	0.30	0.18
Kentucky	6	15	3	1.92	0.50	0.08
Louisiana	4	20	20	3.33	0.152	0.32
Maine	6	19	37	14% (a)	0.60	0.35
Maryland	5	23.5	36	1.50	0.40	0.09
Massachusetts	5	21	51	4.05	0.55	0.106
Michigan	6	15	75	13.85% (a)	0.682	0.2
Minnesota	6	20	48	5.03	0.30	0.077
Mississippi	7	18	18	2.50 (a)	0.35	0.4268
Missouri	4.225	15	17	2.00	0.36	0.06
Montana	0	27 (d)	18	26% (a)	1.364	0.139
Nebraska	5	24 (d)	34	3.00	0.75	0.23
Nevada	6.5	22.5	35	2.05	0.40	0.09
New Hampshire	0	18	25	30 (a)	0	0.3
New Jersey	6	10.5	40	4.4	0.70	0.12
New Mexico	5	17	21	8.08	2.27	0.41
New York	4	8	56	8.586	0.1893	0.21
North Carolina	4	22	5	3.5% (a)	1.06	0.534
North Dakota	5	18	44	4.05	0.50	0.16
Ohio	5	22	24	3.38 (a)	0.3	0.18
Oklahoma	4.5	17	23	7.42	0.96	0.4
Oregon	0	24	28	0% (a)	0.67	0.084
Pennsylvania	6	22.35	31	1.25	0.032	0.08
Rhode Island	7	28	56	3.75	0.3/0.6 (b)	0.097
South Carolina	5	16	7	2.72	1.28	0.77
South Dakota	4	18	23	3.93	0.93	0.27
Tennessee	6	22.4	13	4.00	1.10	0.11
Texas	6.25	21	41	2.40	0.204	0.194
Utah	4.875	19.5	26.5	13% (a)	13%	0.355
Vermont	4	16	20	25% (a)	0.55	0.265
Virginia	3.5	17.5	2.5	20% (a)	2.02	0.283
Washington	6.5	23	81.5	42.6% (a)	1.023	0.161
West Virginia	6	20.5	17	0% (a)	1.33	0.177
Wisconsin	5	23.4(d)	38	0.95	0.6	0.065
Wyoming	4	9	12	0.91 (a)	0.28	0.025

(a) Control states. Rates represent tax over and above state store markup. Often taxes are built into the mark up. For example, Oregon has a zero tax rate, but a 99% mark up. The average mark up for stores in control states is about 48%. Private outlets have an average mark up of about 25%.

(b) Rates represent native wine/non-native wine.

(c) Florida's gas rates vary by county. Counties may also add up to an additional 12%.

(d) Nebraska's gas tax rate is indexed and changes quarterly. North Carolina's gas tax rate is indexed and changes every 6 months. Wisconsin's gas tax rate is indexed annually.

Source: Compiled by Tax Foundation from survey of state revenue offices.

Table 4

State Tax Collections Per Capita, Per Household, and Per \$1,000 of Personal Income and Corresponding Ranks (Fiscal Year 1994)

State	Per Capita	Per Household	Per \$1,000 Personal Income	Rank		
				Per Capita	Per Household	Per \$1,000 Personal Income
Alabama	\$1,153	\$3,077	\$64.05	47	47	35
Alaska	2,647	7,645	111.23	2	2	2
Arizona	1,491	4,034	78.46	21	21	13
Arkansas	1,266	3,361	74.93	39	39	19
California	1,660	4,808	73.81	13	13	23
Colorado	1,111	2,860	49.77	48	48	51
Connecticut	2,190	5,847	74.50	5	5	21
Delaware	2,312	6,188	101.21	4	4	5
Dist. of Col.	4,420	10,582	141.90	1	1	1
Florida	1,278	3,281	58.95	37	37	42
Georgia	1,243	3,393	61.38	40	40	39
Hawaii	2,464	7,581	102.46	3	3	4
Idaho	1,526	4,295	83.72	18	18	6
Illinois	1,344	3,670	56.51	33	33	45
Indiana	1,376	3,668	67.51	29	29	30
Iowa	1,538	4,046	75.90	17	17	18
Kansas	1,395	3,703	66.76	28	28	32
Kentucky	1,420	3,806	79.77	26	26	11
Louisiana	970	2,736	54.97	51	51	48
Maine	1,453	3,821	73.89	22	22	22
Maryland	1,588	4,329	63.69	16	16	37
Massachusetts	1,835	4,900	71.62	8	8	26
Michigan	1,610	4,357	72.07	15	15	25
Minnesota	1,872	5,009	83.36	6	6	7
Mississippi	1,314	3,737	82.96	36	36	8
Missouri	1,199	3,157	57.87	44	44	43
Montana	1,356	3,590	75.91	32	32	17
Nebraska	1,317	3,505	64.30	34	34	34
Nevada	1,680	4,396	69.92	12	12	27
New Hampshire	1,225	3,301	52.29	43	43	50
New Jersey	1,743	4,818	62.15	10	10	38
New Mexico	1,849	5,212	108.10	7	7	3
New York	1,803	4,891	69.36	9	9	29
North Carolina	1,516	4,010	77.07	19	19	15
North Dakota	1,443	3,838	77.82	23	23	14
Ohio	1,277	3,381	61.00	38	38	40
Oklahoma	1,365	3,618	76.92	30	30	16
Oregon	1,314	3,413	64.37	35	35	33
Pennsylvania	1,429	3,780	64.00	24	24	36
Rhode Island	1,236	3,292	55.54	41	41	46
South Carolina	1,234	3,388	69.73	42	42	28
South Dakota	1,162	3,185	59.37	46	46	41
Tennessee	1,105	2,922	56.74	49	49	44
Texas	1,103	3,104	55.53	50	50	47
Utah	1,406	4,486	82.49	27	27	10
Vermont	1,362	3,617	67.30	31	31	31
Virginia	1,189	3,177	52.61	45	45	49
Washington	1,694	4,427	74.91	11	11	20
West Virginia	1,426	3,703	82.87	25	25	9
Wisconsin	1,658	4,466	78.88	14	14	12
Wyoming	1,495	4,073	73.15	20	20	24
All States	1,469	3,990	67.37			

Source: Tax Foundation.

Table 5
State Government Tax Collections by Type, Fiscal Years 1984-1994 (\$Billions)

Type of Tax	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	Avg. Annual Growth Rate '84-'94	Growth Rate '93-'94
General Sales	\$62.6	\$69.6	\$74.8	\$79.2	\$87.1	\$93.5	\$99.9	\$103.7	\$108.1	\$114.9	\$121.7	6.9%	5.9%
Individual Income	59	63.9	67.4	76.2	80.1	88.8	96.1	99.9	105.0	112.6	120.5	7.4	7.1
Corporate Income	15.5	17.6	18.4	20.5	21.6	23.9	21.8	21.0	21.6	24.2	26.6	5.5	9.9
Motor Fuels	12.4	13.3	14.1	15.7	17.2	18.1	19.4	20.6	22.2	23.6	24.9	7.2	5.7
Licenses	12	13.8	14.9	15.9	17	17.7	18.8	19.4	21.7	23.3	31.0	10.0	33.1
Other	5.2	6	6.4	7.1	7.4	7.7	7.9	7.9	4.2	12.2	12.8	9.4	5.5
Insurance	4.1	4.5	5.5	6.3	6.9	7.4	7.4	7.7	7.8	7.9	8.3	7.3	5.1
Public Utilities	5.9	6.2	6	6	6.2	6.2	6.5	6.8	7.8	8.3	8.6	3.9	4.1
Property	3.9	4	4.4	4.7	5	5.3	5.8	6.2	6.6	7.1	7.8	7.2	10.6
Tobacco	3.9	4.4	4.5	4.6	4.8	5.1	5.5	6	6.1	6.2	6.8	5.8	9.7
Severance	7.2	7.2	6.1	4	4.3	4.1	4.7	5.4	4.6	4.9	4.5	-4.7	-8.9
Death and Gift	2.2	2.3	2.5	3	3.2	3.5	3.8	4.3	4.4	4.7	5.1	8.7	8.9
Alcohol	2.9	3	3.1	3.1	3.2	3.1	3.2	3.4	3.5	3.6	3.8	2.6	5.1
Total State Taxes	\$196.9	\$215.9	\$228.1	\$246.5	\$264.1	\$284.4	\$300.8	\$313.1	\$330.4	\$353.3	\$382.5	6.9%	8.3%
Annual % Change	14.81%	9.65%	5.65%	8.07%	7.14%	7.69%	5.77%	4.09%	5.53%	6.94%	8.26%	*	*
Total State Taxes (Constant 1984 \$)	\$196.9	\$208.1	\$214.2	\$224.3	\$231.3	\$238.5	\$241.8	\$241.9	\$250.1	\$260.3	\$275.8	3.8%	4.1%
Annual % Change	10.02%	5.70%	2.92%	4.72%	3.12%	3.12%	1.38%	0.02%	3.42%	4.08%	5.94%	*	*

Source: 1984-1993 Bureau of Census; 1994 Tax Foundation survey of state finance offices.

Income Tax Rate Changes

Table 1 reports elements of different states' individual income tax laws. *Table 2* reports elements of different states' corporate income tax laws.

Many states enacted legislation for 1995 that alters individual income tax laws via changes in deductions, exemptions, and tax credits. However, five states changed (reduced) their income tax rates: Arizona, Michigan, New Jersey, New Mexico, and New York. Arizona reduced tax rates in each of its five brackets. The top rate was reduced from seven to 6.9 percent. The bottom rate was reduced from 3.8 to 3.25 percent. Michigan reduced its rate from 4.6 to 4.4 percent. New Jersey reduced rates by 5 percent. New Mexico reduced its low-bracket rate from 1.8 to 1.7 percent. New York, after the election of Governor George Pataki, reduced its top rate (which starts at \$12,500) from 7.875 to 7.5 percent.

Five states also changed (reduced) their corporate income tax rate: Arizona, Michigan, New Jersey, New York, and Pennsylvania. Arizona reduced its rate from 9.3 to 9.0 percent. Michigan, which has a modified value-added tax, dropped the rate from 2.35 to 2.3 percent. New Jersey allowed their business tax surcharge to expire, which had the effect of reducing the rate from 9.375 to

9.0 percent. New York is phasing out its corporate income tax surcharge. In 1995, it drops to 10 percent from 15 percent. Pennsylvania rate dropped its rate to 10.99 from 11.99 percent.

Other Tax Rate Changes

Table 3 lists, state-by-state, sales tax rates, gasoline tax rates, cigarette tax rates, and tax rates on liquor, wine and beer.

Many states enacted specific changes to their sales and use tax laws, but only two states — Michigan and Utah — changed their basic sales tax rate. Michigan increased its rate from 4 to 6 percent as part of their overall education reform initiative. Utah lowered its rate from 6 to 4.875 percent.

Missouri increased its tax rate on gasoline from 13 to 15 cents per gallon. New Mexico temporarily lowered its gas tax rate from 16 to 14 cents per gallon.

Four states changed their cigarette tax rates: Idaho, Michigan, Rhode Island, Oregon. Idaho increased its rate from 18 to 28 cents per pack; Michigan from 25 to 75 cents per pack; and Rhode Island from 44 to 56 cents per pack. Oregon allowed its temporary cigarette tax increase to expire on schedule, reducing the rate from 38 to 28 cents per pack.

Table 6
State Tax Collections and Distribution by Source
Fiscal Year 1994

State	Total (\$Millions)	Distribution					
		General Sales & Use	Individual Income	Corporate Income	Motor Fuels	Licenses	All Other
Alabama	\$4,866.3	26.4%	28.5%	4.5%	9.3%	8.1%	23.3%
Alaska	1,604.2	0.0	0.0	10.9	2.5	4.9	81.7
Arizona	6,074.9	43.0	28.8	5.9	6.7	5.2	10.4
Arkansas	3,105.3	38.9	31.6	5.3	10.6	5.8	7.7
California	52,180.8	32.3	33.6	9.0	4.8	10.8	9.4
Colorado	4,063.6	27.5	46.4	3.9	10.0	4.8	7.4
Connecticut	7,173.7	30.4	35.1	10.9	6.0	4.5	13.1
Delaware	1,632.0	0.0	34.1	9.5	5.2	32.7	18.4
Dist. of Col.	2,519.2	18.2	25.8	4.5	1.4	4.5	45.5
Florida	17,829.9	56.5	0.0	5.9	7.1	7.2	23.3
Georgia	8,769.6	38.5	40.8	6.3	4.2	3.9	6.3
Hawaii	2,905.1	45.9	33.1	2.4	4.7	2.5	11.4
Idaho	1,729.2	31.6	38.8	5.9	9.3	7.6	6.7
Illinois	15,794.1	29.6	31.9	7.6	7.2	5.6	18.0
Indiana	7,913.7	32.9	39.0	12.3	7.9	3.0	4.9
Iowa	4,351.9	29.5	41.0	5.1	8.3	8.9	7.2
Kansas	3,563.2	37.1	31.5	6.6	7.8	5.0	11.9
Kentucky	5,436.0	28.8	31.8	4.9	7.0	6.1	21.4
Louisiana	4,186.5	30.6	23.4	5.3	11.2	9.3	20.3
Maine	1,801.8	34.1	34.0	5.0	7.9	3.3	15.8
Maryland	7,950.1	22.8	40.6	3.3	7.5	12.4	13.5
Massachusetts	11,082.6	20.8	51.3	8.9	5.1	4.3	9.6
Michigan (a)	15,284.1	29.4	36.2	13.3	5.2	5.3	10.6
Minnesota	8,548.7	29.4	39.6	6.6	5.7	8.1	10.5
Mississippi	3,507.2	44.3	21.9	6.8	9.7	6.2	11.1
Missouri	6,327.8	34.5	39.8	4.3	7.7	7.3	6.3
Montana	1,160.9	0.0	29.8	5.9	13.6	11.4	39.3
Nebraska	2,137.9	36.0	33.8	5.3	10.9	6.4	7.7
Nevada	2,447.3	48.4	0.0	0.0	7.1	12.6	31.8
New Hampshire	1,393.1	0.0	2.6	8.1	7.3	8.9	73.2
New Jersey	13,773.0	27.4	33.2	8.6	3.2	4.7	22.8
New Mexico	3,057.8	46.2	18.4	4.0	6.9	6.2	18.4
New York	32,765.6	18.7	50.4	8.5	2.0	2.8	17.6
North Carolina	10,717.4	24.1	39.7	8.7	9.3	6.1	12.2
North Dakota	920.8	31.4	16.7	6.9	9.7	14.1	21.2
Ohio	14,171.9	31.5	35.9	6.7	9.2	6.4	10.3
Oklahoma	4,447.0	24.5	29.6	3.6	8.5	16.9	16.9
Oregon	4,056.1	0.0	63.7	6.5	8.7	13.0	8.1
Pennsylvania	17,218.6	29.8	28.3	10.0	3.8	10.6	17.5
Rhode Island	1,231.8	33.3	42.6	6.4	0.6	5.1	12.0
South Carolina	4,520.6	37.1	33.9	4.8	6.7	7.3	10.2
South Dakota	838.2	40.6	0.0	4.4	11.3	30.1	13.7
Tennessee	5,720.8	52.9	1.8	7.4	12.0	9.5	16.4
Texas	20,265.1	48.4	0.0	0.0	10.7	16.7	24.1
Utah	2,682.2	41.5	36.9	4.5	8.0	3.1	5.9
Vermont	789.7	20.2	36.3	5.6	8.4	7.9	21.7
Virginia	7,788.3	19.8	48.9	4.1	9.2	5.5	12.5
Washington	9,049.5	46.1	0.0	0.0	7.0	23.3	23.6
West Virginia	2,598.2	28.0	25.8	7.1	10.7	12.4	16.1
Wisconsin	8,425.1	28.8	43.2	6.4	7.5	5.2	8.9
Wyoming	711.6	35.6	0.0	0.0	5.1	9.8	49.5
All States	\$382,498.6	31.8%	31.5%	7.0%	6.5%	8.1%	15.1%

(a) Michigan's Single Business Tax, which is a modified VAT, is listed as a corporate income tax.
Source: Tax Foundation.

Table 7
State Tax Growth Compared to Personal Income (PI) Growth, by State, Fiscal Years 1984-1994

State	Avg. Annual Tax Growth 1984-1994 (Real 1984\$)	Avg. Annual Personal Income Growth 1984-1994 (Real 1984\$)	Avg. Annual Growth of Taxes Relative to PI 1984-1994 (Real 1984\$)	Tax Growth Rank 1984-1994	Growth of Taxes Relative to PI 1993-1994 (Current \$)	Tax Growth Rank 1993-1994
Alabama	2.64%	3.24%	-0.60%	32	-1.21%	33
Alaska	-5.20	1.95	-7.15	51	-32.60	51
Arizona	5.66	4.63	1.03	17	6.44	9
Arkansas	3.80	2.72	1.08	13	-1.35	37
California	3.92	3.32	0.59	25	3.55	16
Colorado	3.23	3.03	0.20	29	0.65	28
Connecticut	5.30	3.01	2.29	3	2.37	23
Delaware	5.14	3.43	1.71	8	15.89	3
Dist. of Col.	1.71	2.01	-0.30	38	-4.28	46
Florida	5.78	4.70	1.08	14	1.91	25
Georgia	4.80	4.43	0.37	26	0.03	32
Hawaii	5.31	4.43	0.89	22	2.19	24
Idaho	6.14	3.88	2.26	4	3.71	15
Illinois	2.73	2.46	0.27	28	2.89	19
Indiana	3.50	2.68	0.82	23	7.36	7
Iowa	3.42	1.63	1.79	6	0.35	30
Kansas	3.68	1.71	1.97	5	2.66	22
Kentucky	3.42	2.44	0.99	19	-3.07	43
Louisiana	-0.37	1.27	-1.63	49	-11.01	49
Maine	3.51	3.60	-0.09	33	-2.64	40
Maryland	3.80	3.90	-0.10	34	5.70	10
Massachusetts	3.19	2.82	0.37	27	1.57	27
Michigan	2.55	3.02	-0.47	39	7.06	8
Minnesota	1.96	3.00	-1.04	46	-2.95	41
Mississippi	3.80	2.85	0.95	20	8.80	5
Missouri	4.10	2.64	1.46	10	8.67	6
Montana	3.68	2.73	0.94	21	-1.89	39
Nebraska	3.73	1.97	1.76	7	3.20	17
Nevada	7.44	7.68	-0.25	35	0.10	31
New Hampshire	9.02	4.11	4.91	1	33.46	1
New Jersey	3.36	3.36	0.00	31	0.52	29
New Mexico	4.82	3.32	1.49	9	2.99	18
New York	2.30	3.12	-0.82	43	-0.09	34
North Carolina	5.24	4.22	1.02	18	2.71	20
North Dakota	-0.30	-0.03	-0.28	36	-3.79	44
Ohio	2.50	2.38	0.12	30	4.09	13
Oklahoma	1.88	0.74	1.14	12	1.71	26
Oregon	4.68	3.91	0.77	24	3.97	14
Pennsylvania	2.21	2.82	-0.61	41	-5.33	48
Rhode Island	1.42	2.70	-1.29	48	-14.36	50
South Carolina	3.17	3.47	-0.29	37	-0.47	35
South Dakota	5.35	2.70	2.65	2	32.50	2
Tennessee	5.09	4.01	1.07	15	4.42	12
Texas	4.04	2.68	1.37	11	5.32	11
Utah	4.92	3.86	1.06	16	12.93	4
Vermont	3.26	4.09	-0.83	44	-5.22	47
Virginia	3.28	3.78	-0.50	40	-3.00	42
Washington	3.69	4.60	-0.92	45	-3.94	45
West Virginia	0.89	1.63	-0.74	42	-1.68	38
Wisconsin	1.63	2.76	-1.13	47	-1.06	36
Wyoming	-4.36	0.86	-5.22	50	2.68	21
Tax Foundation 1250 H Street, NW Suite 750 Washington, DC 20005 (202) 783-2760	All States	4.86%	3.45%	1.71%	0.88%	

Source: Tax Foundation.

SPECIAL REPORT
(ISSN 1068-0306) is
published at least 10
times yearly by the Tax
Foundation, an independent
501(c)(3) organization
chartered in the District of
Columbia.

4-12 pp.
Annual subscription: \$25.00
Individual issues \$5.

The Tax Foundation, a
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