



Independent Fiscal Office

State and Local Tax Comparison Study

October 2012

About the Independent Fiscal Office

The Independent Fiscal Office (IFO) provides revenue projections for use in the state budget process along with impartial and timely analysis of fiscal, economic and budgetary issues to assist Commonwealth residents and the General Assembly in their evaluation of policy decisions. In that capacity, the IFO will not support or oppose any policies it analyzes, and will disclose all methodologies, data sources and assumptions used in published reports and estimates.

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Introduction

Policymakers often inquire about their state's tax system relative to other states. This report uses data from the U.S. Census Bureau and the Internal Revenue Service to facilitate a comparison of state and local tax systems across all states. Specifically, the report examines four topics: (1) the relative tax burden across all states, (2) the distribution of taxes across revenue sources (e.g., income, sales and property), (3) the distribution of taxes between state and local governments in Pennsylvania and (4) the historical tax burden for Pennsylvania over the last two decades.

For the purposes of this analysis, "tax burden" equals the ratio of tax revenues to state personal income. Tax revenues include levies by state and local governments. Measuring tax revenues relative to state personal income is a common mechanism to compare relative tax burdens across states. Although the term "tax burden" is often used in these types of studies, the term does not imply that a given level of taxes is onerous or too high relative to some "appropriate" level. Whether or not a particular level is too high or low is a subjective judgment. This report does not address that issue. Rather, it merely facilitates comparisons across the fifty states using a common benchmark.

Personal income represents the total income of state residents. It includes wages, business income, interest, dividends, rents, royalties, contributions to pension and health plans, unemployment compensation, veterans' benefits and transfer income (e.g., social security and various medical and income maintenance benefits).¹ Personal income does not include net capital gains. For this report, the Independent Fiscal Office (IFO) adds those amounts to all state personal income measures because many states levy significant income tax on capital gains.² If capital gains are not added to personal income, then states that tax capital gains would appear to have a disproportionately high tax burden because the revenues from those taxes would be included in total taxes, but the income would not appear in total income.

For tabulations of state and local revenues, the U.S. Census Bureau includes net lottery proceeds with other revenues, not tax revenues. For this report, the IFO includes those amounts in tabulations of tax revenues for all states. In this manner, net lottery proceeds are treated the same as tax revenues from table games and slots. For Pennsylvania, net lottery proceeds are used to fund programs for elderly residents such as long-term care and transportation.

The tax data used for this report span two fiscal years: state-level data are from Fiscal Year Ending (FYE) 2011, while local-level data are from FYE 2010. Those years reflect the most

¹ The U.S. Department of Commerce, Bureau of Economic Analysis (BEA) publishes state personal income data. See <http://www.bea.gov/iTable/iTable.cfm?ReqID=70&step=1&isuri=1&acrdn=3>.

² See <http://www.bea.gov/iTable/iTable.cfm?ReqID=70&step=1&isuri=1&acrdn=4>.

recent data available. All data except capital gains data are compiled by the U.S. Census Bureau. More specifically, most state data are from *2011 State Government Tax Collections*, local data and liquor store profits are from *2010 State and Local Government Finances* and state lottery revenues are from *2010 State Government Finances*.^{3,4,5} Capital gains data are from the Internal Revenue Service.⁶

State Rankings

Table 1 ranks states based on the ratio of income tax to personal income for the personal income tax (PIT) and the corporate income tax (CIT).⁷ States levy PIT on wages, business income, capital income (e.g., interest, dividends and capital gains), pensions, IRA withdrawals and certain transfer income (e.g., social security, unemployment compensation). States levy CIT on the net income of C corporations. Most states use formulas to apportion federal net income to the state level. For this analysis, the CIT measure also includes revenues from corporate license fees. For Pennsylvania, net capital stock and franchise tax revenues are included with corporate license fees.⁸

For FYE 2010 and 2011, Pennsylvania ranked 16th for PIT and 8th for CIT. Although the Commonwealth levies a relatively low personal income tax rate (3.07 percent) and excludes social security and pension income, the local PIT rate is relatively high compared to other states. (See **Table 8** for a comparison of state tax rates.) For CIT, Pennsylvania levies the second highest marginal tax rate in the U.S. (9.99 percent), but the heavily weighted sales factor in the apportionment formula reduces the relative tax burden. Moreover, states such as Texas, Ohio and Delaware levy significant fees on corporations that are not based on net income. Under current law, Pennsylvania will fully phase-out the capital stock and franchise tax by tax year 2014. Hence, it is likely that Pennsylvania's relative ranking for CIT will decline.

Table 2 ranks states based on the ratio of sales and use tax (SUT) and property tax to personal income. SUT includes taxes on general sales, gross receipts taxes collected by utilities and any sales tax levied by local units. For example, SUT levied in Pennsylvania includes the local sales tax levied by Allegheny County (1 percent) and Philadelphia County (2 percent). Property tax includes levies by the state, county, municipality, school district or special purpose entity. For Pennsylvania, nearly all property taxes are levied at the local level.

³ See <http://www.census.gov/govs/statetax/>.

⁴ See <http://www.census.gov/govs/estimate/>.

⁵ See <http://www.census.gov/govs/state/>.

⁶ See <http://www.irs.gov/uac/SOI-Tax-Stats---Historic-Table-2>.

⁷ All amounts are net of any refunds.

⁸ Per the U.S. Census Bureau's documentation guide, corporate license fees include: franchise license taxes, organization, filing and entrance fees, taxes on property (measured by amount of corporate stock, debt, or other basis besides assessed value of property), and other licenses applicable with few, specified exceptions to all corporations.

For FYE 2010 and 2011, Pennsylvania ranked 39th for SUT and 31st for property tax. Pennsylvania relies on SUT relatively less due to exclusions for clothing and food purchased for home consumption. Moreover, many states levy sales tax on gasoline in addition to an excise tax; Pennsylvania does not. For property tax, home values might drive much of the relative rankings. More developed states tend to have higher home values that yield more property tax revenue for a given millage rate.

Table 3 ranks states based on the ratio of gaming-liquor-other taxes and motor vehicle taxes to personal income. Gaming-liquor-other revenues include taxes on alcoholic beverages (but not sales tax levied on those items), amusements, pari-mutuels, tobacco, licenses for amusements, licenses for alcoholic beverages, liquor store profits and net lottery proceeds. The motor vehicle category includes tax revenues from motor fuels (e.g., gasoline excise), fees (e.g., registration and license fees) and miscellaneous taxes on motor vehicle operators.

For FYE 2010 and 2011, Pennsylvania ranked 5th for gaming-liquor-other and 28th for motor vehicle taxes. For states that have legalized casino gaming, Pennsylvania imposes the highest tax rate on slot (34 percent) and table game (14 percent) revenues. Those rates drive much of the ranking for the gaming-liquor-other category. For cigarettes, Pennsylvania levies the 20th highest tax rate in the U.S. (\$1.60 per pack). For motor fuels, Pennsylvania levies the 7th highest tax rate in the U.S. (\$0.312 per gallon). See Table 8 for an itemization of tax rates by state.

Table 4 ranks states based on the ratio of all other taxes and total tax to personal income. The all other category includes taxes on other selective sales (e.g., realty transfer taxes), hunting and public utilities licenses, occupation and business licenses, other licenses and other miscellaneous taxes (e.g., insurance premiums, inheritance, and financial institutions). The total tax category is equal to the sum of all previously mentioned categories.

For FYE 2010 and 2011, Pennsylvania ranked 20th for all other taxes and total taxes. Because severance taxes are included with all other taxes, Pennsylvania ranked lower compared to very high severance tax states such as Alaska, North Dakota, Wyoming and West Virginia. However, much severance tax is exported to non-residents and not directly borne by residents of the state in which they are levied. If severance taxes are excluded from the analysis, then Pennsylvania would rank 11th in all other taxes and 17th in total tax. Relative to neighboring states, Pennsylvania ranks lower than New York, New Jersey, Ohio, Delaware and West Virginia, but higher than Maryland.

Table 5 displays the share of total revenue collections for each state based on revenue source. For FYE 2010 and 2011, Pennsylvania's largest revenue source was property taxes (28.7 percent), followed by PIT (24.8 percent), SUT (19.4 percent), gaming-liquor-other (6.9 percent) and CIT (5.2 percent). By comparison, the weighted average shares across all states were as follows: property (32.8 percent), PIT (21.1 percent), SUT (24.2 percent), gaming-liquor-other

(3.8 percent) and CIT (4.2 percent). Hence, the data suggest that Pennsylvania relies relatively more on PIT and gaming-liquor-other taxes and less on SUT and property to fund state and local services.

Table 6 displays historical trends using five-year increments starting from FYE 1995. The data reveal an increase in the PIT ratio in 2005 due to the PIT rate increase from 2.80 percent to the current rate of 3.07 percent. Due to the recent phasedown of the capital stock and franchise tax rate and the change in the apportionment formula for corporate net income tax, the CIT ratio has declined modestly. Although the state SUT rate has not changed since 1968, SUT revenues as a share of personal income have declined because untaxed purchases of services and internet sales comprise a growing share of total consumer spending. The gaming-liquor-other category has increased significantly over the past decade due to the legalization of casino gaming in Pennsylvania. Finally, the all other category has declined due to the elimination of the state estate tax that results from changes at the federal level.

Table 7 displays state and local collections for Pennsylvania by tax source. The amounts are net of any refunds paid. As noted, state collections represent FYE 2011, while data for local units are for FYE 2010.

Table 8 lists selected rates for sales, personal income, corporate net income, cigarette and gasoline taxes. Data are from the Federation of Tax Administrators for calendar year 2012.⁹ For personal income, the tax rate represents the marginal tax rate for a couple that files a joint return earning \$50,000. For corporate net income, the tax rate represents the highest marginal tax rate.

⁹ See http://www.taxadmin.org/fta/rate/tax_stru.html.

Table 1

Personal Income Tax				Corporate Income Tax			
State	Rank	Amount (\$ millions)	Percent of Pers. Inc.	State	Rank	Amount (\$ millions)	Percent of Pers. Inc.
New York	1	43,951	4.46%	Delaware	1	1,018	2.78%
Oregon	2	5,494	3.86%	Alaska	2	721	2.25%
Maryland	3	10,447	3.63%	New Hampshire	3	632	1.06%
Massachusetts	4	11,597	3.32%	New York	4	9,267	0.94%
Minnesota	5	7,482	3.21%	Tennessee	5	1,519	0.67%
Connecticut	6	6,469	3.17%	California	6	9,666	0.59%
Kentucky	7	4,453	3.11%	Massachusetts	7	1,956	0.56%
California	8	50,508	3.08%	Pennsylvania	8	2,893	0.55%
Ohio	9	12,969	3.06%	North Dakota	9	161	0.54%
Wisconsin	10	6,429	2.90%	New Jersey	10	2,463	0.54%
North Carolina	11	9,869	2.90%	West Virginia	11	315	0.52%
Maine	12	1,421	2.86%	Mississippi	12	477	0.51%
Delaware	13	1,016	2.77%	Kentucky	13	714	0.50%
West Virginia	14	1,666	2.75%	North Carolina	14	1,592	0.47%
Indiana	15	6,142	2.74%	Ohio	15	1,857	0.44%
Pennsylvania	16	13,850	2.63%	Maine	16	218	0.44%
Virginia	17	9,531	2.62%	Minnesota	17	1,011	0.43%
Iowa	18	2,948	2.50%	Vermont	18	107	0.42%
Utah	19	2,298	2.48%	Arkansas	19	402	0.41%
Kansas	20	2,724	2.38%	Texas	20	3,962	0.40%
Arkansas	21	2,270	2.33%	Illinois	21	2,187	0.39%
New Jersey	22	10,617	2.31%	Wisconsin	22	869	0.39%
Nebraska	23	1,722	2.31%	Oregon	23	539	0.38%
Idaho	24	1,169	2.28%	Montana	24	127	0.35%
Montana	25	813	2.27%	New Mexico	25	248	0.35%
Rhode Island	26	1,016	2.26%	Connecticut	26	701	0.34%
Georgia	27	7,659	2.23%	Rhode Island	27	152	0.34%
Hawaii	28	1,247	2.17%	Idaho	28	172	0.34%
Vermont	29	556	2.16%	Indiana	29	729	0.33%
Missouri	30	4,822	2.15%	Maryland	30	870	0.30%
Colorado	31	4,541	2.05%	Oklahoma	31	394	0.29%
Illinois	32	11,225	2.02%	Florida	32	2,144	0.29%
Michigan	33	6,773	1.95%	Utah	33	252	0.27%
South Carolina	34	2,908	1.90%	Arizona	34	571	0.25%
Alabama	35	2,904	1.79%	Alabama	35	411	0.25%
Oklahoma	36	2,385	1.75%	Kansas	36	289	0.25%
Mississippi	37	1,448	1.55%	Iowa	37	290	0.25%
New Mexico	38	1,066	1.52%	Virginia	38	855	0.23%
North Dakota	39	433	1.45%	Michigan	39	741	0.21%
Louisiana	40	2,404	1.40%	Nebraska	40	158	0.21%
Arizona	41	2,864	1.27%	Georgia	41	714	0.21%
New Hampshire	42	83	0.14%	Missouri	42	463	0.21%
Tennessee	43	190	0.08%	South Carolina	43	306	0.20%
Alaska	44	-	0.00%	Colorado	44	400	0.18%
Florida	44	-	0.00%	Louisiana	45	282	0.16%
Nevada	44	-	0.00%	Hawaii	46	69	0.12%
South Dakota	44	-	0.00%	Nevada	47	71	0.07%
Texas	44	-	0.00%	South Dakota	48	19	0.06%
Washington	44	-	0.00%	Wyoming	49	12	0.04%
Wyoming	44	-	0.00%	Washington	50	29	0.01%

Table 2

Sales and Use Tax				Property Tax			
State	Rank	Amount (\$ millions)	Percent of Pers. Inc.	State	Rank	Amount (\$ millions)	Percent of Pers. Inc.
Hawaii	1	2,744	4.77%	New Hampshire	1	3,243	5.43%
Washington	2	13,883	4.70%	New Jersey	2	24,746	5.39%
New Mexico	3	2,788	3.96%	Vermont	3	1,368	5.31%
Arkansas	4	3,790	3.89%	Wyoming	4	1,387	5.06%
Wyoming	5	1,063	3.87%	Rhode Island	5	2,193	4.89%
Louisiana	6	6,571	3.83%	Maine	6	2,373	4.77%
Tennessee	7	8,186	3.62%	New York	7	44,121	4.48%
Florida	8	25,634	3.43%	Connecticut	8	9,001	4.41%
South Dakota	9	1,106	3.32%	Wisconsin	9	9,648	4.36%
Nevada	10	3,483	3.31%	Alaska	10	1,383	4.32%
Mississippi	11	2,991	3.21%	Illinois	11	23,433	4.21%
North Dakota	12	935	3.12%	Michigan	12	14,116	4.07%
Arizona	13	6,893	3.05%	Texas	13	39,092	3.98%
Kansas	14	3,428	2.99%	Florida	14	28,252	3.78%
Texas	15	29,044	2.96%	Massachusetts	15	12,985	3.71%
Alabama	16	4,782	2.94%	Nebraska	16	2,708	3.63%
Oklahoma	17	3,988	2.93%	Colorado	17	8,020	3.62%
Indiana	18	6,525	2.91%	Montana	18	1,287	3.59%
Utah	19	2,572	2.77%	Iowa	19	4,159	3.52%
Michigan	20	9,567	2.76%	Oregon	20	4,938	3.47%
California	21	43,530	2.65%	Kansas	21	3,927	3.43%
Georgia	22	8,910	2.59%	Indiana	22	7,652	3.42%
North Carolina	23	8,681	2.55%	Nevada	23	3,452	3.28%
Iowa	24	3,014	2.55%	California	24	53,730	3.28%
New York	25	24,923	2.53%	Arizona	25	7,300	3.23%
Ohio	26	10,647	2.52%	Minnesota	26	7,486	3.21%
Nebraska	27	1,844	2.47%	Virginia	27	11,249	3.09%
Missouri	28	5,377	2.40%	Ohio	28	13,035	3.08%
Colorado	29	5,258	2.37%	South Carolina	29	4,716	3.08%
Idaho	30	1,214	2.37%	Georgia	30	10,585	3.08%
West Virginia	31	1,405	2.32%	Pennsylvania	31	15,997	3.03%
Kentucky	32	3,254	2.27%	Maryland	32	8,465	2.94%
Illinois	33	12,021	2.16%	Washington	33	8,461	2.87%
Wisconsin	34	4,777	2.16%	South Dakota	34	927	2.78%
Maine	35	1,049	2.11%	Mississippi	35	2,530	2.71%
South Carolina	36	3,221	2.10%	Missouri	36	5,734	2.55%
Minnesota	37	4,861	2.09%	Idaho	37	1,308	2.55%
Rhode Island	38	930	2.07%	North Carolina	38	8,571	2.52%
Pennsylvania	39	10,820	2.05%	Utah	39	2,300	2.48%
New Jersey	40	9,127	1.99%	Hawaii	40	1,393	2.42%
Connecticut	41	3,528	1.73%	North Dakota	41	688	2.30%
Maryland	42	4,448	1.54%	West Virginia	42	1,379	2.28%
Virginia	43	5,214	1.43%	Tennessee	43	5,031	2.22%
Massachusetts	44	4,947	1.41%	Kentucky	44	2,962	2.07%
Vermont	45	350	1.36%	Louisiana	45	3,384	1.97%
Alaska	46	346	1.08%	New Mexico	46	1,305	1.86%
Oregon	47	324	0.23%	Delaware	47	665	1.81%
Delaware	48	64	0.17%	Oklahoma	48	2,400	1.76%
New Hampshire	49	89	0.15%	Alabama	49	2,573	1.58%
Montana	50	51	0.14%	Arkansas	50	1,533	1.57%

Table 3

Gaming-Liquor-Other Taxes				Motor Tax			
State	Rank	Amount (\$ millions)	Percent of Pers. Inc.	State	Rank	Amount (\$ millions)	Percent of Pers. Inc.
Delaware	1	480	1.31%	Montana	1	360	1.01%
West Virginia	2	749	1.24%	North Dakota	2	268	0.89%
Rhode Island	3	492	1.10%	West Virginia	3	504	0.83%
Nevada	4	1,146	1.09%	Iowa	4	976	0.83%
Pennsylvania	5	3,838	0.73%	Oklahoma	5	1,109	0.81%
Oregon	6	1,035	0.73%	Idaho	6	389	0.76%
Indiana	7	1,583	0.71%	Oregon	7	1,066	0.75%
South Dakota	8	217	0.65%	North Carolina	8	2,397	0.70%
New Hampshire	9	389	0.65%	Maine	9	346	0.70%
Michigan	10	2,070	0.60%	Kentucky	10	993	0.69%
Louisiana	11	1,010	0.59%	Hawaii	11	395	0.69%
Iowa	12	688	0.58%	Vermont	12	176	0.68%
Connecticut	13	1,173	0.58%	Nebraska	13	503	0.67%
Montana	14	184	0.51%	Ohio	14	2,849	0.67%
Maine	15	253	0.51%	Wisconsin	15	1,491	0.67%
Ohio	16	2,072	0.49%	Mississippi	16	603	0.65%
New York	17	4,708	0.48%	Arkansas	17	629	0.65%
New Jersey	18	2,185	0.48%	Minnesota	18	1,481	0.64%
Mississippi	19	423	0.45%	Florida	19	4,701	0.63%
Alaska	20	145	0.45%	Utah	20	570	0.61%
Kentucky	21	642	0.45%	Indiana	21	1,370	0.61%
Vermont	22	115	0.45%	Washington	22	1,779	0.60%
Massachusetts	23	1,554	0.44%	Wyoming	23	162	0.59%
Oklahoma	24	593	0.44%	South Dakota	24	195	0.58%
Arkansas	25	401	0.41%	Illinois	25	3,247	0.58%
Georgia	26	1,407	0.41%	Kansas	26	664	0.58%
Illinois	27	2,239	0.40%	Tennessee	27	1,306	0.58%
Wisconsin	28	879	0.40%	Pennsylvania	28	2,960	0.56%
Tennessee	29	895	0.40%	Michigan	29	1,928	0.56%
Texas	30	3,544	0.36%	California	30	9,104	0.56%
Missouri	31	807	0.36%	New Mexico	31	380	0.54%
North Carolina	32	1,197	0.35%	Alabama	32	873	0.54%
Washington	33	1,034	0.35%	Texas	33	5,206	0.53%
Maryland	34	997	0.35%	Nevada	34	543	0.52%
New Mexico	35	226	0.32%	Colorado	35	1,140	0.51%
Florida	36	2,382	0.32%	South Carolina	36	764	0.50%
South Carolina	37	474	0.31%	New Hampshire	37	296	0.50%
Hawaii	38	174	0.30%	Delaware	38	168	0.46%
Minnesota	39	650	0.28%	Arizona	39	1,023	0.45%
Virginia	40	963	0.26%	Missouri	40	1,010	0.45%
Kansas	41	288	0.25%	Louisiana	41	729	0.43%
Utah	42	230	0.25%	Maryland	42	1,223	0.42%
Arizona	43	541	0.24%	Virginia	43	1,524	0.42%
Alabama	44	378	0.23%	Rhode Island	44	186	0.41%
Idaho	45	110	0.22%	Georgia	45	1,260	0.37%
Colorado	46	450	0.20%	Connecticut	46	712	0.35%
North Dakota	47	49	0.16%	Alaska	47	111	0.35%
Nebraska	48	109	0.15%	Massachusetts	48	1,126	0.32%
California	49	2,365	0.14%	New York	49	3,143	0.32%
Wyoming	50	39	0.14%	New Jersey	50	1,163	0.25%

Table 4

All Other Taxes				Total Tax			
State	Rank	Amount (\$ millions)	Percent of Pers. Inc.	State	Rank	Amount (\$ millions)	Percent of Pers. Inc.
Alaska	1	4,476	13.97%	Alaska	1	7,182	22.42%
North Dakota	2	2,127	7.10%	North Dakota	2	4,661	15.56%
Wyoming	3	1,173	4.27%	New York	3	143,330	14.55%
West Virginia	4	1,418	2.34%	Wyoming	4	3,836	13.98%
Delaware	5	748	2.04%	West Virginia	5	7,437	12.30%
Vermont	6	479	1.86%	Vermont	6	3,151	12.24%
Nevada	7	1,936	1.84%	Maine	7	6,077	12.22%
New Mexico	8	1,230	1.75%	Rhode Island	8	5,321	11.86%
Montana	9	575	1.61%	New Jersey	9	53,278	11.60%
Minnesota	10	3,242	1.39%	Wisconsin	10	25,545	11.54%
New York	11	13,217	1.34%	Hawaii	11	6,619	11.50%
Louisiana	12	2,012	1.17%	Delaware	12	4,160	11.34%
Kentucky	13	1,639	1.15%	California	13	185,529	11.32%
Alabama	14	1,826	1.12%	Minnesota	14	26,213	11.26%
Texas	15	10,501	1.07%	Connecticut	15	22,854	11.21%
Mississippi	16	995	1.07%	Indiana	16	24,631	11.00%
Washington	17	3,079	1.04%	Ohio	17	46,027	10.88%
New Hampshire	18	620	1.04%	Michigan	18	37,439	10.79%
Hawaii	19	596	1.04%	Iowa	19	12,512	10.59%
Pennsylvania	20	5,433	1.03%	Pennsylvania	20	55,791	10.58%
Maryland	21	2,925	1.02%	Illinois	21	58,253	10.47%
California	22	16,627	1.01%	Massachusetts	22	36,369	10.40%
Oklahoma	23	1,310	0.96%	Nebraska	23	7,745	10.38%
Nebraska	24	701	0.94%	Kansas	24	11,819	10.32%
Virginia	25	3,373	0.93%	Oregon	25	14,695	10.32%
Oregon	26	1,299	0.91%	New Mexico	26	7,244	10.30%
South Carolina	27	1,396	0.91%	Kentucky	27	14,657	10.25%
South Dakota	28	297	0.89%	Maryland	28	29,374	10.20%
Maine	29	419	0.84%	Mississippi	29	9,467	10.16%
Tennessee	30	1,788	0.79%	Nevada	30	10,631	10.10%
Rhode Island	31	352	0.79%	North Carolina	31	34,102	10.03%
Colorado	32	1,679	0.76%	Arkansas	32	9,753	10.01%
Arkansas	33	727	0.75%	Colorado	33	21,486	9.70%
Illinois	34	3,900	0.70%	Washington	34	28,265	9.57%
Florida	35	5,051	0.68%	Louisiana	35	16,390	9.56%
Idaho	36	338	0.66%	Montana	36	3,396	9.48%
Wisconsin	37	1,453	0.66%	Utah	37	8,766	9.44%
New Jersey	38	2,978	0.65%	Georgia	38	32,219	9.36%
Michigan	39	2,244	0.65%	Texas	39	91,348	9.30%
Massachusetts	40	2,205	0.63%	Idaho	40	4,701	9.18%
Missouri	41	1,414	0.63%	Florida	41	68,162	9.13%
Connecticut	42	1,270	0.62%	Arizona	42	20,436	9.05%
Ohio	43	2,598	0.61%	South Carolina	43	13,784	9.00%
Utah	44	545	0.59%	Virginia	44	32,708	8.99%
Arizona	45	1,244	0.55%	New Hampshire	45	5,353	8.96%
North Carolina	46	1,794	0.53%	Oklahoma	46	12,180	8.94%
Georgia	47	1,685	0.49%	Missouri	47	19,626	8.74%
Kansas	48	499	0.44%	Alabama	48	13,747	8.46%
Iowa	49	436	0.37%	Tennessee	49	18,915	8.36%
Indiana	50	630	0.28%	South Dakota	50	2,761	8.29%

Table 5

Taxes by Type Relative to Total Tax							
State	Personal Income	Corporate Income	Sales and Use	Gaming- Liquor-Other	Property	Motor	All Other
Alabama	21.1%	3.0%	34.8%	2.8%	18.7%	6.4%	13.3%
Alaska	0.0%	10.0%	4.8%	2.0%	19.3%	1.5%	62.3%
Arizona	14.0%	2.8%	33.7%	2.6%	35.7%	5.0%	6.1%
Arkansas	23.3%	4.1%	38.9%	4.1%	15.7%	6.4%	7.5%
California	27.2%	5.2%	23.5%	1.3%	29.0%	4.9%	9.0%
Colorado	21.1%	1.9%	24.5%	2.1%	37.3%	5.3%	7.8%
Connecticut	28.3%	3.1%	15.4%	5.1%	39.4%	3.1%	5.6%
Delaware	24.4%	24.5%	1.5%	11.5%	16.0%	4.1%	18.0%
Florida	0.0%	3.1%	37.6%	3.5%	41.4%	6.9%	7.4%
Georgia	23.8%	2.2%	27.7%	4.4%	32.9%	3.9%	5.2%
Hawaii	18.8%	1.0%	41.5%	2.6%	21.0%	6.0%	9.0%
Idaho	24.9%	3.7%	25.8%	2.4%	27.8%	8.3%	7.2%
Illinois	19.3%	3.8%	20.6%	3.8%	40.2%	5.6%	6.7%
Indiana	24.9%	3.0%	26.5%	6.4%	31.1%	5.6%	2.6%
Iowa	23.6%	2.3%	24.1%	5.5%	33.2%	7.8%	3.5%
Kansas	23.1%	2.4%	29.0%	2.4%	33.2%	5.6%	4.2%
Kentucky	30.4%	4.9%	22.2%	4.4%	20.2%	6.8%	11.2%
Louisiana	14.7%	1.7%	40.1%	6.2%	20.6%	4.4%	12.3%
Maine	23.4%	3.6%	17.3%	4.2%	39.0%	5.7%	6.9%
Maryland	35.6%	3.0%	15.1%	3.4%	28.8%	4.2%	10.0%
Massachusetts	31.9%	5.4%	13.6%	4.3%	35.7%	3.1%	6.1%
Michigan	18.1%	2.0%	25.6%	5.5%	37.7%	5.1%	6.0%
Minnesota	28.5%	3.9%	18.5%	2.5%	28.6%	5.6%	12.4%
Mississippi	15.3%	5.0%	31.6%	4.5%	26.7%	6.4%	10.5%
Missouri	24.6%	2.4%	27.4%	4.1%	29.2%	5.1%	7.2%
Montana	23.9%	3.7%	1.5%	5.4%	37.9%	10.6%	16.9%
Nebraska	22.2%	2.0%	23.8%	1.4%	35.0%	6.5%	9.0%
Nevada	0.0%	0.7%	32.8%	10.8%	32.5%	5.1%	18.2%
New Hampshire	1.6%	11.8%	1.7%	7.3%	60.6%	5.5%	11.6%
New Jersey	19.9%	4.6%	17.1%	4.1%	46.4%	2.2%	5.6%
New Mexico	14.7%	3.4%	38.5%	3.1%	18.0%	5.2%	17.0%
New York	30.7%	6.5%	17.4%	3.3%	30.8%	2.2%	9.2%
North Carolina	28.9%	4.7%	25.5%	3.5%	25.1%	7.0%	5.3%
North Dakota	9.3%	3.4%	20.1%	1.1%	14.8%	5.7%	45.6%
Ohio	28.2%	4.0%	23.1%	4.5%	28.3%	6.2%	5.6%
Oklahoma	19.6%	3.2%	32.7%	4.9%	19.7%	9.1%	10.8%
Oregon	37.4%	3.7%	2.2%	7.0%	33.6%	7.3%	8.8%
Pennsylvania	24.8%	5.2%	19.4%	6.9%	28.7%	5.3%	9.7%
Rhode Island	19.1%	2.9%	17.5%	9.2%	41.2%	3.5%	6.6%
South Carolina	21.1%	2.2%	23.4%	3.4%	34.2%	5.5%	10.1%
South Dakota	0.0%	0.7%	40.1%	7.9%	33.6%	7.1%	10.8%
Tennessee	1.0%	8.0%	43.3%	4.7%	26.6%	6.9%	9.5%
Texas	0.0%	4.3%	31.8%	3.9%	42.8%	5.7%	11.5%
Utah	26.2%	2.9%	29.3%	2.6%	26.2%	6.5%	6.2%
Vermont	17.6%	3.4%	11.1%	3.6%	43.4%	5.6%	15.2%
Virginia	29.1%	2.6%	15.9%	2.9%	34.4%	4.7%	10.3%
Washington	0.0%	0.1%	49.1%	3.7%	29.9%	6.3%	10.9%
West Virginia	22.4%	4.2%	18.9%	10.1%	18.5%	6.8%	19.1%
Wisconsin	25.2%	3.4%	18.7%	3.4%	37.8%	5.8%	5.7%
Wyoming	0.0%	0.3%	27.7%	1.0%	36.2%	4.2%	30.6%

Table 6

Pennsylvania Historical Tax Revenues as a Percent of Personal Income								
FYE	Personal Income	Corporate Income	Sales and Use	Gaming-Liquor-Other	Property	Motor	All Other	Total
1995	2.38%	0.61%	2.19%	0.39%	2.90%	0.43%	1.53%	10.44%
2000	2.38%	0.44%	2.05%	0.33%	2.58%	0.40%	1.41%	9.58%
2005	2.96%	0.38%	2.08%	0.49%	2.96%	0.60%	1.34%	10.82%
2010-11	2.63%	0.55%	2.05%	0.73%	3.03%	0.56%	1.03%	10.58%

Table 7

(\$ millions)

Pennsylvania State and Local Tax Revenues, FYE 2010 and 2011								
Level	Personal Income	Corporate Income	Sales and Use	Gaming-Liquor-Other	Property	Motor	All Other	Total
State	9,831	2,611	10,182	3,811	48	2,960	3,811	33,254
Local	4,018	282	638	27	15,949	-	1,622	22,537
Total	13,850	2,893	10,820	3,838	15,997	2,960	5,433	55,791

Table 8

Select State Tax Rates, Calendar Year 2012					
State	PIT	CIT	SUT	Gasoline (¢ per gallon)	Cigarettes (¢ per pack)
Alabama	5.00%	6.50%	4.00%	18.0	42.5
Alaska	None	9.40%	None	8.0	200.0
Arizona	3.36%	6.97%	6.60%	19.0	200.0
Arkansas	7.00%	6.50%	6.00%	21.8	115.0
California	9.30%	8.84%	7.25%	41.2	87.0
Colorado	4.63%	4.63%	2.90%	22.0	84.0
Connecticut	5.00%	7.50%	6.35%	25.0	340.0
Delaware	5.55%	8.70%	None	23.0	160.0
Florida	None	5.50%	6.00%	16.6	133.9
Georgia	6.00%	6.00%	4.00%	20.4	37.0
Hawaii	7.60%	6.40%	4.00%	17.0	320.0
Idaho	7.80%	7.60%	6.00%	26.0	57.0
Illinois	5.00%	9.50%	6.25%	20.1	98.0
Indiana	3.40%	8.50%	7.00%	18.0	99.5
Iowa	7.92%	12.00%	6.00%	22.0	136.0
Kansas	6.45%	7.00%	6.30%	24.0	79.0
Kentucky	5.80%	6.00%	6.00%	27.8	60.0
Louisiana	4.00%	8.00%	4.00%	20.1	36.0
Maine	8.50%	8.93%	5.00%	30.0	200.0
Maryland	4.75%	8.25%	6.00%	23.5	200.0
Massachusetts	5.30%	8.00%	6.25%	21.0	251.0
Michigan	4.35%	6.00%	6.00%	19.0	200.0
Minnesota	7.05%	9.80%	6.88%	28.1	123.0
Mississippi	5.00%	5.00%	7.00%	18.4	68.0
Missouri	6.00%	6.25%	4.23%	17.3	17.0
Montana	6.90%	6.75%	None	27.0	170.0
Nebraska	6.84%	7.81%	5.50%	27.6	64.0
Nevada	None	None	6.85%	23.8	80.0
New Hampshire	5.00%	8.50%	None	19.6	168.0
New Jersey	1.75%	9.00%	7.00%	14.5	270.0
New Mexico	4.90%	7.60%	5.13%	18.9	166.0
New York	6.85%	7.10%	4.00%	25.8	435.0
North Carolina	7.00%	6.90%	4.75%	39.2	45.0
North Dakota	1.84%	5.20%	5.00%	23.0	44.0
Ohio	4.11%	None	5.50%	28.0	125.0
Oklahoma	5.25%	6.00%	4.50%	17.0	103.0
Oregon	9.00%	7.60%	None	30.0	118.0
Pennsylvania	3.07%	9.99%	6.00%	31.2	160.0
Rhode Island	4.75%	9.00%	7.00%	33.0	346.0
South Carolina	7.00%	5.00%	6.00%	16.8	57.0
South Dakota	None	None	4.00%	24.0	153.0
Tennessee	5.00%	6.50%	7.00%	21.4	62.0
Texas	None	None	6.25%	20.0	141.0
Utah	5.00%	5.00%	5.95%	24.5	170.0
Vermont	3.55%	8.50%	6.00%	26.1	262.0
Virginia	5.75%	6.00%	5.00%	17.5	30.0
Washington	None	None	6.50%	37.5	302.5
West Virginia	6.00%	7.50%	6.00%	33.4	55.0
Wisconsin	6.50%	7.90%	5.00%	32.9	252.0
Wyoming	None	None	4.00%	14.0	60.0

State and Local Tax Comparison Study

October 2012

Acknowledgements

This report was written and compiled by Lauren Mondschein. Assistance was provided by Karen Maynard. Questions and comments can be submitted to lmondschein@ifo.state.pa.us.

