Government of the
District of Columbia

Natwar M. Gandhi
Chief Financial Officer

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

2005

Issued August 2006

EPB00074_12-01-2005

Table Of Contents

Listing of Major Tables iii

Executive Summary v

Acknowledgment vii

Part I: **Tax Burdens in Washington, D.C., Compared with Those in the Largest City in Each State, 2005**

Overview 1

Chapter I How Tax Burdens are Computed for the Largest City in Each State 2

Individual Income Tax 3

Real Property Tax 5

Sales and Use Tax 8

Automobile Taxes 8

Chapter II Overall Tax Burdens for the Largest City in Each State 9

Chapter III Comparing Specific Tax Burdens for a Hypothetical Family of Three in the Largest City in Each State 15

Individual Income Tax 15

Real Property Tax 17

Sales and Use Tax 22

Automobile Taxes 24

Table Of Contents

Chapter IV How Do Tax Burdens in Washington, D.C., Compare with Those in the Largest City in Each State? 27

Individual Income Tax 27

Real Property Tax 28

Sales Tax 28

Automobile Taxes 29

Summary 29

Chapter V Why Do Tax Burdens Differ from One City to Another? 31

Part II: **A Comparison of Selected Tax Rates in the District of Columbia with Those in the 50 States as of January 1, 2006**

Overview 34

Office Locations and Telephone Numbers 54

Listing of Major Tables

Part I: **Tax Burdens in Washington, D.C., Compared with Those in the Largest City in Each State, 2005**

Table 1 Estimated Burden of Major Taxes for a Hypothetical Family of Three, 2005 10

Table 2 States that Index Some Part of Their Individual Income Tax, 2005 16

Table 3 Income Tax Burden as Percent of Income in the Largest Cities by Type of Income Tax for a Family of Three, 2005 18

Table 4 Residential Property Tax Rates in the Largest City in Each State, 2005 19

Table 5 Housing Value Assumptions, 2005 20

Table 6 Cities That Allow Exemptions or Reduced Rates in the Calculation of Real Estate Taxes for Homeowners, 2005 21

Table 7 State and Local General Sales Tax Rates in Each of the 51 Cities as of December 31, 2005 23

Table 8 Gasoline Tax Rates in the 51 Cities as of December 31, 2005 25

Table 9 Summary of Types of Automobile Registration Taxes, 2005 26

Table 10 Automobile Tax Assumptions, 2005 26

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, 2005 30

Table 12 The Largest City in Each State 33

Listing of Major Tables

Part II: **A Comparison of Selected Tax Rates in the District of Columbia with those in the 50 States: As of January 1, 2006**

Table 13 Comparison of Selected State Tax Rates 34

Table 14 Individual Income Tax: Washington Metropolitan Area, January 1, 2006 35

Table 15 Individual Income Tax: 43 States and District of Columbia as of January 1, 2006 36

Table 16 Characteristics of State Individual Income Taxes 40

Table 17 State Corporation Income Tax Rates 42

Table 18 State Gross Premiums Tax Rates on Foreign Life Insurers 43

Table 19 State General Sales and Use Tax Rates 44

Table 20 State Beer Tax Rates 45

Table 21 State Light Wine Tax Rates 46

Table 22 State Distilled Spirits Tax Rates 47

Table 23 State Cigarette Tax Rates 48

Table 24 Motor Fuel Tax Rates 49

Table 25 Motor Vehicle Sales and Excise Taxes 50

Table 26 State Motor Vehicle Registration Fees 51

Table 27 State Real Estate Deed Recordation and Transfer Tax Rates 52

Table 28 Types of State Inheritance and Estate Taxes 53

EXECUTIVE SUMMARY

State and local tax systems in the United States are widely diverse. The 50 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 relationship between the state and local governments, and the level of local government services demanded by residents.

The District's tax structure includes taxes typically imposed by local governments, such as real and personal property taxes, deed taxes, and others. At the same time, the District's tax structure also includes taxes usually associated with the state level of government, such as the individual and corporate income taxes, sales and use taxes, excise taxes and motor vehicle-related taxes. Sixty-two percent of the District's locally generated revenues come from taxes usually administered by a state.

Although the District has both these state and local fiscal features, the actual tax structure is not complemented by the typical state or local economic base. There are many examples, such as:

- Manufacturing, an important industry in the economic and tax bases of many major cities, is largely lacking in the District.
- Unlike every state in the nation that has an income tax, Washington, D.C. does not have the authority to tax nonresident income earned within its borders. Nonresidents earn about 2/3 of all income in the District of Columbia.
- About 41 percent of all property value in the District is exempt from property taxation due to the federal and diplomatic presence (28 percent) as well as other tax-exempt properties (13 percent).
- An estimated 7 percent of sales are not subject to sales and use tax in the District due to military and diplomatic exemptions.
- The District has a relatively high percentage of low-income taxpayers, which further limits the District's revenue-raising capacity.

Despite these limitations in the tax base, the District of Columbia funds most of the functions usually provided by 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 system -- including a "state" university.

To provide an adequate level of funding for these state and local responsibilities given the limited tax base, the District's tax rates often are higher than those in the states. Data from the U.S. Bureau of the Census indicate that in 2003-2004, the District's overall per capita tax collections were higher than those of 50 states**.** For some tax types, however, the District's taxes are lower than most states.

The state and local tax rates for different types of taxes vary among jurisdictions. 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 $3.21 per $100 of assessed value in Indianapolis, Indiana to $0.38 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 21). The District of Columbia had a $38,000 homestead deduction in FY 2005 ($60,000 in FY 2006) for owner-occupied residences as well as other credits. In FY 2006, the Class One property tax rate will decrease from $0.96 per $100 to $0.92 per $100 assessed value; and the owner-occupied residential real property tax cap is 10 percent.

As noted in Table 7, page 23, residents in 47 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, and Seattle, Washington. Residents of Honolulu, Hawaii, Virginia Beach, Virginia, and Columbia, South Carolina pay the lowest sales tax rates.

Table 9, page 26, indicates all 51 cities in this study levy some type of automobile registration fee or tax -- usually either a flat rate per vehicle or a sales tax based upon the value of the 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, state tax rates as a percent of federal income tax liability, graduated state tax rates and flat state rates with exemptions, as presented on Table 3 page 18.

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 largest city in each state. 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.

ACKNOWLEDGMENT

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

This publication contains two reports: (I) Tax Burdens in Washington, D.C., Compared with Those in the Largest City in Each State, 2005 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, Tax Research Specialist, 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.

Julia Friedman, Ph. D.
Deputy Chief Financial Officer
Office of the Chief Financial Officer
Office of Revenue Analysis
August 2006

EPB00074_12-01-2005

Part I

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

2005

OVERVIEW

State and local tax systems in the United States are diverse. The 50 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.

"Tax burden" is defined in this study as a measure of the tax paid by a taxpayer under a specified set of conditions. This study defines a specified set of conditions and computes corresponding tax burdens in 51 different jurisdictions. In evaluating or interpreting these comparisons, consideration should be given to circumstances specific to each jurisdiction, which may affect tax burdens. Such circumstances can include greater local demand for services, greater local costs of producing services, and the use of revenue sources other than taxes to finance certain services.

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 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.

This is an ongoing study, published annually and 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.

States and local jurisdictions differ in many aspects of their taxing systems. 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 2005. The four major taxes used in the comparison are the individual income tax, real property tax on residential property, general sales and use tax, and automobile taxes, including gasoline tax, registration fees, excise tax and 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 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. All wage and salary income is further assumed to have been earned in the city. The particular assumptions used in the calculation of each major tax type are indicated on the following pages.

In an ongoing effort to refine and improve the methodology in this tax burden study, there are three notable differences in the 2005 study compared to previous years' studies. Each of the three major differences is explained in greater detail in the test of the study.

- **Housing Values.** Housing values across income levels in the 2005 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. In previous studies, housing values were derived from the Decennial Census and adjusted by a ratio for 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 510 cities in the study.

- **Mortgage Interest.** The mortgage interest amount (for use as an itemized deduction) in the 2005 study is derived by calculating an amortization schedule for the estimated home value for each income level in each city. In previous studies, the mortgage interest amount did not vary by city.

- **Renters versus Owners.** Unlike previous studies, 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 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 2004 tax year data except for the $25,000 income category.

Gross Income		Long-Term Wages and Salaries	Interest	Capital Gains 1/	2005 Federal AGI
$25,000	Spouse 1	$17,220	$200	0	$ 25,000
	Spouse 2	7,380	200	0	
$50,000	Spouse 1	$33,194	$235	$1,055	$ 50,000
	Spouse 2	14,226	235	1,055	
$75,000	Spouse 1	$50,218	$330	$1,300	$ 75,000
	Spouse 2	21,522	330	1,300	
$100,000	Spouse 1	$67,060	$450	$1,650	$100,000
	Spouse 2	28,740	450	1,650	
$150,000	Spouse 1	$102,060	$400	$1,700	$150,000
	Spouse 2	43,740	400	1,700	

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 2005 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 at the time period used for this report.

Many states in 2005 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 have been adjusted from previous years to reflect Washington, D.C. Statistics of Income (SOI) income levels for tax year 2004.

	Gross Income Level				
Deduction	**$ 25,000**	**$ 50,000**	**$ 75,000**	**$100,000**	**$150,000**
Medical (Gross)	4,783	5,627	7,239	8,505	12,131
Nondeductible Medical 1/	-1,875	-3,750	-5,625	-7,500	-11,250
Net Medical Deduction	2,908	1,877	1,614	1,005	881
Deductible Taxes	2/	2/	2/	2/	2/
Mortgage Interest	3/	3/	3/	3/	3/
Contribution Deduction	2,383	3,355	4,046	4,339	4,224
Gross Miscellaneous	1,459	3,320	3,219	3,420	4,375
Nondeductible 4/	-500	-1,000	-1,500	-2,000	-3,000
Net Miscellaneous Deduction	959	2,320	1,719	1,420	1,375
Other Miscellaneous Deductions	236	206	191	174	214
Total Deductions-without taxes And mortgage interest	**6,486**	**7,758**	**7,570**	**6,938**	**6,694**

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 2005 study and individual income taxes computed in the 2004 study.

3/ Mortgage interest is based on 5th year interest paid on a home purchased in 2000 at an interest rate of 8.05%.

4/ Nondeductible miscellaneous equals 2 percent of A.G.I.

The itemized deductions shown above are used in the calculation of the 2005 tax burdens. The 2005 deductible real and personal property taxes computed in the current years 51-city burden study is used for the 2005 property tax deduction. For the 2005 state and local individual income tax deduction, 2004 data were used as a proxy. These figures were used in computing the 2005 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 19, 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 20), indicate that the assumed market value the 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) for each city in Table 5 are derived using the following methodology:

Data on household income by value for owner-occupied units was obtained from the 2004 ACS. The ACS data provides the number of housing units for various categories of house value within a specified income range. The table below provides an example for Washington, D.C. According to the 2004 ACS there were 108,437 owner-occupied housing units in the District. As indicated by the table, 19,000 of the 108,437 owner-occupied housing units have household income in the $50,000 to $74,999 income range, and 5,582 of the 19,000 units have a house value between $100,000 and $199,999.

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 $299,999	3,726
Value $300,000 to $499,999	5,683
Value $500,000 or more	2,704

Since this study examines the house value associated with an income level and not an income range as presented by the ACS, an estimate of the median house value for a specified income level is derived. Using the ACS data as a basis the median number of units in the ACS

income range is calculated. Referring to the above table, the median number of units is 9,500.5. By means of interpolation, the next step is to determine within which house value range the median number of units falls and as such determine the median house value. The median number of units is calculated by summing the units for each house value range until the total number of units equal to the median of 9,500.5. Referring to the table, the 9,500.5 corresponds to the $200,000 to $299,999 house value range. In other words, the 9,500.5th housing unit falls in the $200,000 to $299,999 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. This number is 2,613.5 lower than the median number of units. Therefore the 9,500.5th unit lies on the next value range of $200,000 to $299,999 (which has 3,726 units). To determine where within the $200,000 to $299,999 range the median house value lies, divide 2,613.5 (which is the difference between 9,500 and the number of units in the $200,000 to $299,999 group) by 3,726 and multiply the result by $99,999. The calculation produces a value of $70,141.54. This value is then added to $200,000 to determine a median house value of $270,142 for an income range of $50,000 to $74,999. The following table presents the calculation of the median house value that corresponds to the income range of $50,000 to $74,999.

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	6887
Value $200,000 to $299,999	3,726	2613.5
Value $300,000 to $499,999	5,683	
Value $500,000 or more	2,704	

Median		9500.5
Range that Median falls within:		$200,000 to $299,999
Lower Range	$200,000	
Upper Range	$299,999	
Difference between lower & upper bound of range		$99,999
Difference between Median & lower bound of the interval		$70,141.54
Median House value (lower bound + difference)		$270,142

Once the median house value has been determined for an income range, the next step is to estimate the median value for the specific income levels that are of interest to this study; that is determine the median house value for the $50,000, $75,000, $100,000 and $150,000 income levels. To calculate the median house value for the $50,000 and $75,000 income levels the following methodology is used, which builds on the median value that was earlier estimated. Because the $50,000 and $75,000 income levels are the endpoints of the ACS income ranges, a straight-line estimating methodology using the mid-points of the income ranges is utilized to estimate the home value at each of these income levels. For example, for the $50,000 family income, the first step in estimating the home value is to determine the mid-points for the $35,000 to $49,000 income range and the $50,000 to $74,999 income range. 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 mid-point of the $35,000 to $49,999 income range); the result is $7,500. Divide $7,500 by $20,000 (the difference between the two midpoints), which 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 $207,676 (the estimated median house value for the $35,000 to $49,999 income range) and $270,142 (the estimated median house value for the $50,000 to $74,999 income range). The result of this calculation is $23,425, which is then added to $207,676 (the estimated median house value for the $35,000 to $49,999 income range) to estimate a median house value of $231,101 for the $50,000 income level. The calculation is presented below.

MHV_1: Median house value $35,000 to $49,999 = $207,676
MHV_2: Median house value $50,000 to $74,999 = $270,142

$((MHV_2-MHV_1)*.375)+MHV_1$ = Estimated Median House Value

So that we have (($270,142 - $207,676) * (0.375)) + $207,676 = $231,101

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 was 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 (linear regression). Using the linear regression 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 that correspond to the original ACS income categories 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.

As stated previously, the $25,000 income level family is assumed not to own a home or pay property tax, but rent. The methodology used to figure the rent for each city was computed the same as the property at the other income levels through ACS. 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 average is 20%. Thus, the property tax rent equivalent is estimated to be 20% of rent.

The use of the above methodology was an attempt to reflect the different values of housing in different parts of the country and at different income levels. Data from the 2004 American Community Survey (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 21). 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 does it include "caps" on the growth in tax liability over time. Since this study does not model the impact of property tax caps that are available in some jurisdictions, the study may overstate property taxes in those jurisdictions (including the District). Table 4 (page 19), 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 2004 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 23.

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 26) 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 10-14). As reflected in Table 1, tax burdens across the 51 cities vary widely at all income levels. At the $25,000 income level, the $4,130 burden for Philadelphia, Pennsylvania is almost two times greater than the $2,296 burden for Billings, Montana. Similarly, at the $150,000 income level, the Bridgeport, Connecticut burden of $19,754 is more than four times the Anchorage, Alaska, burden of $4,274. 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 occurs in Bridgeport, Connecticut; followed by Philadelphia, Pennsylvania; Providence, Rhode Island; 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 Las Vegas, Nevada.

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 the four highest tax cities are located in the Northeast and the four lowest tax cities are located in the South and West.

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2005
$25,000

			TAXES				BURDEN	
RANK	CITY	ST	INCOME	PROPERTY 2/	SALES	AUTO	AMOUNT	PERCENT
1	Philadelphia	PA	1,833	1,577	535	186	4,130	16.5%
2	Detroit	MI	1,157	1,562	554	172	3,445	13.8%
3	Chicago	IL	506	1,666	826	273	3,271	13.1%
4	Birmingham	AL	907	1,426	724	196	3,253	13.0%
5	Louisville	KY	1,207	1,303	560	183	3,253	13.0%
6	Atlanta	GA	559	1,783	711	184	3,238	13.0%
7	Bridgeport	CT	0	2,227	588	362	3,178	12.7%
8	**WASHINGTON**	**DC**	**569**	**1,805**	**563**	**215**	**3,152**	**12.6%**
9	Columbus	OH	818	1,512	619	185	3,133	12.5%
10	Boston	MA	241	2,424	298	168	3,131	12.5%
11	Little Rock	AR	381	1,478	1,016	228	3,104	12.4%
12	Kansas City	MO	501	1,555	729	314	3,099	12.4%
13	Indianapolis	IN	825	1,536	624	102	3,087	12.3%
14	Honolulu	HI	557	1,829	470	214	3,069	12.3%
15	Minneapolis	MN	308	1,970	568	216	3,062	12.2%
16	Portland	OR	1,239	1,656	0	162	3,057	12.2%
17	Salt Lake City	UT	313	1,706	762	257	3,038	12.2%
18	Charlotte	NC	460	1,670	691	214	3,035	12.1%
19	Oklahoma City	OK	513	1,464	878	178	3,033	12.1%
20	Virginia Beach	VA	555	1,663	559	227	3,005	12.0%
21	Charleston	WV	662	1,370	673	294	2,999	12.0%
22	New York City	NY	78	1,975	731	133	2,917	11.7%
23	Phoenix	AZ	160	1,642	923	163	2,887	11.5%
24	Denver	CO	218	1,783	659	225	2,885	11.5%
25	Seattle	WA	0	1,793	726	315	2,834	11.3%
26	Memphis	TN	0	1,574	1,031	183	2,788	11.2%
27	New Orleans	LA	305	1,466	875	131	2,778	11.1%
28	Providence	RI	0	1,726	627	408	2,760	11.0%
29	Jackson	MS	142	1,361	859	383	2,744	11.0%
30	Columbia	SC	102	1,625	689	328	2,744	11.0%
31	Los Angeles	CA	0	1,843	604	268	2,715	10.9%
32	Newark	NJ	191	1,769	557	146	2,663	10.7%
33	Omaha	NE	246	1,510	673	211	2,639	10.6%
34	Des Moines	IA	349	1,332	631	280	2,592	10.4%
35	Wilmington	DE	559	1,894	0	135	2,588	10.4%
36	Las Vegas	NV	0	1,687	498	292	2,478	9.9%
37	Houston	TX	0	1,555	755	160	2,470	9.9%
38	Albuquerque	NM	0	1,373	970	124	2,466	9.9%
39	Jacksonville	FL	0	1,709	562	174	2,444	9.8%
40	Portland	ME	100	1,711	419	214	2,443	9.8%
41	Wichita	KS	130	1,356	714	228	2,428	9.7%
42	Boise	ID	103	1,459	568	217	2,347	9.4%
43	Milwaukee	WI	5	1,512	625	201	2,343	9.4%
44	Cheyenne	WY	0	1,378	792	167	2,337	9.3%
45	Manchester	NH	0	1,968	226	139	2,333	9.3%
46	Sioux Falls	SD	0	1,344	814	168	2,326	9.3%
47	Burlington	VT	0	1,639	521	150	2,310	9.2%
48	Anchorage	AK	0	2,136	0	90	2,226	8.9%
49	Baltimore	MD	7	1,464	574	182	2,226	8.9%
50	Fargo	ND	114	1,176	597	184	2,071	8.3%
51	Billings	MT	238	1,351	0	245	1,834	7.3%
	AVERAGE 1/		**$390**	**$1,633**	**$663**	**$211**	**$2,792**	**11.2%**
	MEDIAN		**$218**	**$1,625**	**$625**	**$196**	**$2,788**	**11.2%**

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, 2005
$50,000

			TAXES				BURDEN	
RANK	CITY	ST	INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	500	9,484	798	544	11,327	22.7%
2	Philadelphia	PA	3,589	2,303	714	232	6,838	13.7%
3	Providence	RI	585	4,163	830	860	6,438	12.9%
4	Newark	NJ	607	4,913	738	168	6,425	12.9%
5	Manchester	NH	0	5,840	324	234	6,399	12.8%
6	Indianapolis	IN	2,002	3,137	844	129	6,113	12.2%
7	Boston	MA	1,701	3,478	424	271	5,878	11.8%
8	Detroit	MI	2,757	1,834	748	233	5,571	11.1%
9	Burlington	VT	661	3,897	724	180	5,463	10.9%
10	Chicago	IL	1,169	2,678	1,120	310	5,277	10.6%
11	Milwaukee	WI	1,335	2,686	861	245	5,127	10.3%
12	Baltimore	MD	2,013	1,999	790	217	5,020	10.0%
13	Des Moines	IA	1,191	2,570	874	366	5,001	10.0%
14	Los Angeles	CA	0	3,727	827	401	4,955	9.9%
15	Columbus	OH	2,158	1,579	832	224	4,793	9.6%
16	New York City	NY	1,496	2,099	981	175	4,751	9.5%
17	Louisville	KY	2,512	1,196	771	271	4,750	9.5%
18	Minneapolis	MN	1,083	2,558	772	233	4,646	9.3%
19	Portland	ME	739	2,970	574	344	4,627	9.3%
20	Seattle	WA	0	3,048	995	451	4,495	9.0%
21	Kansas City	MO	1,445	1,573	984	486	4,488	9.0%
22	Atlanta	GA	1,033	2,198	947	286	4,465	8.9%
23	Jackson	MS	685	1,979	1,170	582	4,416	8.8%
24	Omaha	NE	869	2,256	908	352	4,385	8.8%
25	Portland	OR	1,948	2,166	0	203	4,317	8.6%
26	Charlotte	NC	1,327	1,681	930	297	4,235	8.5%
27	**WASHINGTON**	**DC**	**1,345**	**1,704**	**781**	**245**	**4,076**	**8.2%**
28	Charleston	WV	1,817	761	900	427	3,906	7.8%
29	Boise	ID	1,099	1,732	762	255	3,848	7.7%
30	Virginia Beach	VA	1,169	1,584	782	309	3,843	7.7%
31	Salt Lake City	UT	1,250	1,271	1,027	294	3,842	7.7%
32	Little Rock	AR	1,121	1,009	1,342	342	3,815	7.6%
33	Wilmington	DE	1,251	2,361	0	170	3,782	7.6%
34	Phoenix	AZ	537	1,648	1,234	271	3,690	7.4%
35	Birmingham	AL	1,874	459	985	280	3,598	7.2%
36	Oklahoma City	OK	1,235	945	1,177	204	3,561	7.1%
37	New Orleans	LA	1,235	919	1,193	165	3,511	7.0%
38	Albuquerque	NM	383	1,691	1,266	165	3,506	7.0%
39	Denver	CO	838	1,370	890	357	3,455	6.9%
40	Sioux Falls	SD	0	2,032	1,077	201	3,311	6.6%
41	Fargo	ND	496	1,766	819	219	3,300	6.6%
42	Houston	TX	0	2,053	1,034	190	3,277	6.6%
43	Columbia	SC	1,266	559	908	501	3,234	6.5%
44	Wichita	KS	1,005	872	954	349	3,181	6.4%
45	Las Vegas	NV	0	2,045	680	391	3,116	6.2%
46	Memphis	TN	0	1,496	1,384	215	3,095	6.2%
47	Billings	MT	860	1,736	0	321	2,917	5.8%
48	Anchorage	AK	0	2,423	0	102	2,525	5.0%
49	Jacksonville	FL	0	1,344	784	216	2,344	4.7%
50	Cheyenne	WY	0	870	1,051	287	2,208	4.4%
51	Honolulu	HI	140	1,134	628	275	2,177	4.4%
	AVERAGE 1/		**$1,189**	**$2,231**	**$897**	**$295**	**$4,379**	**8.8%**
	MEDIAN		**$1,083**	**$1,979**	**$844**	**$271**	**$4,235**	**8.5%**

1/ Based on cities actually levying tax.

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2005
$75,000

			TAXES				BURDEN	
RANK	CITY	ST	INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	2,665	10,445	1,253	996	15,360	20.5%
2	Philadelphia	PA	5,410	2,532	1,145	357	9,444	12.6%
3	Providence	RI	1,437	4,647	1,241	1,497	8,822	11.8%
4	Indianapolis	IN	3,102	3,720	1,304	195	8,321	11.1%
5	Newark	NJ	1,105	5,612	1,105	285	8,107	10.8%
6	Detroit	MI	4,357	2,128	1,157	407	8,049	10.7%
7	Boston	MA	3,044	3,761	650	521	7,976	10.6%
8	New York City	NY	3,935	2,240	1,442	266	7,882	10.5%
9	Des Moines	IA	2,641	3,156	1,375	656	7,828	10.4%
10	Baltimore	MD	3,912	2,261	1,223	352	7,748	10.3%
11	Portland	ME	2,486	3,562	915	645	7,608	10.1%
12	Burlington	VT	1,442	4,721	1,123	290	7,576	10.1%
13	Manchester	NH	0	6,557	480	428	7,465	10.0%
14	Milwaukee	WI	2,907	2,787	1,354	387	7,435	9.9%
15	Louisville	KY	4,419	1,316	1,200	483	7,418	9.9%
16	Columbus	OH	3,849	1,838	1,336	356	7,380	9.8%
17	Kansas City	MO	2,768	2,082	1,542	874	7,265	9.7%
18	Atlanta	GA	2,359	2,875	1,465	544	7,244	9.7%
19	Chicago	IL	1,919	3,028	1,744	534	7,226	9.6%
20	Los Angeles	CA	652	4,448	1,318	736	7,153	9.5%
21	**WASHINGTON**	**DC**	**3,107**	**2,428**	**1,230**	**377**	**7,142**	**9.5%**
22	Jackson	MS	1,833	2,342	1,788	1,095	7,058	9.4%
23	Omaha	NE	2,194	2,798	1,416	632	7,039	9.4%
24	Portland	OR	4,059	2,604	0	311	6,974	9.3%
25	Charlotte	NC	2,930	1,952	1,383	660	6,926	9.2%
26	Minneapolis	MN	2,514	2,875	1,082	389	6,861	9.1%
27	Little Rock	AR	2,486	1,382	2,110	597	6,576	8.8%
28	Boise	ID	2,812	2,077	1,236	421	6,546	8.7%
29	Charleston	WV	3,362	931	1,396	757	6,447	8.6%
30	Oklahoma City	OK	2,862	1,257	1,847	348	6,314	8.4%
31	Salt Lake City	UT	2,821	1,405	1,541	542	6,309	8.4%
32	Columbia	SC	2,811	1,166	1,342	943	6,262	8.3%
33	Virginia Beach	VA	2,468	1,836	1,238	548	6,090	8.1%
34	Seattle	WA	0	3,612	1,575	791	5,978	8.0%
35	New Orleans	LA	2,493	1,184	1,885	381	5,943	7.9%
36	Birmingham	AL	3,049	743	1,525	492	5,809	7.7%
37	Wilmington	DE	2,802	2,667	0	259	5,728	7.6%
38	Wichita	KS	2,421	1,257	1,463	537	5,679	7.6%
39	Albuquerque	NM	1,612	1,865	1,940	251	5,668	7.6%
40	Denver	CO	1,885	1,528	1,388	675	5,475	7.3%
41	Phoenix	AZ	1,180	1,862	1,889	512	5,443	7.3%
42	Billings	MT	2,371	1,983	0	682	5,036	6.7%
43	Houston	TX	0	2,778	1,636	310	4,724	6.3%
44	Fargo	ND	974	2,188	1,230	317	4,709	6.3%
45	Sioux Falls	SD	0	2,701	1,682	325	4,708	6.3%
46	Memphis	TN	0	2,084	2,111	355	4,550	6.1%
47	Honolulu	HI	1,542	1,279	978	425	4,224	5.6%
48	Las Vegas	NV	0	2,416	1,021	610	4,046	5.4%
49	Jacksonville	FL	0	1,869	1,252	333	3,455	4.6%
50	Cheyenne	WY	0	1,047	1,610	564	3,221	4.3%
51	Anchorage	AK	0	2,872	0	176	3,048	4.1%
	AVERAGE 1/		**$2,523**	**$2,641**	**$1,387**	**$518**	**$6,614**	**8.8%**
	MEDIAN		**$2,486**	**$2,261**	**$1,336**	**$483**	**$6,861**	**9.1%**

1/ Based on cities actually levying tax.

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2005
$100,000

			TAXES				BURDEN	
RANK	CITY	ST	INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	4,158	9,624	1,467	1,215	16,465	16.5%
2	Philadelphia	PA	7,219	2,840	1,333	449	11,841	11.8%
3	Providence	RI	2,691	4,998	1,449	1,993	11,130	11.1%
4	New York City	NY	6,687	2,342	1,685	339	11,053	11.1%
5	Des Moines	IA	4,408	3,694	1,579	776	10,457	10.5%
6	Indianapolis	IN	4,202	4,431	1,501	250	10,385	10.4%
7	Baltimore	MD	5,835	2,600	1,424	423	10,283	10.3%
8	Portland	ME	4,543	3,878	1,054	806	10,281	10.3%
9	Detroit	MI	5,957	2,441	1,322	495	10,215	10.2%
10	**WASHINGTON**	**DC**	**5,191**	**2,876**	**1,446**	**438**	**9,951**	**10.0%**
11	Louisville	KY	6,348	1,582	1,372	596	9,898	9.9%
12	Columbus	OH	5,777	2,131	1,521	436	9,865	9.9%
13	Milwaukee	WI	4,552	3,237	1,549	476	9,813	9.8%
14	Burlington	VT	2,701	5,382	1,292	351	9,727	9.7%
15	Boston	MA	4,401	3,882	772	646	9,701	9.7%
16	Portland	OR	6,498	2,784	0	393	9,676	9.7%
17	Atlanta	GA	3,733	3,549	1,620	657	9,558	9.6%
18	Omaha	NE	3,808	3,188	1,638	817	9,451	9.5%
19	Charlotte	NC	4,779	2,226	1,581	801	9,387	9.4%
20	Newark	NJ	1,978	5,659	1,299	329	9,265	9.3%
21	Kansas City	MO	4,112	2,323	1,718	1,076	9,229	9.2%
22	Minneapolis	MN	4,227	3,195	1,352	451	9,226	9.2%
23	Los Angeles	CA	2,146	4,650	1,521	895	9,213	9.2%
24	Jackson	MS	3,001	2,842	1,974	1,321	9,139	9.1%
25	Boise	ID	4,659	2,497	1,343	498	8,997	9.0%
26	Chicago	IL	2,649	3,416	2,011	608	8,684	8.7%
27	Little Rock	AR	4,028	1,611	2,284	744	8,668	8.7%
28	Charleston	WV	4,987	1,124	1,534	931	8,576	8.6%
29	Columbia	SC	4,441	1,395	1,457	1,139	8,433	8.4%
30	Oklahoma City	OK	4,346	1,659	1,992	400	8,397	8.4%
31	Salt Lake City	UT	4,443	1,510	1,706	617	8,276	8.3%
32	Manchester	NH	0	7,165	554	547	8,266	8.3%
33	Wichita	KS	3,974	1,531	1,576	880	7,961	8.0%
34	Virginia Beach	VA	3,920	1,992	1,390	658	7,960	8.0%
35	New Orleans	LA	3,733	1,499	2,104	497	7,833	7.8%
36	Wilmington	DE	4,423	2,986	0	329	7,738	7.7%
37	Birmingham	AL	4,255	1,014	1,765	605	7,639	7.6%
38	Albuquerque	NM	2,872	2,116	2,149	322	7,458	7.5%
39	Denver	CO	3,019	1,657	1,603	834	7,113	7.1%
40	Phoenix	AZ	1,926	2,155	2,187	641	6,910	6.9%
41	Billings	MT	3,966	2,100	0	799	6,865	6.9%
42	Seattle	WA	0	3,632	1,847	975	6,454	6.5%
43	Fargo	ND	1,801	2,664	1,426	407	6,298	6.3%
44	Honolulu	HI	3,261	1,361	1,098	546	6,267	6.3%
45	Houston	TX	0	3,287	1,915	371	5,573	5.6%
46	Sioux Falls	SD	0	3,210	1,827	393	5,430	5.4%
47	Memphis	TN	0	2,406	2,329	420	5,156	5.2%
48	Las Vegas	NV	0	2,828	1,176	759	4,763	4.8%
49	Jacksonville	FL	0	2,321	1,463	420	4,203	4.2%
50	Cheyenne	WY	0	1,249	1,774	698	3,721	3.7%
51	Anchorage	AK	0	3,257	0	201	3,457	3.5%
	AVERAGE	1/	**$3,992**	**$2,941**	**$1,574**	**$641**	**$8,477**	**8.5%**
	MEDIAN		**$3,974**	**$2,664**	**$1,521**	**$596**	**$8,684**	**8.7%**

1/ Based on cities actually levying tax.

TABLE 1
ESTIMATED BURDEN OF MAJOR TAXES FOR A HYPOTHETICAL FAMILY OF THREE, 2005
$150,000

			TAXES				BURDEN	
RANK	CITY	ST	INCOME	PROPERTY	SALES	AUTO	AMOUNT	PERCENT
1	Bridgeport	CT	6,925	9,200	1,988	1,641	19,754	13.2%
2	New York City	NY	12,826	2,524	2,230	332	17,911	11.9%
3	Philadelphia	PA	10,920	3,490	1,795	440	16,645	11.1%
4	Providence	RI	5,820	5,724	1,928	3,141	16,614	11.1%
5	Des Moines	IA	8,201	4,844	2,108	930	16,083	10.7%
6	**WASHINGTON**	**DC**	**9,481**	**3,751**	**1,978**	**438**	**15,649**	**10.4%**
7	Portland	ME	8,569	4,534	1,442	1,010	15,555	10.4%
8	Baltimore	MD	9,614	3,184	1,915	417	15,129	10.1%
9	Portland	OR	11,452	3,222	0	386	15,060	10.0%
10	Columbus	OH	9,881	2,708	2,035	428	15,052	10.0%
11	Louisville	KY	10,277	2,000	1,848	781	14,907	9.9%
12	Los Angeles	CA	6,329	5,281	2,078	1,207	14,895	9.9%
13	Detroit	MI	9,157	3,037	1,773	746	14,714	9.8%
14	Burlington	VT	5,844	6,724	1,779	346	14,693	9.8%
15	Indianapolis	IN	6,402	5,830	2,041	245	14,517	9.7%
16	Omaha	NE	7,100	4,069	2,217	1,098	14,484	9.7%
17	Milwaukee	WI	7,748	4,014	2,115	467	14,345	9.6%
18	Atlanta	GA	6,382	4,823	2,196	926	14,328	9.6%
19	Kansas City	MO	7,285	2,956	2,347	1,489	14,077	9.4%
20	Charlotte	NC	8,122	2,736	2,112	983	13,953	9.3%
21	Minneapolis	MN	7,850	3,811	1,825	440	13,926	9.3%
22	Boise	ID	8,272	3,242	1,861	490	13,866	9.2%
23	Jackson	MS	5,283	3,849	2,670	1,831	13,633	9.1%
24	Little Rock	AR	7,184	2,156	3,061	957	13,358	8.9%
25	Columbia	SC	7,713	2,064	1,972	1,582	13,331	8.9%
26	Boston	MA	7,058	4,208	1,067	810	13,143	8.8%
27	Charleston	WV	8,235	1,487	2,087	1,199	13,008	8.7%
28	Newark	NJ	4,707	5,980	1,724	325	12,735	8.5%
29	Oklahoma City	OK	7,309	2,020	2,717	382	12,428	8.3%
30	Wichita	KS	7,040	2,124	2,114	941	12,218	8.1%
31	Salt Lake City	UT	7,437	1,735	2,256	610	12,038	8.0%
32	Virginia Beach	VA	6,724	2,322	1,939	803	11,788	7.9%
33	Wilmington	DE	7,817	3,615	0	322	11,754	7.8%
34	Chicago	IL	4,111	4,179	2,733	601	11,623	7.7%
35	New Orleans	LA	5,956	2,140	2,875	510	11,482	7.7%
36	Birmingham	AL	6,460	1,556	2,404	765	11,185	7.5%
37	Albuquerque	NM	5,353	2,548	2,886	316	11,103	7.4%
38	Honolulu	HI	6,966	1,561	1,507	548	10,583	7.1%
39	Billings	MT	7,142	2,415	0	871	10,428	7.0%
40	Denver	CO	5,221	1,953	2,155	1,050	10,379	6.9%
41	Phoenix	AZ	3,503	2,702	2,924	824	9,953	6.6%
42	Manchester	NH	0	8,476	748	679	9,903	6.6%
43	Fargo	ND	3,556	3,568	1,921	400	9,445	6.3%
44	Seattle	WA	0	3,955	2,516	1,235	7,707	5.1%
45	Houston	TX	0	4,342	2,515	365	7,222	4.8%
46	Sioux Falls	SD	0	4,310	2,458	386	7,153	4.8%
47	Memphis	TN	0	3,124	3,148	414	6,685	4.5%
48	Las Vegas	NV	0	3,516	1,592	886	5,994	4.0%
49	Jacksonville	FL	0	3,314	2,024	411	5,749	3.8%
50	Cheyenne	WY	0	1,659	2,395	928	4,983	3.3%
51	Anchorage	AK	0	4,076	0	198	4,274	2.8%
	AVERAGE	1/	**$7,028**	**$3,582**	**$2,128**	**$775**	**$12,381**	**8.3%**
	MEDIAN		**$6,966**	**$3,314**	**$2,041**	**$679**	**$13,143**	**8.8%**

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 18).

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 nine of the cities in the study to a high of 7.3 percent in Philadelphia, Pennsylvania. At the $150,000 income level, the burden ranges from zero percent of income in Manchester, New Hampshire and Memphis, Tennessee to 8.6 percent in New York City, New York. It should be noted that the Tennessee and New Hampshire income taxes are 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 1.6 percent at $25,000 income to 4.7 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 28 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. Seven 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, 2005

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
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

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 two highest income levels. At $25,000, the individual income tax is the third highest, and second at the $50,000 and $75,000 income levels.

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 19), 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 $3.21 per $100 of assessed value in Indianapolis, Indiana to 38 cents per $100 of assessed value in Honolulu, Hawaii. Assessment levels vary dramatically from 4.0 percent of assessed value in Columbia, South Carolina to 100.0 percent of assessed value in thirteen cities. 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 20. Housing values at the same income level vary a great deal. In addition, several jurisdictions allow tax exemptions and credits in the calculations of the property tax. These exemptions and credits are noted in Table 6 (page 21).

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 income level; and more property tax at the $50,000 and $75,000 income levels. It is the second highest tax paid at the $100,000 and $150,000 income levels. In Table 1, Bridgeport, Connecticut; Manchester, New Hampshire; and Newark, New Jersey have the highest property tax burdens. This is due primarily to the high real estate tax rates in each of these cities.

Columbia, South Carolina; Cheyenne, Wyoming; and Charleston, West Virginia 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
2005

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	0.3%	3.0%	5.2%	6.7%	8.6%
GRADUATED STATE AND FLAT LOCAL RATES						
Birmingham	AL	3.6%	3.7%	4.1%	4.3%	4.3%
Wilmington	DE	2.2%	2.5%	3.7%	4.4%	5.2%
Louisville	KY	4.8%	5.0%	5.9%	6.3%	6.9%
Baltimore	MD	0.0%	4.0%	5.2%	5.8%	6.4%
Kansas City	MO	2.0%	2.9%	3.7%	4.1%	4.9%
Columbus	OH	3.3%	4.3%	5.1%	5.8%	6.6%
Portland	OR	5.0%	3.9%	5.4%	6.5%	7.6%
FLAT STATE AND LOCAL TAX RATES						
Indianapolis	IN	3.3%	4.0%	4.1%	4.2%	4.3%
Detroit	MI	4.6%	5.5%	5.8%	6.0%	6.1%
Philadelphia	PA	7.3%	7.2%	7.2%	7.2%	7.3%
GRADUATED STATE TAX						
Phoenix	AZ	0.6%	1.1%	1.6%	1.9%	2.3%
Little Rock	AR	1.5%	2.2%	3.3%	4.0%	4.8%
Los Angeles	CA	0.0%	0.0%	0.9%	2.1%	4.2%
Bridgeport	CT	0.0%	1.0%	3.6%	4.2%	4.6%
WASHINGTON	**DC**	**2.3%**	**2.7%**	**4.1%**	**5.2%**	**6.3%**
Atlanta	GA	2.2%	2.1%	3.1%	3.7%	4.3%
Honolulu	HI	2.2%	0.3%	2.1%	3.3%	4.6%
Boise	ID	0.4%	2.2%	3.7%	4.7%	5.5%
Des Moines	IA	1.4%	2.4%	3.5%	4.4%	5.5%
Wichita	KS	0.5%	2.0%	3.2%	4.0%	4.7%
New Orleans	LA	1.2%	2.5%	3.3%	3.7%	4.0%
Portland	ME	0.4%	1.5%	3.3%	4.5%	5.7%
Minneapolis	MN	1.2%	2.2%	3.4%	4.2%	5.2%
Jackson	MS	0.6%	1.4%	2.4%	3.0%	3.5%
Billings	MT	1.0%	1.7%	3.2%	4.0%	4.8%
Omaha	NE	1.0%	1.7%	2.9%	3.8%	4.7%
Newark	NJ	0.8%	1.2%	1.5%	2.0%	3.1%
Albuquerque	NM	0.0%	0.8%	2.1%	2.9%	3.6%
Charlotte	NC	1.8%	2.7%	3.9%	4.8%	5.4%
Fargo	ND	0.5%	1.0%	1.3%	1.8%	2.4%
Oklahoma City	OK	2.1%	2.5%	3.8%	4.3%	4.9%
Providence	RI	0.0%	1.2%	1.9%	2.7%	3.9%
Columbia	SC	0.4%	2.5%	3.7%	4.4%	5.1%
Salt Lake City	UT	1.3%	2.5%	3.8%	4.4%	5.0%
Virginia Beach	VA	2.2%	2.3%	3.3%	3.9%	4.5%
Burlington	VT	0.0%	1.3%	1.9%	2.7%	3.9%
Charleston	WV	2.6%	3.6%	4.5%	5.0%	5.5%
Milwaukee	WI	0.0%	2.7%	3.9%	4.6%	5.2%
FLAT STATE TAX RATE WITH EXEMPTIONS						
Denver	CO	0.9%	1.7%	2.5%	3.0%	3.5%
Chicago	IL	2.0%	2.3%	2.6%	2.6%	2.7%
Boston	MA	1.0%	3.4%	4.1%	4.4%	4.7%
Manchester	NH	0.0%	0.0%	0.0%	0.0%	0.0%
Memphis	TN	0.0%	0.0%	0.0%	0.0%	0.0%
No income tax: Anchorage, AK; Jacksonville, FL; Las Vegas, NV; Sioux Falls, SD: Houston, TX: Seattle, WA; Cheyenne, WY						
AVERAGE	1/	**1.6%**	**2.4%**	**3.4%**	**4.0%**	**4.7%**

1/ Based on cities actually levying tax.

TABLE 4
RESIDENTIAL PROPERTY TAX RATES IN THE LARGEST CITY IN EACH STATE
2005

RANK	CITY	ST	NOMINAL RATE PER $100	ASSESSMENT LEVEL	EFFECTIVE RATE PER $100
1.	Indianapolis	IN	3.21	100.0%	3.21
2.	Houston	TX	3.01	100.0%	3.01
3.	Providence	RI	3.00	100.0%	3.00
4.	Bridgeport	CT	4.23	70.0%	2.96
5.	Manchester	NH	2.79	100.0%	2.79
6.	Burlington	VT	2.72	100.0%	2.72
7.	Philadelphia	PA	8.26	32.0%	2.64
8.	Milwaukee	WI	2.46	96.0%	2.36
9.	Baltimore	MD	2.31	100.0%	2.31
10.	Des Moines	IA	4.66	48.0%	2.24
11.	Sioux Falls	SD	2.53	85.0%	2.15
12.	Fargo	ND	48.08	4.4%	2.09
13.	Newark	NJ	2.30	88.5%	2.04
14.	Omaha	NE	2.10	96.0%	2.01
15.	Detroit	MI	6.77	28.6%	1.94
16.	Memphis	TN	7.47	25.0%	1.87
17.	Jacksonville	FL	1.86	100.0%	1.86
18.	Boise	ID	1.76	98.9%	1.75
19.	New Orleans	LA	17.17	10.0%	1.72
20.	Jackson	MS	17.11	10.0%	1.71
21.	Columbia	SC	42.76	4.0%	1.71
22.	Atlanta	GA	4.20	40.0%	1.68
23.	Portland	ME	2.01	81.0%	1.63
24.	Anchorage	AK	1.63	100.0%	1.63
25.	Billings	MT	1.96	80.0%	1.57
26.	Kansas City	MO	7.91	19.0%	1.50
27.	Chicago	IL	7.30	20.4%	1.49
28.	Columbus	OH	4.94	29.6%	1.46
29.	Wilmington	DE	2.94	49.2%	1.45
30.	Salt Lake City	UT	1.48	97.2%	1.44
31.	Phoenix	AZ	14.09	10.0%	1.41
32.	Little Rock	AR	6.90	20.0%	1.38
33.	Wichita	KS	11.35	11.5%	1.30
34.	Louisville	KY	1.26	100.0%	1.26
35.	Albuquerque	NM	3.73	33.3%	1.24
36.	Minneapolis	MN	1.36	90.7%	1.24
37.	Boston	MA	1.23	100.0%	1.23
38.	Portland	OR	1.91	64.2%	1.23
39.	Charlotte	NC	1.26	95.1%	1.19
40.	Oklahoma City	OK	10.70	11.0%	1.18
41.	Los Angeles	CA	1.10	100.0%	1.10
42.	Las Vegas	NV	3.11	35.0%	1.09
43.	Seattle	WA	1.08	95.3%	1.03
44.	Virginia Beach	VA	1.22	82.4%	1.00
45.	**WASHINGTON**	**DC**	**0.96**	**100.0%**	**0.96**
46.	Charleston	WV	1.45	60.0%	0.87
47.	Cheyenne	WY	7.60	9.5%	0.72
48.	Birmingham	AL	6.95	10.0%	0.70
49.	New York City	NY	15.01	4.6%	0.69
50.	Denver	CO	8.36	8.0%	0.67
51.	Honolulu	HI	0.38	100.0%	0.38
	UNWEIGHTED AVERAGE		**$6.31**	**59.9%**	**$1.64**
	MEDIAN				**$1.50**

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

TABLE 5
HOUSING VALUE ASSUMPTIONS
2005

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	325,194	310,862
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**	**$208,761**	**$251,377**
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
2005

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	$300 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**	**$38,000 Exemption**	**Assessed Value-Homestead**
Jacksonville	FL	$25,000 Exemption	Assessed Value 2/
Atlanta	GA	$15,000 Exemption	Assessed Value
Honolulu	HI	$40,000 Exemption (below age 55)	Assessed Value
Boise	ID	50% up to $50,000 Exemption	Assessed Value-Improvements
Chicago	IL	$5,000 Exemption	Equalized Assessed Value
Indianapolis	IN	15% Credit and $6,000 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 1st $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	32.0% Homestead Exemption	Market Value
Albuquerque	NM	$2,000 Household Head Exemption, $2,000 Veteran Exemption	Taxable Value
New York City	NY	$30,000	Full Value-Residential School Property Taxes
Columbus	OH	12.5% Tax Rollback	Assessed Value
Oklahoma City	OK	$1,000 Exemption	Assessed Value-Homestead
Providence	RI	33.35%	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 1st $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%.

Sales and Use Tax

Residents of 47 of the 51 cities in this study are subject to some form of a sales and use tax. The combined sales tax rates range from 9.25 percent in Memphis, Tennessee to 4 percent in Honolulu as indicated in Table 7, page 23. The highest state sales tax rate is 7 percent in Mississippi, 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. Of the nineteen counties levying a sales tax, the highest rate (3.0 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 Columbus, Ohio, to 2.25 percent in Las Vegas, Nevada.

The average sales tax burden is the second highest of the four major tax types at the $25,000 income level, according to Table 1. 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; Little Rock, Arkansas; and Albuquerque, New Mexico. The cities with a sales tax having the lowest burdens include Manchester, New Hampshire; Boston, Massachusetts; and Portland, Maine.

TABLE 7
STATE AND LOCAL GENERAL SALES TAX
RATES IN EACH OF THE 51 CITIES
AS OF DECEMBER 31, 2005

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	8.8	6.5	0.85	0.25		1.2
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			
Houston	TX	8.25	6.25	1.0			1.0
Phoenix	AZ	8.1	5.6	1.8	0.7		
Birmingham	AL	8.0	4.0	3.0	1.0		
Little Rock	AR	7.5	6.0	0.5	1.0		
Charlotte	NC	7.5	4.5		2.5		0.5
Las Vegas	NV	7.5	2.0		3.0	2.25	
Denver	CO	7.2	2.9	3.5			0.8
Jacksonville	FL	7.0	6.0		0.5		0.5
Atlanta	GA	7.0	4.0		1.0	1.0	1.0
Minneapolis	MN	7.0	6.5	0.5			
Jackson	MS	7.0	7.0				
Omaha	NE	7.0	5.5	1.5			
Philadelphia	PA	7.0	6.0		1.0		
Providence	RI	7.0	7.0				
Kansas City	MO	6.975	4.225	1.5	0.750		0.5
Albuquerque	NM	6.75	5.0	1.50	0.25		
Columbus	OH	6.75	6.0		0.5		0.25
Salt Lake City	UT	6.6	4.75	1.0	0.35		0.5
Fargo	ND	6.5	5.0	1.5			
Wichita	KS	6.3	5.3		1.0		
Bridgeport	CT	6.0	6.0				
Des Moines	IA	6.0	5.0			1.0	
Louisville	KY	6.0	6.0				
Detroit	MI	6.0	6.0				
Newark	NJ	6.0	6.0				
Sioux Falls	SD	6.0	4.0	2.0			
Boise	ID	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				
Baltimore	MD	5.0	5.0				
Portland	ME	5.0	5.0				
Columbia	SC	5.0	5.0				
Virginia Beach	VA	5.0	4.0	1.0			
Honolulu	HI	4.0	4.0				
UNWEIGHTED AVERAGE		**6.72**	**5.23**				
MEDIAN		**6.75**	**5.15**				

Cities with no state general sales tax: Anchorage, AK; Billings, MT; Portland, OR; and Wilmington, DE.

NOTE: Unweighted average and median include only those cities with a sales tax.

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 January 1, 2005 are compared in Table 8, page 25. The gasoline tax rates vary from as high as 33 cents per gallon in Las Vegas, Nevada; and 32.6 cents in Honolulu, Hawaii, to a low of 7.5 cents per gallon in Atlanta, Georgia and 8 cents per gallon in Anchorage, Alaska.

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 value. The types of registration and other automobile taxes to which residents of the 51 cities are subject are summarized in Table 9, page 26.

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 26.

The lowest tax burdens at all income levels in this study are the automobile tax burdens. Providence, Rhode Island; Jackson, Mississippi; Bridgeport, Connecticut; and Columbia, South Carolina 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; and Albuquerque, New Mexico 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, 2005
(STATE AND LOCAL RATES)

CITY	ST	TOTAL RATE	STATE RATE	LOCAL RATE
Las Vegas	NV	33.0	24.0	09.0
Honolulu	HI	32.6	16.1	16.5
Providence	RI	31.0	31.0	00.0
Seattle	WA	31.0	31.0	00.0
Philadelphia	PA	30.0	30.0	00.0
Charleston	WV	27.0	27.0	00.0
Milwaukee	WI	29.1	29.1	00.0
Jacksonville	FL	28.2	14.3	13.9
Billings	MT	27.0	27.0	00.0
Portland	OR	27.0	24.0	03.0
Charlotte	NC	26.85	26.85	00.0
Los Angeles	CA	26.2	26.2	00.0
Columbus	OH	26.0	26.0	00.0
Portland	ME	25.9	25.9	00.0
Omaha	NE	25.3	25.3	00.0
Bridgeport	CT	25.0	25.0	00.0
Boise	ID	25.0	25.0	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	24.0	00.0
Baltimore	MD	23.5	23.5	00.0
New York City	NY	23.2	23.2	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
Boston	MA	21.0	21.0	00.0
Des Moines	IA	20.5	20.5	00.0
WASHINGTON	**DC**	**20.0**	**20.0**	**00.0**
New Orleans	LA	20.0	20.0	00.0
Minneapolis	MN	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
Oklahoma City	OK	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
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
Anchorage	AK	08.0	08.0	00.0
Atlanta	GA	07.5	07.5	00.0
UNWEIGHTED AVERAGE		**22.0**		
MEDIAN		**21.8**		

TABLE 9

SUMMARY OF TYPES OF AUTOMOBILE REGISTRATION TAXES 2005

TYPE OF REGISTRATION	NUMBER OF STATES
Flat Rate Only	30
Weight Only	13
Weight and Age	3
Horsepower Only	1
Age Only	2
Value Only	1
Value and Age	1
	51

OTHER AUTO TAXES (INCLUDING LOCAL)	
Personal Property	12
Excise:	
Value and Age	9
Value Based	5
Age Based	1

TABLE 10
AUTOMOBILE TAX ASSUMPTIONS
2005

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	1.7	2,544 lbs.	2001	$ 9,100	$ 7,400	$ 6,653	30	500 Gallons
$ 50,000	Sedan, 4 Door 4 Cylinder, Automatic	2.4	3,131 lbs.	2002	$15,050	$12,675	$11,306	23	652 Gallons
$ 75,000	Sedan, 4 Door 6 Cylinder, Automatic	2.4	3,309 lbs.	2003	$22,250	$19,375	$17,263	24	625 Gallons
	Coupe, 2 Door 4 Cylinder, Automatic	2.0	2,425 lbs.	2001	$ 7,425	$ 5,850	$ 5,300	23	326 Gallons
$100,000	Sedan, 4 Door 8 Cylinder, Automatic	4.6	3,494 lbs.	2003	$28,275	$24,600	$21,845	17	882 Gallons
	Sedan, 4 Door 6 Cylinder, Automatic	3.0	3,331 lbs.	2001	$ 7,500	$ 5,850	$ 5,236	20	375 Gallons
$150,000	Sedan, 4 Door 8 Cylinder, Automatic	4.3	3,955 lbs.	2003	$45,075	$39,675	$34,755	18	833 Gallons
	Sedan, 4 Door 6 Cylinder, Automatic	3.6	3,440 lbs.	2000	$ 8,400	$ 6,625	$ 5,916	19	395 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 30. 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 eighth at the $25,000 income level; seventeenth at the $50,000 income level; twenty-first at the $75,000 and tenth at the $100,000 income level; and sixth at the $150,000 income level.

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 system.

Individual Income Tax

The individual income tax burden for Washington, D.C. is substantially above the average for the 44 cities that levy an individual income tax at all income levels. Washington, D.C. levies an individual income tax with three rates (for tax year 2005): 4.5 percent on the first $10,000 of taxable income; 7.0 percent on the next $30,000 of taxable income; and 8.7 percent on taxable income over $40,000. For tax year 2005 personal exemptions of $1,370 per dependent were allowed, as well as a $1,370 exemption for the filer and spouse, respectively. A standard deduction of $2,000 ($1,000 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, as well as a low-income credit, which eliminates the District income tax for taxpayers with no federal income tax liability.

Except for the $50,000 income level, individual income tax burden for Washington, D.C. is substantially above the average of the 51 cities at all income levels studied according to Table 11. The high income tax burden on those subject to the tax 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 higher rates than would otherwise be the case since approximately 67 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 and $100,000 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 $0.96 per $100 for 2005. Homeowners deduct a homestead exemption of $38,000 from the assessed base, not the tax bill, before calculation of the property tax for all owner-occupied dwellings. As of October 1, 2005, the tax rate for Class One will be lowered to $.92 per $100 of assessed value. The District has capped the growth of property assessments at 10 percent. 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 2005.

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, and prepaid telephone cards	10%
Commercial parking	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 but the lowest income level 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 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-one 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 HYPOTHETCAL FAMILY COMPARED WITH THE AVERAGE FOR THE LARGEST CITY IN EACH STATE BY INCOME CLASS, 2005

		DISTRICT OF COLUMBIA		AVERAGE FOR CITIES LEVYING TAX 1/	PERCENT DIFFERENCE
$25,000 INCOME LEVEL					
Income		$ 569		$390	45.9%
Property		1,805		1,633	10.5%
Sales		563		663	-15.1%
Auto		215		211	1.8%
TOTAL	**DC**	**$3,152**	**51 CITY AVERAGE**	**$2,792**	**12.9%**
$50,000 INCOME LEVEL					
Income		$1,345		$1,189	13.1%
Property		1,704		2,231	-23.6%
Sales		781		897	-12.9%
Auto		245		295	- 16.8%
TOTAL	**DC**	**$4,076**	**51 CITY AVERAGE**	**$4,379**	**- 6.9%**
$75,000 INCOME LEVEL					
Income		$3,107		$2,523	23.2%
Property		2,428		2,641	- 8.1%
Sales		1,230		1,387	-11.3%
Auto		377		518	-27.2%
TOTAL	**DC**	**$7,142**	**51 CITY AVERAGE**	**$6,614**	**8.0%**
$100,000 INCOME LEVEL					
Income		$5,191		$3,992	30.0%
Property		2,876		2,941	-2.2%
Sales		1,446		1,574	-8.1%
Auto		438		641	-31.5%
TOTAL	**DC**	**$9,951**	**51 CITY AVERAGE**	**$8,477**	**17.4%**
$150,000 INCOME LEVEL					
Income		$9,481		$7,028	34.9%
Property		3,751		3,582	4.7%
Sales		1,978		2,128	-7.1%
Auto		438		775	-43.4%
TOTAL	**DC**	**$15,649**	**51 CITY AVERAGE**	**$12,381**	**26.4%**

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 41 percent of the property tax base 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)

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, 2006

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 13 taxes compared, District tax categories that 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 four tax categories -- insurance premiums, beer, dessert wine, and distilled spirits, -- the District has lower tax rates than most states. The District's motor fuel tax rate is very close to average.

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/	37 2/	1	5 2/
Corporate Income	44	42	0	2
Insurance	48	5	0	43
Sales and Use	45	26	0	19
Beer	50	7	1	42
Light Wine	46	6	2	38
Distilled Spirits	32	0	1	31
Cigarette	50	33	1	16
Motor Fuel	50	20	4	26
Motor Vehicle Excise				
Cars < 3,500 lbs.	46	29	10	7
Cars > 3,500 lbs. Cars < 5,000 lbs.	46	44	2	0
Cars > 5,000 lbs.	46	46	0	0
Motor Vehicle Registration 3/	49	49	0	0
Deed Recordation	36	36	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, 2006

PERSONAL EXEMPTIONS	EXEMPTIONS	TAXABLE INCOME	RATES
DISTRICT OF COLUMBIA			
Single	$1,500	$0 - $10,000	4.5%
Married Filing Separately	$1,500	$10,001-$40,000	$ 450 + 7.0% of excess > $10,000
Married Filing Jointly	$3,000	Over $40,000	$2,550 + 8.7% of excess > $40,000
Head of Household	$3,000		
Dependent (additional)	$1,500		
Blind (additional)	$1,500		
Age 65 and over (additional)	$1,500		
Standard Deduction	1/		
MARYLAND 2/			
Single	$2,400	$0 - $1,000	2.0%
Married Filing Separately	$2,400	$1,001-$2,000	$20 + 3.00% of excess > $1,000
Married Filing Jointly	$4,800	$2,001-$3,000	$50 + 4.00% of excess > $2,000
Head of Household	$2,400	Over $3,000	$90 + 4.75% of excess > $3,000
Dependent (additional)	$2,400		
Blind (additional)	$1,000		
Age 65 and over (additional)	$1,000		
Standard Deduction	3/		
VIRGINIA			
Single	$ 800	$0 - $3,000	2.0%
Married Filing Separately	$ 800	$3,001-$5,000	$ 60 + 3.00% of excess > $ 3,000
Married Filing Jointly	$1,600	$5,001-$17,000	$ 120 + 5.00% of excess > $ 5,000
Head of Household	$ 800	Over $17,000	$ 720 + 5.75% of excess > $17,000
Dependent (additional)	$ 800		
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, local rate is 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 - $2,500; and married persons filing jointly or combined separate - $5,000.

TABLE 15
INDIVIDUAL INCOME TAX
43 STATES AND DISTRICT OF COLUMBIA
AS OF JANUARY 1, 2006

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS				
			TYPE OF	MINIMUM		MAXIMUM	
SINGLE	M/J	DEPENDENTS	RETURN	RATE	UP TO	RATE	OVER
ALABAMA 1/							
$1,500	$3,000	$300	S,HH,M	2.0%	$ 500	5.0%	$ 3,000
			M/J	2.0%	1,000	5.0%	6,000
ARIZONA 2/3/							
$2,100	$4,200	$2,300	S,M/S	2.87%	$ 10,000	5.04%	$150,000
			M/J,HH	2.87%	20,000	5.04%	300,000
ARKANSAS							
($21)	($42)	($20)		1.0%	$ 3,499	7.0%	$ 29,900
CALIFORNIA							
($80)	($160)	($251)	S,M/S	1.0%	$ 5,962	9.3%	$ 39,133
			HH	1.0%	11,930	9.3%	53,267
			M/J	1.0%	11,924	9.3%	78,266
COLORADO							
4.63% of federal taxable income with certain modifications.							
CONNECTICUT 4/							
$12,625	$24,000	---	S,M/S	3.0%	$ 10,000	5.0%	$ 10,000
			HH	3.0%	16,000	5.0%	16,000
			M/J	3.0%	20,000	5.0%	20,000
DELAWARE							
($110)	($220)	($110)		2.2%	$ 5,000	5.95%	$ 60,000
DISTRICT OF COLUMBIA							
$1,500	**$3,000**	**$1,500**		**4.5%**	**$ 10,000**	**8.7%**	**$ 40,000**
GEORGIA							
$2,700	$5,400	$2,700	M/S	1.0%	$ 500	6.0%	$ 5,000
			S	1.0%	750	6.0%	7,000
			HH,M/J	1.0%	1,000	6.0%	10,000
HAWAII							
$1,040	$2,080	$1,040	M/S,S	1.4%	$ 2,000	8.25%	$ 40,000
			HH	1.4%	3,000	8.25%	60,000
			SS,M/J	1.4%	4,000	8.25%	80,000

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 do 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, 2006

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS				
			TYPE OF	MINIMUM		MAXIMUM	
SINGLE	M/J	DEPENDENTS	RETURN	RATE	UP TO	RATE	OVER
IDAHO 1/							
$3,200	$6,400	$3,200		1.6%	$ 1,159	7.8%	$ 23,178
ILLINOIS							
$2,000	$4,000	$2,000	3.0% of taxable net income.				
INDIANA 2/							
$1,000	$2,000	$2,000	3.4% of federal adjusted gross income.				
IOWA							
($40)	($80)	($40)		0.36%	$ 1,224	8.98%	$ 55,080
KANSAS							
$2,250	$4,500	$2,250	S.M/S	3.5%	$ 15,000	6.45%	$ 30,000
			M/J	3.5%	30,000	6.45%	60,000
KENTUCKY							
($20)	($40)	($20)		2.0%	$ 3,000	6.0%	$ 8,000
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	2.0%	$ 4,450	8.5%	$ 17,700
			HH	2.0%	6,550	8.5%	26,600
			M/J	2.0%	8,900	8.5%	35,450
MARYLAND 2/							
$2,400	$4,800	$2,400		2.0%	$ 1,000	4.75%	$ 3,000
MASSACHUSETTS							
$4,400	$8,800	$1,000	5.3% of taxable income.				
MICHIGAN 2/							
$3,100	$6,200	$600	4.0% of federal adjusted gross 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, 2006

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS				
			TYPE OF	MINIMUM		MAXIMUM	
SINGLE	M/J	DEPENDENTS	RETURN	RATE	UP TO	RATE	OVER
MINNESOTA							
$3,100	$6,200	$3,100	M/S	5.35%	$ 14,210	7.85%	$ 56,460
			S	5.35%	19,440	7.85%	63,860
			HH	5.35%	23,940	7.85%	96,180
			M/J	5.35%	28,420	7.85%	112,910
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							
$1,900	$3,800	$1,900		1.0%	$ 2,300	6.9%	$ 13,900
NEBRASKA							
($106)	($212)	($106)	M/S	2.56%	$ 2,000	6.84%	$ 23,375
			S	2.56%	2,400	6.84%	26,500
			M/J	2.56%	4,000	6.84%	46,750
			HH	2.56%	3,800	6.84%	35,000
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	6.8%	$ 20,000
			S	1.7%	5,500	6.8%	26,000
			HH	1.7%	7,000	6.8%	33,000
			M/J	1.7%	8,000	6.8%	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	8.25%	$ 100,000
			S	6.0%	12,750	8.25%	120,000
			HH	6.0%	17,000	8.25%	160,000
			M/J,SS	6.0%	21,250	8.25%	200,000
NORTH DAKOTA							
$3,300	$6,600	$3,300	M/S	2.1%	$ 25,600	5.54%	$ 168,275
			S	2.1%	30,650	5.54%	336,550
			HH	2.1%	41,050	5.54%	366,550
			M/J,SS	2.1%	51,200	5.54%	366,550

1/ Does not include various local income taxes.
2/ A taxpayer whose Federal AGI is >= 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, 2006

PERSONAL EXEMPTIONS (CREDITS)			RATES AND TAXABLE INCOME BRACKETS				
				MINIMUM		MAXIMUM	
SINGLE	M/J	DEPENDENTS		RATE	UP TO	RATE	OVER
OHIO 1/							
$1,250	$2,500	$1,250		0.743%	$ 5,000	7.5%	$200,000
OKLAHOMA							
Without federal deduction							
$1,000	$2,000	$1,000	S,M/S SS,HH,M/J	0.5% 0.5%	$ 1,000 2,000	6.65% 6.65%	$ 10,000 21,000
With federal deduction							
$1,000	$2,000	$1,000	S,M/S SS,HH,M/J	0.5% 0.5%	$ 1,000 2,000	10.0% 10.0%	$ 16,000 24,000
OREGON 1/							
($159)	($318)	($159)	S,M/S HH,M/J	5.0% 5.0%	$ 2,750 5,500	9.0% 9.0%	$ 6,850 13,700
PENNSYLVANIA 1/							
---	---	---	3.07% of specified classes of taxable income is effective rate.				
RHODE ISLAND							
$3,050	$6,100	$3,050	M/S S HH M/J	3.75% 3.75% 3.75% 3.75%	$ 23,725 28,400 38,050 47,450	9.9% 9.9% 9.9% 9.9%	$ 155,975 311,950 311,950 311,950
SOUTH CAROLINA							
$3,050	$6,100	$3,050 2/		2.5%	$ 2,460	7.0%	$ 12,300
TENNESSEE							
$1,250	$2,500	---	6.0% on interest and dividend income.				
UTAH							
$2,250	$4,300	$2,250	M/S,S HH,M/J	2.3% 2.3%	$ 863 1,726	7.0% 7.0%	$ 4,313 8,626
VERMONT							
$3,100	$6,200	$3,100		3.6%	$29,050	9.5%	$319,100
VIRGINIA							
$800	$1,600	$800		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%	$ 5,890 8,840 11,780	6.75% 6.75% 6.75%	$ 88,390 132,580 176,770

1/ Does not include various local income taxes.
2/ Additional $3,050 for child under 6.

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	MT		MT	MT		
NEBRASKA			NE	NE		
NEVADA		NV				
NEW HAMPSHIRE 1/					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 2/	OK		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 3/	UT		UT	UT		
VERMONT			VT	VT		
VIRGINIA			VA	VA		
WASHINGTON		WA				
WEST VIRGINIA			WV	WV		
WISCONSIN			WI	WI		
WYOMING		WY				

1/ Tax only on interest and dividends.
2/ Method 2 only.
3/ Federal deductibility is limited to $5,000.

TABLE 17

STATE CORPORATION INCOME TAX RATES

(Maximum Rates)

DISTRICT OF COLUMBIA: 9.975%

LOWER THAN THE DISTRICT 42 STATES			
Colorado	4.63%	Connecticut	7.50%
Illinois	4.80%	New York	7.50%
Mississippi	5.00%	Idaho	7.60%
South Carolina	5.00%	New Mexico	7.60%
Utah	5.00%	Nebraska	7.81%
Florida	5.50%	Wisconsin	7.90%
Georgia	6.00%	Louisiana	8.00%
Oklahoma	6.00%	Kentucky	8.25%
VIRGINIA	**6.00%**	New Hampshire	8.50%
Missouri	6.25%	Indiana	8.50%
Hawaii	6.40%	Ohio	8.50%
Alabama	6.50%	Delaware	8.70%
Arkansas	6.50%	California	8.84%
Tennessee	6.50%	Maine	8.93%
Oregon	6.60%	New Jersey	9.00%
Montana 1/	6.75%	Rhode Island	9.00%
North Carolina	6.90%	West Virginia	9.00%
Arizona	6.968%	Alaska	9.40%
MARYLAND	**7.00%**	Massachusetts	9.50%
North Dakota	7.00%	Vermont	9.75%
Kansas	7.35%	Minnesota	9.80%
HIGHER THAN THE DISTRICT 2 STATES			
Pennsylvania	9.99%	Iowa	12.00%
NO TAX 6 STATES			
Michigan (Single Business Tax)		Texas	
Nevada		Washington (Gross Receipts Tax)	
South Dakota		Wyoming	

1/ 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 5 STATES			
South Carolina	0.75%	Ohio	1.40%
Wyoming	0.75%	New York	1.50%
Nebraska	1.00%		
HIGHER THAN THE DISTRICT 43 STATES			
Connecticut	1.75%	Washington	2.00%
Florida	1.75%	West Virginia 3/	2.00%
Indiana	1.75%	Wisconsin	2.00%
Iowa	1.75%	New Jersey	2.10%
Tennessee	1.75%	Georgia	2.25%
Texas	1.75%	Louisiana 4/	2.25%
North Carolina 2/	1.90%	Oklahoma	2.25%
Arizona	2.00%	Utah	2.25%
Colorado	2.00%	**VIRGINIA**	**2.25%**
Delaware	2.00%	Alabama	2.30%
		Idaho	2.30%
Kansas	2.00%		
Kentucky	2.00%	California	2.35%
Maine	**2.00%**	Arkansas	2.50%
MARYLAND	2.00%	South Dakota	2.50%
Massachusetts	2.00%	Alaska	2.70%
		Hawaii	2.75%
Minnesota	2.00%		
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%	Illinois 5/	5.00%
Vermont	2.00%		
NO TAX 2 STATES			
Michigan (Single Business Tax)		Oregon	

1/ The District levies an additional fee of 0.30 percent to offset the administrative costs of regulations.
2/ An additional 6.5% insurance regulatory charge applied to premium tax liability. An additional 1.33% premium tax for fire related insurance policies.
3/ 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.
4/ Maximum rate.
5/ An additional 1% premium tax for fire or fire related insurance policies.

TABLE 19

STATE GENERAL SALES AND USE TAX RATES

DISTRICT OF COLUMBIA: 5.75%

LOWER THAN THE DISTRICT 26 STATES			
Nevada (4.5%)	2.00%	Utah (1.85%)	4.75%
Colorado (5.0%)	2.90%	Idaho	5.00%
Alabama (4.5%)	4.00%	Iowa (2%)	5.00%
Georgia (3%)	4.00%	Maine	5.00%
Hawaii	4.00%	**MARYLAND**	**5.00%**
Louisiana (6%)	4.00%	Massachusetts	5.00%
New York (5.5%)	4.00%	New Mexico 1/	5.00%
South Dakota (2%)	**4.00%**	North Dakota (2.0%)	5.00%
VIRGINIA (1%)	4.00%	South Carolina	5.00%
Wyoming (1%)	4.00%	Kansas (2%)	5.30%
Missouri (5.3125%)	4.225%	Wisconsin (.6%)	5.30%
North Carolina (3%)	4.50%	Nebraska (2.6875%)	5.50%
Oklahoma (5%)	4.50%	Arizona	5.60%
HIGHER THAN THE DISTRICT 19 STATES			
Arkansas (5.5%)	6.00%	Vermont	6.00%
California (2.50%)	6.00%	West Virginia	6.00%
Connecticut	6.00%	Illinois (3%)	6.25%
Florida	6.00%	Texas (2%)	6.25%
Indiana	6.00%	Minnesota (1%)	6.50%
Kentucky	6.00%	Washington (0.5%-2.4%)	6.50%
Michigan	6.00%	Mississippi	7.00%
New Jersey	6.00%	Rhode Island	7.00%
Ohio (3%)	6.00%	Tennessee (2.75%)	7.00%
Pennsylvania (1%)	6.00%		
NO TAX 5 STATES			
Alaska			
Delaware			
Montana			
New Hampshire			
Oregon			

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

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	Pennsylvania	.08
Wisconsin 2/	.065	Oregon	.084
Colorado	.08		
SAME AS THE DISTRICT 1 STATE			
MARYLAND	**$ .09**		
HIGHER THAN THE DISTRICT 42 STATES			
Rhode Island	$ .097	Michigan	$ .20
Massachusetts	.11	Arkansas	.23
New York	.11	**VIRGINIA**	**.256**
Indiana	.115	Washington 3/	.26
New Jersey	.12	Vermont	.265
Montana	.14	South Dakota	.27
Tennessee 2/	.14	New Hampshire	.30
Minnesota 3/	.15	Nebraska	.31
Idaho	.15	Louisiana	.32
Delaware	.156	Maine	.35
Arizona	.16	Oklahoma	.40
Nevada	.16	New Mexico 5/	.41
North Dakota 4/	.16	Utah	.41
Kansas	.18	Mississippi	.43
Ohio	.18	Georgia	.48
West Virginia	.18	Alabama	.53
Illinois	.185	North Carolina	.53
Iowa	.19	South Carolina	.77
Texas	.19	Florida	.89
California	.20	Hawaii	.93
Connecticut	.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/ $.08 per gallon for bulk beer.
5/ Rate is $.08 per gallon for microbrewer.

TABLE 21

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

DISTRICT OF COLUMBIA: $0.30

MONOPOLY STATES 4 STATES			
New Hampshire		Utah 2/	
Pennsylvania 1/		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
Missouri	.36	Arizona	.84
MARYLAND	**.40**	Washington	.87
Idaho	.45	South Carolina	.90
Indiana	.47	South Dakota	.93
Kentucky	.50	Nebraska	.95
North Dakota	.50	Delaware	.97
Massachusetts	.55	West Virginia	1.00
Vermont	.55	Montana	1.02
Connecticut	.60	Tennessee	1.21
Maine	.60	Hawaii	1.38
Rhode Island	.60	Georgia	1.51
Michigan	.61	**VIRGINIA**	**1.51**
Oregon	.67	Alabama	1.70
Nevada	.70	Iowa	1.75
New Jersey	.70	New Mexico	1.90
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 3/	
Maine		Utah 4/	
Michigan		Vermont	
Mississippi		**VIRGINIA**	
Montana		Washington	
New Hampshire		West Virginia	
North Carolina 2/		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 5/	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 York	6.43
California	3.30	Florida	6.50
Nevada	3.60	New Mexico	6.75
Delaware	3.75 6/	Alaska	12.50
Nebraska	3.75		

1/ 14.30% plus 50% markup.
2/ 25% Excise Tax. An additional 6% state sales tax.
3/ 18% wine & liquor tax on top of a 30% markup.
4/ 13% wine & liquor tax on top of at least 64.5% markup.
5/ Containing more than 21% of alcohol by weight.
6/ Distilled spirits less than 30% proof at $1.10 per gallon.

TABLE 23

STATE CIGARETTE TAX RATES

(Per Pack of 20)

DISTRICT OF COLUMBIA: $ 1.00

LOWER THAN THE DISTRICT 33 STATES			
Kentucky	$ .03	Indiana	$ .55
North Carolina	.05	Ohio	.55
South Carolina	.07	West Virginia	.55
Missouri	.17	Idaho	.57
Mississippi	.18	Arkansas	.59
VIRGINIA	**.20**	Wyoming	.60
Tennessee	.20	Nebraska	.64
Florida	.339	Utah	.695
Iowa	.36	Wisconsin	.77
Louisiana	.36	Kansas	.79
Georgia	.37	Nevada	.80
Texas	.41	New Hampshire	.80
Alabama	.425	Colorado	.84
North Dakota	.44	California	.87
Minnesota	.48	New Mexico	.91
South Dakota	.53	Illinois	.98
Delaware	.55		
SAME AS THE DISTRICT 1 STATE			
MARYLAND	**$1.00**		
HIGHER THAN THE DISTRICT 16 STATES			
Oklahoma	$1.03	Connecticut	$1.51
Arizona	1.18	Massachusetts	1.51
Vermont	1.19	Alaska	1.60
Michigan	1.25	Montana	1.70
Oregon	1.28	Rhode Island	1.71
Pennsylvania	1.35	Maine	2.00
Hawaii	1.40	Washington	2.025
New York	1.50	New Jersey	2.40

TABLE 24

MOTOR FUEL TAX RATES

(Per Gallon)

DISTRICT OF COLUMBIA: $ .20

LOWER THAN THE DISTRICT 20 STATES			
Georgia	$ .075	Missouri	$ .1703
Alaska	.08	**VIRGINIA**	**.175**
New Jersey	.105	Alabama	.18
Wyoming	.14	Arizona	.18
Florida	.143	Indiana	.18
Kentucky	.15	California	.18
Hawaii 1/	.16	Mississippi	.18
South Carolina	.16	Illinois	.19
New Mexico	.17	Michigan	.19
Oklahoma	.17	New Hampshire	.195
SAME AS THE DISTRICT 4 STATES			
Louisiana	$ .20	Texas	$ .20
Minnesota	.20	Vermont	.20
HIGHER THAN THE DISTRICT 26 STATES			
Iowa	$ .203	Utah	$ .245
Massachusetts	.21	North Carolina	.2455
Tennessee 2/	.214	Connecticut	.25
Arkansas	.218	Idaho	.25
Colorado	.22	Maine	.259
South Dakota	.22	Ohio	.26
Delaware	.23	Nebraska	.261
Nevada	.23	Montana	.27
North Dakota	.23	West Virginia	.27
MARYLAND	**.235**	Wisconsin	.299
New York	.239	Pennsylvania	.30
Kansas	.24	Rhode Island	.30
Oregon	.24	Washington	.31

1/ In addition, there is a state Environmental Response Tax of $0.05 per barrel. Honolulu County also impose fuel taxes at a rate of $0.165 per gallon.

2/ Gasoline rate $0.20 per gallon, plus $0.14 per gallon-Special Petroleum Product Tax.

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%	North Dakota	5.0%
Delaware	2.75%	South Carolina 2/	5.0%
Colorado	2.9%	West Virginia	5.0%
New Mexico	3.0%	Wisconsin (.6%)	5.0%
North Carolina	3.0%	Nebraska	5.5%
South Dakota	3.0%	Arizona (1.0%-3.5%)	5.6%
VIRGINIA	**3.0%**	Arkansas (0%-3%) 3/	6.0%
Wyoming (1%)	3.0%	California (1.25%-2.5%)	6.0%
Oklahoma	3.25%	Connecticut	6.0%
Georgia (3%)	4.0%	Florida	6.0%
Hawaii	4.0%	Kentucky	6.0%
Louisiana (1%-6%)	4.0%	Michigan	6.0%
New York (3.0%-5.5%)	4.0%	New Jersey	6.0%
Missouri (.375%-3%)	4.225%	Ohio (0%-3%)	6.0%
Utah (1.85%)	4.75%	Pennsylvania	6.0%
Kansas (0%-2%)	4.9%	Vermont	6.0%
Idaho	5.0%	Illinois (.25%-1%)	6.25%
Indiana	5.0%	Texas	6.25%
Iowa	5.0%	Minnesota	6.5%
Maine	5.0%	Nevada	6.5%
MARYLAND	**5.0%**	Washington (.5%-2.4%) 4/	6.8%
Massachusetts	5.0%	Tennessee (2.75%) 5/	7.0%
Mississippi	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	West Virginia	$ 30.00
Indiana	12.00	New Hampshire	31.20
Kentucky	12.00	Florida	32.50
South Carolina	12.00	Nevada	33.00
Mississippi	15.00	Washington 3/	33.75
Nebraska	15.00	Connecticut	35.00
Wyoming	15.00	Pennsylvania	36.00
Delaware	20.00	Missouri	39.00
Georgia	20.00	Ohio 4/	39.50
North Carolina	20.00	New Mexico	42.00
Tennessee	21.50	South Dakota	42.00
Montana	22.00	Vermont	43.00
New York	22.50	Hawaii	46.42
Alabama	23.00	Idaho	48.00
Utah	24.50	Alaska	50.00
Arkansas	25.00	Wisconsin	55.00
Kansas	25.00	Texas	59.80
Maine	25.00	**MARYLAND** 5/	**64.00**
Massachusetts	25.00	Illinois	78.00
Louisiana	26.50	North Dakota	79.00
Oregon	27.00	New Jersey	81.00
Colorado	28.74	Oklahoma	93.00
VIRGINIA	**29.50**	Iowa	93.00
California	30.00	Minnesota 6/	108.75
Rhode Island	30.00		
OTHER BASIS			
Michigan			

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.
3/ Does not include local vehicle excise taxes levied in certain urban areas.
4/ Local fees not included.
5/ Includes $13.50 fee earmarked for Emergency Medical Services System.
6/ Maximum tax.

TABLE 27

STATE REAL ESTATE DEED RECORDATION AND TRANSFER TAX RATES

(Per $500 of Consideration)

DISTRICT OF COLUMBIA: $ 11.00

LOWER THAN THE DISTRICT 36 STATES			
Colorado	$ .05	South Carolina	$ 1.85
Alabama	.50	Tennessee	1.85
Georgia	.50	Arizona	2.00
Illinois	.50	New Jersey 1/	2.00
Ohio	.50	New York	2.00
South Dakota	.50	Rhode Island	2.00
Oklahoma	.75	Massachusetts ($10.25)	2.28
Iowa	.80	**MARYLAND ($10.25)** 2/	**2.50**
Nebraska	.875	Nevada 3/	2.55
North Carolina	1.00	Connecticut	3.05
Maine	1.10	Florida	3.50
West Virginia ($1.10)	1.10	Kentucky	3.50
Kansas	1.30	Michigan (.55%)	3.75
Wisconsin	1.50	Pennsylvania ($5.00)	5.00
VIRGINIA ($.25)	**1.25**	Vermont	5.00
Arkansas	1.65	Washington ($2.50)	6.40
Minnesota	1.65	New Hampshire	7.50
Hawaii	1.75	Delaware ($5.00)	10.00
NO TAX 14 STATES			
Alaska		Montana	
California ($ .55)		New Mexico	
Idaho		North Dakota	
Indiana		Oregon	
Louisiana		Texas	
Mississippi		Utah	
Missouri		Wyoming	

NOTE: Maximum local rate in parentheses.

1/ 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.

2/ 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.

3/ 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 11 STATES	
Connecticut	Nebraska
Indiana	New Hampshire
Iowa	New Jersey
Kentucky	Pennsylvania
Louisiana	Tennessee
MARYLAND 1/	
ESTATE TAX STATES WITH AN ESTATE TAX TO ABSORB FEDERAL CREDIT 11 STATES	
Alaska	Ohio
Idaho	Oklahoma
Illinois	Rhode Island
Massachusetts	South Dakota
Mississippi	West Virginia
Montana	
ESTATE TAX TO ABSORB FEDERAL CREDIT 28 STATES AND D.C.	
Alabama	Nevada
Arizona	New Mexico
Arkansas	New York
California	North Carolina 4/
Colorado	North Dakota
Delaware	Oregon 3/
District of Columbia 2/	South Carolina
Florida	Texas
Georgia	Utah
Kansas	Vermont
Maine	**VIRGINIA**
Minnesota 3/	Washington
Michigan	Wisconsin 5/
Missouri	Wyoming
NO ESTATE TAX 1 STATE	
Hawaii	

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/ NC will not conform to the phase-out of the state death tax credit enacted in the Federal Economic Growth and Tax Relief reconciliation Act of 2001 until July1, 2005. For estates of decedents dying prior to July 1, 2005, the NC estate tax is equal to the state death tax credit for federal purposes without regard to the phase-out and termination of the federal credit.

5/ For deaths after September 30, 2002, and before January 1, 2008, Wisconsin's estate tax equals the credit allowed under federal law in effect in December 31, 2000. Thus, Wisconsin will not follow phase-out of the state death tax credit enacted in the Federal Economic Growth and Tax Relief Reconciliation Act of 2001 until January 1, 2008.

OFFICE LOCATIONS AND TELEPHONE NUMBERS
Government of the District of Columbia
Office of the Chief Financial Officer
John A. Wilson Building
1350 Pennsylvania Avenue, NW, Suite 203
Washington, DC 20004

Office hours: Monday through Friday, 8:00 a.m. – 6:00 p.m.
(202) 727-2476

Office of the Chief Financial Officer
Natwar M. Gandhi, Chief Financial Officer
Lucille Dickinson, Chief of Staff
Jerry L. Malone, General Counsel
Angell Jacobs, Director of Operations
Mike Teller, Chief Information Officer
Paul Lundquist, Executive Director for Management and Administration
Maryann Young, Public Affairs Officer
Sebastian Lorigo, Executive Director for Integrity and Oversight
Jeanette A. Michael, Executive Director for the DC Lottery & Charitable Games Control Board
John P. Ross, Director Economic Development Finance

Office of Revenue Analysis
Julia Friedman, Deputy Chief Financial Officer
441 4th Street, NW, Suite 410 South, Washington, DC 20001
(202) 727-7775

Office of Budget and Planning
Bert Molina, Deputy Chief Financial Officer
1350 Pennsylvania Avenue, NW, Suite 229, Washington, DC 20004
(202) 727-6234

Office of Finance and Treasury
Lasana Mack, Deputy Chief Financial Officer and Treasurer
1275 K Street, NW, 6th Floor, Washington, DC 20005
(202) 727-6055

Office of Financial Operations and Systems
Anthony F. Pompa, Deputy Chief Financial Officer
810 1st Street, NE, Suite 200, Washington, DC 20002
(202) 442-8200

Office of Tax and Revenue
Sheryl Hobbs-Newman, Deputy Chief Financial Officer
941 North Capitol Street, NE, Suite 800, Washington, DC 20002
(202) 442-6200

Economic Development and Regulation
Cyril O. Byron, Associate Chief Financial Officer

Government Operations
Barbara D. Jumper, Associate Chief Financial Officer

Government Services
Pamela D. Graham, Associate Chief Financial Officer

Human Support Services
Deloras A. Shepherd, Associate Chief Financial Officer

Public Safety and Justice
Steward D. Beckham, Associate Chief Financial Officer

Prepared By:

Government of The District of Columbia
Office of Revenue Analysis
441 4th Street, NW
Suite 410 South
Washington, D.C. 20001
(202) 727-7775