

Washington's Tax System

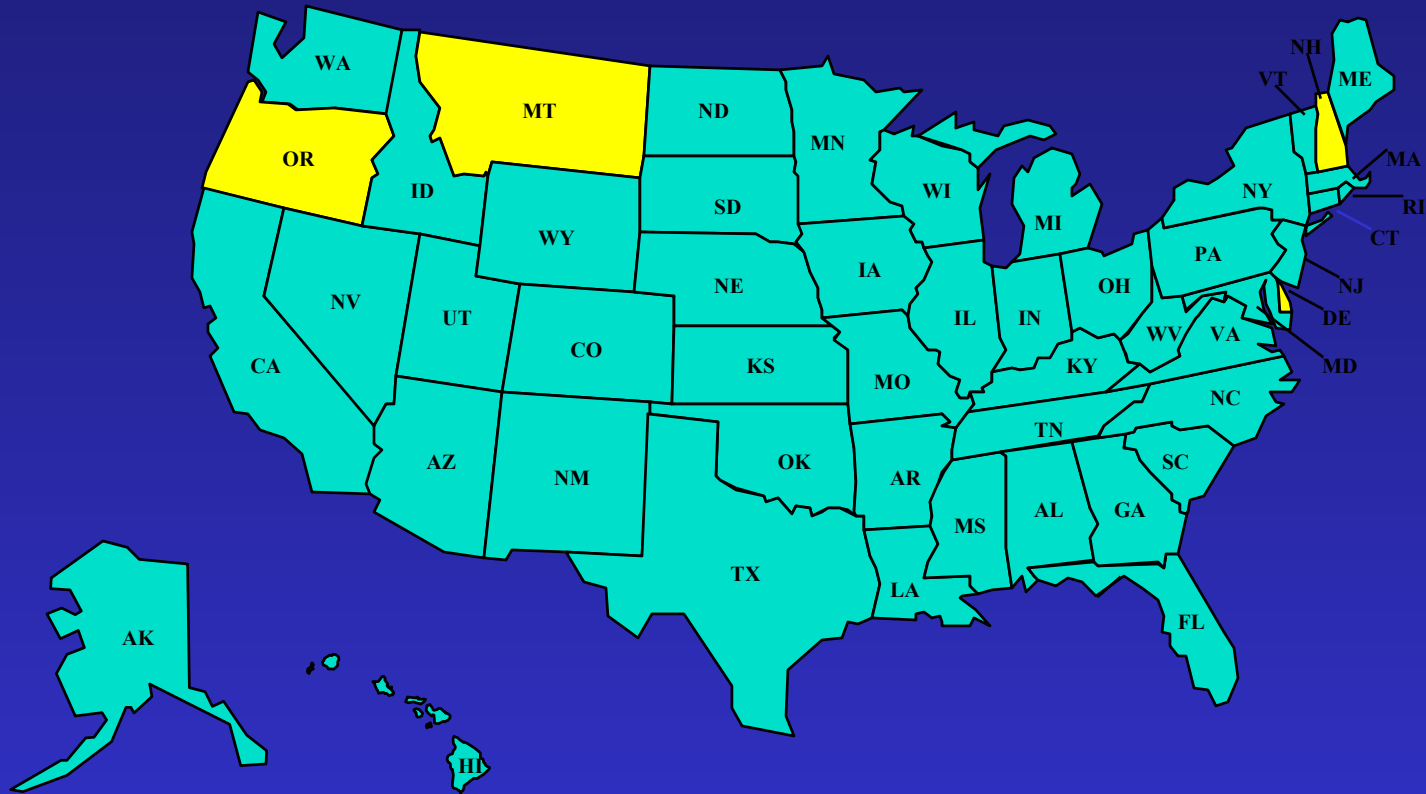
Presented by the Department of Revenue

Washington State Tax Structure Study

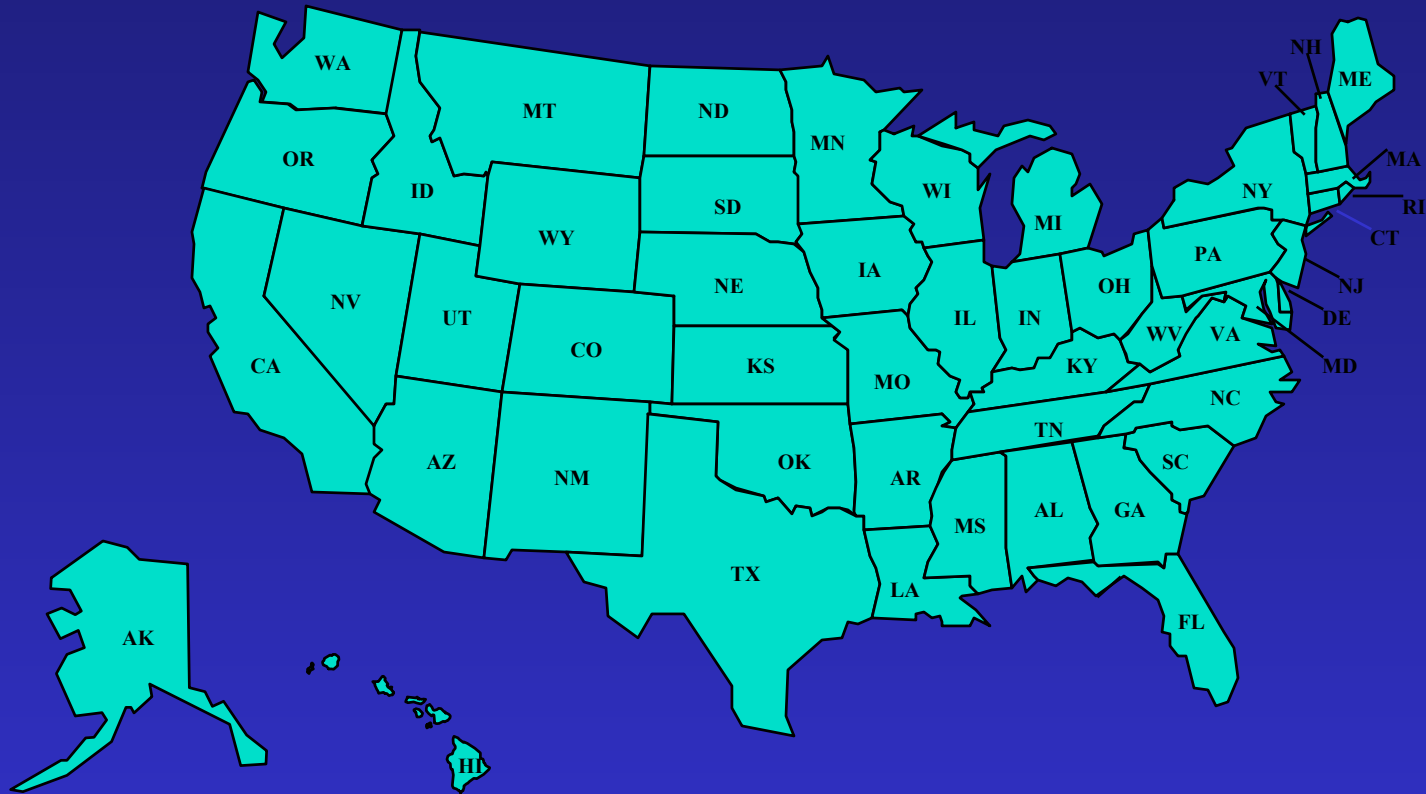
October 15, 2001

Updated November 2, 2001

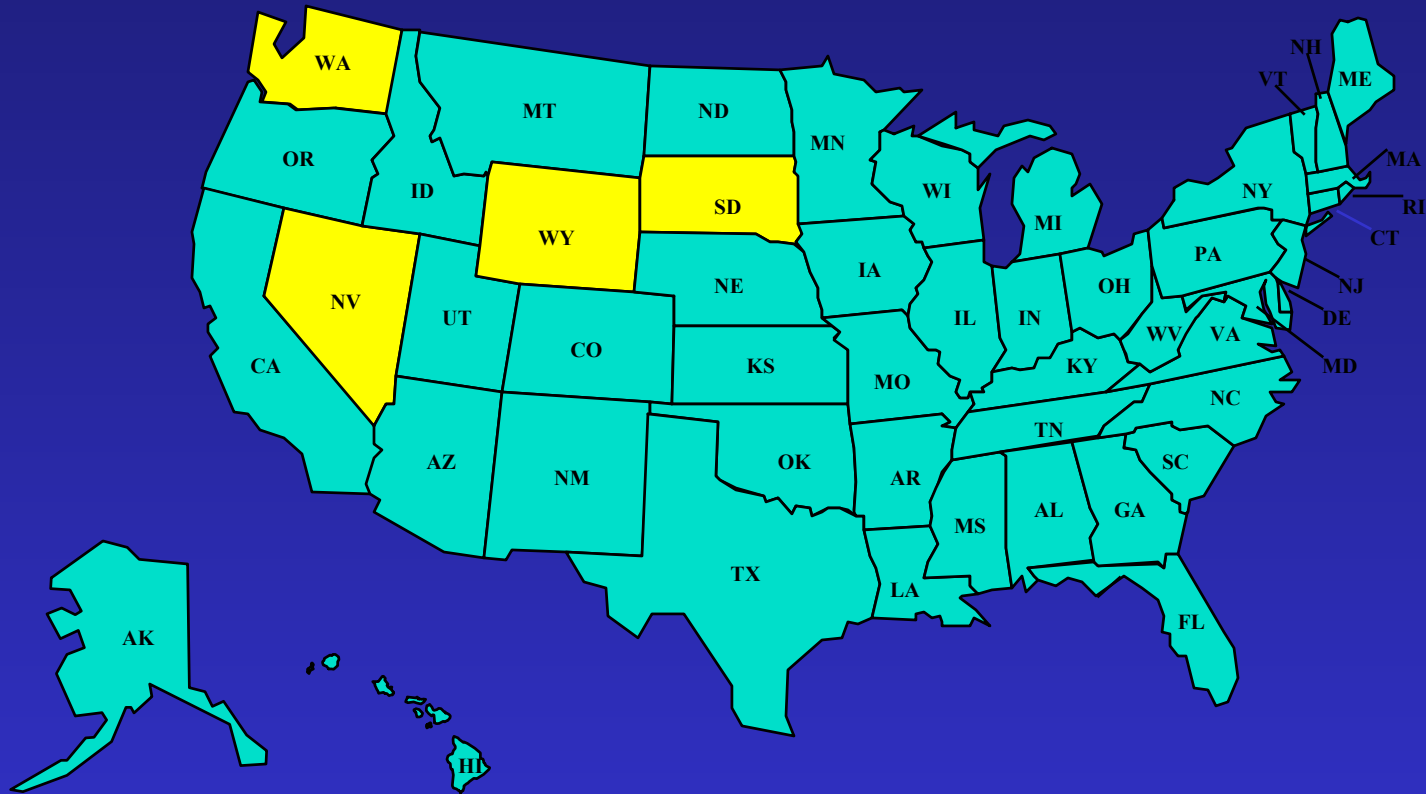
Sales Taxes are imposed in 46 states.



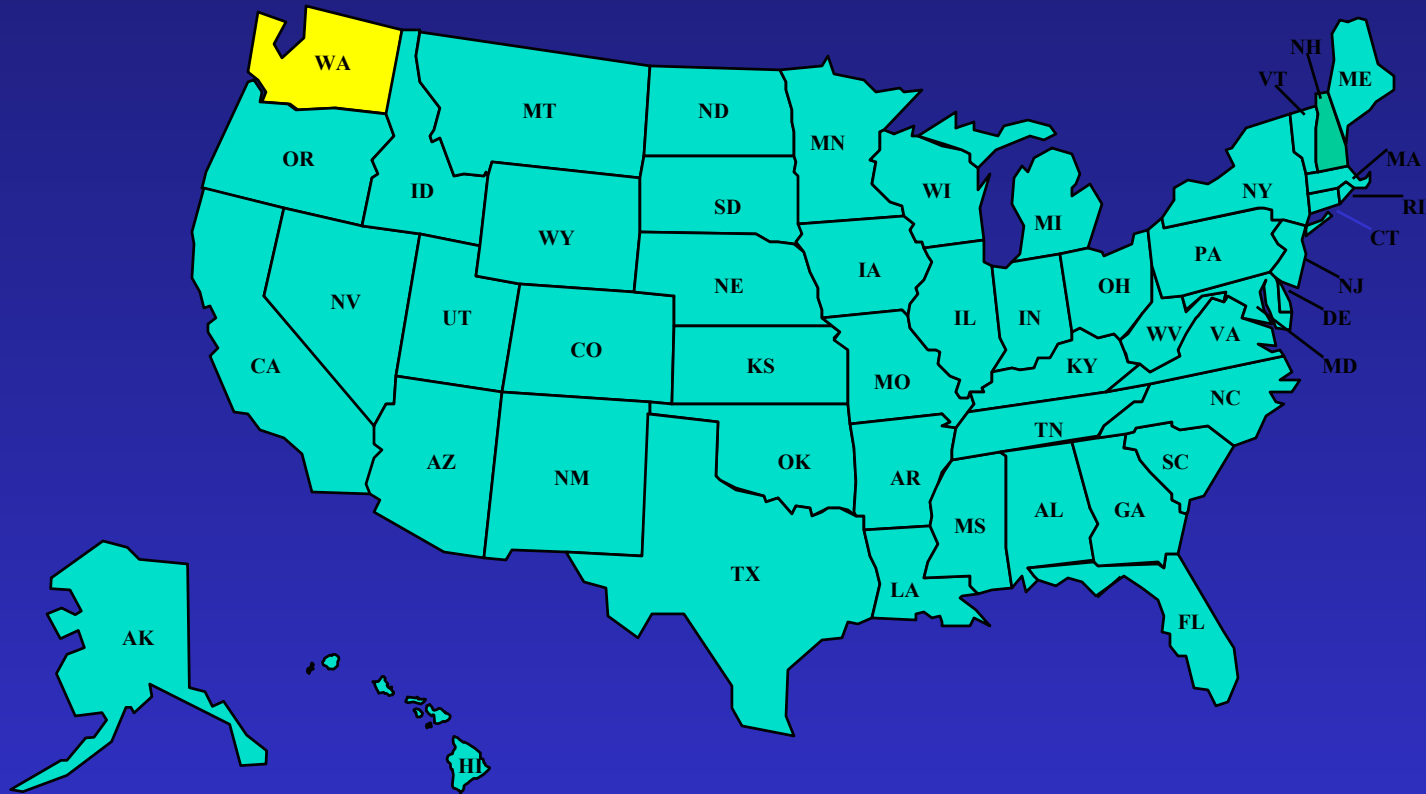
Property Taxes are imposed in all 50 states.



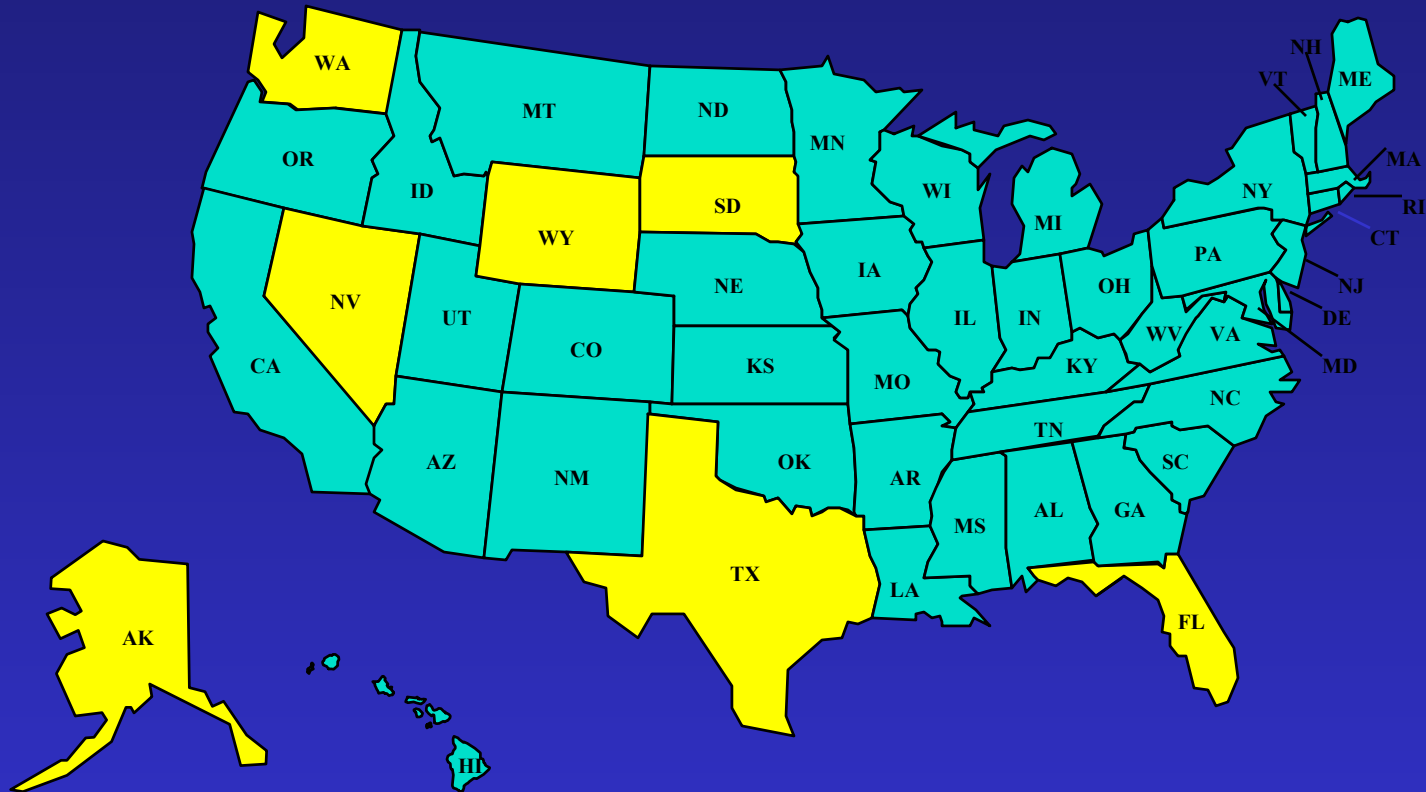
Corporate Income Taxes are imposed in 46 states.



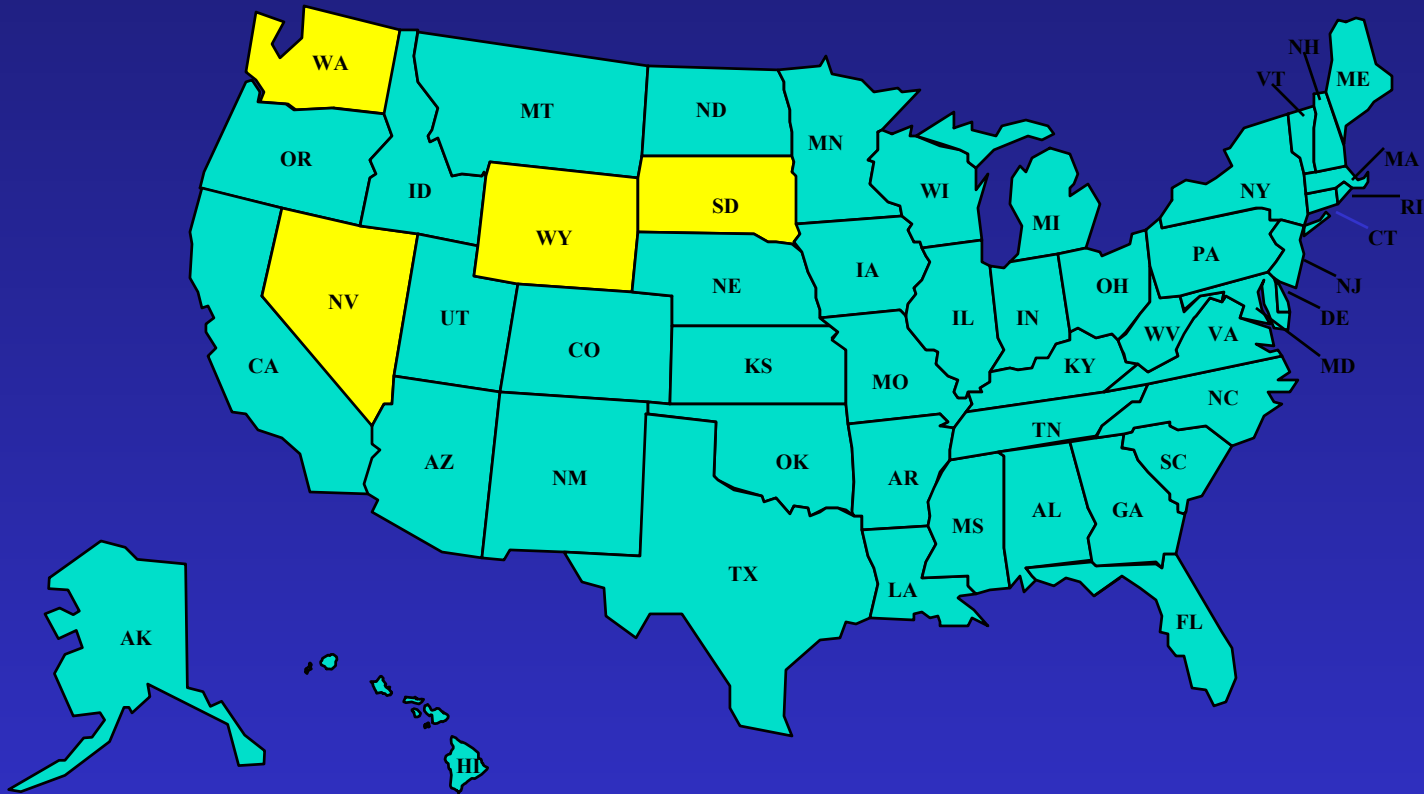
Washington is the Only State with a Gross Receipts (Business and Occupation) Tax



Washington is One of Seven States with a Sales Tax but No Personal Income Tax



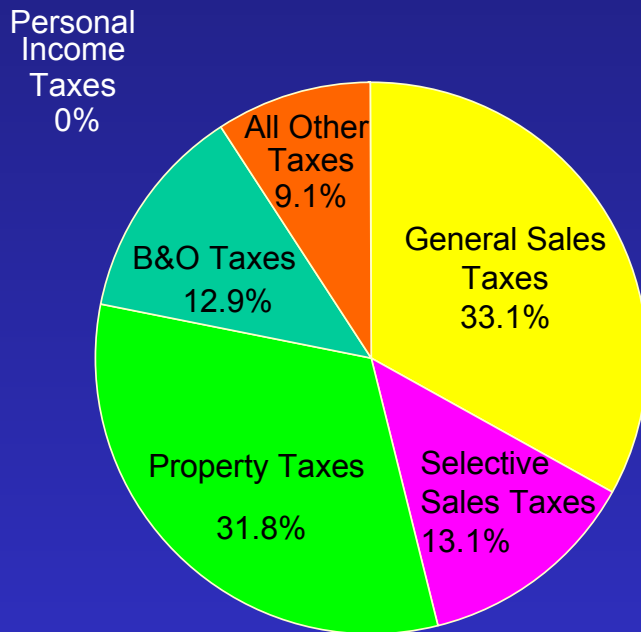
Washington is One of Four States with a Sales Tax but No Personal or Corporate Income Tax



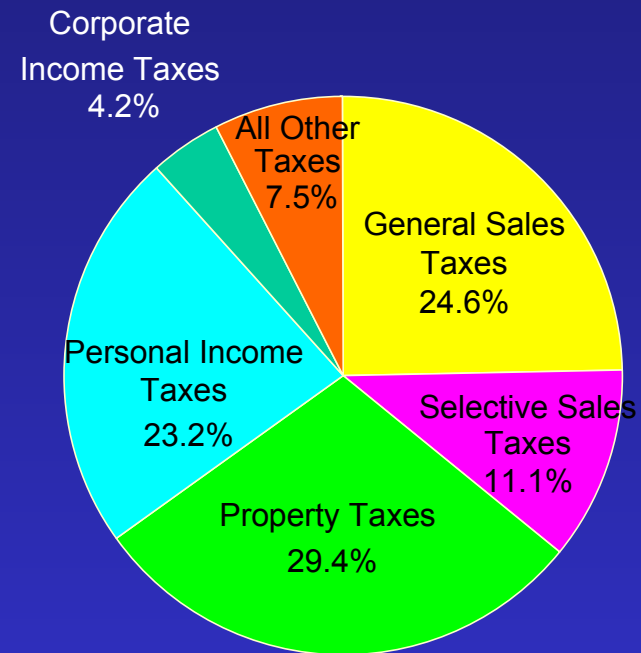
Washington is More Dependent on Sales Taxes Than the National Average

State and Local Taxes - FY 1999

Washington



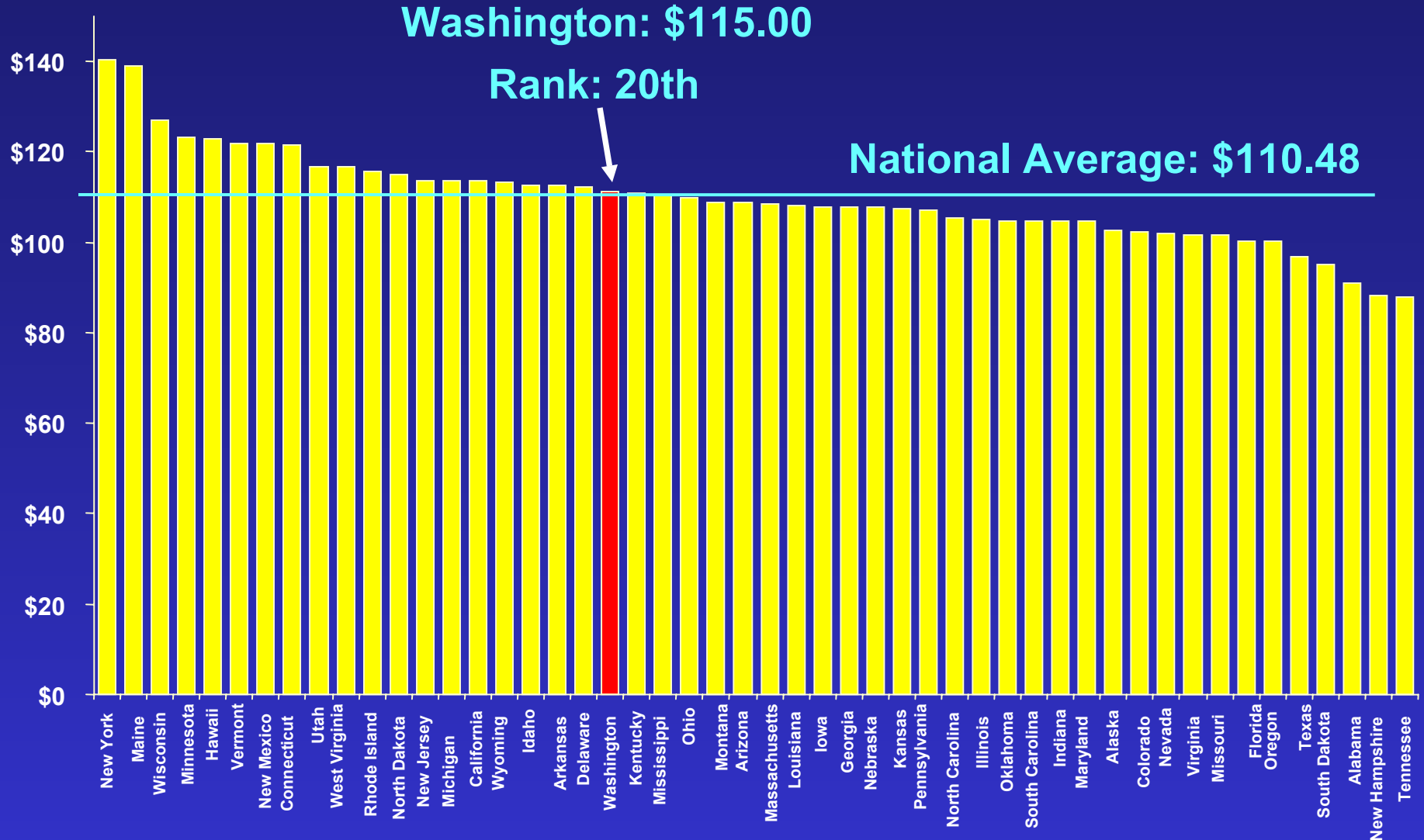
National Average



Sources: U.S. Census Bureau, Govt Finances 1999
DOR Tax Statistics, FY 2000
Budgeting, Accounting and Reporting System (BARS)

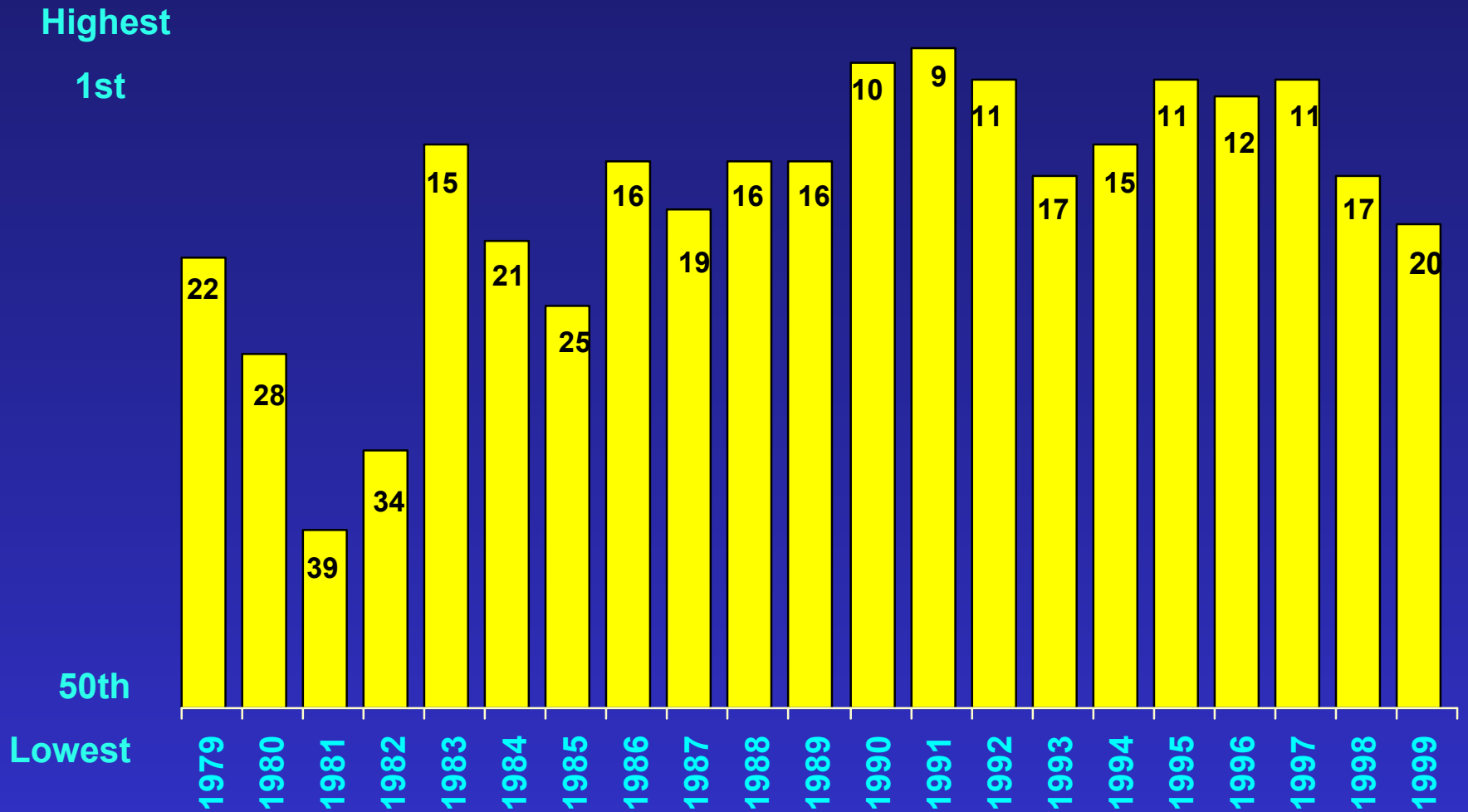
Washington's Tax Burden

State/Local Taxes per \$1,000 Personal Income - FY 1999



Washington's National Ranking has Varied in the Past 20 Years

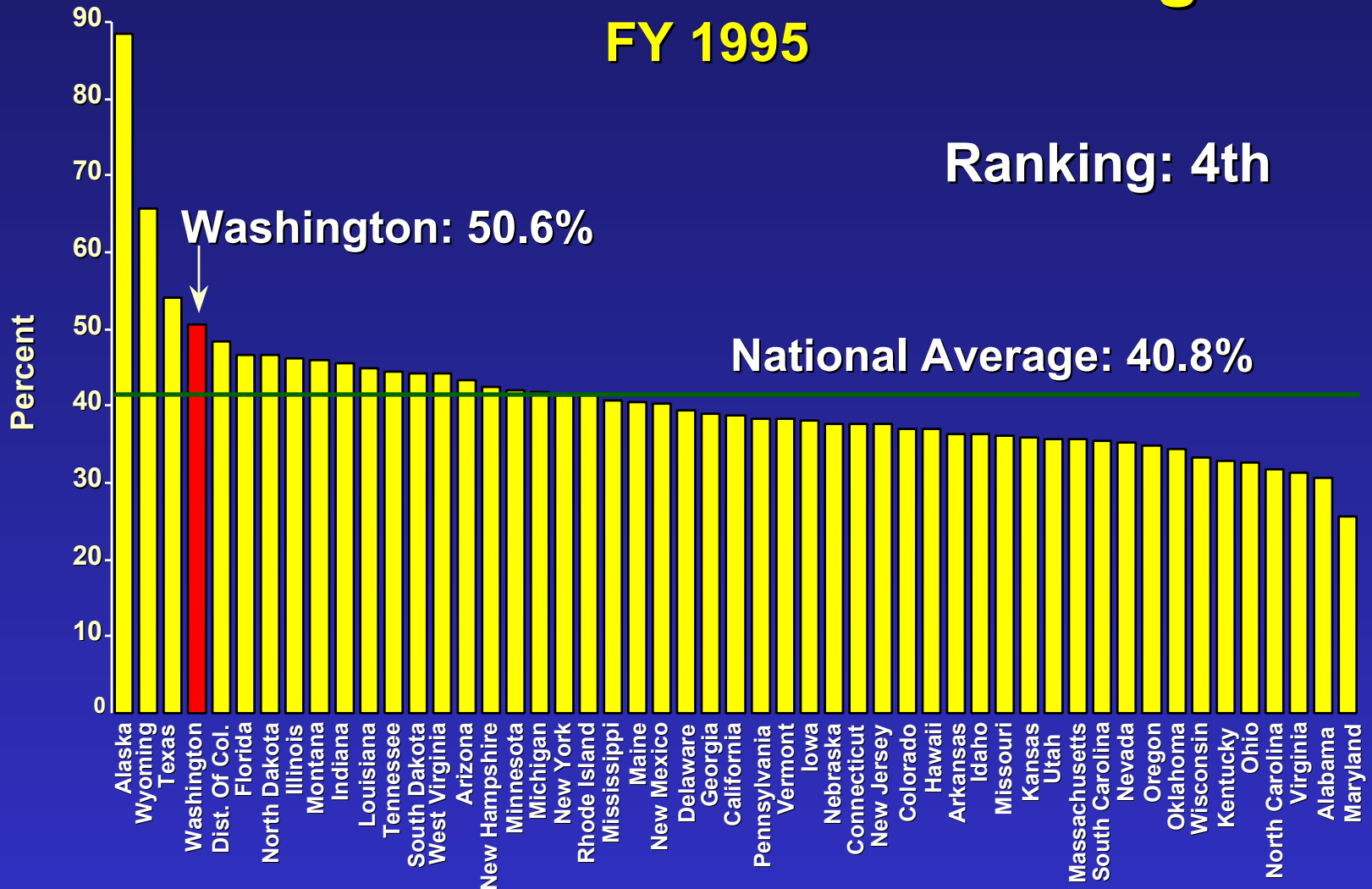
Rank Nationally 1979-1999



Share of Taxes Initially Paid by Business Ranks Above National Average

FY 1995

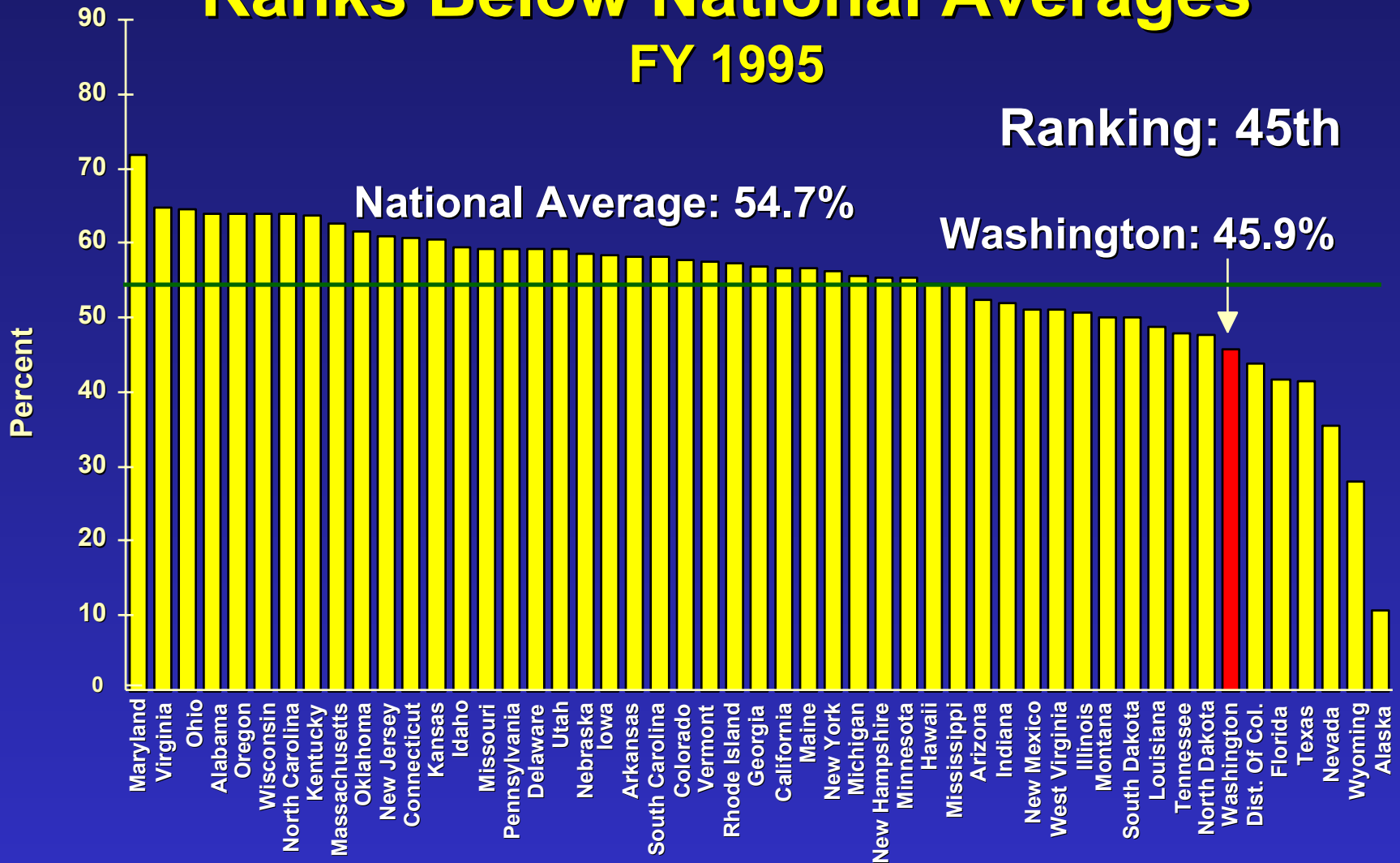
Ranking: 4th



Share of Taxes Initially Paid by Households

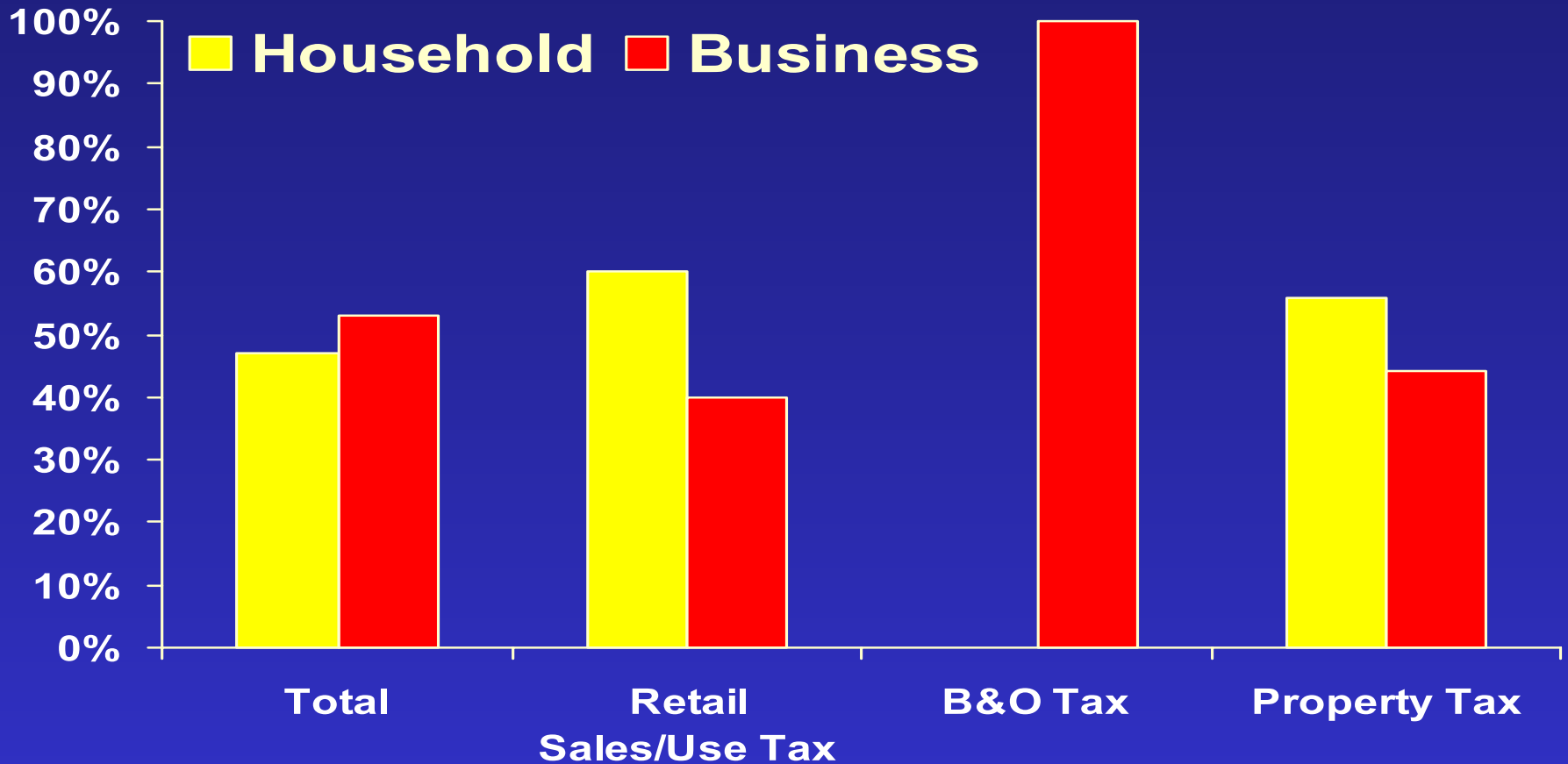
Ranks Below National Averages

FY 1995



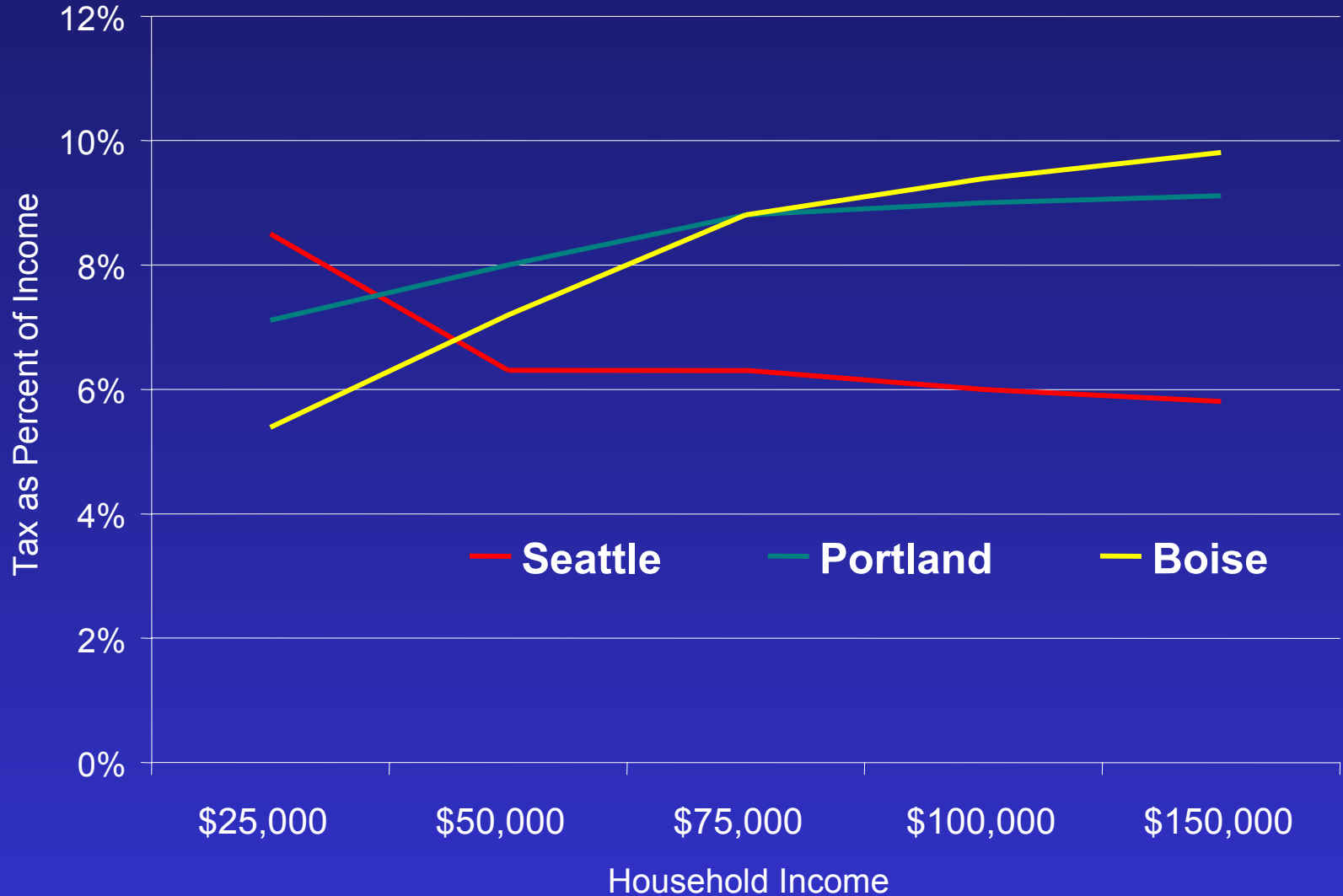
Share of Tax Burdens Paid by Households and Business

Washington State Taxes Paid (Initial Incidence) - FY 2000



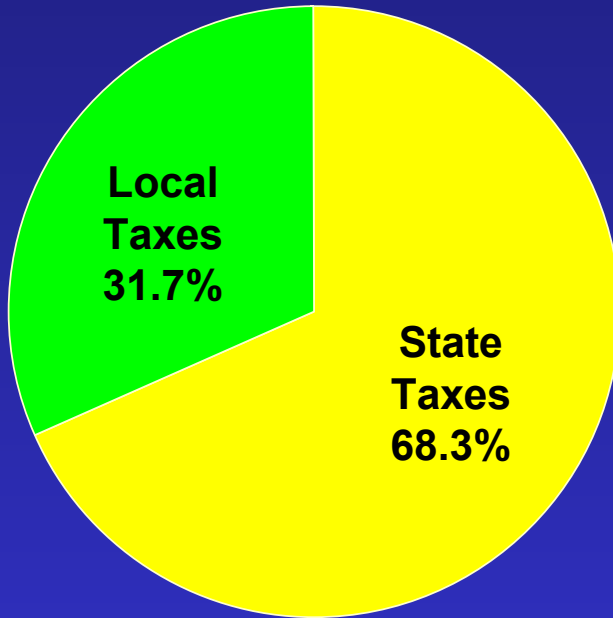
Household Tax Burdens

Percent of Income Paid In Major State and Local Taxes
Largest City in Each State

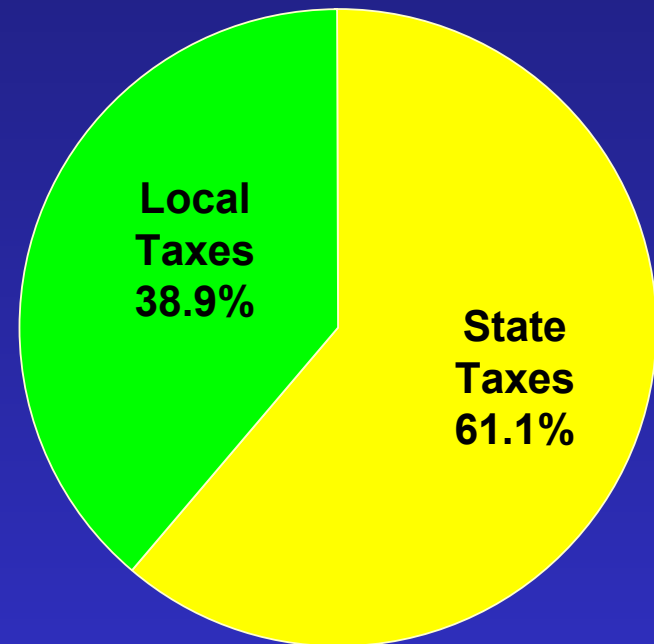


Washington's State/Local Tax Split Compared to the National State/Local Tax Split

Washington State

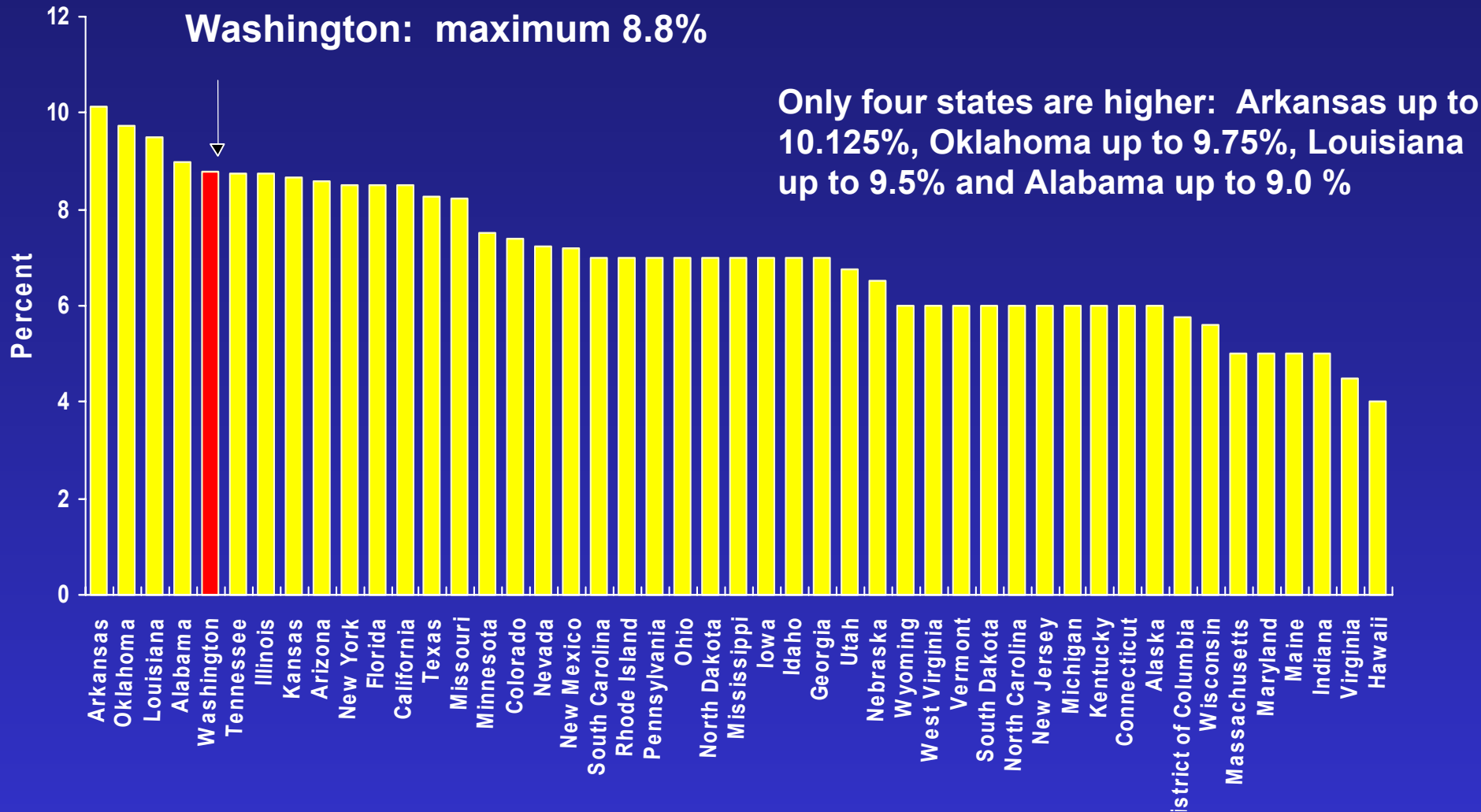


National Average



Maximum Combined State and Local Sales Tax Rates Among Highest in Nation

As of October, 2001

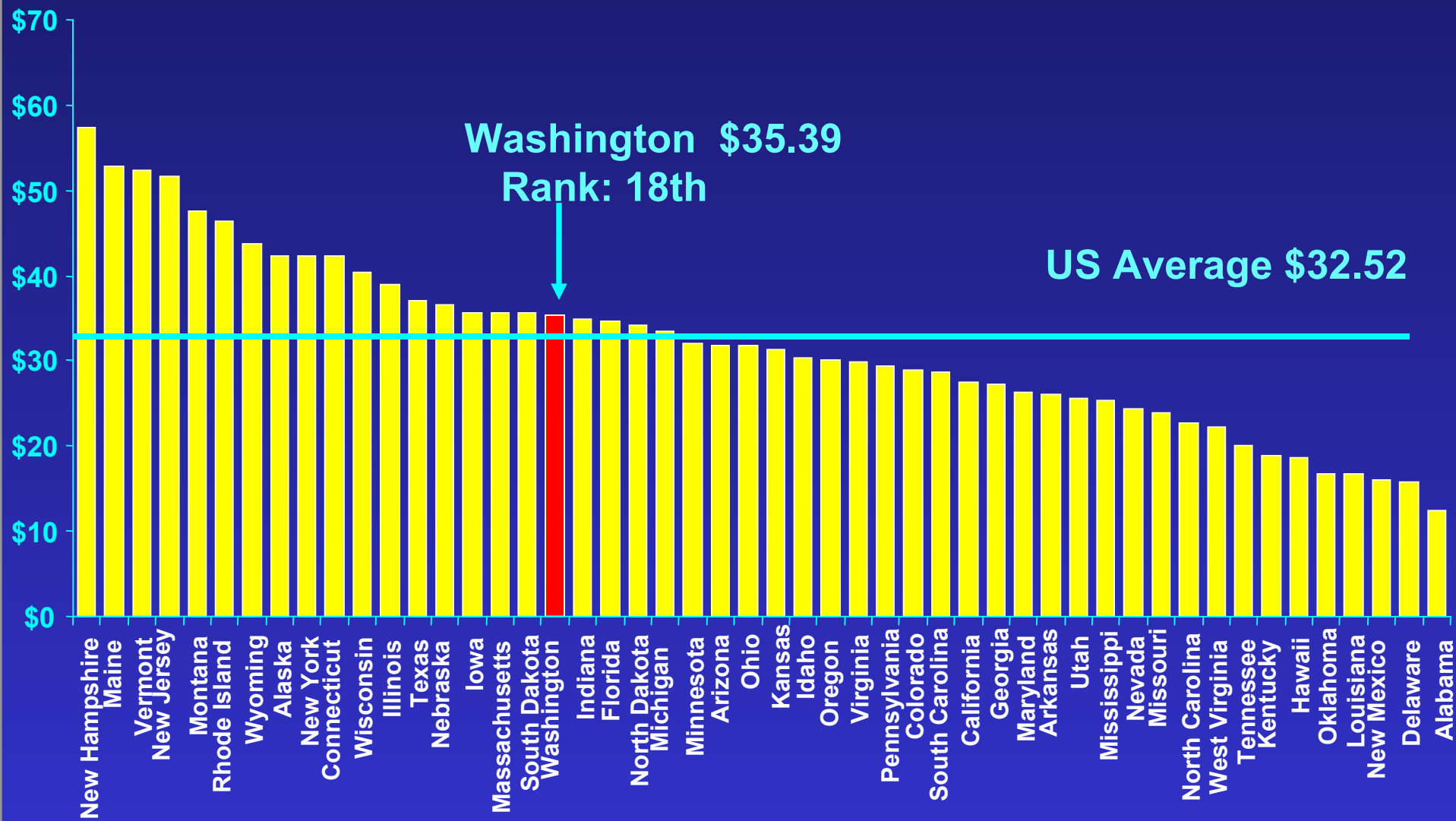


Retail Sales & Use Tax

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



Source: Comparative State and Local Taxes, 1999

Property Tax

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

State levy	\$3.16
Regular local levy	5.32
Special local levy	<u>4.48</u>
Total nominal rate (average)	12.96
Ave. effective rate (% of market value)	1.16%

**Synopsis of Washington's
Business and Occupation Tax**

Major Tax Rates:

Manufacturing, wholesaling-0.484%

Retailing-0.471%

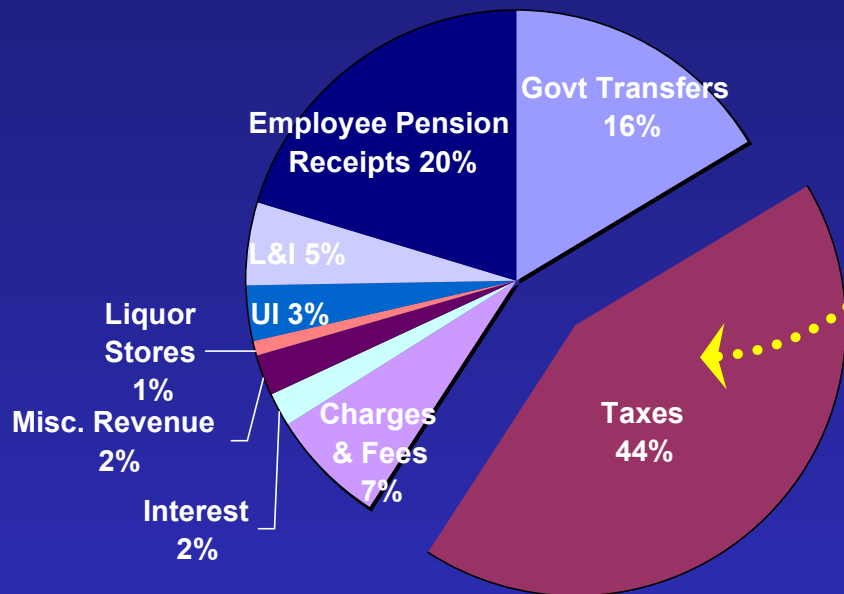
Services & hospitals-1.5%

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

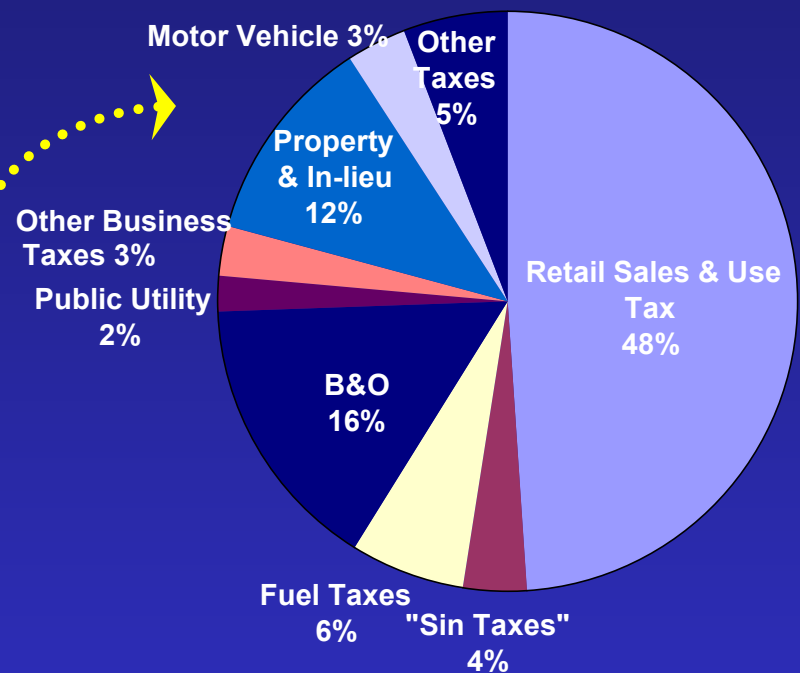
(Does not include local revenue)

All Revenue Sources



U.S. Census Bureau, Govt Finances 1999

Taxes



DOR Tax Statistics, FY 2000

