

COMPARATIVE STATE/LOCAL TAXES

Fiscal Year 2000

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Comparative State/Local Taxes - Fiscal Year 2000

Capsule Comparison

- State and local taxes per \$1,000 personal income (\$107.53) rank Washington 32nd nationally in fiscal year 2000 (Table 1).
- Per capita state and local taxes rank Washington 15th among all states (Table 6) with an average tax burden of \$3,178 per person.
- Washington property taxes are ranked 16th on a per capita basis (Table 9) and 23rd in relation to personal income (Table 4). Property taxes in Washington generate 29.3 percent of state and local revenues, slightly more than the national average.
- The latest per capita personal income data (calendar year 2001) indicates that Washington ranks 13th highest in the nation (Table 5).
- Washington's reliance on general sales and gross receipts taxes is by far the highest in the nation (Tables 10 and 12). These sources account for nearly 48 percent of Washington's state/local taxes--nearly twice the national average. Including selective sales taxes, Washington's per capita sales tax burden--\$1,948--is more than any other state.

PURPOSE OF THE REPORT

This report presents comparisons of the average combined level of state and local taxes in Washington and other states. These comparisons are derived from tax collection data for all states compiled by the Census Bureau of the U.S. Department of Commerce. Also, summary information on certain tax rates in all states and historical tax changes in Washington is provided.

The intended audience includes the Governor's office, members and staff of the legislative fiscal committees and other interested legislators, and the media, as well as citizens and businesses who are interested in the comparative level of taxes in Washington. A limited number of additional copies may be obtained by writing to the Department of Revenue, Research Division, P.O. Box 47459, Olympia, WA 98504-7459. The tables are also listed on the Department's web page – dor.wa.gov – under Statistical Reports.

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INTRODUCTION

There is considerable interest by taxpayers and government officials in Washington's relative tax position among the states. In order to properly compare tax burdens, uniform and reliable data must be utilized. The best source of comparative tax information for all state and local governments is "Government Finances," compiled annually by the Census Bureau of the U.S. Department of Commerce. The figures for 1999-2000 were received in December 2002.

For fiscal year 2000, tax collections in Washington amounted to \$18.7 billion. This figure includes all state and local tax collections, according to the definitions used by the U.S. Census Bureau. Taxes include compulsory payments which are not related to particular governmental services; that is, tax liability is independent from the benefit taxpayers receive from government operations. Instead, taxes are determined by other measures such as income, purchases and property values. Furthermore, taxes are the source of funding for general programs over which legislatures typically have the most discretion in terms of spending levels, since nontax revenue sources are usually dedicated to specific programs.

Examples of revenues excluded from the tax category are sales of commodities and services directly benefiting individuals (e.g., utility charges, tuitions and fees). Also, enterprise revenues from liquor sales and utility operations are omitted. Required payments for unemployment and workmen's compensation programs are other significant exclusions. These are not considered general tax revenues because they are earmarked to provide assistance to employees who are laid off from work or injured while on the job.

There are several ways in which tax burdens may be measured. Each approach has its own merits and is suited to a particular purpose. The two primary methods used in this report are the amount of taxes in relation to population and personal income.

PER CAPITA TAXES

A first step often taken in measuring relative tax burdens is to divide total state and local tax collections for each state by its population. This computation results in a state and local tax amount of \$3,178 for each Washington resident and gives Washington a ranking among the 50 states of 15th for FY 2000 (Table 6). Washington per capita taxes are \$78 above the national average of \$3,100. Chart 3 portrays the change in per capita state and local taxes since 1960 for Washington and the average for all states.

A per capita tax comparison is far from complete, however, because differences in the level of income among the states greatly influence their capability to finance the cost of government services. Furthermore, the per capita approach assumes that all citizens are identical for purposes of computing the "average" tax burden. In addition to income, many other factors including age, family size, and consumption preferences for housing and other taxable items are significant in determining the tax burden for any particular individual or family. Also, tax collections include taxes initially paid by businesses, so the per capita amount does not correspond to what the "average" individual would pay in direct state and local taxes.

TAXES PER \$1,000 PERSONAL INCOME

To obtain a better measure of the relative ability of states to finance the cost of government, the total state and local taxes may be divided by total state personal income--a statistic representing the "wealth" of all residents living in each state. This computation produces a 2000 Washington state and local tax burden of \$107.53 for each \$1,000 of personal income (Table 1). Stated another way, Washington state and local taxes equaled about 10.8 percent of personal income in fiscal year 2000. By this measure Washington ranks 32nd in the nation and 10th among the 13 western states. Washington's average tax burden is now \$4.75 below the national average. Both the tax burden figures and Washington's ranking are the lowest since 1982. Chart 2 illustrates the change in state and local taxes per \$1,000 of personal income since 1960. According to the latest available data (calendar year 2001), the average share of personal income in Washington, \$32,025, ranks 13th among all states (Table 5).

STATE TAXES VS. LOCAL TAXES

Both of the above tax comparison methods include state and local government taxes, since most taxpayers are concerned with their total tax burden. (Federal taxes are assumed to apply uniformly throughout the country and, therefore, are not significant in explaining differences in tax burden among the states.) Another comparison that is sometimes made is to look at only state or local taxes. Washington has traditionally ranked high in state taxes but low in local taxes. For fiscal year 2000 Washington state taxes per \$1,000 income are ranked 24th, while local taxes are ranked 34th (Table 3). On the per capita basis, Washington state taxes are ranked 13th and local taxes are in 24th place (Table 8).

The explanation for these differences is provided in Table 11 which indicates that more than two-thirds of Washington's state and local tax dollar is collected at the state level while less than one-third is attributable to local taxes. This is in contrast to most other states in which the relative share of state and local taxes is more evenly balanced. On the average, 62 percent of the total is collected at the state level and 38 percent is collected locally. Washington collects a greater share of total state and local taxes at the state level for several reasons: limitations have been placed upon the revenue producing ability of the local property tax; Washington funds public education and certain other programs to a larger degree by state tax sources than many states; and local taxing authority is controlled by state law and new local tax sources must be authorized by the Legislature.

ANALYSIS OF TAX BURDEN

Both the per capita and the personal income approach are based on total state and local tax collections obtained by survey of governmental jurisdictions by the Census Bureau. Taxes include amounts paid by individuals as well as business, but there is no accurate way of classifying tax burdens by type of taxpayer for most tax sources. For example, in Washington it is estimated that households pay about 60 percent of total sales tax collections, with the remainder paid by businesses (supplies, nonmanufacturing machinery, construction, etc.), government and tourists. But the exact amounts are not known because vendors do not record

the type of purchaser who pays the tax. Similarly, the actual burden of the property tax and other major taxes by taxpayer type is not precisely known in this or other states.

Further, the initial tax burdens may be shifted to other entities. Business taxes are particularly susceptible to shifting, either forward to consumers (increased prices) or backward to owners (reduced earnings) and workers (lower wages). Tax burdens may also be shifted to persons in other states. For example, Alaska typically has a very high tax burden due to its petroleum tax revenues. However, consumers in many other states pay a portion of this tax, which is included in the price of oil delivered via Alaska's pipeline. Unfortunately, there is no adequate way of estimating such shifts of tax burden. Some studies attempt to do so, but they require significant resources to model tax impacts, and the results are no better than the underlying assumptions.

Many state and local taxes in Washington are based on consumption expenditures. Thus, revenues are dependent upon price changes, and inflation can have a direct influence upon collections. Population growth is also a major factor, but the rate of increase in tax collections typically exceeds the rate of population growth. Therefore, per capita taxes usually increase from year to year. Fiscal year 2000 was no exception, and Washington's per capita tax burden increased by nearly 1.0 percent.

Two factors influence the tax burden calculation in relation to income: the amount of state/local tax collections and the rate of growth in state personal income. Often the income statistic, which is the denominator of the calculation, is a more significant variable than the tax figure which tends to fluctuate less dramatically. The state's tax burden ranking is dependent upon not only changes in Washington, but also in the other states.

In the 1960s, state and local tax burdens of about \$115 per \$1,000 of personal income were typical for Washington, and the state usually ranked about 18th among all states. The economic downturn, which occurred around 1970, caused some reduction in the growth rate of tax collections. However, the fall-off in personal income was even greater. The relatively smaller income caused the tax burden calculation to rise to as high as \$128 in 1972 and 1973. Rankings ranged from as high as 17th to as low as 25th during this period.

Later in the 1970s, growth in consumer expenditures exceeded the rate of income growth, due to strong demand for housing and durable goods. Such purchases are often financed from savings or by borrowing rather than current income; thus short-term tax elasticity was very high. The result was a very high tax burden, reaching \$127 in 1978.

A dramatic change in the national economy occurred in 1979-80 due to soaring interest rates, credit controls and reduced demand for autos and housing. The resulting recession in Washington caused the state economy to bottom out in 1981-82. The percentage of personal income devoted to taxable retail purchases (a major driver of Washington tax revenues) dropped from over 70 percent to less than 60 percent in only two years. Also contributing to the reduction in Washington tax revenues was the exemption of food from sales tax, limitation of local special school levies, extension of the 106 percent limit on property taxes to the state levy, and repeal of the state's inheritance tax. Somewhat ironically, personal income remained rather high during most of this period, and Washington ranked from 8th - 10th in per capita personal income

throughout the recession years. The high level of income, coupled with the reduced tax collections produced a precipitous drop in the tax burden for this state to \$100 in 1981, along with the lowest-ever ranking of 39th.

Later in the 1980s Washington's tax burden returned to the level of about \$115 and rankings of about 16th were common. During the early 1990s the tax burden rose, and for several years the tax burden ranged between \$121 and \$123. Rankings were as high as 9th-11th. A major factor was the package of state tax increases enacted in 1993 which amounted to a biennial increase in state revenues of \$650 million. Also influencing high tax collections during the 1990s was a very high rate of population growth for the state. From FY 1989 to FY 1992, only the states of Alaska and Nevada experienced a more rapid rate of population growth. New residents typically purchase appliances and other durable goods to furnish new homes. This causes an increase in tax elasticity and a short-term increase in revenues which can exceed the growth rate in income.

Since 1995 Washington's tax burden by the income measure has declined steadily from \$123.00 to \$107.53 and the state's ranking has dropped from 11th to 32nd. The FY 2000 tax burden is by far the lowest level since the recession year of 1982. This is largely due to elimination of the motor vehicle excise tax, the rollback of state B&O tax rates, the sales tax exemption of manufacturing machinery, reductions in the state property tax rate, and a myriad of new tax exemptions enacted in recent legislative sessions. Also, continued high personal income in the state has helped to drive the tax burden statistic downward.

The prospect for next year's tax burden ranking (FY 2001) is for even further reduction in the tax per \$1,000 income statistic. This year's collections included only the first six months of elimination of the motor vehicle excise tax; FY 2001 will cover a full 12 month period. (It has been estimated that if the MVET had not been collected for any of FY 2000, Washington's ranking would have been 39th, instead of 32nd.) Other taxes experienced relatively low growth rates in FY 2001; the increase in all Washington state tax collections was only 0.8 percent. Coupled with continuing high per capita personal income (ranked 11th for CY 2000 - the figure to be used for next year's calculation), there is a good chance that Washington's income-based tax burden figure will be even lower.

By FY 2002 the downward trend in Washington's tax burden may begin to slow, as personal income begins to reflect the current economic recession. Washington's per capita personal income for CY 2001 has dropped slightly from 11th to 13th place (see Table 5), and this will make the results of the tax burden calculation increase somewhat. Balancing this, however, will be the dramatic reduction in collections for existing tax sources. Collections of major state taxes by the Department of Revenue for FY 2002 actually dropped (by 0.1 percent) for the first time in recent decades. Not even during the recession of the early 1980s did DOR tax collections actually drop from one year to the next.

Of course, Washington's future tax ranking will also depend upon the experience of other states. It is apparent that many states are experiencing tax collection problems. In particular, many of the income tax states have been especially hard hit by the recession, as revenues derived from capital gains and corporate profits have fallen far below forecasted levels.

**Table 1. State and Local Tax Collections Per \$1,000 Personal Income
Fiscal Years 1996-2000**

	Amount					Rank				
	1996	1997	1998	1999	2000	1996	1997	1998	1999	2000
New York	\$144.42	\$142.13	\$141.92	\$140.34	\$141.18	2	2	2	1	1
Maine	129.48	134.47	144.46	139.08	138.64	6	3	1	2	2
Alaska	158.85	153.00	122.29	102.62	132.18	1	1	9	39	3
Wisconsin	133.33	128.22	129.10	127.08	129.44	3	5	4	3	4
New Mexico	126.36	127.72	131.39	121.73	126.74	7	6	3	7	5
Hawaii	131.63	126.63	125.89	123.01	126.45	5	7	6	5	6
Minnesota	131.86	128.86	127.69	123.26	123.87	4	4	5	4	7
Vermont	122.25	123.74	125.08	121.82	121.53	8	9	7	6	8
California	113.38	111.42	114.50	113.58	120.39	24	23	18	15	9
Connecticut	120.54	125.64	124.52	121.48	120.23	11	8	8	8	10
Utah	120.68	115.91	118.15	116.78	119.50	9	14	13	9	11
North Dakota	120.65	116.05	122.02	114.89	119.48	10	13	11	12	12
Rhode Island	114.85	117.49	117.15	115.56	118.11	20	10	14	11	13
Wyoming	117.28	116.93	122.04	113.41	117.74	16	12	10	16	14
West Virginia	112.66	114.07	112.30	116.65	116.33	25	15	25	10	15
Delaware	108.60	111.30	118.84	112.34	115.69	32	24	12	19	16
Idaho	115.58	112.48	113.76	112.63	115.43	19	20	20	17	17
Michigan	108.72	111.79	112.75	113.60	114.17	31	21	23	14	18
New Jersey	115.74	111.10	115.10	113.68	113.46	17	26	16	13	19
Ohio	111.38	110.03	110.35	109.86	112.90	27	28	26	23	20
Arizona	117.59	108.83	106.77	108.65	111.73	14	31	34	25	21
Kentucky	115.63	113.73	112.84	110.99	111.62	18	16	22	21	22
Iowa	117.45	111.22	109.80	107.95	111.09	15	25	27	28	23
Mississippi	114.30	109.65	109.73	110.54	110.75	22	29	28	22	24
Montana	111.02	113.65	113.78	108.85	110.53	28	17	19	24	25
Massachusetts	112.37	111.63	113.28	108.53	110.36	26	22	21	26	26
Maryland	106.43	105.38	107.86	104.63	110.01	38	38	30	38	27
Louisiana	102.71	109.58	109.02	108.02	109.57	43	30	29	27	28
Nebraska	118.92	113.39	112.36	107.66	109.44	13	18	24	30	29
Georgia	110.56	105.07	106.15	107.74	109.07	29	40	36	29	30
Kansas	113.74	112.57	115.74	107.59	108.72	23	19	15	31	31
WASHINGTON	119.79	117.49	115.00	111.25	107.53	12	11	17	20	32
Illinois	109.44	106.07	104.66	104.95	107.50	30	35	38	34	33
Oklahoma	107.69	107.50	107.17	104.78	106.67	35	32	33	35	34
North Carolina	108.58	105.83	107.40	105.52	106.60	33	36	31	33	35
Pennsylvania	106.47	106.62	107.27	107.18	106.56	37	34	32	32	36
Arkansas	107.89	105.14	106.51	112.62	106.50	34	39	35	18	37
Indiana	104.35	110.80	105.75	104.70	105.64	40	27	37	37	38
Oregon	106.65	106.75	100.96	100.19	105.60	36	33	41	45	39
South Carolina	105.01	102.28	103.50	104.75	104.82	39	41	39	36	40
Nevada	114.31	105.41	100.82	101.79	104.59	21	37	43	41	41
Colorado	102.97	100.99	100.87	102.24	103.53	41	44	42	40	42
Virginia	98.48	99.03	100.81	101.64	102.80	47	46	44	42	43
Florida	102.73	100.34	100.50	100.24	100.06	42	45	45	44	44
Missouri	100.62	101.58	101.57	101.56	99.45	46	43	40	43	45
Texas	102.51	101.61	98.71	96.79	96.87	44	42	46	46	46
South Dakota	100.80	92.15	97.80	95.06	94.56	45	47	47	47	47
Alabama	93.55	91.24	91.33	91.11	93.65	48	48	48	48	48
Tennessee	90.36	89.08	90.01	87.99	89.17	49	50	49	50	49
New Hampshire	89.13	91.03	88.39	88.37	88.18	50	49	50	49	50
U.S. Average	\$112.99	\$111.43	\$111.70	\$110.48	\$112.28					

Table 2
State & Local Tax Collections Per \$1,000 Personal Income
Thirteen Western States - Fiscal 2000

State	Amount	National Rank	Western Rank
Alaska	\$132.18	3	1
New Mexico	126.74	5	2
Hawaii	126.45	6	3
California	120.39	9	4
Utah	119.50	11	5
Wyoming	117.74	14	6
Idaho	115.43	17	7
Arizona	111.73	21	8
Montana	110.53	25	9
WASHINGTON	107.53	32	10
Oregon	105.60	39	11
Nevada	104.59	41	12
Colorado	103.53	42	13

**Table 3. Washington Taxes Per \$1,000 Personal Income
State, Local and Total Taxes for Past 10 Years**

Fiscal Year	<u>State Taxes</u>		<u>Local Taxes</u>		<u>Combined Total</u>	
	Amount	Rank	Amount	Rank	Amount	Rank
1991	86.68	7	35.07	35	121.75	9
1992	86.71	9	35.46	35	122.17	11
1993	82.21	11	35.73	33	117.95	17
1994	85.10	9	36.14	35	121.24	15
1995	84.65	10	38.35	33	123.00	11
1996	81.99	13	37.80	32	119.79	12
1997	80.40	12	37.09	32	117.49	11
1998	78.56	16	36.44	34	115.00	17
1999	75.76	18	35.49	33	111.25	20
2000	72.14	24	35.39	34	107.53	32

**Table 4. Property Taxes Per \$1,000 Personal Income
Fiscal Years 1999-2000**

	1999		2000	
	Amount	Rank	Amount	Rank
New Hampshire	\$57.24	1	\$54.54	1
Maine	52.70	2	52.00	2
Vermont	52.27	3	50.69	3
New Jersey	51.61	4	49.92	4
Montana	47.51	5	47.08	5
Rhode Island	46.45	6	47.06	6
Alaska	42.40	8	43.52	7
Connecticut	42.22	10	41.54	8
New York	42.30	9	40.96	9
Wyoming	43.68	7	40.13	10
Wisconsin	40.31	11	39.71	11
Illinois	38.97	12	38.75	12
Texas	36.97	13	36.76	13
Indiana	34.80	19	35.84	14
Iowa	35.63	15	35.69	15
North Dakota	34.24	21	35.62	16
Massachusetts	35.58	16	35.08	17
Michigan	33.47	22	34.46	18
South Dakota	35.49	17	34.45	19
Nebraska	36.49	14	34.09	20
Florida	34.62	20	33.64	21
Arizona	31.82	24	32.76	22
WASHINGTON	35.39	18	31.53	23
Ohio	31.75	25	31.47	24
Oregon	30.03	28	31.29	25
Minnesota	31.98	23	31.12	26
Kansas	31.20	26	31.02	27
Idaho	30.23	27	30.38	28
South Carolina	28.60	32	29.44	29
Pennsylvania	29.42	30	29.32	30
Virginia	29.92	29	29.19	31
Maryland	26.18	35	28.93	32
Colorado	28.80	31	28.83	33
Georgia	27.17	34	27.82	34
Utah	25.45	37	26.52	35
California	27.51	33	26.31	36
Nevada	24.26	39	25.81	37
Mississippi	25.24	38	25.70	38
Missouri	23.93	40	23.66	39
North Carolina	22.65	41	22.91	40
West Virginia	22.13	42	22.80	41
Tennessee	20.10	43	20.71	42
Kentucky	18.95	44	18.89	43
Hawaii	18.69	45	18.58	44
Louisiana	16.61	47	17.53	45
Arkansas	25.98	36	17.25	46
Delaware	15.84	49	16.90	47
Oklahoma	16.70	46	16.84	48
New Mexico	16.01	48	16.38	49
Alabama	12.38	50	13.33	50
U.S. Average	\$32.52		\$32.07	

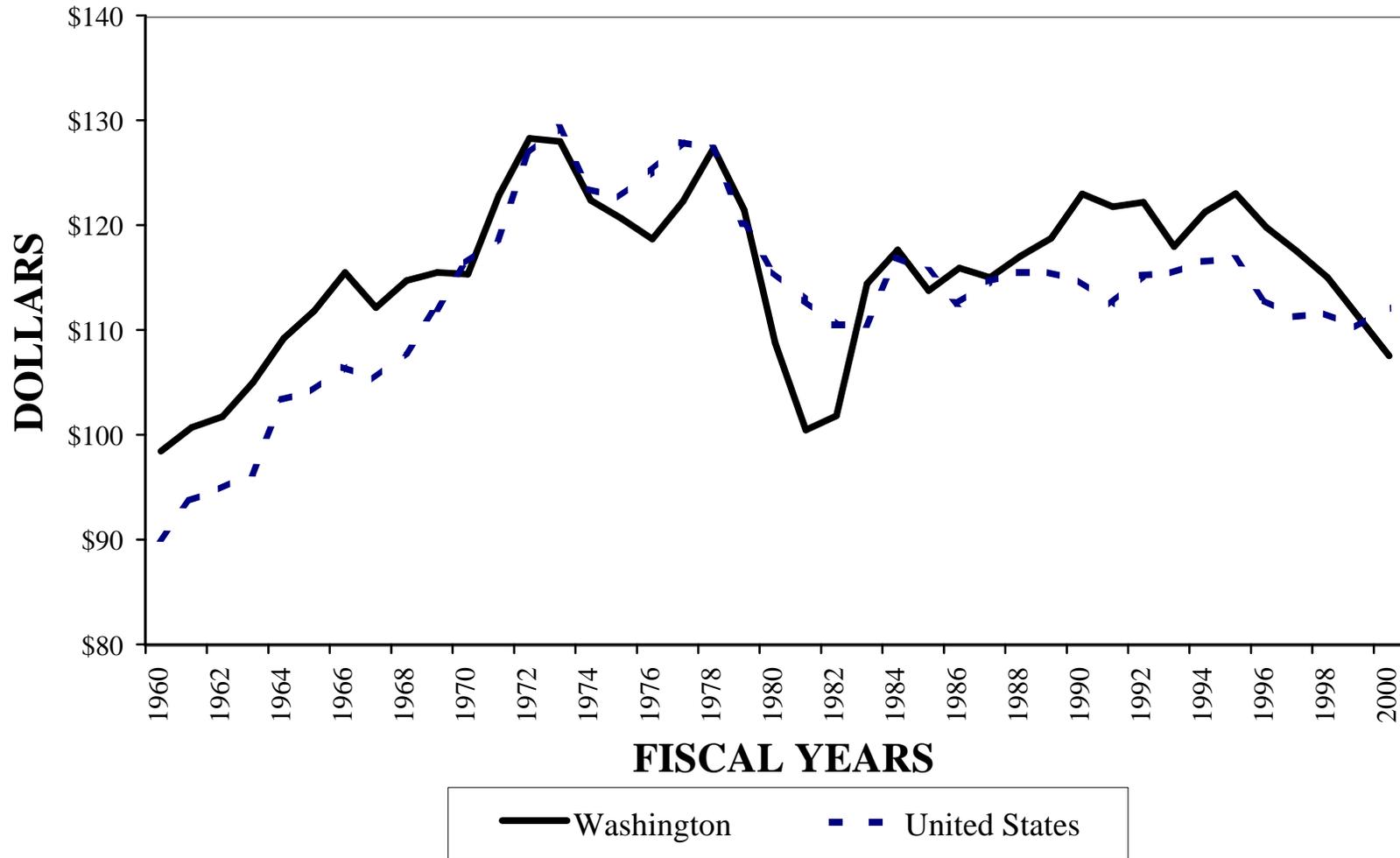
**Table 5. Per Capita Personal Income
Calendar Years 1999-2001**

State	1999*		2000		2001	
	Amount	Rank	Amount	Rank	Amount	Rank
Connecticut	\$38,614	1	\$41,392	1	\$42,435	1
Massachusetts	34,322	3	37,690	2	38,907	2
New Jersey	34,549	2	37,649	3	38,509	3
New York	32,617	4	35,016	4	36,019	4
Maryland	31,829	5	33,959	5	35,188	5
New Hampshire	30,485	6	33,576	6	34,138	6
Colorado	30,334	7	33,018	7	33,470	7
Minnesota	30,141	9	32,207	10	33,101	8
Illinois	30,227	8	32,248	9	33,023	9
California	29,698	11	32,334	8	32,702	10
Delaware	29,354	12	31,500	12	32,472	11
Virginia	29,276	13	31,320	13	32,431	12
Washington	29,836	10	31,627	11	32,025	13
Alaska	28,122	15	29,913	14	30,936	14
Pennsylvania	27,924	17	29,713	15	30,720	15
Rhode Island	27,632	18	29,258	18	30,215	16
Nevada	28,598	14	29,696	16	29,897	17
Michigan	27,942	16	29,516	17	29,788	18
Wyoming	26,139	27	27,767	26	29,416	19
Wisconsin	26,976	19	28,471	19	29,270	20
Hawaii	26,913	21	28,301	20	29,002	21
Florida	26,951	20	28,286	21	28,947	22
Nebraska	26,558	24	27,756	27	28,886	23
Ohio	26,864	22	28,202	23	28,816	24
Georgia	26,571	23	28,212	22	28,733	25
Vermont	25,705	30	27,376	30	28,594	26
Texas	26,237	26	28,035	24	28,581	27
Kansas	26,121	28	27,537	28	28,565	28
Missouri	25,865	29	27,452	29	28,226	29
Oregon	26,248	25	27,821	25	28,165	30
Indiana	25,628	31	27,228	31	27,783	31
North Carolina	25,504	32	27,055	32	27,514	32
Iowa	24,990	34	26,572	33	27,331	33
Tennessee	25,026	33	26,367	34	26,988	34
Maine	24,187	36	25,681	36	26,723	35
South Dakota	24,477	35	25,823	35	26,664	36
North Dakota	23,043	38	25,007	38	25,902	37
Arizona	23,937	37	25,358	37	25,872	38
Oklahoma	22,540	43	24,046	42	25,071	39
Kentucky	22,671	42	24,244	40	24,923	40
South Carolina	22,958	39	24,273	39	24,886	41
Idaho	22,679	41	24,101	41	24,621	42
Alabama	22,693	40	23,766	43	24,589	43
Louisiana	22,204	44	23,227	45	24,535	44
Utah	22,202	45	23,476	44	24,180	45
Montana	21,593	46	22,895	46	23,963	46
New Mexico	20,891	48	21,837	49	23,155	47
Arkansas	21,119	47	22,108	47	22,887	48
West Virginia	20,691	49	21,861	48	22,881	49
Mississippi	20,124	50	21,017	50	21,750	50
U.S. Average	\$27,880		\$29,770		\$30,472	

Source: Bureau of Economic Analysis, U.S. Dept. of Commerce, Sept. 2002

* 1999 personal income used for 1999-2000 tax calculations.

CHART 2. STATE AND LOCAL TAXES PER \$1000 OF PERSONAL INCOME WASHINGTON AND ALL STATE AVERAGE 1960-2000



**Table 6. State and Local Taxes Per Capita
Fiscal Years 1998-2000**

	1998		1999		2000	
	Amount	Rank	Amount	Rank	Amount	Rank
Connecticut	\$4,425	1	\$4,536	1	\$4,595	1
New York	4,318	2	4,515	2	4,578	2
New Jersey	3,698	3	3,878	3	3,903	3
Massachusetts	3,531	4	3,606	4	3,787	4
Minnesota	3,490	5	3,599	5	3,694	5
Alaska	3,279	7	2,841	22	3,687	6
California	3,022	14	3,167	12	3,545	7
Wisconsin	3,186	10	3,318	6	3,458	8
Maryland	3,126	11	3,202	11	3,454	9
Hawaii	3,293	6	3,303	7	3,384	10
Maine	3,225	8	3,258	9	3,343	11
Delaware	3,218	9	3,278	8	3,340	12
Rhode Island	3,117	12	3,226	10	3,256	13
Illinois	2,959	15	3,131	14	3,241	14
WASHINGTON	3,038	13	3,148	13	3,178	15
Michigan	2,874	18	3,032	15	3,167	16
Vermont	2,911	16	3,004	16	3,080	17
Colorado	2,763	21	2,987	17	3,073	18
Wyoming	2,901	17	2,827	23	3,046	19
Ohio	2,750	23	2,869	20	3,016	20
Pennsylvania	2,802	20	2,934	18	2,979	21
Virginia	2,675	25	2,846	21	2,978	22
Nevada	2,727	24	2,925	19	2,915	23
Nebraska	2,751	22	2,775	24	2,906	24
Georgia	2,552	29	2,761	25	2,841	25
Kansas	2,805	19	2,748	26	2,833	26
Iowa	2,606	27	2,674	27	2,765	27
North Dakota	2,549	30	2,631	30	2,754	28
Oregon	2,479	33	2,574	33	2,751	29
Indiana	2,500	32	2,621	31	2,691	30
North Carolina	2,557	28	2,649	29	2,664	31
New Hampshire	2,416	36	2,590	32	2,652	32
New Mexico	2,637	26	2,568	34	2,639	33
Utah	2,459	34	2,567	35	2,630	34
Florida	2,545	31	2,663	28	2,624	35
Arizona	2,371	38	2,561	37	2,599	36
Missouri	2,449	35	2,565	36	2,558	37
Idaho	2,334	40	2,428	40	2,546	38
Kentucky	2,377	37	2,464	38	2,517	39
Texas	2,344	39	2,456	39	2,505	40
Louisiana	2,303	41	2,409	41	2,436	41
West Virginia	2,183	45	2,368	43	2,413	42
Oklahoma	2,240	43	2,313	45	2,391	43
South Carolina	2,187	44	2,333	44	2,379	44
Montana	2,291	42	2,312	46	2,363	45
South Dakota	2,158	46	2,255	47	2,299	46
Arkansas	2,143	47	2,382	42	2,230	47
Mississippi	2,057	49	2,198	48	2,214	48
Tennessee	2,079	48	2,142	49	2,185	49
Alabama	1,916	50	2,007	50	2,117	50
U.S. Average	\$2,863		\$2,992		\$3,100	

**Table 7. Per Capita Yield of State and Local Taxes
Thirteen Western States - Fiscal 2000**

State	Amount	National Rank	Western Rank
Alaska	\$3,687	6	1
California	3,545	7	2
Hawaii	3,384	10	3
WASHINGTON	3,178	15	4
Colorado	3,073	18	5
Wyoming	3,046	19	6
Nevada	2,915	23	7
Oregon	2,751	29	8
New Mexico	2,639	33	9
Utah	2,630	34	10
Arizona	2,599	36	11
Idaho	2,546	38	12
Montana	2,363	45	13

**Table 8. Washington Taxes Per Capita
State, Local and Total Taxes for Past 10 Years**

Fiscal Year	<u>State Taxes</u>		<u>Local Taxes</u>		<u>Combined Total</u>	
	Amount	Rank	Amount	Rank	Amount	Rank
1991	1,592	5	644	30	2,236	11
1992	1,651	8	675	31	2,326	12
1993	1,694	9	737	30	2,431	10
1994	1,822	8	774	31	2,596	10
1995	1,877	8	851	29	2,728	10
1996	1,913	8	882	28	2,795	10
1997	1,995	8	921	27	2,916	11
1998	2,075	8	963	25	3,038	13
1999	2,143	10	1,004	24	3,148	13
2000	2,132	13	1,046	24	3,178	15

**Table 9. Per Capita Property Tax Collections
Fiscal Years 1999-2000**

State	1999		2000	
	Amount	Rank	Amount	Rank
New Jersey	\$1,761	1	\$1,717	1
New Hampshire	1,677	2	1,641	2
Connecticut	1,577	3	1,588	3
New York	1,361	4	1,328	4
Rhode Island	1,297	5	1,297	5
Vermont	1,289	6	1,284	6
Maine	1,235	7	1,254	7
Alaska	1,174	9	1,214	8
Massachusetts	1,182	8	1,204	9
Illinois	1,163	10	1,168	10
Wisconsin	1,052	12	1,061	11
Wyoming	1,089	11	1,038	12
Montana	1,009	13	1,007	13
Michigan	893	19	956	14
Texas	938	16	950	15
WASHINGTON	1,001	14	932	16
Minnesota	934	17	928	17
Indiana	871	21	913	18
Maryland	801	27	908	19
Nebraska	941	15	905	20
Iowa	883	20	888	21
Florida	920	18	882	22
Colorado	842	23	856	23
Virginia	838	24	846	24
Ohio	829	25	841	25
South Dakota	842	22	838	26
North Dakota	784	29	821	27
Pennsylvania	805	26	820	28
Oregon	771	30	815	29
Kansas	797	28	809	30
California	767	31	775	31
Arizona	750	32	761	32
Georgia	696	34	725	33
Nevada	697	33	719	34
Idaho	651	35	670	35
South Carolina	637	36	668	36
Missouri	604	37	609	37
Utah	559	39	584	38
North Carolina	569	38	572	39
Mississippi	502	41	514	40
Tennessee	489	43	507	41
Hawaii	502	42	497	42
Delaware	462	44	488	43
West Virginia	449	45	473	44
Kentucky	421	46	426	45
Louisiana	371	47	390	46
Oklahoma	369	48	377	47
Arkansas	550	40	361	48
New Mexico	338	49	341	49
Alabama	273	50	301	50
U.S. Average	\$881		\$885	

**Table 10. Per Capita State and Local Sales Tax Collections
Fiscal Year 2000**

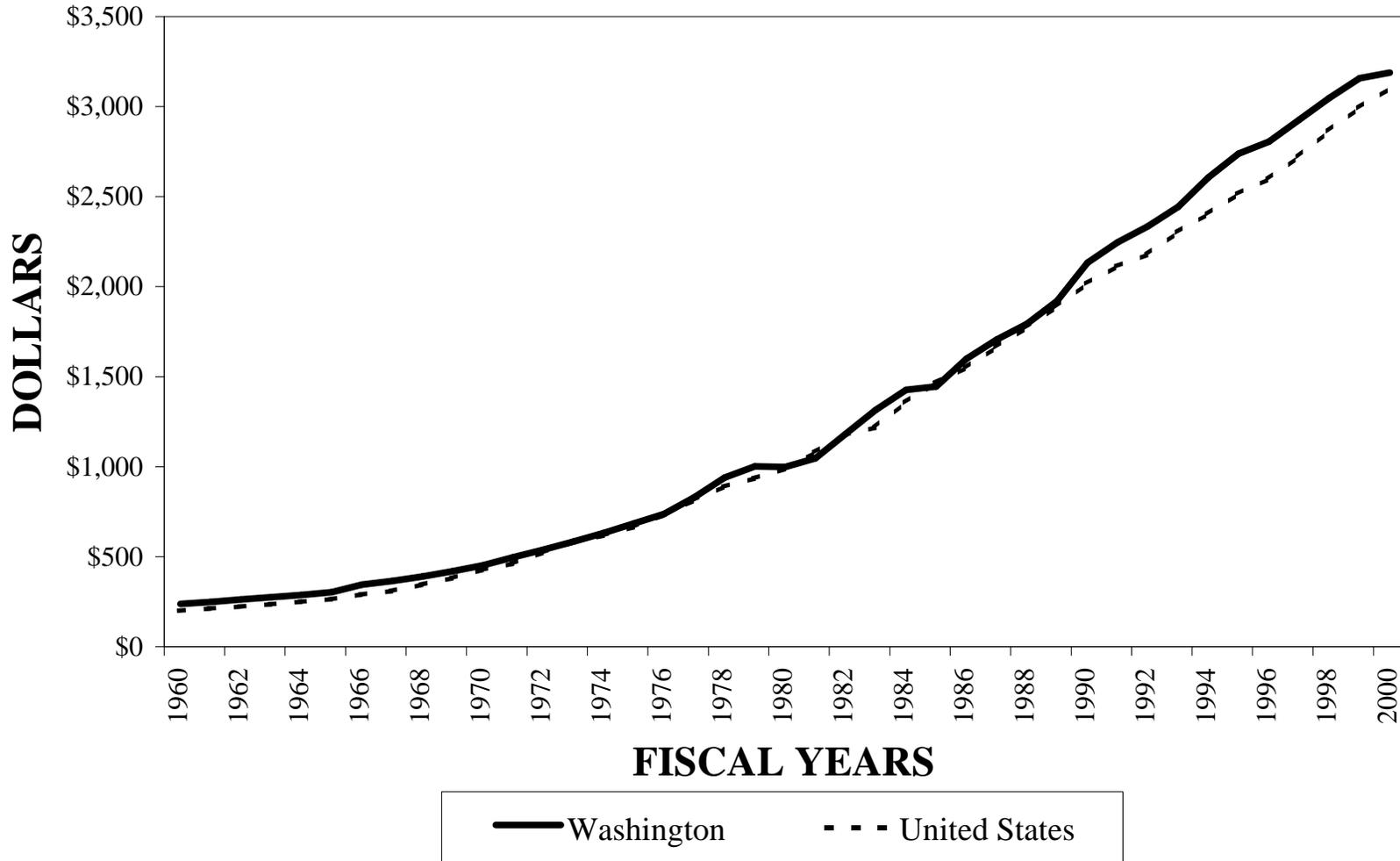
	General		Selective		Total Sales Taxes	
	Amount	Rank	Amount	Rank	Amount	Rank
Washington	\$1,513	1	\$435	11	\$1,948	1
Nevada	1,032	3	763	1	1,795	2
Hawaii	1,268	2	499	4	1,767	3
Connecticut	1,004	5	480	6	1,484	4
Louisiana	967	8	426	12	1,393	5
Florida	973	7	420	13	1,393	6
New Mexico	1,027	4	311	25	1,338	7
Tennessee	1,002	6	284	30	1,286	8
Texas	832	15	443	8	1,275	9
Minnesota	764	22	437	10	1,201	10
New York	868	14	316	24	1,184	11
Arizona	946	9	237	47	1,183	12
Wyoming	939	10	242	45	1,181	13
California	899	12	273	36	1,172	14
South Dakota	831	16	327	22	1,157	15
Georgia	920	11	216	50	1,136	16
Colorado	878	13	249	44	1,127	17
Mississippi	820	20	305	28	1,126	18
North Dakota	594	33	518	2	1,112	19
Arkansas	823	19	280	32	1,103	20
Utah	825	17	264	38	1,088	21
Illinois	586	37	491	5	1,077	22
Kansas	823	18	251	42	1,074	23
Missouri	734	23	308	26	1,042	24
Alabama	645	31	386	16	1,031	25
West Virginia	507	42	508	3	1,016	26
Michigan	771	21	225	49	997	27
Wisconsin	689	26	305	27	994	28
Nebraska	711	24	276	33	988	29
New Jersey	655	29	323	23	978	30
Rhode Island	593	34	366	19	958	31
Maine	665	27	273	35	937	32
Oklahoma	697	25	241	46	937	33
Iowa	647	30	275	34	922	34
Kentucky	537	41	375	18	912	35
Ohio	655	28	257	39	912	36
North Carolina	562	39	333	21	895	37
Pennsylvania	588	36	294	29	882	38
Maryland	472	43	401	14	873	39
South Carolina	638	32	230	48	867	40
Virginia	454	44	390	15	843	41
Indiana	589	35	252	40	841	42
Idaho	577	38	249	43	827	43
Massachusetts	562	40	251	41	812	44
Vermont	354	45	442	9	796	45
New Hampshire	--	48	449	7	449	46
Alaska	170	46	282	31	425	47
Montana	--	49	383	17	383	48
Delaware	--	50	340	20	340	49
Oregon	--	47	267	37	267	50

[1] Includes comprehensive retail sales taxes which apply to most goods and gross receipts taxes measured by sales of most products (e.g., Washington's B&O tax), per Census Bureau classifications.

[2] Specific taxes upon particular items, such as gasoline, alcoholic beverages, tobacco products and public utilities.

CHART 3. STATE AND LOCAL TAXES PER CAPITA

WASHINGTON AND ALL STATE AVERAGE 1960-2000



**Table 11. State/Local Tax Collections
Selected States - Fiscal Year 2000**

State	Percent of Total Collections	
	State Level	Local Level
WASHINGTON	67.1 %	32.9 %
Oregon	63.2	36.8
Idaho	72.2	27.8
California	69.8	30.2
All States	61.9 %	38.1 %

**Table 12. Percentage of Reliance on
Major State and Local Taxes
Selected States - Fiscal Year 2000**

State	General Sales [1]	Selective Sales [2]	Property	Income	Other [3]
WASHINGTON	47.6 %	13.7 %	29.3 %	---	9.4 %
Oregon	---	9.7	29.6	47.9	12.8
Idaho	22.7	9.8	26.3	33.1	8.1
California	25.4	7.7	21.8	38.5	6.6
All States	24.6 %	10.8 %	28.6 %	28.4 %	7.6 %

[1] Includes retail sales/use taxes and gross receipts (B&O) taxes levied on gross sales.

[2] Includes taxes on specific items, e.g., gasoline, liquor, cigarettes and public utilities.

[3] Includes motor vehicle licenses and all other taxes.

**Table 13. Utilization of Retail Sales and Income Taxes
In All States, 2002**

	Retail Sales Tax		Corporate Net Income Tax	Personal Income Tax	
	State	Local		Broad-based	Interest/Dividends Only
Alabama	X	X	X	X	
Alaska		X	X		
Arizona	X	X	X	X	
Arkansas	X	X	X	X	
California	X	X	X	X	
Colorado	X	X	X	X	
Connecticut	X		X	X	
Delaware			X	X	
Florida	X	X	X		
Georgia	X	X	X	X	
Hawaii	X		X	X	
Idaho	X	X	X	X	
Illinois	X	X	X	X	
Indiana	X		X	X	
Iowa	X	X	X	X	
Kansas	X	X	X	X	
Kentucky	X		X	X	
Louisiana	X	X	X	X	
Maine	X		X	X	
Maryland	X		X	X	
Massachusetts	X		X	X	
Michigan	X			X	
Minnesota	X	X	X	X	
Mississippi	X		X	X	
Missouri	X	X	X	X	
Montana			X	X	
Nebraska	X	X	X	X	
Nevada	X	X			
New Hampshire			X		X
New Jersey	X		X	X	
New Mexico	X	X	X	X	
New York	X	X	X	X	
North Carolina	X	X	X	X	
North Dakota	X	X	X	X	
Ohio	X	X	X	X	
Oklahoma	X	X	X	X	
Oregon			X	X	
Pennsylvania	X	X	X	X	
Rhode Island	X		X	X	
South Carolina	X	X	X	X	
South Dakota	X	X			
Tennessee	X	X	X		X
Texas	X	X	X		
Utah	X	X	X	X	
Vermont	X	X	X	X	
Virginia	X	X	X	X	
WASHINGTON	X	X			
West Virginia	X		X	X	
Wisconsin	X	X	X	X	
Wyoming	X	X			
Number of States					
Imposing This Tax	45	34	45	41	2

of states imposing a state or local sales tax = 46 (all except Delaware, Montana, New Hampshire and Oregon)

of states imposing some form of income tax = 46 (all except Nevada, South Dakota, Washington and Wyoming)

of states imposing both a state or local sales tax and some form of an income tax = 42

Table 14. Comparison of State/Local Retail Sales Taxes - November, 2002

	Food Items [1] Taxable (T) Exempt (E)	State Rate	Maximum Local Rate [2]	Maximum State/Local Rate [2]
Oklahoma	T	4.50	6.00	10.50
Arkansas	T	5.125	4.75	9.88
Tennessee	T	7.00	2.75	9.75
Louisiana	E [3]	4.00	5.50	9.50
Alabama	T	4.00	5.00	9.00
WASHINGTON	E	6.50	2.40	8.90
Illinois	T**	6.25	2.50	8.75
Arizona	E	5.60	3.00	8.60
California	E	6.00	2.50	8.50
Missouri	T	4.225	4.125	8.35
Kansas	T*	5.30	3.00	8.30
New York	E	4.00	4.25	8.25
Texas	E	6.25	2.00	8.25
Colorado	E	2.90	5.00	7.90
Florida	E	6.00	1.50	7.50
Minnesota	E	6.50	1.00	7.50
Nevada	E	6.50	0.75	7.25
New Mexico	T	5.00	2.25	7.25
Alaska	T	---	7.00 [4]	7.00
Georgia	E	4.00	3.00	7.00
Idaho	T*	5.00	2.00	7.00
Iowa	E	5.00	2.00	7.00
Mississippi	T	7.00	---	7.00
Nebraska	E	5.50	1.50	7.00
North Carolina	E [3]	4.50	2.50	7.00
North Dakota	E	5.00	2.00	7.00
Ohio	E	5.00	2.00	7.00
Pennsylvania	E	6.00	1.00	7.00
Rhode Island	E	7.00	---	7.00
South Carolina	T**	5.00	2.00	7.00
Utah	T	4.75	2.25	7.00
Connecticut	E	6.00	---	6.00
Indiana	E	6.00	---	6.00
Kentucky	E	6.00	---	6.00
Michigan	E	6.00	---	6.00
New Jersey	E	6.00	---	6.00
South Dakota	T*	4.00	2.00	6.00
West Virginia	T	6.00	---	6.00
Wyoming	T*	4.00	2.00	6.00
District of Columbia	E	5.75	---	5.75
Wisconsin	E	5.00	0.60	5.60
Maine	E	5.00	---	5.00
Maryland	E	5.00	---	5.00
Massachusetts	E	5.00	---	5.00
Vermont	E	5.00	---	5.00
Virginia	T**	3.50	1.00	4.50
Hawaii	T*	4.00	---	4.00

[1] Food purchased for consumption off-premises.

[2] Highest local rate known to be actually levied by at least one jurisdiction. Includes local taxes for general purposes and those earmarked for specific purposes (e.g. transit). Taxes applying only to specified sales (e.g. lodging or meals) are excluded.

[3] Food exempt from state tax, but subject to local taxes.

[4] Alaskan cities and boroughs may levy local sales taxes from 1% to 7%.

* Income tax credit allowed to offset sales tax on food.

** Food taxed at lower rate.

Source: "State Tax Guide," Commerce Clearing House, Inc.; Federation of Tax Administrators, RIA.

**Table 15. Comparison of State Cigarette and Gasoline Taxes,
Rates Effective in November, 2002**

Cigarette Tax		Gasoline Tax	
State	\$ Per Pack	State	¢ Per Gallon
Massachusetts	1.51	Rhode Island [2]	30
New Jersey [1]	1.50	Montana	27
New York [1]	1.50	Pennsylvania	26.6
WASHINGTON	1.425	Wisconsin [2]	25.8
Rhode Island	1.32	Nevada [1]	25.75
Oregon	1.28	Connecticut	25
Michigan	1.25	Idaho	25
Hawaii	1.20	Nebraska [2]	24.5
Arizona	1.18	Utah	24.5
Connecticut	1.11	Oregon [1]	24
Alaska	1.00	Arkansas	23.5
Maine	1.00	Maryland	23.5
Maryland	1.00	Delaware	23
Pennsylvania	1.00	Kansas	23
Illinois [1]	0.98	WASHINGTON	23
Vermont	0.93	North Carolina [2]	22.1
California	0.87	Colorado	22
Wisconsin	0.77	Maine	22
Kansas	0.70	Ohio	22
Utah	0.695	South Dakota [1]	22
Nebraska	0.64	Massachusetts [2]	21
Indiana	0.555	North Dakota	21
Ohio	0.55	Tennessee [1]	21
New Hampshire	0.52	West Virginia [3]	20.5
Minnesota	0.48	Iowa	20.1
North Dakota	0.44	Louisiana	20
Texas	0.41	Minnesota	20
Iowa	0.36	Texas	20
Louisiana	0.36	Vermont	20
Nevada	0.35	Illinois[1][3]	19
Florida	0.339	Michigan [2][3]	19
South Dakota	0.33	Mississippi	18.4
Arkansas	0.315	Arizona	18
Idaho	0.28	California [1][3]	18
Delaware	0.24	New Hampshire	18
Oklahoma	0.23	Missouri	17.5
New Mexico	0.21	Virginia [1]	17.5
Colorado	0.20	New Mexico	17
Tennessee [1]	0.20	Oklahoma	17
Mississippi	0.18	Alabama [1]	16
Montana	0.18	Hawaii [1][3]	16
Missouri [1]	0.17	South Carolina	16
West Virginia	0.17	Indiana [3]	15
Alabama [1]	0.165	Kentucky [2]	15
Georgia	0.12	Wyoming	14
Wyoming	0.12	Florida [1][3]	13.9
South Carolina	0.07	New Jersey	10.5
North Carolina	0.05	Alaska	8
Kentucky	0.03	New York [3]	8
Virginia [1]	0.025	Georgia [3]	7.5 [4]

[1] Plus local taxes. [2] Variable rate based on fuel price, consumption or maintenance costs.
 [3] Gasoline is also subject to retail sales tax. [4] Georgia = 7.5 cents/gallon, plus 3% of price.
 Sources: See Table 16.

Table 16. Rates of Selected Major State Taxes, November 2002

State	Retail Sales		Personal Income [1]				Corporation Income %	Gasoline Per Gal. (cents)	Cigarette Per Pkg. (\$/pack)
	State Rate %	Local Rate %	Lowest Bracket	Rate %	Highest Bracket	Rate %			
Alabama.....	4	5	1st \$500	2	Over \$3,000	5 [2]	6.5	16 [2]	0.165 [2]
Alaska.....	--	7	--	--	--	--	1 to 9.4	8	1.00
Arizona.....	5.6	3	1st \$10,000	2.87	Over \$150,000	5.04	6.968	18	1.18
Arkansas.....	5.125	4.75	1st \$3,199	1	Over \$26,700	7	1 to 6.5 [2]	23.5	0.315
California.....	6	2.5	1st \$5,834	1	Over \$38,291	9.3 [2]	8.84	18 [2]	0.87
Colorado.....	2.9	5	4.63% of federal taxable income				4.63	22	0.20
Connecticut....	6	--	1st \$10,000	3	Over \$10,000	4.5	7.5	25	1.11
Delaware.....	--	--	\$2,000-5,000	2.2	Over \$60,000	5.95 [2]	8.7	23	0.24
Florida.....	6	1.5	--	--	--	--	5.5	13.9 [2]	0.339
Georgia.....	4	3	1st \$750	1	Over \$7,000	6	6	7.5	0.12
Hawaii.....	4	--	1st \$2,000	1.4	Over \$40,000	8.25	4.4 to 6.4	16 [2]	1.20
Idaho.....	5	2	1st \$1,000	1.6	Over \$20,000	7.8	7.6	25	0.28
Illinois.....	6.25	2.5	3% of taxable income				4.8	19 [2]	.98 [2]
Indiana.....	6 (3)	--	3.4% of adjusted gross income [2]				3.4	15	0.555
Iowa.....	5	2	1st \$1,185	0.36	Over \$53,325	8.98	6 to 12	20.1	0.36
Kansas.....	5.3	3	1st \$15,000	3.5	Over \$30,000	6.45	4 to 7.35 [2]	23	0.70
Kentucky.....	6	--	1st \$3,000	2	Over \$8,000	6 [2]	4 to 8.25 [2]	15	0.03
Louisiana.....	4	5.5	1st \$10,000	2	Over \$50,000	6	4 to 8	20	0.36
Maine.....	5	--	1st \$4,150	2	Over \$16,500	8.5	3.5 to 8.93	22	1.00
Maryland.....	5	--	1st \$1,000	2	Over \$3,000	4.75 [2]	7	23.5	1.00
Massachusetts.	5	--	5.3% of taxable income				9.5	21	1.51
Michigan.....	6	--	4.1% of adjusted gross income [2]				1.9 [4]	19	1.25
Minnesota.....	6.5	1	1st \$18,710	5.35	Over \$61,461	7.85	9.8	20	0.48
Mississippi.....	7	--	1st \$5,000	3	Over \$10,000	5	3 to 5	18.4	0.18
Missouri.....	4.225	4.125	1st \$1,000	1.5	Over \$9,000	6 [2]	6.25	17	0.17[2]

Sources: Federation of Tax Administrators; "State Tax Guide," Commerce Clearing House, Inc.; Energy Information Administration; Research Institute of America (RIA)

NOTE: This table is intended only as a general guide. Tax rates may change frequently, and some changes are only in effect temporarily. Also, there may be differences of interpretation whether a tax is considered as a state tax or a state-collected local tax and whether a rate has been implemented or merely authorized.

Table 16. Rates of Selected Major State Taxes, November 2002

State	Retail Sales		Personal Income [1]				Corporation Income %	Gasoline Per Gal. (cents)	Cigarette Per Pkg. (\$/pack)
	State Rate %	Local Rate %	Lowest Bracket	Rate %	Highest Bracket	Rate %			
Montana.....	--	--	1st \$2,200	2	Over \$76,000	11	6.75	27	0.18
Nebraska.....	5.5	1.5	1st \$2,400	2.51	Over \$26,500	6.68	5.58 to 7.81	24.5	0.64
Nevada.....	6.5	0.75	--	--	--	--	--	25.75 [2]	0.35
New Hampshire.	--	--	Interest and dividends - 5%				8.5	18	0.52
New Jersey.....	6	--	1st \$20,000	1.4	Over \$75,000	6.37 [2]	7.25 to 9.0	10.5	1.50 [2]
New Mexico.....	5	2.25	1st \$5,500	1.7	Over \$65,000	8.2	4.8 to 7.6	17	0.21
New York.....	4	4.25	1st \$8,000	4	Over \$20,000	6.85 [2]	7.5 [2]	8	1.50 [2]
North Carolina...	4.5	2.5	1st \$12,750	6	Over \$60,000	7.75	6.9	22.1	0.05
North Dakota.....	5	2	1st \$3,000	2.67	Over \$50,000	12	3 to 10.5	21	0.44
Ohio.....	5	2	1st \$5,000	0.743	Over \$200,000	7.5 [2]	5.1 to 8.5 [2]	22	0.55
Oklahoma.....	4.5	6	1st \$1,000	0.5	Over \$10,000	6.65	6	17	0.23
Oregon.....	--	--	1st \$2,500	5	Over \$6,300	9 [2]	6.6 [2]	24 [2]	1.28
Pennsylvania....	6	1	2.8% of taxable income [2]				9.99 [2]	26.6	1.00
Rhode Island.....	7	--	25% of federal tax				9	30	1.32
South Carolina...	5	2	1st \$2,400	2.5	Over \$12,000	7	5	16	0.07
South Dakota....	4	2	--	--	--	--	--	22 [2]	0.33
Tennessee.....	7[5]	2.75	Interest and dividends - 6%				6.5	21	0.20 [2]
Texas.....	6.25	2	--	--	--	--	4.5 [6]	20	0.41
Utah.....	4.75	2.25	1st \$863	2.3	Over \$4,313	7	5	24.5	0.695
Vermont.....	5	--	24% of federal tax				7.0 to 9.75	20	0.93
Virginia.....	3.5	1	1st \$3,000	2	Over \$17,000	5.75	6	17.5 [2]	0.025 [2]
Washington.....	6.5	2.4	--	--	--	--	--	23	1.425
West Virginia....	6	--	1st \$10,000	3	Over \$60,000	6.5	9	20.5	0.17
Wisconsin.....	5	0.6	1st \$7,500	4.6	Over \$112,500	6.75	7.9	25.8	0.77
Wyoming.....	4	2	--	--	--	--	--	14	0.12

[1] Generally the brackets indicated apply to single taxpayers, but most states allow or require joint return filers to split their income.

[2] Local units of government may impose additional taxes.

[3] Indian's state sales tax increases from 5% to 6% on December 1, 2002.

[4] Michigan's single business (value-added) tax expires after 2009.

[5] Tennessee's local sales tax (2.5%) on sales between \$1,600 - \$3,200 is shifted to the state.

[6] Corporations pay the higher of a capital stock tax or 4.5% of net taxable earned surplus (income).