

Fiscal Fact

States Vary Widely in Number of Taxpayers Deducting State or Local Sales Taxes

Texas Has Highest Percent of Taxpayers Choosing Sales Tax Deduction

By

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Introduction

Taxpayers who itemize deductions have the option of deducting state and local taxes from their income. In doing so, each individual taxpayer must decide to deduct either the income tax withheld from his or her wages, or the total sales tax he or she paid during the tax year. Individuals who choose to deduct sales taxes have the additional option of reporting the exact amount (if they saved all their receipts) or using an estimate from the IRS that depends on their state and their income level. The option to deduct sales tax, rather than income tax, is a temporary provision that must be extended each year.

States vary widely in the percentage of taxpayers who use each deduction. In general, more taxpayers elect to deduct income taxes than sales taxes. However, as one might expect, states that have no (or low) income taxes tend to see most taxpayers deducting sales taxes instead. Alaska, Florida, Nevada, South Dakota, Tennessee, Texas, Washington, and Wyoming are all states in which over half of the taxpayers elect to deduct state and local sales taxes, rather than income taxes, on their federal return, and these are all states that have either a very limited income tax (in the case of Tennessee) or no income tax at all. (The small number of taxpayers who do deduct income taxes in these states likely owe them to a different state than the one listed as their home on their federal return.) Taxpayers in these states therefore have the most to lose should this option not be extended each year.

States with the highest percentage choosing sales over income tax deduction, of all filers claiming state and local tax deduction

Texas Rank: #1	90%	South Dakota Rank: #6	83%
Florida Rank: #2	89%	Washington Rank: #7	83%
Tennessee Rank: #3	87%	Alaska Rank: #8	51%
Nevada Rank: #4	86%	Arizona Rank: #9	26%
Wyoming Rank: #5	84%	Mississippi Rank: #10	23%

The eight tables below summarize the latest data from the IRS, for tax year 2009.

Table 1. Percentage of Tax Filers Claiming State/Local Tax Deduction Choosing Sales Tax

State	Percentage	Rank
Texas	90%	1
Florida	89%	2
Tennessee	87%	3
Nevada	86%	4
Wyoming	84%	5
South Dakota	83%	6
Washington	83%	7
Alaska	51%	8
Arizona	26%	9
Mississippi	23%	10
North Dakota	20%	11
Alabama	16%	12
New Mexico	15%	13
Idaho	15%	14
California	15%	15
Illinois	15%	16
Oklahoma	15%	17
Kansas	15%	18
Arkansas	15%	19
New Jersey	14%	20
Louisiana	14%	21
Michigan	13%	22
Hawaii	12%	23
Georgia	12%	24
South Carolina	11%	25
Colorado	11%	26
Nebraska	11%	27
North Carolina	10%	28
New York	10%	29
Missouri	10%	30
Utah	10%	31
Iowa	9%	32
Kentucky	9%	33
Pennsylvania	9%	34
Connecticut	8%	35
Maine	7%	36
Ohio	7%	37
Vermont	7%	38
Rhode Island	7%	39
Wisconsin	7%	40
Minnesota	7%	41
Virginia	6%	42
West Virginia	6%	43
Maryland	5%	44
District of Columbia	5%	44
Massachusetts	5%	45
Indiana	5%	46
New Hampshire	4%	47
Montana	1%	48
Delaware	1%	49
Oregon	1%	50
United States	23%	

Table 2. Sales Tax Deduction Amount as Percentage of Both Deductions

State	Percentage	Rank
Texas	76%	1
Tennessee	72%	2
Washington	72%	3
Nevada	59%	4
South Dakota	58%	5
Florida	55%	6
Alaska	50%	7
Wyoming	44%	8
Arizona	9%	9
Mississippi	7%	10
New Mexico	5%	11
Alabama	5%	12
Louisiana	5%	13
Illinois	5%	14
North Dakota	5%	15
Oklahoma	4%	16
Arkansas	4%	17
Idaho	3%	18
Kansas	3%	19
Michigan	3%	20
Colorado	3%	21
Utah	3%	22
Georgia	3%	23
Missouri	3%	24
California	2%	25
Nebraska	2%	26
South Carolina	2%	27
Hawaii	2%	28
Iowa	2%	29
North Carolina	2%	30
New Jersey	2%	31
Pennsylvania	2%	32
Ohio	2%	33
Kentucky	1%	34
New York	1%	35
Indiana	1%	36
Vermont	1%	37
Virginia	1%	38
Wisconsin	1%	39
Rhode Island	1%	40
Minnesota	1%	41
West Virginia	1%	42
Connecticut	1%	43
Maine	1%	44
New Hampshire	1%	45
Maryland	1%	46
District of Columbia	1%	46
Massachusetts	0%	47
Montana	0%	48
Delaware	0%	49
Oregon	0%	50
United States	6%	

Table 3. Percentage of Taxpayers Deducting State and/or Local Income Taxes, 2009

State	Number of returns	Returns Claiming Deduction	% of total	Rank
Maryland	2,751,233	1,262,005	46%	1
Connecticut	1,711,715	677,005	40%	2
Massachusetts	3,171,888	1,193,487	38%	3
District of Columbia	312,067	117,799	38%	3
Virginia	3,685,674	1,382,878	38%	4
New Jersey	4,236,533	1,569,393	37%	5
Minnesota	2,541,797	929,304	37%	6
Oregon	1,732,774	630,687	36%	7
Utah	1,124,569	394,199	35%	8
Colorado	2,331,974	795,253	34%	9
Delaware	420,472	142,121	34%	10
Rhode Island	501,586	168,972	34%	11
Wisconsin	2,728,034	897,243	33%	12
New York	9,116,699	2,938,724	32%	13
Georgia	4,447,966	1,390,784	31%	14
California	16,384,130	5,064,964	31%	15
North Carolina	4,144,875	1,263,566	30%	16
Illinois	6,008,183	1,722,444	29%	17
Ohio	5,409,661	1,522,872	28%	18
Maine	624,567	173,858	28%	19
Idaho	657,773	181,564	28%	20
Hawaii	648,846	179,067	28%	21
Michigan	4,534,729	1,245,675	27%	22
Pennsylvania	6,058,513	1,660,553	27%	23
Iowa	1,392,004	380,977	27%	24
Montana	472,039	128,703	27%	25
Vermont	316,053	85,819	27%	26
Missouri	2,683,562	720,126	27%	27
South Carolina	2,024,495	540,092	27%	28
Nebraska	846,101	221,596	26%	29
Kentucky	1,841,152	471,922	26%	30
Arizona	2,670,661	684,486	26%	31
Indiana	2,951,362	751,207	25%	32
Kansas	1,310,164	333,037	25%	33
Alabama	2,048,831	494,472	24%	34
Oklahoma	1,585,616	358,617	23%	35
New Mexico	912,316	194,109	21%	36
Arkansas	1,211,644	249,591	21%	37
Louisiana	1,960,107	399,900	20%	38
Mississippi	1,241,390	223,061	18%	39
West Virginia	778,130	133,050	17%	40
North Dakota	322,972	49,919	15%	41
New Hampshire	659,001	101,135	15%	42
Alaska	357,870	23,817	7%	43
Washington	3,144,952	171,914	5%	44
Nevada	1,243,552	52,939	4%	45
Wyoming	269,357	9,564	4%	46
South Dakota	385,157	11,364	3%	47
Tennessee	2,794,712	80,685	3%	48
Florida	8,910,654	241,766	3%	49
Texas	10,784,887	244,373	2%	50
United States	141,458,638	34,911,115	25%	

Table 4. State/Local Income Tax Deductions as Percentage of State AGI, 2009

State	AGI (thousands)	Amount of Income Tax Deducted	% of AGI	Rank
New York	\$602,715,414	\$36,662,094	6.1%	1
Maryland	\$183,270,842	\$10,109,347	5.5%	2
California	\$996,255,774	\$47,226,396	4.7%	3
District of Columbia	\$23,248,705	\$1,222,580	5.3%	3
Oregon	\$85,985,693	\$4,072,541	4.7%	4
Connecticut	\$135,992,688	\$6,136,564	4.5%	5
New Jersey	\$299,573,872	\$13,076,205	4.4%	6
Minnesota	\$145,272,483	\$5,933,338	4.1%	7
Massachusetts	\$217,427,330	\$8,693,696	4.0%	8
Wisconsin	\$139,548,333	\$5,498,462	3.9%	9
North Carolina	\$201,872,716	\$7,906,998	3.9%	10
Virginia	\$234,321,329	\$8,474,600	3.6%	11
Maine	\$29,156,528	\$1,052,425	3.6%	12
Rhode Island	\$27,102,430	\$977,989	3.6%	13
Kentucky	\$84,008,606	\$3,003,576	3.6%	14
Ohio	\$257,359,400	\$8,683,793	3.4%	15
Georgia	\$211,990,964	\$7,128,103	3.4%	16
Hawaii	\$33,438,301	\$1,117,306	3.3%	17
Idaho	\$29,903,301	\$997,034	3.3%	18
Utah	\$58,507,710	\$1,919,396	3.3%	19
South Carolina	\$91,092,430	\$2,971,172	3.3%	20
Delaware	\$23,454,311	\$752,935	3.2%	21
Kansas	\$68,320,734	\$2,132,346	3.1%	22
Iowa	\$69,594,645	\$2,076,026	3.0%	23
Vermont	\$15,391,243	\$455,680	3.0%	24
Montana	\$21,250,414	\$622,474	2.9%	25
Missouri	\$131,801,960	\$3,838,068	2.9%	26
Nebraska	\$42,705,522	\$1,240,308	2.9%	27
Arkansas	\$54,627,697	\$1,583,598	2.9%	28
Pennsylvania	\$324,848,944	\$9,282,945	2.9%	29
Colorado	\$137,052,679	\$3,818,162	2.8%	30
Mississippi	\$51,046,523	\$1,369,496	2.7%	31
Michigan	\$218,495,392	\$5,616,785	2.6%	32
Indiana	\$138,570,251	\$3,545,285	2.6%	33
West Virginia	\$34,933,974	\$859,081	2.5%	34
Oklahoma	\$77,280,743	\$1,887,258	2.4%	35
Arizona	\$135,328,404	\$3,044,931	2.3%	36
Alabama	\$95,601,574	\$2,115,105	2.2%	37
Louisiana	\$96,308,288	\$2,074,033	2.2%	38
Illinois	\$350,438,403	\$7,184,095	2.1%	39
New Mexico	\$40,772,124	\$800,714	2.0%	40
North Dakota	\$16,662,417	\$225,141	1.4%	41
New Hampshire	\$39,360,849	\$427,618	1.1%	42
Nevada	\$67,548,185	\$322,515	0.5%	43
Florida	\$452,703,287	\$2,142,516	0.5%	44
Wyoming	\$16,035,428	\$74,778	0.5%	45
Washington	\$186,216,727	\$717,763	0.4%	46
Tennessee	\$130,485,371	\$430,998	0.3%	47
South Dakota	\$18,983,043	\$58,182	0.3%	48
Texas	\$588,289,807	\$1,253,727	0.2%	49
Alaska	\$20,209,830	\$26,664	0.1%	50
United States	\$7,801,040,718	\$243,410,355	3.1%	

Table 5. Percentage of Taxpayers Deducting State and/or Local Sales Taxes, 2009

State	Number of returns	State and local general sales tax: Returns Claiming Deduction	% of total	Rank
Washington	3,144,952	848,756	27%	1
Nevada	1,243,552	316,038	25%	2
Florida	8,910,654	1,967,191	22%	3
Texas	10,784,887	2,109,412	20%	4
Tennessee	2,794,712	526,687	19%	5
Wyoming	269,357	49,619	18%	6
South Dakota	385,157	56,999	15%	7
Arizona	2,670,661	240,670	9%	8
Alaska	357,870	24,899	7%	9
New Jersey	4,236,533	257,376	6%	10
California	16,384,130	898,505	5%	11
Mississippi	1,241,390	66,945	5%	12
Illinois	6,008,183	299,722	5%	13
Idaho	657,773	32,350	5%	14
Alabama	2,048,831	92,913	5%	15
Kansas	1,310,164	57,163	4%	16
Georgia	4,447,966	192,664	4%	17
Colorado	2,331,974	98,642	4%	18
Michigan	4,534,729	185,781	4%	19
Hawaii	648,846	25,530	4%	20
Oklahoma	1,585,616	62,179	4%	21
North Dakota	322,972	12,637	4%	22
Utah	1,124,569	43,075	4%	23
New Mexico	912,316	34,593	4%	24
New York	9,116,699	337,729	4%	25
Connecticut	1,711,715	61,432	4%	26
Arkansas	1,211,644	42,798	4%	27
North Carolina	4,144,875	145,512	4%	28
South Carolina	2,024,495	69,840	3%	29
Louisiana	1,960,107	64,131	3%	30
Nebraska	846,101	27,131	3%	31
Missouri	2,683,562	79,606	3%	32
Iowa	1,392,004	39,765	3%	33
Kentucky	1,841,152	48,560	3%	34
Pennsylvania	6,058,513	156,888	3%	35
Minnesota	2,541,797	65,380	3%	36
Virginia	3,685,674	92,548	3%	37
Rhode Island	501,586	12,200	2%	38
Maryland	2,751,233	65,095	2%	39
Wisconsin	2,728,034	63,681	2%	40
Ohio	5,409,661	119,171	2%	41
Maine	624,567	13,692	2%	42
Vermont	316,053	6,323	2%	43
District of	312,067	6,351	2%	43
Massachusetts	3,171,888	60,359	2%	44
Indiana	2,951,362	37,972	1%	45
West Virginia	778,130	7,782	1%	46
New Hampshire	659,001	3,694	1%	47
Delaware	420,472	1,405	0%	48
Montana	472,039	1,542	0%	49
Oregon	1,732,774	4,993	0%	50
United States	141,458,638	10,193,380	7%	

Table 6. State/Local Sales Tax Deductions as Percentage of State AGI, 2009

State	AGI (thousands)	Amount of Sales Tax Deducted (thousands)	% of AGI	Rank
Washington	\$186,216,727	\$1,815,054	0.97%	1
Tennessee	\$130,485,371	\$1,099,088	0.84%	2
Texas	\$588,289,807	\$3,975,121	0.68%	3
Nevada	\$67,548,185	\$456,216	0.68%	4
Florida	\$452,703,287	\$2,569,025	0.57%	5
South Dakota	\$18,983,043	\$80,480	0.42%	6
Wyoming	\$16,035,428	\$59,362	0.37%	7
Arizona	\$135,328,404	\$299,638	0.22%	8
Mississippi	\$51,046,523	\$96,442	0.19%	9
Alaska	\$20,209,830	\$26,470	0.13%	10
Alabama	\$95,601,574	\$121,720	0.13%	11
Louisiana	\$96,308,288	\$118,077	0.12%	12
Arkansas	\$54,627,697	\$65,824	0.12%	13
California	\$996,255,774	\$1,160,294	0.12%	14
Idaho	\$29,903,301	\$34,688	0.12%	15
Illinois	\$350,438,403	\$400,041	0.11%	16
New Mexico	\$40,772,124	\$46,420	0.11%	17
Oklahoma	\$77,280,743	\$86,740	0.11%	18
Kansas	\$68,320,734	\$73,527	0.11%	19
Utah	\$58,507,710	\$52,308	0.09%	20
Georgia	\$211,990,964	\$185,557	0.09%	21
New York	\$602,715,414	\$484,621	0.08%	22
Colorado	\$137,052,679	\$110,020	0.08%	23
New Jersey	\$299,573,872	\$239,736	0.08%	24
Michigan	\$218,495,392	\$165,024	0.08%	25
Missouri	\$131,801,960	\$98,414	0.07%	26
South Carolina	\$91,092,430	\$67,678	0.07%	27
North Carolina	\$201,872,716	\$147,077	0.07%	28
Hawaii	\$33,438,301	\$24,304	0.07%	29
Nebraska	\$42,705,522	\$29,754	0.07%	30
North Dakota	\$16,662,417	\$11,383	0.07%	31
Iowa	\$69,594,645	\$38,659	0.06%	32
Ohio	\$257,359,400	\$137,343	0.05%	33
Kentucky	\$84,008,606	\$42,959	0.05%	34
Pennsylvania	\$324,848,944	\$157,437	0.05%	35
Minnesota	\$145,272,483	\$62,494	0.04%	36
Wisconsin	\$139,548,333	\$59,942	0.04%	37
Virginia	\$234,321,329	\$99,385	0.04%	38
Rhode Island	\$27,102,430	\$10,445	0.04%	39
Vermont	\$15,391,243	\$5,867	0.04%	40
Connecticut	\$135,992,688	\$49,656	0.04%	41
Indiana	\$138,570,251	\$46,646	0.03%	42
Maryland	\$183,270,842	\$56,538	0.03%	43
Maine	\$29,156,528	\$8,142	0.03%	44
District of	\$23,248,705	\$7,136	0.03%	44
West Virginia	\$34,933,974	\$8,682	0.02%	45
Massachusetts	\$217,427,330	\$40,603	0.02%	46
Oregon	\$85,985,693	\$8,621	0.01%	47
Delaware	\$23,454,311	\$2,268	0.01%	48
Montana	\$21,250,414	\$1,916	0.01%	49
New Hampshire	\$39,360,849	\$3,000	0.01%	50
United States	\$7,801,040,718	\$15,287,544	0.20%	

Table 7. Percentage of Taxpayers Deducting Either Tax, 2009

State	Number of Returns	Returns Deducting Either Tax	% of total	Rank
Maryland	2,751,233	1,327,100	48%	1
Connecticut	1,711,715	738,437	43%	2
New Jersey	4,236,533	1,826,769	43%	3
Virginia	3,685,674	1,475,426	40%	4
Massachusetts	3,171,888	1,253,846	40%	5
District of Columbia	312,067	124,150	40%	5
Minnesota	2,541,797	994,684	39%	6
Utah	1,124,569	437,274	39%	7
Colorado	2,331,974	893,895	38%	8
Oregon	1,732,774	635,680	37%	9
California	16,384,130	5,963,469	36%	10
Rhode Island	501,586	181,172	36%	11
New York	9,116,699	3,276,453	36%	12
Georgia	4,447,966	1,583,448	36%	13
Wisconsin	2,728,034	960,924	35%	14
Arizona	2,670,661	925,156	35%	15
Delaware	420,472	143,526	34%	16
North Carolina	4,144,875	1,409,078	34%	17
Illinois	6,008,183	2,022,166	34%	18
Idaho	657,773	213,914	33%	19
Washington	3,144,952	1,020,670	32%	20
Michigan	4,534,729	1,431,456	32%	21
Hawaii	648,846	204,597	32%	22
Ohio	5,409,661	1,642,043	30%	23
Iowa	1,392,004	420,742	30%	24
South Carolina	2,024,495	609,932	30%	25
Maine	624,567	187,550	30%	26
Pennsylvania	6,058,513	1,817,441	30%	27
Missouri	2,683,562	799,732	30%	28
Kansas	1,310,164	390,200	30%	29
Nevada	1,243,552	368,977	30%	30
Nebraska	846,101	248,727	29%	31
Vermont	316,053	92,142	29%	32
Alabama	2,048,831	587,385	29%	33
Kentucky	1,841,152	520,482	28%	34
Montana	472,039	130,245	28%	35
Indiana	2,951,362	789,179	27%	36
Oklahoma	1,585,616	420,796	27%	37
New Mexico	912,316	228,702	25%	38
Florida	8,910,654	2,208,957	25%	39
Arkansas	1,211,644	292,389	24%	40
Louisiana	1,960,107	464,031	24%	41
Mississippi	1,241,390	290,006	23%	42
Wyoming	269,357	59,183	22%	43
Texas	10,784,887	2,353,785	22%	44
Tennessee	2,794,712	607,372	22%	45
North Dakota	322,972	62,556	19%	46
West Virginia	778,130	140,832	18%	47
South Dakota	385,157	68,363	18%	48
New Hampshire	659,001	104,829	16%	49
Alaska	357,870	48,716	14%	50
United States	141,458,638	45,104,495	32%	

Table 8. Combined Deductions as Percentage of AGI

State	AGI (thousands)	Total amount of either tax deducted (thousands)	% of total	Rank
New York	\$602,715,414	\$37,146,715	6.2%	1
Maryland	\$183,270,842	\$10,165,885	5.5%	2
California	\$996,255,774	\$48,386,690	4.9%	3
District of Columbia	\$23,248,705	\$1,229,716	5.3%	3
Oregon	\$85,985,693	\$4,081,162	4.7%	4
Connecticut	\$135,992,688	\$6,186,220	4.5%	5
New Jersey	\$299,573,872	\$13,315,941	4.4%	6
Minnesota	\$145,272,483	\$5,995,832	4.1%	7
Massachusetts	\$217,427,330	\$8,734,299	4.0%	8
North Carolina	\$201,872,716	\$8,054,075	4.0%	9
Wisconsin	\$139,548,333	\$5,558,404	4.0%	10
Virginia	\$234,321,329	\$8,573,985	3.7%	11
Rhode Island	\$27,102,430	\$988,434	3.6%	12
Maine	\$29,156,528	\$1,060,567	3.6%	13
Kentucky	\$84,008,606	\$3,046,535	3.6%	14
Idaho	\$29,903,301	\$1,031,722	3.5%	15
Georgia	\$211,990,964	\$7,313,660	3.4%	16
Ohio	\$257,359,400	\$8,821,136	3.4%	17
Hawaii	\$33,438,301	\$1,141,610	3.4%	18
Utah	\$58,507,710	\$1,971,704	3.4%	19
South Carolina	\$91,092,430	\$3,038,850	3.3%	20
Kansas	\$68,320,734	\$2,205,873	3.2%	21
Delaware	\$23,454,311	\$755,203	3.2%	22
Iowa	\$69,594,645	\$2,114,685	3.0%	23
Arkansas	\$54,627,697	\$1,649,422	3.0%	24
Vermont	\$15,391,243	\$461,547	3.0%	25
Missouri	\$131,801,960	\$3,936,482	3.0%	26
Nebraska	\$42,705,522	\$1,270,062	3.0%	27
Montana	\$21,250,414	\$624,390	2.9%	28
Pennsylvania	\$324,848,944	\$9,440,382	2.9%	29
Mississippi	\$51,046,523	\$1,465,938	2.9%	30
Colorado	\$137,052,679	\$3,928,182	2.9%	31
Michigan	\$218,495,392	\$5,781,809	2.6%	32
Indiana	\$138,570,251	\$3,591,931	2.6%	33
Oklahoma	\$77,280,743	\$1,973,998	2.6%	34
West Virginia	\$34,933,974	\$867,763	2.5%	35
Arizona	\$135,328,404	\$3,344,569	2.5%	36
Alabama	\$95,601,574	\$2,236,825	2.3%	37
Louisiana	\$96,308,288	\$2,192,110	2.3%	38
Illinois	\$350,438,403	\$7,584,136	2.2%	39
New Mexico	\$40,772,124	\$847,134	2.1%	40
North Dakota	\$16,662,417	\$236,524	1.4%	41
Washington	\$186,216,727	\$2,532,817	1.4%	42
Tennessee	\$130,485,371	\$1,530,086	1.2%	43
Nevada	\$67,548,185	\$778,731	1.2%	44
New Hampshire	\$39,360,849	\$430,618	1.1%	45
Florida	\$452,703,287	\$4,711,541	1.0%	46
Texas	\$588,289,807	\$5,228,848	0.9%	47
Wyoming	\$16,035,428	\$134,140	0.8%	48
South Dakota	\$18,983,043	\$138,662	0.7%	49
Alaska	\$20,209,830	\$53,134	0.3%	50
United States	\$7,801,040,718	\$258,697,899	3.3%	

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About the Tax Foundation

The Tax Foundation is a 501(c)(3) non-partisan, non-profit research institution founded in 1937 to educate the public on tax policy. Based in Washington, D.C., the Foundation's economic and policy analysis is guided by the principles of sound tax policy: simplicity, neutrality, transparency, and stability.