

State and Local Taxes

A Comparison Across States



JANUARY 2020

Independent Fiscal Office



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 does not support or oppose any policies it analyzes, and will disclose the methodologies, data sources and assumptions used in published reports and estimates.

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INDEPENDENT FISCAL OFFICE

January 29, 2020

The Honorable Members of the Pennsylvania General Assembly:

State and local taxes are necessary to fund the many services provided by governments such as education, law enforcement, healthcare, the building and maintenance of public roads and highways, and the management of natural resources. State and local governments utilize different taxes, fees, tolls and assessments to generate the funds necessary to provide those services and meet the needs of residents.

This report uses the latest data published by the U.S. Census Bureau to compare how states generate revenues. Based on tax or fee type, the report ranks states in descending order based on the ratio of tax revenue to state personal income. This simple ratio is often referred to as a measure of tax burden or an effective tax rate. These measures are best used to compare a state's relative reliance on a particular revenue source. For example, a state may rely heavily on sales tax, which may be more volatile than other revenue sources. Alternatively, states rich in natural resources may receive significant severance tax revenue, while many others receive no revenue from that source.

The report also ranks states based on the ratio of total state and local tax revenue to state personal income. By themselves, high or low rankings should not be construed as a favorable or unfavorable outcome. States that have a high ranking may provide more services to residents. The relative rankings do not imply that a state operates in a more or less efficient manner than other states. More detailed data would be required to make that determination.

All questions and comments on this report can be submitted to contact@ifo.state.pa.us.

Sincerely,

MATTHEW J. KNITTEL
Director

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Methodology and Data Sources

This report uses data from the U.S. Census Bureau, the Internal Revenue Service (IRS), the U.S. Bureau of Economic Analysis, the Federation of Tax Administrators and the Tax Foundation to facilitate a comparison of state and local tax systems across the fifty states. The report examines (1) the relative state and local tax burden across states, (2) the distribution of state and local taxes across revenue sources (e.g., income, sales and property) and (3) state debt levels. For this analysis, the term “tax burden” equals the ratio of tax revenues to state personal income. Although the term tax burden is often used in these types of studies, it does not imply that a certain level of taxation is too high or too low. That determination is a subjective judgment and this report does not address that issue.

All state and local taxes are compared to state personal income. State personal income is the summation of all sources of income such as wages, business income, interest, dividends, rents, royalties, employer contributions to pension and health plans, unemployment compensation and transfer income (e.g., Social Security, various medical and income maintenance benefits). Similar to other published tax burden studies, the analysis includes certain adjustments to state personal income as computed by the U.S. Bureau of Economic Analysis.¹ The analysis adds capital gains income, IRA withdrawals and pension distributions to state personal income and deducts employer contributions to pension and health plans and imputed interest income.² Overall, these adjustments increase personal income by 0.5 percent for the U.S. and 0.2 percent for Pennsylvania. Despite the fact that a modified income measure is used, the term personal income is used throughout this analysis.

For tabulations of state and local tax revenues, the U.S. Census Bureau includes net lottery profits with non-tax revenue sources, not tax revenues. This report includes those amounts with tax revenues so that net lottery profits are treated the same as tax revenues from table games and slots, since all three are forms of recreational gaming. Liquor store profits are also included with tax revenues. In order to generate liquor store profits, states apply mark-ups that function similar to a tax. Lottery and liquor store profits are similar to sales taxes because they are generated by the voluntary consumption of a good or service.

¹ The adjustments are based on data from federal income tax returns by state (published by the IRS) and Tables SAINC4 and SAINC40 from the National Income and Product Accounts. The U.S. Bureau of Economic Analysis publishes state personal income data.

² Capital gains, IRA withdrawals and pension data are from the “SOI Tax Stats – Historic Table 2” (IRS). Those amounts are grossed-up for amounts not reported on the federal income tax return due to non-taxability or misreporting. For more information on misreporting on the federal income tax return, see “Federal Tax Compliance Research: Tax Gap Estimates for Tax Years 2008-2010” (IRS, April 2016).

The U.S. Census Bureau compiles annual data on state and local tax revenue. However, the local tax data generally lag the state tax data by one fiscal year. For this analysis, state tax data are from *2018 State Government Tax Collections* which represents fiscal year (FY) 2017-18.³ Local tax data are from *2017 State and Local Government Finances*, which represent FY 2016-17. Although these tax data span two fiscal years, they represent the most recent data available and the same years are used across all states. In order to maximize overlap with the two fiscal years, state personal income and all income adjustments are from calendar year (CY) 2017. Therefore, both the state (FY 2017-18) and local (FY 2016-17) tax revenue data share a six-month overlap with the state personal income (CY 2017) measure to which they are compared.

In general, the state rankings in this analysis do not control for the export of certain state and local taxes. For some states, much tax revenue is paid by non-residents. For example, states with significant tourism generate substantial sales tax from non-residents.⁴ Many business taxes, such as the corporate net income tax, are also shifted to consumers and shareholders who reside in other states.

³ Tax data for state liquor store profits and outstanding debt are from *2018 State Government Finances*.

⁴ A tourism adjustment for sales tax was made for two states: Hawaii and Nevada. For those states, the ratio of the dollar amounts for the "Food Service and Accommodations" sector for state gross domestic product versus state personal consumption expenditures was much higher than the overall U.S. average. That outcome implies that state production of those services is much higher than the personal consumption of those services by state residents, compared to the U.S. average. Therefore, a higher share of sector output is attributable to tourism. Based on the state data published by the U.S. Bureau of Economic Analysis, Hawaii's sales tax is reduced by 12 percent and Nevada by 26 percent to account for each state's unusually large share of sales tax likely attributable to tourism. Similar adjustments were not made for other states because their ratio of production to consumption for that sector was much more similar to the U.S. average.

State and Local Tax Rankings

Table 1 ranks states based on the ratio of the personal income tax (PIT) to personal income.⁵ States may levy PIT on wages, business income, capital income (e.g., interest, dividends and capital gains), pensions, IRA withdrawals and transfer income (e.g., Social Security, unemployment compensation). Pennsylvania ranked 19th for PIT, and the ratio was higher than both the U.S. average (2.23 percent) and weighted average (2.49 percent).⁶ Although the Commonwealth levies a relatively low PIT rate (3.07 percent) and exempts Social Security and pension income, the local PIT rate is high compared to other states. (See Table 12 for a comparison of state tax rates levied for CY 2019.)

Table 1 Personal Income Tax							
State	Rank	Amount	Ratio	State	Rank	Amount	Ratio
New York	1	\$64,479	4.99%	Vermont	26	\$819	2.50%
Oregon	2	\$8,880	4.34%	Kansas	27	\$3,415	2.45%
Maryland	3	\$14,844	4.14%	Rhode Island	28	\$1,329	2.38%
California	4	\$95,152	4.02%	Colorado	29	\$7,510	2.37%
Minnesota	5	\$11,882	3.91%	Michigan	30	\$10,783	2.31%
Connecticut	6	\$9,733	3.69%	Arkansas	31	\$2,866	2.28%
Delaware	7	\$1,713	3.51%	Illinois	32	\$15,297	2.20%
Massachusetts	8	\$16,280	3.40%	Indiana	33	\$6,437	2.17%
Kentucky	9	\$5,953	3.30%	South Carolina	34	\$4,432	2.09%
Hawaii	10	\$2,430	3.29%	Oklahoma	35	\$3,495	2.07%
Virginia	11	\$14,106	3.05%	Alabama	36	\$4,037	2.06%
Utah	12	\$3,991	3.00%	Mississippi	37	\$1,853	1.73%
Wisconsin	13	\$8,151	2.90%	Louisiana	38	\$3,246	1.63%
West Virginia	14	\$1,951	2.81%	New Mexico	39	\$1,253	1.49%
North Carolina	15	\$12,610	2.79%	Arizona	40	\$4,545	1.48%
Iowa	16	\$4,000	2.75%	North Dakota	41	\$368	0.97%
Montana	17	\$1,301	2.67%	New Hampshire	42	\$106	0.13%
Ohio	18	\$14,395	2.65%	Tennessee	43	\$247	0.08%
Pennsylvania	19	\$17,861	2.62%	Alaska	44	\$0	0.00%
New Jersey	20	\$15,038	2.59%	Florida	44	\$0	0.00%
Maine	21	\$1,605	2.59%	Nevada	44	\$0	0.00%
Nebraska	22	\$2,361	2.53%	South Dakota	44	\$0	0.00%
Georgia	23	\$11,644	2.53%	Texas	44	\$0	0.00%
Idaho	24	\$1,836	2.52%	Washington	44	\$0	0.00%
Missouri	25	\$6,915	2.51%	Wyoming	44	\$0	0.00%
				U.S. Weighted Avg.			2.49%
				U.S. Average			2.23%

Note: dollar amounts are in millions.

⁵ All amounts are net of refunds.

⁶ The U.S. average is an unweighted average so that all states have an equal impact on the U.S. average computation. The weighted average allows large states (e.g., California) to have a greater impact compared to small states (e.g., Rhode Island).

Table 2 ranks states based on the ratio of corporate net income tax (CNIT) to personal income.⁷ States levy CNIT on the net income of C corporations. For this analysis, the CNIT measure also includes revenues from corporate license fees.⁸ Pennsylvania ranked 12th for CNIT, and the ratio was higher than the U.S. average (0.38 percent) and weighted average (0.36 percent). Pennsylvania levies the third highest CNIT rate in the U.S. (9.99 percent), but the sales-only factor used in the apportionment formula reduces the overall tax burden.⁹

Table 2 Corporate Net Income Tax							
State	Rank	Amount	Ratio	State	Rank	Amount	Ratio
Delaware	1	\$1,639	3.36%	Maine	26	\$197	0.32%
New Hampshire	2	\$857	1.06%	Connecticut	27	\$809	0.31%
Tennessee	3	\$2,564	0.85%	Utah	28	\$401	0.30%
New York	4	\$10,181	0.79%	North Dakota	29	\$107	0.28%
Mississippi	5	\$575	0.54%	Louisiana	30	\$506	0.25%
California	6	\$12,568	0.53%	South Carolina	31	\$534	0.25%
Massachusetts	7	\$2,435	0.51%	Florida	32	\$2,691	0.25%
Alaska	8	\$196	0.51%	Michigan	33	\$1,121	0.24%
Oregon	9	\$929	0.45%	Indiana	34	\$708	0.24%
Minnesota	10	\$1,366	0.45%	Georgia	35	\$1,064	0.23%
Kentucky	11	\$808	0.45%	Rhode Island	36	\$123	0.22%
Pennsylvania	12	\$3,000	0.44%	Colorado	37	\$681	0.22%
New Jersey	13	\$2,484	0.43%	Hawaii	38	\$149	0.20%
Illinois	14	\$2,930	0.42%	Virginia	39	\$926	0.20%
Alabama	15	\$730	0.37%	Oklahoma	40	\$294	0.17%
Montana	16	\$181	0.37%	West Virginia	41	\$111	0.16%
Nebraska	17	\$330	0.35%	Missouri	42	\$412	0.15%
Vermont	18	\$115	0.35%	New Mexico	43	\$124	0.15%
Kansas	19	\$466	0.33%	Arizona	44	\$388	0.13%
Arkansas	20	\$420	0.33%	Ohio	45	\$515	0.09%
Idaho	21	\$244	0.33%	South Dakota	46	\$38	0.09%
Wisconsin	22	\$933	0.33%	Nevada	47	\$79	0.05%
North Carolina	23	\$1,500	0.33%	Wyoming	48	\$14	0.04%
Iowa	24	\$478	0.33%	Texas	49	\$153	0.01%
Maryland	25	\$1,152	0.32%	Washington	50	\$42	0.01%
				U.S. Weighted Avg.			0.36%
				U.S. Average			0.38%

Note: dollar amounts are in millions.

⁷ All amounts are net of 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.

⁹ New Jersey's calendar year 2019 CNIT rate includes a 2.5 percent surtax levied on certain corporations.

Table 3 ranks states based on the ratio of sales and use tax (SUT) to personal income. Sales and use taxes include taxes on general sales, gross receipts taxes collected by utilities and any sales tax levied by local units. For Pennsylvania, SUT includes the local sales tax levied by Allegheny County (1 percent) and Philadelphia County (2 percent). Pennsylvania ranked 39th for SUT, and the ratio is lower than the U.S. average (2.45 percent) and weighted average (2.54 percent). Pennsylvania relies on SUT relatively less than other states due to broad exemptions for most clothing and food purchased for home consumption. Moreover, some states levy sales tax on gasoline in addition to an excise tax, whereas Pennsylvania does not.

Table 3 Sales and Use Tax							
State	Rank	Amount	Ratio	State	Rank	Amount	Ratio
Hawaii	1	\$3,566	4.83%	Utah	26	\$3,276	2.46%
Washington	2	\$20,822	4.70%	Illinois	27	\$16,816	2.42%
Louisiana	3	\$8,884	4.47%	North Carolina	28	\$10,892	2.41%
New Mexico	4	\$3,259	3.88%	Wyoming	29	\$776	2.30%
Arkansas	5	\$4,806	3.82%	California	30	\$54,010	2.28%
Arizona	6	\$10,995	3.58%	Wisconsin	31	\$6,232	2.22%
South Dakota	7	\$1,491	3.52%	Kentucky	32	\$3,985	2.21%
Mississippi	8	\$3,619	3.38%	West Virginia	33	\$1,504	2.17%
Florida	9	\$36,424	3.37%	Georgia	34	\$9,880	2.15%
Texas	10	\$45,949	3.37%	Michigan	35	\$9,944	2.13%
Kansas	11	\$4,621	3.32%	Minnesota	36	\$6,176	2.03%
Nevada	12	\$4,809	3.31%	Rhode Island	37	\$1,109	1.98%
North Dakota	13	\$1,217	3.20%	New Jersey	38	\$11,498	1.98%
Tennessee	14	\$9,683	3.20%	Pennsylvania	39	\$13,013	1.91%
Alabama	15	\$6,028	3.08%	South Carolina	40	\$3,938	1.86%
Oklahoma	16	\$5,065	3.01%	Connecticut	41	\$4,792	1.82%
Ohio	17	\$15,373	2.83%	Maryland	42	\$5,316	1.48%
Indiana	18	\$8,049	2.71%	Massachusetts	43	\$6,490	1.35%
Iowa	19	\$3,862	2.66%	Virginia	44	\$6,234	1.35%
Nebraska	20	\$2,428	2.61%	Vermont	45	\$424	1.30%
New York	21	\$32,824	2.54%	Alaska	46	\$248	0.64%
Idaho	22	\$1,837	2.52%	Oregon	47	\$322	0.16%
Maine	23	\$1,557	2.51%	Delaware	48	\$58	0.12%
Colorado	24	\$7,906	2.49%	Montana	49	\$42	0.09%
Missouri	25	\$6,869	2.49%	New Hampshire	50	\$52	0.06%
Note: dollar amounts are in millions.				U.S. Weighted Avg.			2.54%
				U.S. Average			2.45%

Table 4 ranks states based on the ratio of property tax to personal income. 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. Pennsylvania ranked 24th for property tax, and the ratio is lower than the U.S. average (3.04 percent) and weighted average (3.10 percent).

Table 4 Property Tax							
<u>State</u>	<u>Rank</u>	<u>Amount</u>	<u>Ratio</u>	<u>State</u>	<u>Rank</u>	<u>Amount</u>	<u>Ratio</u>
New Hampshire	1	\$4,468	5.51%	Mississippi	26	\$3,041	2.84%
Vermont	2	\$1,676	5.12%	Ohio	27	\$15,345	2.83%
New Jersey	3	\$29,118	5.02%	Maryland	28	\$9,810	2.74%
Maine	4	\$2,855	4.60%	Colorado	29	\$8,661	2.73%
Rhode Island	5	\$2,543	4.55%	California	30	\$63,461	2.68%
New York	6	\$56,853	4.40%	Washington	31	\$11,794	2.66%
Illinois	7	\$28,621	4.12%	Georgia	32	\$12,028	2.61%
Connecticut	8	\$10,792	4.09%	Florida	33	\$27,898	2.58%
Alaska	9	\$1,569	4.05%	Arizona	34	\$7,802	2.54%
Nebraska	10	\$3,752	4.03%	West Virginia	35	\$1,722	2.48%
Texas	11	\$53,017	3.89%	Utah	36	\$3,219	2.42%
Iowa	12	\$5,132	3.53%	Idaho	37	\$1,749	2.40%
Wyoming	13	\$1,185	3.51%	Hawaii	38	\$1,760	2.38%
Massachusetts	14	\$16,704	3.49%	Indiana	39	\$6,935	2.34%
Montana	15	\$1,671	3.43%	Missouri	40	\$6,350	2.30%
Wisconsin	16	\$9,618	3.42%	North Carolina	41	\$10,005	2.21%
South Dakota	17	\$1,415	3.34%	Louisiana	42	\$4,197	2.11%
North Dakota	18	\$1,249	3.28%	Nevada	43	\$3,024	2.08%
Kansas	19	\$4,549	3.27%	Kentucky	44	\$3,653	2.03%
Michigan	20	\$14,159	3.04%	New Mexico	45	\$1,660	1.97%
Virginia	21	\$13,988	3.03%	Tennessee	46	\$5,876	1.94%
Oregon	22	\$6,166	3.01%	Arkansas	47	\$2,298	1.83%
Minnesota	23	\$8,865	2.91%	Delaware	48	\$883	1.81%
Pennsylvania	24	\$19,537	2.87%	Oklahoma	49	\$2,872	1.70%
South Carolina	25	\$6,031	2.84%	Alabama	50	\$2,847	1.45%
				U.S. Weighted Avg.			3.10%
				U.S. Average			3.04%

Note: dollar amounts are in millions.

Table 5 ranks states based on the ratio of gaming-liquor-tobacco taxes to personal income. Gaming-liquor-tobacco revenues include taxes on alcoholic beverages (but not sales tax levied on those items), casino gaming, pari-mutuels, tobacco, licenses for amusements, licenses for alcoholic beverages, liquor store profits and net lottery profits. Pennsylvania ranked 5th for gaming-liquor-tobacco, and the ratio was higher than the U.S. average (0.41 percent) and weighted average (0.37 percent). For states that have legalized casino gaming, Pennsylvania imposes a relatively high tax rate on slot (maximum tax rate of 55 percent) and table games (16 percent) gross revenues.¹⁰ Those rates drive much of the ranking for the gaming-liquor-tobacco category. For CY 2019, Pennsylvania levies the 12th highest cigarette tax rate in the U.S. (\$2.60 per pack), and the City of Philadelphia levies one of the highest rates in the U.S. at \$4.60 per pack (includes state tax).

Table 5 Gaming-Liquor-Tobacco Taxes							
State	Rank	Amount	Ratio	State	Rank	Amount	Ratio
West Virginia	1	\$755	1.09%	Mississippi	26	\$400	0.37%
Rhode Island	2	\$531	0.95%	Georgia	27	\$1,675	0.36%
Nevada	3	\$1,221	0.84%	Arkansas	28	\$447	0.36%
Delaware	4	\$391	0.80%	Kentucky	29	\$633	0.35%
Pennsylvania	5	\$4,659	0.68%	New Jersey	30	\$2,034	0.35%
Maryland	6	\$2,254	0.63%	Tennessee	31	\$1,056	0.35%
Oregon	7	\$1,192	0.58%	Texas	32	\$4,513	0.33%
New Hampshire	8	\$461	0.57%	New Mexico	33	\$262	0.31%
Louisiana	9	\$1,112	0.56%	South Carolina	34	\$661	0.31%
South Dakota	10	\$229	0.54%	Florida	35	\$3,358	0.31%
North Carolina	11	\$2,417	0.53%	Wisconsin	36	\$846	0.30%
Iowa	12	\$763	0.53%	Missouri	37	\$800	0.29%
Michigan	13	\$2,403	0.52%	Virginia	38	\$1,183	0.26%
Ohio	14	\$2,596	0.48%	Kansas	39	\$351	0.25%
Indiana	15	\$1,380	0.47%	Alabama	40	\$481	0.25%
Maine	16	\$279	0.45%	Washington	41	\$1,084	0.24%
Massachusetts	17	\$2,092	0.44%	Hawaii	42	\$172	0.23%
Illinois	18	\$2,947	0.42%	Utah	43	\$278	0.21%
Montana	19	\$206	0.42%	Idaho	44	\$150	0.21%
Alaska	20	\$161	0.42%	California	45	\$4,814	0.20%
Oklahoma	21	\$687	0.41%	Arizona	46	\$562	0.18%
Connecticut	22	\$1,070	0.41%	Colorado	47	\$511	0.16%
Vermont	23	\$127	0.39%	Wyoming	48	\$51	0.15%
Minnesota	24	\$1,172	0.39%	Nebraska	49	\$137	0.15%
New York	25	\$4,856	0.38%	North Dakota	50	\$50	0.13%
				U.S. Weighted Avg.			0.37%
				U.S. Average			0.41%

Note: dollar amounts are in millions.

¹⁰ The 16 percent table games tax rate includes the temporary 2 percent surtax.

Table 6 ranks states based on the ratio of motor vehicle taxes to personal income. 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 Pennsylvania, the motor vehicle category includes the oil company franchise tax. Pennsylvania ranked 11th for motor vehicle taxes, and the ratio is higher than the U.S. average (0.54 percent) and weighted average (0.49 percent). For gasoline, Pennsylvania levies the highest tax rate in the U.S. (\$0.576 per gallon).

Table 6							
Motor Vehicle Tax							
	Rank	Amount	Ratio	State	Rank	Amount	Ratio
Iowa	1	\$1,379	0.95%	Ohio	26	\$2,887	0.53%
Montana	2	\$425	0.87%	Nevada	27	\$765	0.53%
North Dakota	3	\$323	0.85%	Alabama	28	\$1,024	0.52%
West Virginia	4	\$584	0.84%	Kentucky	29	\$936	0.52%
Idaho	5	\$577	0.79%	Vermont	30	\$168	0.51%
Oklahoma	6	\$1,291	0.77%	Georgia	31	\$2,312	0.50%
Hawaii	7	\$554	0.75%	Florida	32	\$5,227	0.48%
South Dakota	8	\$309	0.73%	Texas	33	\$6,567	0.48%
Washington	9	\$3,096	0.70%	South Carolina	34	\$1,020	0.48%
Indiana	10	\$2,062	0.70%	Illinois	35	\$3,333	0.48%
Pennsylvania	11	\$4,632	0.68%	California	36	\$11,324	0.48%
Wyoming	12	\$229	0.68%	Maryland	37	\$1,614	0.45%
North Carolina	13	\$3,041	0.67%	Colorado	38	\$1,401	0.44%
Nebraska	14	\$583	0.63%	Delaware	39	\$197	0.40%
Michigan	15	\$2,827	0.61%	Virginia	40	\$1,825	0.39%
Maine	16	\$374	0.60%	Missouri	41	\$1,050	0.38%
Minnesota	17	\$1,802	0.59%	Arizona	42	\$1,132	0.37%
Mississippi	18	\$616	0.58%	Louisiana	43	\$730	0.37%
Wisconsin	19	\$1,615	0.57%	New Hampshire	44	\$274	0.34%
Oregon	20	\$1,157	0.57%	Connecticut	45	\$768	0.29%
Tennessee	21	\$1,679	0.55%	Alaska	46	\$106	0.27%
Utah	22	\$733	0.55%	Massachusetts	47	\$1,315	0.27%
Arkansas	23	\$680	0.54%	New York	48	\$3,320	0.26%
New Mexico	24	\$453	0.54%	New Jersey	49	\$1,174	0.20%
Kansas	25	\$746	0.54%	Rhode Island	50	\$105	0.19%
				U.S. Weighted Avg.			0.49%
				U.S. Average			0.54%

Note: dollar amounts are in millions.

Table 7 ranks states based on the ratio of all other taxes to personal income. The all other category includes taxes on other selective sales (e.g., realty transfer taxes), hunting and public utility licenses, occupation and business licenses, severance, other licenses and other miscellaneous taxes (e.g., insurance premiums, inheritance and financial institutions). For Pennsylvania, the impact fee is counted as a severance tax.¹¹ Pennsylvania ranked 19th for all other taxes, and the ratio was slightly lower than the U.S. average (1.17 percent) but higher than the U.S. weighted average (0.98 percent). Because severance taxes are included with all other taxes and can be significant, Pennsylvania ranked lower than natural resource exporters such as North Dakota (1st), Alaska (2nd), West Virginia (3rd) and Wyoming (4th). As noted, this analysis does not control for the export of taxes. Research finds that existing severance taxes are generally pushed forward into prices and borne by final consumers, most of whom reside in other states.

Table 7 All Other Taxes							
State	Rank	Amount	Ratio	State	Rank	Amount	Ratio
North Dakota	1	\$2,466	6.48%	California	26	\$23,049	0.97%
Alaska	2	\$1,211	3.12%	Virginia	27	\$4,341	0.94%
West Virginia	3	\$1,391	2.00%	Illinois	28	\$6,363	0.92%
Wyoming	4	\$675	2.00%	Connecticut	29	\$2,406	0.91%
Vermont	5	\$630	1.92%	Tennessee	30	\$2,499	0.83%
Nevada	6	\$2,672	1.84%	New Jersey	31	\$4,679	0.81%
New Mexico	7	\$1,543	1.83%	Colorado	32	\$2,477	0.78%
Minnesota	8	\$4,630	1.52%	Florida	33	\$8,419	0.78%
Hawaii	9	\$1,089	1.47%	Utah	34	\$1,022	0.77%
Delaware	10	\$666	1.36%	Oklahoma	35	\$1,279	0.76%
New York	11	\$17,392	1.35%	Michigan	36	\$3,520	0.76%
Maryland	12	\$4,625	1.29%	Maine	37	\$452	0.73%
Rhode Island	13	\$715	1.28%	Arkansas	38	\$908	0.72%
New Hampshire	14	\$1,030	1.27%	Indiana	39	\$1,991	0.67%
Oregon	15	\$2,601	1.27%	Massachusetts	40	\$3,194	0.67%
Washington	16	\$5,534	1.25%	Ohio	41	\$3,485	0.64%
Montana	17	\$582	1.19%	Missouri	42	\$1,749	0.63%
Texas	18	\$15,987	1.17%	North Carolina	43	\$2,824	0.62%
Pennsylvania	19	\$7,619	1.12%	Wisconsin	44	\$1,706	0.61%
South Dakota	20	\$461	1.09%	Nebraska	45	\$555	0.60%
South Carolina	21	\$2,184	1.03%	Kansas	46	\$808	0.58%
Mississippi	22	\$1,060	0.99%	Georgia	47	\$2,623	0.57%
Kentucky	23	\$1,772	0.98%	Idaho	48	\$410	0.56%
Alabama	24	\$1,924	0.98%	Arizona	49	\$1,614	0.52%
Louisiana	25	\$1,951	0.98%	Iowa	50	\$587	0.40%
				U.S. Weighted Avg.			0.98%
				U.S. Average			1.17%

Note: dollar amounts are in millions.

¹¹ The fees for CY 2018 were remitted in April 2019 and totaled \$251.8 million.

Table 8 ranks states based on the ratio of total taxes to personal income. The total tax category is equal to the sum of all previous categories. Pennsylvania ranked 22nd for total taxes, and the ratio was higher than the U.S average (10.22 percent) and the same as the weighted average (10.33 percent). Pennsylvania ranks lower than the border states of New York (2nd), West Virginia (8th), New Jersey (10th), Delaware (11th) and Maryland (14th) in total state and local taxes as a share of personal income, with the exception of Ohio (25th).

Table 8 Total Tax							
State	Rank	Amount	Ratio	State	Rank	Amount	Ratio
North Dakota	1	\$5,780	15.18%	Arkansas	26	\$12,427	9.89%
New York	2	\$189,906	14.71%	Kentucky	27	\$17,739	9.83%
Hawaii	3	\$9,719	13.15%	Utah	28	\$12,920	9.70%
Vermont	4	\$3,960	12.09%	Michigan	29	\$44,757	9.60%
Maine	5	\$7,319	11.80%	North Carolina	30	\$43,288	9.57%
Minnesota	6	\$35,894	11.80%	Washington	31	\$42,371	9.56%
Rhode Island	7	\$6,456	11.55%	Idaho	32	\$6,803	9.33%
West Virginia	8	\$8,017	11.54%	South Dakota	33	\$3,943	9.30%
Connecticut	9	\$30,369	11.52%	Indiana	34	\$27,562	9.29%
New Jersey	10	\$66,025	11.39%	Texas	35	\$126,187	9.25%
Delaware	11	\$5,547	11.37%	Virginia	36	\$42,602	9.22%
California	12	\$264,379	11.16%	Colorado	37	\$29,147	9.20%
Iowa	13	\$16,201	11.15%	Montana	38	\$4,408	9.04%
Maryland	14	\$39,615	11.05%	Alaska	39	\$3,492	9.01%
Illinois	15	\$76,306	10.99%	Georgia	40	\$41,226	8.95%
Nebraska	16	\$10,146	10.89%	New Hampshire	41	\$7,247	8.94%
Kansas	17	\$14,956	10.74%	Oklahoma	42	\$14,984	8.89%
Mississippi	18	\$11,165	10.44%	South Carolina	43	\$18,801	8.87%
Oregon	19	\$21,248	10.38%	Arizona	44	\$27,038	8.79%
Louisiana	20	\$20,627	10.37%	Missouri	45	\$24,144	8.75%
Wisconsin	21	\$29,101	10.36%	Alabama	46	\$17,070	8.71%
Pennsylvania	22	\$70,322	10.33%	Wyoming	47	\$2,930	8.67%
New Mexico	23	\$8,554	10.17%	Nevada	48	\$12,569	8.66%
Massachusetts	24	\$48,510	10.12%	Tennessee	49	\$23,605	7.79%
Ohio	25	\$54,597	10.06%	Florida	50	\$84,017	7.78%
Note: dollar amounts are in millions.				U.S. Weighted Avg.			10.33%
				U.S. Average			10.22%

Certain states collect significant severance tax revenues. For FY 2017-18, the top five states included Texas (\$5.2 billion), North Dakota (\$2.1 billion), New Mexico (\$1.0 billion), Alaska (\$931 million) and Oklahoma (\$700 million). A significant portion of severance taxes is likely exported to other states; therefore, it is useful to examine tax burden rankings without those taxes included.

Table 9 reproduces Table 7 but excludes severance taxes. When those taxes are excluded, Pennsylvania's ranking increases to 13th for all other taxes, and the ratio is higher than both the U.S. average (0.91 percent) and weighted average (0.90 percent).

Table 9 All Other Taxes - Excludes Severance Tax							
State	Rank	Amount	Ratio	State	Rank	Amount	Ratio
Vermont	1	\$630	1.92%	New Jersey	26	\$4,679	0.81%
Nevada	2	\$2,516	1.73%	Texas	27	\$10,756	0.79%
Minnesota	3	\$4,580	1.51%	Florida	28	\$8,383	0.78%
Hawaii	4	\$1,089	1.47%	Louisiana	29	\$1,516	0.76%
West Virginia	5	\$979	1.41%	Colorado	30	\$2,375	0.75%
Delaware	6	\$666	1.36%	Michigan	31	\$3,489	0.75%
New York	7	\$17,392	1.35%	Utah	32	\$980	0.74%
Maryland	8	\$4,625	1.29%	Maine	33	\$452	0.73%
Rhode Island	9	\$715	1.28%	Alaska	34	\$280	0.72%
New Hampshire	10	\$1,030	1.27%	Arkansas	35	\$854	0.68%
Oregon	11	\$2,586	1.26%	Indiana	36	\$1,990	0.67%
Washington	12	\$5,492	1.24%	Massachusetts	37	\$3,194	0.67%
Pennsylvania	13	\$7,368	1.08%	Missouri	38	\$1,749	0.63%
South Dakota	14	\$453	1.07%	Ohio	39	\$3,419	0.63%
South Carolina	15	\$2,184	1.03%	North Carolina	40	\$2,822	0.62%
California	16	\$22,940	0.97%	Wisconsin	41	\$1,696	0.60%
Alabama	17	\$1,867	0.95%	New Mexico	42	\$502	0.60%
Mississippi	18	\$1,012	0.95%	Nebraska	43	\$551	0.59%
Virginia	19	\$4,338	0.94%	Georgia	44	\$2,623	0.57%
North Dakota	20	\$350	0.92%	Idaho	45	\$404	0.55%
Illinois	21	\$6,363	0.92%	Kansas	46	\$756	0.54%
Kentucky	22	\$1,649	0.91%	Arizona	47	\$1,589	0.52%
Connecticut	23	\$2,406	0.91%	Wyoming	48	\$143	0.42%
Tennessee	24	\$2,498	0.82%	Iowa	49	\$587	0.40%
Montana	25	\$396	0.81%	Oklahoma	50	\$579	0.34%
				U.S. Weighted Avg.			0.90%
				U.S. Average			0.91%

Note: dollar amounts are in millions.

Table 10 reproduces Table 8 but excludes severance taxes. Pennsylvania ranks lower than the border states of New York (1st), New Jersey (8th), Delaware (9th), Maryland (12th) and West Virginia (14th) in total state and local taxes as a share of personal income but higher than Ohio (23rd). Because a significant portion of most severance taxes is likely exported, Table 10 may provide a more accurate depiction of the relative state and local tax burden compared to Table 8.

Table 10							
Total Tax - Excludes Severance Tax							
<u>State</u>	<u>Rank</u>	<u>Amount</u>	<u>Ratio</u>	<u>State</u>	<u>Rank</u>	<u>Amount</u>	<u>Ratio</u>
New York	1	\$189,906	14.71%	Utah	26	\$12,879	9.67%
Hawaii	2	\$9,719	13.15%	North Dakota	27	\$3,664	9.63%
Vermont	3	\$3,960	12.09%	Michigan	28	\$44,726	9.59%
Maine	4	\$7,319	11.80%	North Carolina	29	\$43,286	9.57%
Minnesota	5	\$35,844	11.78%	Washington	30	\$42,330	9.55%
Rhode Island	6	\$6,456	11.55%	Idaho	31	\$6,797	9.32%
Connecticut	7	\$30,369	11.52%	Indiana	32	\$27,561	9.29%
New Jersey	8	\$66,025	11.39%	South Dakota	33	\$3,935	9.28%
Delaware	9	\$5,547	11.37%	Virginia	34	\$42,600	9.22%
California	10	\$264,270	11.16%	Colorado	35	\$29,044	9.16%
Iowa	11	\$16,201	11.15%	Georgia	36	\$41,226	8.95%
Maryland	12	\$39,615	11.05%	New Hampshire	37	\$7,247	8.94%
Illinois	13	\$76,306	10.99%	New Mexico	38	\$7,513	8.94%
West Virginia	14	\$7,605	10.95%	Texas	39	\$120,956	8.87%
Nebraska	15	\$10,143	10.89%	South Carolina	40	\$18,801	8.87%
Kansas	16	\$14,903	10.70%	Arizona	41	\$27,013	8.79%
Mississippi	17	\$11,118	10.39%	Missouri	42	\$24,144	8.75%
Oregon	18	\$21,232	10.37%	Alabama	43	\$17,014	8.68%
Wisconsin	19	\$29,091	10.35%	Montana	44	\$4,222	8.66%
Pennsylvania	20	\$70,070	10.29%	Nevada	45	\$12,414	8.55%
Louisiana	21	\$20,191	10.15%	Oklahoma	46	\$14,285	8.48%
Massachusetts	22	\$48,510	10.12%	Tennessee	47	\$23,604	7.79%
Ohio	23	\$54,531	10.05%	Florida	48	\$83,981	7.78%
Arkansas	24	\$12,372	9.84%	Wyoming	49	\$2,398	7.10%
Kentucky	25	\$17,616	9.77%	Alaska	50	\$2,561	6.61%
Note: dollar amounts are in millions.				U.S. Weighted Avg.			10.25%
				U.S. Average			9.95%

Other State Data and Rankings

Table 11 (next page) displays the share of total state and local tax revenue by revenue source (includes severance taxes). Pennsylvania's largest revenue source was property taxes (27.8 percent), followed by PIT (25.4 percent), SUT (18.5 percent), gaming-liquor-tobacco (6.6 percent) and CNIT (4.3 percent). By comparison, the weighted average shares across all states were as follows: property (30.0 percent), PIT (24.1 percent), SUT (24.6 percent), gaming-liquor-tobacco (3.6 percent) and CNIT (3.5 percent).

Table 12 (page 15) displays rates for sales, personal income, corporate net income, cigarette and gasoline taxes. Data are from the Federation of Tax Administrators and the Tax Foundation for CY 2019.¹² For personal income, the tax rate represents the marginal tax rate for a couple that earns \$75,000, files a joint return, claims two exemptions and a standard deduction (if applicable).¹³ For corporate net income, the tax rate represents the highest marginal tax rate.¹⁴ Sales and use tax rates do not include any levies by local units.¹⁵ Gasoline and cigarette excise taxes do not include any sales taxes that might also be levied on those products by state or local governments.

¹² See "State Tax Rates", Federation of Tax Administrators and "State Taxes", Tax Foundation.

¹³ For personal income tax, New Hampshire and Tennessee only tax dividends and interest. Because the great majority of income is exempt, they are listed as not having a personal income tax.

¹⁴ Ohio, Texas and Washington levy a gross receipts or margins tax. They are denoted as "GRT" in the table.

¹⁵ However, the Utah (1.25 percent), California (1.0 percent) and Virginia (1.0 percent) tax rates include uniform statewide local levies.

Table 11
Composition of Total State and Local Taxes

<u>State</u>	<u>PIT</u>	<u>CNIT</u>	<u>SUT</u>	<u>Gaming-Tobacco</u>	<u>Property</u>	<u>Motor</u>	<u>All Other</u>
Alabama	23.6%	4.3%	35.3%	2.8%	16.7%	6.0%	11.3%
Alaska	0.0%	5.6%	7.1%	4.6%	44.9%	3.0%	34.7%
Arizona	16.8%	1.4%	40.7%	2.1%	28.9%	4.2%	6.0%
Arkansas	23.1%	3.4%	38.7%	3.6%	18.5%	5.5%	7.3%
California	36.0%	4.8%	20.4%	1.8%	24.0%	4.3%	8.7%
Colorado	25.8%	2.3%	27.1%	1.8%	29.7%	4.8%	8.5%
Connecticut	32.0%	2.7%	15.8%	3.5%	35.5%	2.5%	7.9%
Delaware	30.9%	29.6%	1.0%	7.1%	15.9%	3.5%	12.0%
Florida	0.0%	3.2%	43.4%	4.0%	33.2%	6.2%	10.0%
Georgia	28.2%	2.6%	24.0%	4.1%	29.2%	5.6%	6.4%
Hawaii	25.0%	1.5%	36.7%	1.8%	18.1%	5.7%	11.2%
Idaho	27.0%	3.6%	27.0%	2.2%	25.7%	8.5%	6.0%
Illinois	20.0%	3.8%	22.0%	3.9%	37.5%	4.4%	8.3%
Indiana	23.4%	2.6%	29.2%	5.0%	25.2%	7.5%	7.2%
Iowa	24.7%	2.9%	23.8%	4.7%	31.7%	8.5%	3.6%
Kansas	22.8%	3.1%	30.9%	2.3%	30.4%	5.0%	5.4%
Kentucky	33.6%	4.6%	22.5%	3.6%	20.6%	5.3%	10.0%
Louisiana	15.7%	2.5%	43.1%	5.4%	20.3%	3.5%	9.5%
Maine	21.9%	2.7%	21.3%	3.8%	39.0%	5.1%	6.2%
Maryland	37.5%	2.9%	13.4%	5.7%	24.8%	4.1%	11.7%
Massachusetts	33.6%	5.0%	13.4%	4.3%	34.4%	2.7%	6.6%
Michigan	24.1%	2.5%	22.2%	5.4%	31.6%	6.3%	7.9%
Minnesota	33.1%	3.8%	17.2%	3.3%	24.7%	5.0%	12.9%
Mississippi	16.6%	5.2%	32.4%	3.6%	27.2%	5.5%	9.5%
Missouri	28.6%	1.7%	28.5%	3.3%	26.3%	4.3%	7.2%
Montana	29.5%	4.1%	0.9%	4.7%	37.9%	9.7%	13.2%
Nebraska	23.3%	3.3%	23.9%	1.4%	37.0%	5.7%	5.5%
Nevada	0.0%	0.6%	38.3%	9.7%	24.1%	6.1%	21.3%
New Hampshire	1.5%	11.8%	0.7%	6.4%	61.6%	3.8%	14.2%
New Jersey	22.8%	3.8%	17.4%	3.1%	44.1%	1.8%	7.1%
New Mexico	14.6%	1.4%	38.1%	3.1%	19.4%	5.3%	18.0%
New York	34.0%	5.4%	17.3%	2.6%	29.9%	1.7%	9.2%
North Carolina	29.1%	3.5%	25.2%	5.6%	23.1%	7.0%	6.5%
North Dakota	6.4%	1.9%	21.1%	0.9%	21.6%	5.6%	42.7%
Ohio	26.4%	0.9%	28.2%	4.8%	28.1%	5.3%	6.4%
Oklahoma	23.3%	2.0%	33.8%	4.6%	19.2%	8.6%	8.5%
Oregon	41.8%	4.4%	1.5%	5.6%	29.0%	5.4%	12.2%
Pennsylvania	25.4%	4.3%	18.5%	6.6%	27.8%	6.6%	10.8%
Rhode Island	20.6%	1.9%	17.2%	8.2%	39.4%	1.6%	11.1%
South Carolina	23.6%	2.8%	20.9%	3.5%	32.1%	5.4%	11.6%
South Dakota	0.0%	1.0%	37.8%	5.8%	35.9%	7.8%	11.7%
Tennessee	1.0%	10.9%	41.0%	4.5%	24.9%	7.1%	10.6%
Texas	0.0%	0.1%	36.4%	3.6%	42.0%	5.2%	12.7%
Utah	30.9%	3.1%	25.4%	2.2%	24.9%	5.7%	7.9%
Vermont	20.7%	2.9%	10.7%	3.2%	42.3%	4.2%	15.9%
Virginia	33.1%	2.2%	14.6%	2.8%	32.8%	4.3%	10.2%
Washington	0.0%	0.1%	49.1%	2.6%	27.8%	7.3%	13.1%
West Virginia	24.3%	1.4%	18.8%	9.4%	21.5%	7.3%	17.3%
Wisconsin	28.0%	3.2%	21.4%	2.9%	33.0%	5.5%	5.9%
Wyoming	0.0%	0.5%	26.5%	1.7%	40.5%	7.8%	23.0%
U.S. Weighted Avg.	24.1%	3.5%	24.6%	3.6%	30.0%	4.7%	9.5%
U.S. Average	21.3%	3.7%	24.4%	4.1%	29.9%	5.4%	11.2%

Table 12
Select State Tax Rates, Calendar Year 2019

<u>State</u>	<u>PIT</u>	<u>CNIT</u>	<u>SUT</u>	<u>Gasoline</u> <u>(¢ per gallon)</u>	<u>Cigarettes</u> <u>(¢ per pack)</u>
Alabama	5.00%	6.50%	4.00%	18.0	67.5
Alaska	--	9.40%	--	9.0	200.0
Arizona	3.36%	4.90%	5.60%	19.0	200.0
Arkansas	6.90%	6.50%	6.50%	21.8	115.0
California	6.00%	8.84%	7.25%	47.7	287.0
Colorado	4.63%	4.63%	2.90%	22.0	84.0
Connecticut	5.00%	7.50%	6.35%	25.0	435.0
Delaware	6.60%	8.70%	--	23.0	210.0
Florida	--	5.50%	6.00%	31.4	133.9
Georgia	5.75%	5.75%	4.00%	27.5	37.0
Hawaii	7.60%	6.40%	4.00%	16.0	320.0
Idaho	6.93%	6.93%	6.00%	33.0	57.0
Illinois	4.95%	9.50%	6.25%	20.1	198.0
Indiana	3.23%	5.75%	7.00%	29.0	99.5
Iowa	7.44%	12.00%	6.00%	30.5	136.0
Kansas	5.70%	4.00%	6.50%	25.0	129.0
Kentucky	5.00%	5.00%	6.00%	26.0	110.0
Louisiana	4.00%	8.00%	4.45%	20.1	108.0
Maine	5.80%	8.93%	5.50%	30.0	200.0
Maryland	4.75%	8.25%	6.00%	35.3	200.0
Massachusetts	5.05%	8.00%	6.25%	24.0	351.0
Michigan	4.25%	6.00%	6.00%	26.3	200.0
Minnesota	7.05%	9.80%	6.88%	28.6	304.0
Mississippi	5.00%	5.00%	7.00%	18.4	68.0
Missouri	5.40%	6.25%	4.23%	17.4	17.0
Montana	6.90%	6.75%	--	31.5	170.0
Nebraska	5.01%	7.81%	5.50%	30.5	64.0
Nevada	--	--	6.85%	23.8	180.0
New Hampshire	--	7.70%	--	23.8	178.0
New Jersey	3.50%	11.50%	6.63%	41.4	270.0
New Mexico	4.90%	5.90%	5.13%	18.9	166.0
New York	6.21%	6.50%	4.00%	25.8	435.0
North Carolina	5.25%	2.50%	4.75%	36.5	45.0
North Dakota	2.04%	4.31%	5.00%	23.0	44.0
Ohio	3.47%	GRT	5.75%	28.0	160.0
Oklahoma	5.00%	6.00%	4.50%	20.0	203.0
Oregon	9.00%	7.60%	--	34.0	133.0
Pennsylvania	3.07%	9.99%	6.00%	57.6	260.0
Rhode Island	3.75%	7.00%	7.00%	34.0	425.0
South Carolina	7.00%	5.00%	6.00%	20.8	57.0
South Dakota	--	--	4.50%	30.0	153.0
Tennessee	--	6.50%	7.00%	26.4	62.0
Texas	--	GRT	6.25%	20.0	141.0
Utah	4.95%	4.95%	5.95%	30.0	170.0
Vermont	3.35%	8.50%	6.00%	31.2	308.0
Virginia	5.75%	6.00%	5.30%	16.2	30.0
Washington	--	GRT	6.50%	49.4	302.5
West Virginia	6.50%	6.50%	6.00%	35.7	120.0
Wisconsin	6.27%	7.90%	5.00%	32.9	252.0
Wyoming	--	--	4.00%	24.0	60.0

Note: Tax rates as of January 1, 2019. "GRT" represents gross receipts tax.

Table 13 displays federal income tax liability as a share of state personal income. Data from CY 2017 show that Pennsylvania residents remitted \$59.5 billion in federal income tax. That amount has not been reduced for the approximately \$2.1 billion of refundable credits paid to Pennsylvania residents, such as the Earned Income Tax Credit and the Education Credit. Due to the progressive federal rate structure, state rankings for federal income tax will be a function of the income dispersion within a particular state.

Table 13							
Federal Income Tax Liability							
<u>State</u>	<u>Rank</u>	<u>Amount</u>	<u>Ratio</u>	<u>State</u>	<u>Rank</u>	<u>Amount</u>	<u>Ratio</u>
Florida	1	\$116,971	11.65%	Tennessee	26	\$24,585	8.15%
Massachusetts	2	\$54,205	11.57%	North Carolina	27	\$36,903	8.13%
Connecticut	3	\$29,409	11.40%	South Dakota	28	\$3,477	8.03%
New York	4	\$140,510	10.93%	Utah	29	\$10,946	8.02%
New Jersey	5	\$62,813	10.88%	Ohio	30	\$43,285	7.95%
Washington	6	\$45,091	10.37%	Missouri	31	\$21,868	7.83%
New Hampshire	7	\$7,890	10.01%	Alaska	32	\$3,284	7.82%
Nevada	8	\$13,802	9.90%	Kansas	33	\$11,102	7.81%
California	9	\$234,500	9.89%	South Carolina	34	\$16,233	7.68%
Colorado	10	\$30,583	9.84%	Montana	35	\$3,661	7.67%
Texas	11	\$133,417	9.83%	Indiana	36	\$23,073	7.66%
Illinois	12	\$67,180	9.74%	Vermont	37	\$2,474	7.62%
Virginia	13	\$44,246	9.45%	Iowa	38	\$11,251	7.54%
Wyoming	14	\$3,084	9.45%	Hawaii	39	\$5,688	7.51%
Minnesota	15	\$28,235	9.23%	Nebraska	40	\$7,196	7.41%
Maryland	16	\$32,942	9.04%	Maine	41	\$4,581	7.37%
Rhode Island	17	\$4,850	8.77%	Alabama	42	\$14,449	7.32%
Pennsylvania	18	\$59,451	8.75%	Idaho	43	\$5,274	7.29%
Georgia	19	\$40,049	8.64%	Louisiana	44	\$14,877	7.25%
Michigan	20	\$39,851	8.64%	Arkansas	45	\$8,911	7.15%
Arizona	21	\$25,595	8.54%	Oklahoma	46	\$12,018	7.00%
North Dakota	22	\$3,372	8.48%	New Mexico	47	\$5,770	6.97%
Delaware	23	\$4,072	8.45%	Kentucky	48	\$12,661	6.93%
Oregon	24	\$16,949	8.45%	West Virginia	49	\$4,467	6.36%
Wisconsin	25	\$23,717	8.31%	Mississippi	50	\$6,575	6.05%
				U.S. Weighted Avg.			9.38%
				U.S. Average			8.53%

Note: dollar amounts are in millions.

Table 14 displays amounts for state debt outstanding at the end of FY 2017-18. These amounts include general obligation debt that is and is not subject to constitutional limits, but exclude any unfunded pension liabilities. For Pennsylvania, debt includes any outstanding debt of state agencies and authorities, such as the Pennsylvania Turnpike Commission. Pennsylvania ranked 26th in the ratio of state debt to personal income (6.98 percent).

Table 14							
Outstanding Long and Short Term Debt							
<u>State</u>	<u>Rank</u>	<u>Amount</u>	<u>Ratio</u>	<u>State</u>	<u>Rank</u>	<u>Amount</u>	<u>Ratio</u>
Massachusetts	1	\$77,043	16.08%	Pennsylvania	26	\$47,520	6.98%
Rhode Island	2	\$8,932	15.98%	Missouri	27	\$18,420	6.68%
Alaska	3	\$5,922	15.28%	California	28	\$152,772	6.45%
Connecticut	4	\$38,756	14.71%	Oregon	29	\$12,657	6.18%
Hawaii	5	\$9,656	13.06%	Ohio	30	\$33,493	6.17%
New Jersey	6	\$65,874	11.36%	Virginia	31	\$27,826	6.02%
West Virginia	7	\$7,547	10.87%	Montana	32	\$2,796	5.73%
New York	8	\$139,235	10.79%	Utah	33	\$7,453	5.59%
Vermont	9	\$3,503	10.70%	Kansas	34	\$7,538	5.41%
New Hampshire	10	\$7,739	9.55%	Minnesota	35	\$16,363	5.38%
Delaware	11	\$4,562	9.35%	Colorado	36	\$16,981	5.36%
Louisiana	12	\$18,093	9.10%	Oklahoma	37	\$8,457	5.02%
Illinois	13	\$61,821	8.90%	Arizona	38	\$14,291	4.65%
New Mexico	14	\$7,058	8.39%	Idaho	39	\$3,369	4.62%
South Dakota	15	\$3,528	8.32%	Alabama	40	\$8,773	4.48%
Wisconsin	16	\$23,252	8.28%	Iowa	41	\$6,150	4.23%
Kentucky	17	\$14,404	7.99%	Arkansas	42	\$4,802	3.82%
Maryland	18	\$28,027	7.82%	Texas	43	\$50,963	3.74%
Maine	19	\$4,750	7.66%	North Carolina	44	\$16,310	3.60%
North Dakota	20	\$2,886	7.58%	Georgia	45	\$13,051	2.83%
Washington	21	\$33,428	7.54%	Florida	46	\$28,824	2.67%
South Carolina	22	\$15,745	7.42%	Wyoming	47	\$770	2.28%
Indiana	23	\$21,843	7.36%	Nevada	48	\$3,249	2.24%
Michigan	24	\$33,464	7.18%	Nebraska	49	\$2,015	2.16%
Mississippi	25	\$7,470	6.98%	Tennessee	50	\$6,127	2.02%
				U.S. Weighted Avg.			6.84%
				U.S. Average			7.25%
Note: dollar amounts are in millions.							

Table 15 displays historical ranks and the effective tax rate (ETR) for Pennsylvania’s tax types. The table shows the rank of Pennsylvania compared to other states over time. In general, Pennsylvania’s relative rank has remained fairly consistent with the exception of the motor vehicle tax. The change in motor vehicle tax was due to Act 89 of 2013 that eliminated both (1) the inflationary cap on the Oil Company Franchise Tax and (2) the fixed excise tax. The Act caused Pennsylvania’s rank to increase from 28th in CY 2011 to 11th in CY 2017.

Table 15 Pennsylvania Historical Tax Table						
Tax Type	CY 2011		CY 2014		CY 2017	
	Rank	ETR	Rank	ETR	Rank	ETR
Personal Income	18	2.58%	19	2.69%	19	2.62%
Corporate Net Income	11	0.51%	12	0.51%	12	0.44%
Sales and Use	37	2.04%	40	1.96%	39	1.91%
Property	26	3.02%	20	2.96%	24	2.87%
Gaming-Liquor-Tobacco	5	0.72%	7	0.66%	5	0.68%
Motor Vehicle	28	0.54%	16	0.61%	11	0.68%
All Other	23	1.01%	18	1.09%	19	1.12%
Total	19	10.42%	24	10.47%	22	10.33%
Total- Exclude Severance	--	--	21	10.44%	20	10.29%
Federal Income	19	8.16%	19	8.69%	18	8.75%
Outstanding Debt	--	--	25	7.75%	26	6.98%
Note: The calendar year corresponds to personal income used for the computations. CY 2017 uses local tax data from FY 2016-17 and state tax data from FY 2017-18. See the Methodology and Data Sources section of the text for more detail.						