Washington’s Tax System

Presented by the Department of Revenue
Washington State Tax Structure Study
October 15, 2001
Updated November 2, 2001
Sales Taxes are imposed in 46 states.
Property Taxes are imposed in all 50 states.
Personal Income Taxes are imposed in 43 states.
Corporate Income Taxes are imposed in 46 states.
Washington is the Only State with a Gross Receipts (Business and Occupation) Tax
Washington is One of Seven States with a Sales Tax but No Personal Income Tax
Washington is One of Four States with a Sales Tax but No Personal or Corporate Income Tax
Washington is More Dependent on Sales Taxes Than the National Average
State and Local Taxes - FY 1999

Sources: U.S. Census Bureau, Govt Finances 1999
DOR Tax Statistics, FY 2000
Budgeting, Accounting and Reporting System (BARS)
Washington’s Tax Burden
State/Local Taxes per $1,000 Personal Income - FY 1999

Washington: $115.00
Rank: 20th
National Average: $110.48

Source: Comparative State and Local Taxes, 1999
Washington’s National Ranking has Varied in the Past 20 Years

Rank Nationally 1979-1999

Source: Comparative State and Local Taxes, 1999
Share of Taxes Initially Paid by Business
Ranks Above National Average
FY 1995

Ranking: 4th

Washington: 50.6%

National Average: 40.8%

Source: 1996 ITEP Study, Who Pays?: A Distributional Analysis of the Tax Systems of all 50 States
Share of Taxes Initially Paid by Households
Ranks Below National Averages
FY 1995

National Average: 54.7%
Washington: 45.9%

Ranking: 45th

Source: 1996 ITEP Study, Who Pays?: A Distributional Analysis of the Tax Systems of all 50 States
Share of Tax Burdens Paid by Households and Business
Washington State Taxes Paid (Initial Incidence) - FY 2000

Source: Department of Revenue Research Division
Household Tax Burdens
Percent of Income Paid In Major State and Local Taxes
Largest City in Each State

Source: 2000 Washington, D.C. survey of 50 States
Washington’s State/Local Tax Split Compared to the National State/Local Tax Split

Washington State
- Local Taxes: 31.7%
- State Taxes: 68.3%

National Average
- Local Taxes: 38.9%
- State Taxes: 61.1%

Source: U.S. Census Bureau, Govt Finances 1999
Maximum Combined State and Local Sales Tax Rates Among Highest in Nation
As of October, 2001

Washington: maximum 8.8%

Only four states are higher: Arkansas up to 10.125%, Oklahoma up to 9.75%, Louisiana up to 9.5% and Alabama up to 9.0 %

Source: Comparative State and Local Taxes, 1999
Retail Sales & Use Tax

**Tax Rate:**

- **State:** 6.5% (no change since 1983)
- **Local:** 0.5% - 2.3% (average of 1.9%)
- **Maximum:** 8.8% in urban areas of King Co.
Comparison of Washington Property Taxes per $1000 to other States - FY 1999

Washington $35.39
Rank: 18th

US Average $32.52

Source: Comparative State and Local Taxes, 1999
### Property Tax

**Levy Rates - taxes due in 2001**  
($ per $1,000 of assessed value):

<table>
<thead>
<tr>
<th>Levy Type</th>
<th>Rate ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>State levy</td>
<td>3.16</td>
</tr>
<tr>
<td>Regular local levy</td>
<td>5.32</td>
</tr>
<tr>
<td>Special local levy</td>
<td>4.48</td>
</tr>
<tr>
<td><strong>Total nominal rate (average)</strong></td>
<td><strong>12.96</strong></td>
</tr>
<tr>
<td><strong>Ave. effective rate (% of market value)</strong></td>
<td><strong>1.16%</strong></td>
</tr>
</tbody>
</table>
Synopsis of Washington’s

Business and Occupation Tax

**Major Tax Rates:**

Manufacturing, wholesaling-0.484%
Retailing-0.471%
Services & hospitals-1.5%

Lower rates (0.275% or 0.138%) remain for selected activities such as meat processors, fruit & vegetable packers, travel agents, etc.
Washington State All General Revenues
(Does not include local revenue)

All Revenue Sources

- Govt Transfers 16%
- Employee Pension Receipts 20%
- L&I 5%
- UI 3%
- Liquor Stores 1%
- Misc. Revenue 2%
- Charges & Fees 7%
- Interest 2%
- Taxes 44%

Taxes

- Motor Vehicle 3%
- Other Business Taxes 3%
- Public Utility 2%
- Property & In-lieu 12%
- B&O 16%
- Fuel Taxes 6%
- "Sin Taxes" 4%
- Retail Sales & Use Tax 48%

U.S. Census Bureau, Govt Finances 1999
DOR Tax Statistics, FY 2000