

# Chapter 3: Current Washington State Tax Structure

## Possible Ways to Tax

There are three general types of taxes common to most state and local governments. One type of taxation is imposed on the assessed valuation of asset ownership including real, personal, and intangible property. A second type, common to most states, is imposed on personal and corporate net income. The final type is imposed on transactions and measured by the gross proceeds of each sale. Of these three methods for imposing taxes—property, income, and excise taxes—Washington state and local governments rely on property and excise taxes. Washington does not impose taxes on net income.

*Property taxes* are applied annually to the value of taxable real and personal property. They are collected semi-annually. Real property includes land and structures, while personal property comprises items that are generally movable. The major type of taxable personal property in Washington is business machinery and equipment. Household items, business inventories, and intangibles like stocks and bonds are exempt. Property taxes have traditionally been the major source of revenue for local governments, and local jurisdictions in all states levy this type of tax. Washington is one of nine states that also has a significant property tax levy at the state level.

The state portion of the property tax constitutes a quarter of all property taxes. The state levy is for the support of common schools, however, this levy comprises less than 30 percent of the state's funding of public K-12 education. County treasurers collect the tax on behalf of the state based on a county's market value of property in relation to the statewide market value of all property.

*Income taxes* for persons and corporations are measured by the net income received by individuals, households, and business entities. Typically, these taxes are computed on an annual basis. Through withholding and estimated payments the actual payments may be made more frequently than annually. The federal income tax, including a tax on individuals, estates, trusts, and corporations, is the most visible income tax. Income taxes are also levied by most states: 45 states impose a corporate net income tax and 43 states levy a personal income tax (41 are broad-based taxes and two are restricted to interest and dividends). Only Washington, Nevada, South Dakota, and Wyoming do not impose any form of income tax.

*Excise taxes* basically apply to sales transactions. Most commonly, they are taxes measured by the selling price of a good or service. Some well-recognized excise taxes in Washington are the retail sales tax, cigarette tax, and motor fuel tax. Washington's business and occupation (B&O) tax, measured by gross receipts, has been deemed an excise tax rather than an income tax by the State Supreme Court. All taxes levied in Washington, except for property taxes, represent some form of excise tax. Since the comprehensive Revenue Act of 1935, excise taxes have been the principal source for funding state government in Washington.

Another excise tax levied in over 100 countries worldwide is the value added tax (VAT). The VAT imposes a tax on the value added to a product or service at each stage of its manufacture or distribution. This tax is usually levied by national governments. There have been some subnational governments that levy a form of the VAT including the Province of Quebec, and two states—Michigan and New Hampshire.

### **Brief History of Washington's Taxes**

Washington State has had two major tax systems: the first based on the nineteenth century agricultural economy, and the second structured for the manufacturing and commercial focus of the twentieth century.

Pioneer settlers had one major asset: land. Farmers' sales and cash income were unpredictable from year to year, so lawmakers thought that excise taxes would be unstable. Therefore, Washington territorial and state governments, as well as local governments, relied heavily on the property tax to finance schools, roads, courts, law enforcement and land recording offices, practically the sum total of government activity in the nineteenth century.

As Washington entered the twentieth century, the state's population increased and many people moved from farms into the bustling urban areas. In 1900, six out of ten Washingtonians lived on farms. By 1930 only four out of ten lived in rural areas, and just two out of ten actually lived on farms.

The growing population and the manufacturing/commercial economy demanded improved government services causing property taxes to increase, nearly doubling in the decade prior to 1920. This put tremendous stress on the rural economy. Farmers recognized that they were paying high taxes on land that was not always profitable, while both the banks they borrowed from and the businesses they bought from were paying fairly low taxes. This led to a 1920s movement to reduce property taxes, to tax assets other than land, and to introduce new taxes better suited to a business economy.

In 1932, initiatives sponsored by the Grange, teachers, and organized labor enacted both a "40-mill limit" on property taxes and a graduated income tax. Both measures passed overwhelmingly, but the business community promptly challenged the income

tax in court. To tide the state budget over until litigation was resolved, the 1933 Legislature “temporarily” imposed the B&O tax, a tax on gross business receipts. The B&O tax itself was also challenged in court.

In September 1933, Washington’s high court by a 5-4 vote rejected the graduated income tax, labeling it an unconstitutionally nonuniform “property tax.” The court simultaneously upheld the B&O tax as an “excise tax,” also on a 5-4 vote. The income tax was gone, and the B&O tax was here to stay.

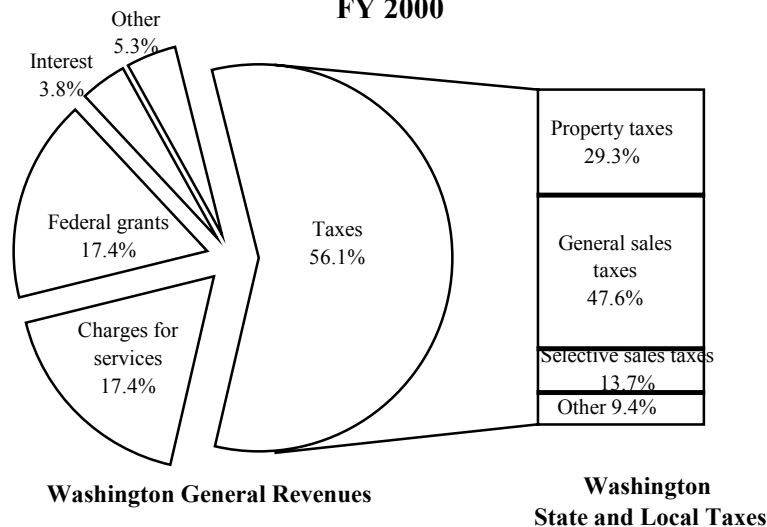
Demands for governmental services continued to rise along with Depression demands for social services and for public works projects that would create jobs. In 1935, the Legislature enacted the comprehensive Revenue Act that added a retail sales and use tax. The basic structure of Washington’s current tax system was now in place: a property tax primarily on real estate, a B&O tax on business receipts, and a sales tax on consumers. With a few additions and some tweaking, this system remains today— a tax structure suited well enough for an economy based on commercial agriculture, manufacturing, resource extraction, and locally-based commerce.

**Comparative State and Local Revenue Sources**

Total general revenues for the state and all local governments in Washington amounted to \$33.4 billion during Fiscal Year 2000, according to figures compiled by the U.S. Census Bureau. (See Table 3-1.) State and local taxes make up 59.1 percent of the total. Other major revenue sources include charges for services (e.g., college tuition and charges by public hospitals) and grants from the federal government. General sales taxes (including gross receipts business taxes) represent the largest type of tax in Washington, accounting for 47.6 percent of total state and local taxes.

**Chart 3-A**

**Washington State and Local Taxes as a Share of General Revenues  
FY 2000**



**Table 3-1**  
**Washington State and Local Government**  
**General Revenues for Fiscal Year 2000**  
**Dollars in Millions**

Revenue Source	State Govt.	Local Govt.	Total
Taxes:			
Property taxes	\$1,697.7	\$3,794.9	\$5,492.6
General sales taxes*	7,739.0	1,179.8	8,918.8
Selective sales taxes**	1,945.3	617.2	2,562.5
All other taxes	1,185.4	574.6	1,760.0
Subtotal	12,567.4	6,166.5	18,733.9
Charges for Service	2,146.3	3,680.6	5,826.9
Federal Grants	5,094.8	732.7	5,827.5
Interest Earnings	595.3	663.1	1,258.4
Intergovernmental Transfers	95.5	6,851.4	- - -***
All Other General Revenue	754.9	1,024.5	1,779.4
<b>TOTAL GENERAL REVENUES</b>	<b>\$21,254.2</b>	<b>\$19,118.8</b>	<b>\$33,426.1***</b>

\*Includes state and local business taxes measured by gross sales or gross receipts.

\*\*Includes taxes on motor fuel, alcoholic beverages, tobacco products, and public utilities.

\*\*\*Duplicative intergovernmental transfers are excluded from the total.

Source: U.S. Department of Commerce, Bureau of the Census; FY 1999-2000.

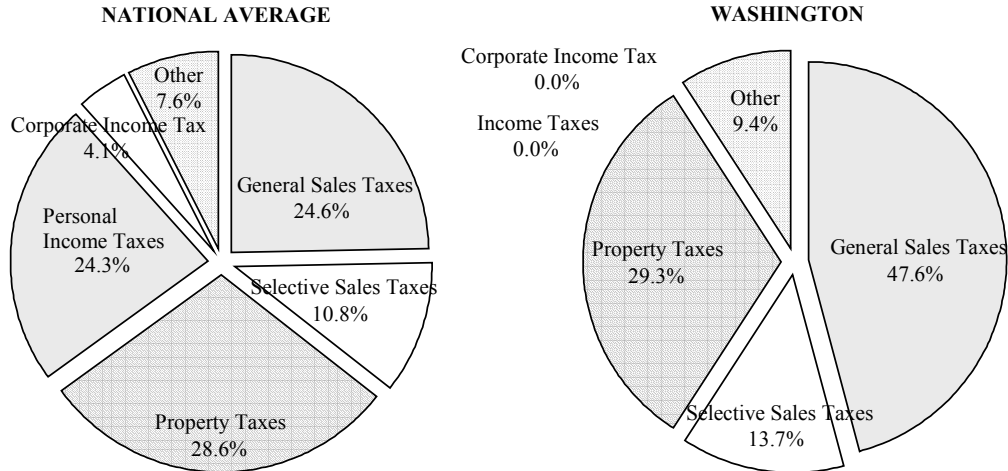
### **Washington's Major Taxes**

There are at least 50 different taxes authorized in Washington State law for the state and/or local governments. As noted previously, Washington's taxes are either a form of property tax or, in most instances, a form of excise tax. This section provides more detail on several of the significant taxes in our state.

#### Retail Sales Tax

The retail sales tax and its companion use tax represent by far the largest tax source in Washington. As noted above, general sales taxes (including gross receipts taxes, which are a form of sales tax) produce 47.6 percent of total state/local taxes in this state. This degree of reliance on a single type of tax is greater than for any other tax source in any state, except the property tax in New Hampshire (61.9 percent).

**Chart 3-B  
Washington Relies on General Sales Taxes  
More Heavily than the National Average  
State/Local Taxes - Fiscal Year 2000**



Retail sales and use tax collections in FY 2002 amounted to \$5.8 billion for the state and \$1.7 billion for local governments. On a per capita basis, retail sales/use taxes averaged \$1,253 for each Washington resident (including the amount paid directly by businesses).

The current 6.5 percent state retail sales tax rate has remained unchanged for nearly 20 years. However, local sales/use tax rates have grown steadily since they were first authorized in 1970. The combined state and local tax rate now ranges from 7 to 8.9 percent.

Forty-six states, plus the District of Columbia, impose a sales tax; only Delaware, Montana, New Hampshire, and Oregon avoid this type of tax. Washington's 6.5 percent state tax rate is exceeded only by the 7 percent rate in Rhode Island and Mississippi (neither of which allow local sales taxes). The combined state and local rates in King County (8.8 percent) and in the urban area of Snohomish County outside of Everett (8.9 percent) are nearly the highest sales tax rates in the country. Compared to other major metropolitan areas, only the city of New Orleans is believed to have a higher rate (9 percent).

The tax applies to items purchased at retail, i.e., for consumption by the buyer, including purchases by individuals and businesses. Originally, the tax applied only to sales of tangible personal property. Over the years the tax base has been extended to some services such as construction labor, repair, lodging, and some participatory recreational activities. However, most personal and professional services are not taxed. Motor vehicle fuel and utility services are not subject to tax. In 1977, voters passed an initiative to exempt food for off-premises consumption. In 1995, the Legislature exempted purchases of machinery and equipment used directly in manufacturing.

## Business and Occupation Tax

The truly unique element of Washington's tax system is the B&O tax: a gross receipts tax levied on businesses. Forty-five states impose a traditional corporate net income tax, similar to the federal tax. Of the other states, Michigan levies a form of value added tax, Nevada relies on taxes on the gaming and entertainment industry, South Dakota utilizes special taxes on contractors and banks, and Wyoming receives significant revenues from severance taxes (e.g. taxes on oil and minerals).

Washington's B&O tax is measured by gross sales, gross income, or the value of products produced within the state. No deductions are allowed for the cost of materials, wages paid to employees, or other operating expenses. As noted in Table 3-1 above, the Census Bureau classifies the B&O tax as a general sales tax, since no other state levies a similar gross receipts tax on all business activities. Unlike the retail sales tax, the B&O tax is levied on business receipts from all sales, not just receipts from retail sales.

The state B&O tax generated nearly \$2 billion in FY 2002, about 17 percent of all state tax revenues. In contrast, corporate taxes in most other states generally produce a much smaller share, on average about 4.2 percent of total state revenues.

B&O tax rates depend upon the specific activity in which a firm engages. Because of the very broad tax base, the tax rates are quite low. Except for services, which are taxed at 1.5 percent, the other tax rates are less than one-half of 1 percent: manufacturing and wholesaling, 0.484 percent; retailing, 0.471 percent; processing of certain agricultural products, 0.138 percent; and travel agents and a few other activities, 0.275 percent. The only major activities not subject to B&O tax are agricultural production and the rental of real estate.

Firms are taxed on the final activity in which they engage in Washington. For example, if a manufacturer produces an item in the state and sells it at wholesale to another firm in Washington, the manufacturer is actually taxed as a wholesaler. If the same manufacturer sells the item to another firm located outside the state, the manufacturer is taxed under the manufacturing classification, since manufacturing is the final activity performed in Washington. Except for a few service-related activities, there is generally no apportionment of income for multistate operations—either the firm has “nexus” for its activities undertaken in this state or it does not.

In addition to the state tax, 37 municipalities levy a similar gross receipts tax at lower rates than the state rates. There is no statutory or administrative connection between the state tax and the city taxes. Under current law, counties are not permitted to levy gross receipts taxes.

## Property Tax

With the growth of excise taxes at the state and local level, the property tax has decreased somewhat in overall significance, but it still remains the major tax source for financing of local governments. The state property tax levy is the third largest of all state revenue sources behind the state retail sales tax and business and occupation tax.

Property tax levies due in Calendar Year 2002 total \$5,978 million. The largest portion was for local school districts, which accounted for 31.7 percent of all levies. The state levy, which also benefits schools, accounted for 24.2 percent. Thus, K-12 public education represented 55.9 percent of total property tax levies. Of the remaining 44.1 percent, county government received 17.8 percent, cities received 13.9 percent, and all other local taxing districts (libraries, fire districts, etc.) received 12.4 percent.

Both the State Constitution and statute require that the state property tax levy be used in support of the common schools. Article IX, Section 2 of the State Constitution states that “the entire revenue derived from the common school fund and the state tax for common schools shall be exclusively applied to the support of the common schools.” The state is required by statute to levy property taxes each year “for the support of common schools” to be paid into the state general fund, except for certain amounts which are directly deposited into the student achievement fund and distributed to school districts. However, the Legislature is not prohibited from amending the statute to modify the mechanism for funding the common schools.

Property taxes are based on the assessed value of the property. County assessors generally determine assessed value for residential and commercial properties. Although in Washington the state is responsible for valuation of some types of property such as intercounty utilities and commercial vessels. Regular levy rates (those provided by law without a vote of the electorate) are limited by the State Constitution to 1 percent of the fair market value of the property. Voter-approved special levies increase the statewide average effective tax rate to approximately 1.2 percent of market value. By virtue of an initiative passed by the people in 2001, the annual increase in regular levy revenues for all taxing districts is now limited to 1 percent, unless the voters authorize a higher growth rate.

In FY 2000, per capita state and local property taxes in Washington ranked the sixteenth highest for states. Property taxes in relation to personal income ranked the twenty-third highest. In recent years, the property tax burden in Washington has increased slightly relative to many other states. This trend is expected to reverse once the effect of the 1 percent annual regular levy growth limit adopted in 2001 is reflected in the data. Also, FY 2001 will include the full impact of elimination of the motor vehicle excise tax in 2000. This tax, the third largest state revenue source prior to its repeal, was included in the comparative data as a property tax, since it was levied as a tax in lieu of personal property tax.

## Selective Sales Taxes

Washington makes extensive use of specialized taxes on specific products. In some cases these rates are higher than most other states. For example, the state's cigarette tax, at \$1.425 per pack, is now among the highest in the country. Two sales taxes on liquor—a tax of 20.5 percent plus a tax of \$2.44 per liter—are rolled into the price. These taxes, in conjunction with the state's liquor monopoly, result in one of the highest per capita revenues from alcoholic beverages of any state. The state's 23-cent tax on motor vehicle fuel, which is earmarked for roads, is exceeded by only 13 other states. A gross receipts tax on public utilities has the effect of a sales tax, since the tax is passed on to consumers of electricity, natural gas, water, transportation services, and certain other public services.

## **Comparative State and Local Tax Burdens**

Washington's average burden for both state and local taxes is typically in the mid-range of all states. There are two principal methods for comparing tax burdens. Both start with the estimated total collections for state and local taxes (including taxes paid initially by businesses). The U.S. Census Bureau compiles these figures annually for all states. Dividing the total tax collections by either state population or the total personal income for the state gives two good measures of comparative tax burdens. The per capita measure is a good statistic for comparing what the average individual pays in state and local taxes (remembering that business taxes are also included). However, the tax per income calculation yields a better measure for comparing the ability of states to finance the cost of government services. Because of Washington's higher than average per capita personal income, the per capita tax ranking for this state is typically higher than the taxes per \$1,000 of income figure.

For FY 2000, Washington's state and local taxes per capita amounted to \$3,178, which ranked it the fifteenth highest. Taxes in relation to personal income equaled \$107.53 per \$1,000 of income. By this measure of relative tax burden Washington was ranked thirty-second, which was well below the national average. It should be noted that FY 2000 tax burden figures include only six months of the impact of the repeal of the state's motor vehicle excise tax on January 1, 2000.

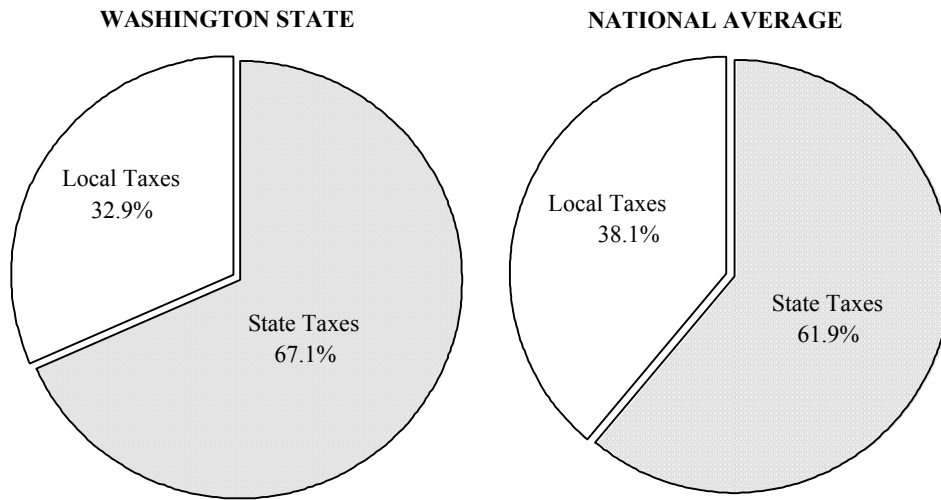
For the average of all states, total state and local tax revenues are split 38.1 percent for local governments and 61.9 percent for state government. In Washington, local governments receive a smaller percentage of the total state and local tax revenues—32.9 percent for local governments and 67.1 percent for state government.

Property taxes account for over 70 percent of local tax revenues for the nation. Some states rely almost exclusively upon this source to finance local government (all New England states, Minnesota, Wisconsin, Montana, and Idaho). Only in two southern states (Alabama and Louisiana) does the property tax generate less than one-half of total local tax revenues.



**Chart 3-C**

**Comparative Share of State And Local Taxes – FY 2000**



Source: U.S. Census Bureau, 2000

Washington's reliance on property taxes (61.5 percent) to fund local government is relatively low, largely because the state levies a major portion of the property tax to finance schools. Few other states make a significant levy at the state level. Also, there are other programs such as community colleges which Washington finances with state revenues, whereas other states finance these at the local level and largely with property tax receipts. Table 3-3 shows the relative reliance upon major types of tax sources by all local government jurisdictions in each of the states. The latest data for FY 2000 were obtained from the Census Bureau and utilize common classifications of tax sources.

The general sales tax category represents taxes imposed on transactions of a wide variety of products. In addition to retail sales taxes, it includes gross receipts taxes measured by sales, such as the local B&O taxes levied by 37 cities in Washington. Besides Washington, other states provide broad authority for local jurisdictions to impose a sales tax in addition to the state sales tax. Such states include Alabama, Arkansas, Colorado, Louisiana, Missouri, New Mexico, Oklahoma, and Tennessee. In some of these states, local sales tax receipts approach 40 percent of all local tax revenues. Although the local sales and municipal B&O taxes in Washington represent a significant source of local revenue, they account for less than 20 percent of all local taxes.

The selective sales tax category includes taxes levied on particular products, e.g., cigarettes, alcoholic beverages, gasoline, utility services, etc. Nationally, they account for less than 5 percent of all local revenues. Washington's degree of reliance on these types of taxes, mostly municipal taxes on utility services, is twice the

national average. It should be noted that the figures reflect only taxes levied by local jurisdictions. In Washington, local governments also receive a share of some of these taxes which are actually levied by the state (e.g., the motor vehicle fuel tax).

A few states allow local jurisdictions to levy an additional income tax, usually restricted to a percentage of personal income. Local jurisdictions in Kentucky, Maryland, New York, Ohio, and Pennsylvania receive significant revenues from this source.

**Table 3-2. State Government Finance  
Percent Reliance on Major State Tax - Fiscal Year 2000**

	<u>Property</u>	<u>General Sales</u>	<u>Selective Sales</u>	<u>Income</u>	<u>Other</u>
Alabama	2.8%	26.4%	23.7%	35.9%	11.1%
Alaska	3.1	-	9.7	30.8	56.4
Arizona	3.7	44.8	12.5	34.8	4.3
Arkansas	9.9	35.0	13.5	35.0	6.5
California	4.0	28.0	7.4	55.1	5.5
Colorado	-	26.1	12.2	56.1	5.6
Connecticut	-	33.6	16.1	43.3	7.0
Delaware	-	-	13.6	45.7	40.8
Florida	3.1	60.5	16.6	4.8	15.1
Georgia	0.4	34.3	8.3	52.4	4.7
Hawaii	-	46.1	15.5	34.2	4.3
Idaho	-	31.4	12.9	45.9	9.7
Illinois	0.2	28.1	19.6	43.4	8.7
Indiana	0.0	35.4	14.4	46.3	3.8
Iowa	-	33.2	14.6	40.6	11.6
Kansas	1.0	35.9	11.6	44.0	7.5
Kentucky	5.1	28.2	17.4	39.1	10.2
Louisiana	0.4	31.6	25.5	27.7	14.8
Maine	1.1	31.8	12.9	46.1	8.0
Maryland	2.5	24.1	18.0	48.7	6.7
Massachusetts	0.0	22.1	9.3	64.1	4.6
Michigan	7.5	33.7	9.3	42.1	7.5
Minnesota	0.1	27.9	15.4	47.6	9.0
Mississippi	0.0	49.5	17.3	26.2	7.0
Missouri	0.2	32.5	14.5	44.5	8.2
Montana	15.5	-	24.4	43.7	16.4
Nebraska	0.1	34.5	14.0	44.1	7.3
Nevada	2.5	52.2	32.6	-	12.7
New Hampshire	27.9	-	32.8	22.3	17.0
New Jersey	0.0	30.4	14.8	47.1	7.7
New Mexico	0.9	40.1	13.5	27.8	17.7
New York	-	20.5	11.4	62.2	5.9
North Carolina	0.0	22.0	16.8	54.9	6.3
North Dakota	0.2	28.2	27.7	23.6	20.3
Ohio	0.1	31.8	14.2	45.1	8.8
Oklahoma	-	24.7	12.7	39.9	22.8
Oregon	0.0	-	12.2	75.8	12.0
Pennsylvania	0.5	31.4	15.1	37.7	15.2
Rhode Island	0.0	30.5	18.8	44.4	6.3
South Carolina	0.2	38.5	12.3	41.9	7.1
South Dakota	-	52.6	26.4	4.9	16.1
Tennessee	-	57.4	17.6	10.3	14.7
Texas	-	51.1	29.9	-	19.0
Utah	-	35.8	12.6	45.9	5.8
Vermont	27.3	14.5	18.1	32.1	8.0
Virginia	0.3	19.5	14.9	58.5	6.9
Washington	13.5	61.6	15.5	-	9.4
West Virginia	0.1	27.4	26.4	35.4	10.7
Wisconsin	0.7	27.9	12.7	51.9	6.8
Wyoming	10.5	38.3	11.2	-	40.0
U.S. Average	2.0%	32.3%	14.4%	42.1%	9.2%

Source: U.S. Dept. of Commerce, Census Bureau

**Table 3-3. Local Government Finance  
Percent Reliance on Major State Tax - Fiscal Year 2000**

	<u>Property</u>	<u>General Sales</u>	<u>Selective Sales</u>	<u>Income</u>	<u>Other</u>
Alabama	39.0%	39.2%	6.4%	2.9%	12.5%
Alaska	80.7	12.0	4.4	-	2.9
Arizona	69.0	23.3	3.9	-	3.8
Arkansas	44.4	45.2	8.4	-	2.1
California	63.2	19.3	8.5	-	9.0
Colorado	59.9	31.4	3.5	-	5.3
Connecticut	98.7	-	0.0	-	1.3
Delaware	78.6	-	1.7	8.5	11.2
Florida	77.9	3.2	15.1	-	3.8
Georgia	60.4	29.8	6.7	-	3.1
Hawaii	78.6	-	11.6	-	9.8
Idaho	94.6	-	1.6	-	3.8
Illinois	82.8	5.1	9.4	-	2.8
Indiana	88.6	-	1.2	8.2	1.9
Iowa	89.5	5.9	1.7	1.3	1.7
Kansas	76.8	17.0	4.0	-	2.2
Kentucky	53.8	0.0	7.0	30.1	9.1
Louisiana	39.3	51.7	5.6	-	3.4
Maine	97.9	-	0.3	-	1.8
Maryland	57.4	-	3.3	32.0	7.3
Massachusetts	96.9	-	1.2	-	1.9
Michigan	89.4	-	1.4	6.2	3.0
Minnesota	94.2	0.7	2.1	-	3.0
Mississippi	92.0	-	3.5	-	4.5
Missouri	59.0	23.0	8.4	5.2	4.5
Montana	95.6	-	0.2	-	4.2
Nebraska	77.5	9.5	2.8	0.0	10.2
Nevada	63.8	5.7	14.8	-	15.7
New Hampshire	98.2	-	-	-	1.8
New Jersey	98.3	-	0.2	0.2	1.2
New Mexico	55.4	34.6	5.8	-	4.3
New York	55.8	17.5	2.8	19.3	4.5
North Carolina	75.2	18.7	1.9	-	4.2
North Dakota	88.1	8.6	1.3	-	2.0
Ohio	65.4	8.0	0.9	22.0	3.7
Oklahoma	54.0	39.9	3.8	-	2.3
Oregon	80.5	-	5.3	-	14.2
Pennsylvania	70.5	1.2	1.5	17.8	9.0
Rhode Island	98.6	-	0.1	-	1.3
South Carolina	84.4	3.1	4.4	-	8.1
South Dakota	78.2	17.2	0.3	-	4.3
Tennessee	61.5	26.7	5.5	-	6.3
Texas	79.9	13.5	4.1	-	2.5
Utah	68.8	22.1	4.6	-	4.5
Vermont	96.2	-	0.3	-	3.5
Virginia	70.6	8.8	10.4	-	10.3
WASHINGTON	61.5	19.1	10.0	-	9.3
West Virginia	83.6	-	3.6	-	12.9
Wisconsin	93.8	3.2	0.6	-	2.4
Wyoming	76.0	17.6	2.2	-	4.2
U.S. Average	71.6%	12.2%	5.0%	6.2%	5.0%

\*Includes local B&O taxes.

Source: U.S. Dept. of Commerce, Census Bureau

**Table 3-4. 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 3-5. 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	

Source: U.S. Dept. of Commerce, Census Bureau