AN INFORMATION REPORT

MEASURING STATE FISCAL CAPACITY: ALTERNATIVE METHODS AND THEIR USES

ADVISORY COMMISSION ON
INTERGOVERNMENTAL RELATIONS
Washington, D.C 20575
September 1986 M-150

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PREFACE

Over the years, the Advisory Commission on Intergovernmental Relations (ACIR) has been concerned with improving existing methods of measuring the capacity of individual states to raise revenues. For the first time in our series of reports on fiscal capacity, we present a wider variety of measurement methods, and discuss alternative uses for each in light of these methods' practical and theoretical strengths and weaknesses.

In March 1982, ACIR adopted the following resolution:

> The Commission finds that the use of a single index, resident per capita income, to measure fiscal capacity, seriously misrepresents the actual ability of many governments to raise revenue. Because states tax a wide range of economic activities other than the income of their residents, the per capita income measure fails to account for sources of revenue to which income is only related in part. This misrepresentation results in the systematic over and under-statement of the ability of many states to raise revenue. In addition, the recent evidence suggests that per capita income has deteriorated as a measure of capacity. Therefore,
>
> The Commission recommends that the federal government utilize a fiscal capacity index, such as the Representative Tax System measure, which more fully reflects the wide diversity of revenue sources which states currently use. The Commission also recommends that the system be further developed so as to improve the accuracy of the underlying data and the consistency of the methodology, and that Congress authorize sufficient funds and designate an appropriate agency to periodically prepare the tax capacity estimates.

More recently, a report of the U.S. Department of the Treasury entitled Studies of Federal-State-Local Fiscal Relations and its technical appendices have highlighted the continuing interest--and controversy--in measuring fiscal capacity. Per capita personal income is criticized as a flawed indicator. The Treasury study develops a new measure of fiscal capacity, "Total Taxable Resources", that is based on the economic concept of comprehensive income. It also points out that in allocating grant funds, measures of fiscal capacity should be coupled with indicators of the cost of government services. This report has benefitted from that study and extends some of its work.

In order to lay the basis for the best possible formulas for grants in aid, the Commission has initiated a comprehensive study of formula design, including measures of fiscal capacity and their use in allocating funds. The present volume is an important step forward in ACIR's ongoing research in formula design, with particular respect to the fiscal capacity issue. In future research, ACIR will be expanding its work on formulas and measures of fiscal capacity in its continuing effort to improve grant design by making grant formulas more responsive to interstate differences in fiscal capacity.

This information report, Measuring State Fiscal Capacity: Alternative Methods and Their Uses, presents estimates for 1984 of tax capacity and tax effort according to the Representative Tax System and Representative Revenue System, estimates for 1981 through 1984 for Gross State Product and Total Taxable Resources, and estimates of Gross State Product for earlier selected years. It represents an attempt to provide elected officials, analysts, and citizens with factual and comparative data on the relative economic well-being and fiscal performance of the individual states. We hope the information in this report will meet this objective.

Robert B. Hawkins, Jr.
Chairman

ACKNOWLEDGMENTS AND RELATED REPORTS

This report was written by Carol E. Cohen, Mark David Menchik, and Max B. Sawicky. Sawicky wrote the Introduction and Chapters 1-3. Cohen wrote Chapter 4 and prepared the Representative Tax and Representative Revenue System estimates. Menchik edited the text and oversaw production of the publication. MacArthur Jones prepared the graphics. The research was conducted under the general supervision of Lawrence A. Hunter, research director. Full responsibility for the content and accuracy rests, of course, with the Commission and its staff.

We would also like to thank Robert Lucke, who provided technical assistance in producing the RTS estimates, John T. Carnevale, of the Office of State and Local Finance, U.S. Department of the Treasury, who did the calculations of Gross State Product and Total Taxable Resources for the years 1981-84, and Professors Helen F. Ladd and John Yinger for their summary of their report on the fiscal capacity of U.S. cities. Estimates of Gross State Product for earlier years are taken from a report released by the Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce in May 1985, entitled Experimental Estimates of Gross State Product by Industry, BEA Staff Paper 42.

The RTS has a long history. In 1962 the Commission published its first estimates in an information report, followed by a 1972 report extending the measure to include certain classes of local government. The third Commission report on the subject, Tax Capacity of the Fifty States: Methodology and Estimates (M-134) was issued in March 1982; it contained estimates for 1979. The 1982 report analyzed the difference between the personal income measure, the Representative Tax System method, and other methods for measuring fiscal capacity. It remains the basic document explaining the RTS method and its value.

In June 1982, 1980 estimates were released in mimeograph form. In September 1983, ACIR published 1981 Tax Capacity of the Fifty States (A-93), containing the 1981 estimates and the Commission recommendation about measuring fiscal capacity. The report 1982 Tax Capacity of the Fifty States (M-142), contains the 1982 figures and also includes experimental alternatives to the standard RTS, which are further developed in the present volume. The most recent report, issued in April of this year, was entitled 1983 Tax Capacity of the States (M-148).

John Shannon
Executive Director

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Chart, Figures, Graph, Map, and Tables

INTRODUCTION

With the publication of this report (one of a series entitled Tax Capacity of the States), ACIR continues its tradition of providing data and commentary that will stimulate, enlarge and advance the public debate on the key issue of state fiscal capacity. Interstate differentials in fiscal capacity have been discussed since the beginning of the century, but they have attracted increased attention with the growth of the federal government's role in the United States since World War II.

This volume presents ACIR's 1984 estimates of fiscal capacity using the Representative Tax System (RTS), again comparing them to a capacity index based on per capita personal income. For the first time, indices based on new approaches--Gross State Product (GSP) and Total Taxable Resources (TTR)--are also provided. Chapter 1 describes six capacity indices and their construction. The indices are the Representative Tax System (RTS), the Representative Revenue System (RRS), Per Capita Personal Income (PCI), Gross State Product (GSP), Total Taxable Resources (TTR), and Export-Adjusted Income (EAI).

Chapter 2 discusses the indices' uses by and for governments. These uses, broadly defined, include:

> Fiscal Equalization. Capacity measures are used in federal grant formulas designed to provide greater assistance per capita to states with less means to raise taxes from their own sources.
>
> Comparative Fiscal Analysis. Capacity measures and their components are used to compare the mix of taxes and other revenue sources used by state and local governments, and to compare their reliance on specific revenue sources. Key in this comparison is tax effort: revenues collected relative to tax bases.
>
> Regional Economic Analysis. Capacity measures help monitor and compare trends in states' economic well-being.
>
> Regional Economic Policy. A related use of capacity measures is to provide background information or specific factors in grant formulas to aid chronically depressed areas and to counteract the more episodic, regionally-focused recessions that have occurred especially in recent times.

Chapter 3 addresses the conceptual debate on fiscal capacity, though without attempting to resolve this debate entirely. The crux of this debate can be stated succinctly: Fiscal capacity has been defined simply as the relative ability of governments to raise revenue for public purposes. Why, then, do alternative indices of fiscal capacity, each of which purports to answer the same question, vary so widely?

Analysts and policymakers who are locked in the debate over fiscal capacity indicators disagree about the best way to measure the concept of fiscal capacity, assuming that its definition and purpose are understood in advance. But what seems to be a disagreement over means, (i.e., the measurement of an agreed-upon concept) may be a conflict over ends. That is, dispute may not lie in the question of measurement, but in conflict over policy goals for which capacity measures are means--or tools. Arguments over measurement techniques may actually be veiled disputes over appropriate uses of the resulting measures. The controversy is discussed in Chapter 3, which will be of greater interest to policy analysts with a technical bent than to the general reader.

The fiscal capacity estimates themselves appear in Chapter 4, accompanied by an analysis of their movement over time and of how different indices represent the individual states.

Chapter 1

Types Of Fiscal Capacity Indices

OVERVIEW

In this chapter six state fiscal capacity indices are discussed: Per Capita Personal Income (abbreviated as PCI), Gross State Product (GSP), Total Taxable Resources (TTR), Export-Adjusted Personal Income (EAI), as well as the two indicators developed at ACIR: the Representative Tax System (RTS) and the Representative Revenue System (RRS). The selection is not arbitrary: These indices are the subjects of the current debate on measuring capacity, and, with the exception of the EAI, have also been calculated for a number of years in the United States by government agencies. They are all available for immediate use, again with the exception of the EAI index.

After a summary comparison of the six indices, PCI, GSP, and TTR are then discussed because they are related measures of fiscal capacity. This sets the stage for the theoretical concept represented by the EAI. Then the contrasting approach of the RTS and RRS is presented.

COMPARISON OF THE INDICES

Figure 1 summarizes the basic characteristics of the fiscal capacity indices described in this chapter, emphasizing features of their construction and practical applicability.

Availability

SOURCES

Data on PCI, RTS, and RRS are all currently available from different sources. The Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce routinely produces estimates of personal income by state and local area;1/ ACIR

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1. The Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce provides personal income data on a yearly basis for regions, states, metropolitan areas, and counties, including income components by type and by major industrial category, in the series Local Area Personal Income.

Figure 1

PROMINENT FEATURES OF THE FISCAL CAPACITY MEASURES:

FEATURE	MEASURES OF PCI Per Capita Personal Income	GSP Gross State Product	TTR Total Taxable Resources
Currently Avaiable Annually?	Yes	Planned	Planned
Speed of Routine Availability	One-Year Delay	One-Year Delay Expected	One-Year Delay Expected
Routinely Available for Substate Areas?	Yes	No	No
Designed for Comprehensive Coverage of All Potential Revenue Sources	No	No	Yes
Focusses on:	Residents Only	All Taxpayers	All Taxpayers
Designed to Measure: a)Individuals' Taxpaying Ability; or b)Governments' Revenue-Collecting Potentials?	Individuals' Ability to Pay Taxes	Individuals' Ability to Pay Taxes	Individuals' Ability to Pay Taxes
Components of the Measures	Types of Incomes	Types of Incomes	Types of Incomes
What is the Underlying Source of Government Revenues?	Resident Incomes	Macro-Economic Income	Macro-Economic Income

SOURCE: ACIR staff, based on published and unpublished appraisals of

A COMPARATIVE DESCRIPTION

FISCAL CAPACITY

EAI	RTS	RRS
Export-Adjusted Personal Income	Representative Tax System	Representative Revenue System
No	Yes	Yes
NA	Two-Year Delay	Two-Year Delay
No	No	No
Yes	No	Yes
All Taxpayers	All Taxpayers	All Taxpayers
Individuals' Ability to Pay Taxes	Governments' Revenue Potentials	Governments' Revenue Potentials
Types of Incomes	Statutory Tax Bases	Statutory Revenue Bases
Resident Incomes, Adjusted for Tax Exportation	Statutory Tax Bases	Statutory Revenue Bases

the measures.

itself calculates the RTS and RRS; while the BEA plans to estimate GSP yearly.2/

The Treasury Department produced the experimental estimates of GSP and TTR for 1981-84 shown in this report.3/ The components needed to estimate TTR, aside from GSP itself, are also available from the BEA. Steven M. Barro, in a study for the U.S. Treasury Department,4/ estimated EAI for 1981. Also, EAI figures for United States cities have been constructed by Helen F. Ladd and colleagues.5/

CURRENCY OF THE DATA

GSP, PCI, and TTR are each available with a one year lag. The RTS and RRS have generally been available after two years, although with additional resources the lag could be reduced to one year also.

SUBSTATE AREAS

Although PCI is routinely available for many local areas, and ACIR has experimented with a metropolitan-area RTS,6/ a substate version of GSP or TTR is unlikely. (Some measure of this sort for local areas may be possible with data at hand; the possibility has not yet been explored.) State governments have a good deal of experience in constructing their own intrastate measures (particularly for state-local revenue sharing programs) using data that may not be comparable between states but may be particularly appropriate to the individual state's tax resources. Some of the intrastate measures 7/ resemble the RTS/RRS because they use statutorily defined tax bases. Though there is currently no national effort to produce local measures that allows for interstate comparabil-

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2. See Experimental Estimates of Gross State Product by Industry, Bureau of Economic Analysis Staff Paper 42, U.S. Department of Commerce, May 1985.
3. See "The Total Taxable Resources Definition of State Revenue-Raising Ability" by Max B. Sawicky, "Experimental Estimates of Total Taxable Resources" by John T. Carnevale in Federal-State-Local Fiscal Relations, Technical Appendix, Office of State and Local Finance, U.S. Department of the Treasury, September 1985, and "Gross State Product: A Measure of Fiscal Capacity," by Robert H. Aten, in Measuring Fiscal Capacity, H. Clyde Reeves ed., Oelgeschlager, Gunn & Hain, Inc., forthcoming.
4. See "Improved Measures of State Fiscal Capacity: Short-Term Changes in the PCI and RTS Indices" by Stephen M. Barro in Federal-State-Local Relations.
5. See Appendix E to this report.
6. "Measuring Metropolitan Fiscal Capacity and Effort: 1967-1980," ACIR, Staff Working Paper 1, July 1983.
7. See "Local Government Fiscal Capacity Measures: A Profile of State Studies," by the Texas Advisory Commission on Intergovernmental Relations, in Federal-State-Local Relations.

ity of localities, the previously cited Ladd study may serve as a theoretical basis for such work.

Comprehensiveness

PCI and GSP do not explicitly measure state areas' ability to "export" taxes and so are not comprehensive indicators of revenue-raising capacity. Unlike the RRS, the RTS excludes nontax revenue sources that governments use--notably user charges--although the RTS is intended for comprehensive coverage of the capacity to levy taxes. In large part, the EAI, TTR, and RRS were designed to be more comprehensive than their ancestors. The five remaining indices have a broader ken, for they focus (in one way or another) on all taxpayers, not just on individuals residing in the area under study.

Individuals' Taxpaying Ability vs. Governments' Revenue-Collecting Potential

This report emphasizes the distinction between two related but frequently confused concepts that underlie fiscal capacity indices: (a) individuals' ability to pay taxes and other levies, and (b) a government's abilities to collect revenues. The contrast is typified by a community with relatively low personal income but which contains within its boundaries a rich mineral deposit. If the community has the legal power to tax the income generated by this deposit, it may enjoy relatively high levels of public services in return for a comparatively low sacrifice of its own personal income.

On the other hand, without such authority, given below-average personal income, the community could finance an average level of public services with a relatively high tax burden on its personal income. In this illustration, the distinction between the two concepts of fiscal capacity arises because the local government may discriminate among types of income and focus its tax burden on mineral wealth, which is relatively immobile and would typically be owned by a minority of voters, if any, in the community. In this light, from the government's standpoint, mineral income is more valuable than other types of personal income, though to the recipients of the income there no such distinction applies.

In general, a government's ability to collect taxes is a function of the composition of taxable resources, the types of business activity, personal income, and property, whereas individuals' ability to pay taxes is strictly a consequence of their personal income, comprehensively defined. Moreover, the

opportunities for tax exporting in a jurisdiction, depends on the residency of ownership of taxable resources as well as on their composition.

Calculated as they are from commonly used revenue bases, the RTS and RRS focus on governments' abilities to raise revenues. The other indices, however, tend to be more oriented to individuals' capacities to pay taxes.

Components of the Fiscal Capacity Measures

The components of the RTS are, as measured, commonly used tax bases, whereas the RRS adds nontax revenue bases, such as user charges. Consequently, the RTS/RRS are frequently applied to calculate "effective"8/ tax rates: revenue divided by standardized tax base. The components of the RTS and RRS can therefore help assess interstate tax competition.

In contrary fashion, the other indices of fiscal capacity are calculated from particular types of economic income, such as salaries as opposed to business income: proprietors' earnings, dividends, and undistributed corporate profits. When detailed data on the components of income are available, this information is useful in monitoring shifts in the character of state economies.

Concepts of the Underlying Revenue Source

There is another key difference in the indices' conceptual underpinnings having to do with the underlying source of fiscal capacity. GSP and TTR are "macroeconomic indicators." Based as they are on the components of economic income, these indices derive from the economic theory of national income accounting. PCI and EAI stem from residential incomes, which are adjusted for tax exportation in the latter index.9/

The RTS and RRS take a different tack, however, deriving from sums of

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8. "Effective" refers to the standardized base, allowing interjurisdictional comparisons. Because the bases used to calculate property and income taxes (for instance) vary so much from place to place, the statutory tax rate is misleading for interjurisdictional comparisons. Note that "effective" tax rates do not refer to the ultimate burden of taxation (in technical terms, the incidence), when taxes are passed on from businesses to consumers, for example.
9. Export-Adjusted Income is a microeconomic concept founded on the theory of the state-local budget constraint. It is an effort to represent the actual choices facing individual decision-making voters; in particular, the budget constraint is a way of describing the diverse combinations of disposable income (i.e., net of federal taxes) and state-local tax revenue that are possible in a jurisdiction.

statutory tax bases weighted by national average statutory tax rates. Thus the elements of the RTS and RRS are taken directly from the actual fiscal practice of state and local governments, and the resulting indices reflect in statistical terms the average fiscal behavior of states.

PER CAPITA PERSONAL INCOME

The most obvious source of tax revenue for a jurisdiction is, of course, the income of its taxpaying residents. What is at issue, after all, is their purchasing power. The report employs the standard economic concept of income: consumption of a person, family, or household plus the change in its net worth over a given period of time. Whatever is not consumed is saved, thus increasing net worth; if more is consumed than is received in a particular period, savings must necessarily be drawn down or indebtedness increased, decreasing net worth.

Definitions and Alternative Sources

State personal income is conventionally defined as the personal income of the residents of a state. Two official estimates of state personal income are available, one from the Bureau of the Census and the other from the Bureau of Economic Analysis (BEA). The Census figure is money income and is based on the monthly Current Population Survey. Money income is actual cash receipts, and includes gross wages and salaries, proprietors' income, pension and annuity payments, government transfers (such as AFDC and Social Security), alimony, cash rent, interest, and dividends.

The BEA employs a different definition of income and estimates it with data from different sources, in particular data collected for operation of unemployment insurance programs and by the IRS. The most important distinction in definition is that the BEA figures include an imputation for the net rental value of owner-occupied housing. A house is analogous to a financial investment: The purchaser-investor is rewarded with a stream of benefits in the future resulting from the use of the house. Benefits are measured by analogy to the cash rental value of the house. Imputation effectively "credits" the homeowner with the cash rental value of the house (net of property taxes and costs of upkeep) as an addition to observed money income. This imputation treats home ownership in the same way as financial investments yielding a cash return. A homeowner has the choice of investing less in a house (or renting) and putting more into financial assets, or vice versa.

With respect to tax capacity, it is undeniable that in the immediate sense it is cash income that is used to pay all taxes, including property taxes. But the benefits of home ownership are also income; the owner can liquidate his or her holding and put the proceeds into a financial asset which earns a taxable cash return.

Other components of BEA personal income are labor earnings, proprietors' income, rent, interest, dividends, and transfers. The Census figure is limited to the cash components of these received by members of households, including employees' contributions to social insurance (i.e., including gross wages and salaries), but not imputed net rent or in-kind transfers from governments.

For state capacity measurement, the transfer component of personal income is a redundancy to the extent that it includes transfers from state and local governments. Income transferred from one state resident to another with no service rendered in return does not increase total income, thus it should only be counted once in the capacity measure. Personal income double-counts such revenue and must therefore be adjusted.10/

Money income and BEA income are both incomplete with respect to comprehensive personal income because neither includes the value of in-kind transfers or other programs of the federal government, such as Medicare, Food Stamps, and other wholly federal programs. Whether the capacity measure should include these items depends on the policy goal. For example, the federal share of equalizing anti-poverty grants such as AFDC should be based on the income of the poor net of means-tested transfers from governments, since it is precisely the size of the means-tested grant that is to be determined.

State-Local Tax Deductibility

A problem in appraising the fiscal capacity of American states arises from the deductibility of state and local income, property, and general sales taxes in calculation of federal personal and corporate income tax liabilities. Since capacity can be thought of as the level of resources that remain for state residents to allocate between public and private uses, after federal taxation, it would seem that subtraction of federal taxes paid is in order if personal income is used in capacity measurement.

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10. As noted in State Fiscal Capacity: An Assessment of Measurement Methods by Stephen M. Barro, prepared for the U.S. Department of Housing and Urban Development, April 1984.

This would be an error. Owing to the deductibility from federal income tax of some state and local taxes, taxpayers in effect can shelter some of their income from federal taxation. The amount they are observed to shelter in this way, and thus their federal personal income tax liability, depends on their own state tax rates. These rates are a function of state fiscal policy and of taxpayer preferences. To be neutral with respect to states' actual fiscal policies --which is crucial for a capacity index--the measure must abstract from actual preferences for public versus private consumption. In other words, jurisdictions' capacity should be compared under the assumption that they are equally inclined to levy deductible taxes to finance state-local services.

Exactly how adjustments for deductibility should be performed has never been well specified and is beyond the scope of this report. It should be pointed out that business taxes are also deductible (usually at higher rates than personal taxes), and the magnitude of this type of tax exporting--though it has never been estimated--may well be large.

Lack of Comprehensiveness

The principal weakness of personal income as a capacity measure is that state and local governments may also tax the incomes of nonresidents who work, own property or land, or do business within their jurisdiction. The personal income data used in measuring fiscal capacity are restricted to the personal income of residents. Such a measure does not reflect the availability of opportunities to tax nonresidents, except to the extent that a jurisdiction's advantages in tax exporting are reflected in higher prices of residential land there. Personal income is an incomplete measure of the totality of taxable resources.

To date, personal income has been the sole measure of fiscal capacity used in any federal grant formula. However, legislation employing alternatives has been proposed repeatedly in the past and is now pending in both houses of Congress.

GROSS STATE PRODUCT

Although not currently incorporated in legislation, Gross State Product (GSP) has also been proposed as measure of fiscal capacity 11/ and is the pri-

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11. See Robert D. Reischauer, Rich Governments--Poor Governments, unpublished manuscript, The Brookings Institution, Washington, DC, 1974, and Aten.

mary component of another proposed measure, Total Taxable Resources, which is incorporated in a current bill.12/

Definition

GSP is the total value of goods and services produced by land, labor, and capital in a state area over a given period of time. The total value of goods and services produced is equal by accounting principles to the total of income received by those participating in said production, regardless of their place of residence. As discussed above, that income, with certain qualifications, is subject to taxation by state and local governments. Thus, if income measures the ability to pay state and local taxes, GSP as a capacity index would capture a great part of the income that may be taxed. Those elements that are "missing" are enumerated below in the discussion of TTR.

The total value of "income produced" in GSP consists of the value added in production in the jurisdiction, but not the value of goods imported into the area. One way of measuring this value added is to measure its cost of production, which is the incomes of all parties in the jurisdiction participating in production. This is known as "GSP by type of income."

Components

The primary income components in GSP (as in GNP) are wages and salaries (including payroll taxes, contributions to pensions, and fringe benefits), proprietors' income, rental income, net interest paid, corporate profits, capital consumption (depreciation), business transfers (primarily bad debts written off by firms), and indirect business taxes, defined shortly. The income and profit amounts are all gross of income used to pay taxes on income and profits. Measuring GSP through income automatically nets out the value of goods imported into a jurisdiction.

Indirect business taxes (sales taxes, excises, business licenses, property taxes, and severance taxes) are all the taxes and charges collected by governments that a firm may write off as a cost of doing business in computing its taxable net income or profits. Indirect business taxes are de facto income to governments, in effect a payment for public services or privileges that benefit firms.

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12. The Senate version, sponsored by Senators Durenberger and Evans, is S 2037; its counterpart in the House of Representatives is HR 4085.

Business income is, of course, an important source of tax revenue for state and local governments. GSP measures this in its entirety. Insofar as they are capacity measures, GSP (and TTR) depart from personal and corporate income tax concepts by including capital consumption, i.e., depreciation through use.

GSP includes a substantial portion of the personal income of residents, because most of any state's resident earners will work or own establishments in their state of residence. It also includes any sources of capital income for residents (rent, interest, and dividends) to the extent that the assets producing these incomes are also located in the state of residence. From the standpoint of capacity measurement, GSP also includes some items that arguably should be excluded. Adjustment for these items begin the process of transforming GSP into TTR. This process is elaborated in the Treasury report and its technical appendices.13/

Conclusion

The major attraction of GSP is that it reflects comprehensively one principal means by which a jurisdiction may shift part of its tax burden to nonresidents, the "exporting" of some taxes. GSP counts all income received by nonresidents that governments may tax. GSP also includes, in the category of indirect business taxes, some portion of nonresident income that already is being taxed. Thus GSP abstracts from actual state-local tax policy in capturing the entirety of gross income produced that is accessible to state and local governments.

The problem is that GSP resembles PCI in its incompleteness, although their respective shortcomings do not match and PCI is demonstrably less comprehensive. GSP also neglects some specific components of resident income, which add to residents' ability to pay taxes and to the government's ability to collect them, that resident PCI does include. These components are chiefly the labor earnings of residents who commute to work in other states and the interest, dividends, and federal cash transfers received by state residents. The magnitude of such discrepancies for GSP is less than the "missing" elements of PCI.14/ With respect to the other means of exporting taxes--the federal offset--GSP is guilty of the same shortcoming as personal income. The relative advantages of deductibility are not reflected.

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13. In particular, see Chapter VIII of Federal-State-Local Relations, Carnevale, and Sawicky.
14. Carnevale.

TOTAL TAXABLE RESOURCES

The TTR index is a new entrant in the field of practical state fiscal capacity measurement, aiming to address the complementary shortcomings of PCI and GSP. TTR is the unduplicated sum of GSP and resident income, thus it is the totality of income produced in the jurisdiction (which is GSP) plus any elements of resident income that were not produced in the residents' jurisdiction--in particular, interest, dividends, federal transfers, and the labor earnings of those state residents who commute to jobs in other state. Figure 2 relates the components of TTR to those of GSP and PCI that it includes.

Additionally, some adjustments are made to GSP and personal income in light of the fiscal relationship of states to the federal government. GSP is a standard macroeconomic concept which overestimates state fiscal capacity, something it was never intended to measure in the first place.

All federal indirect business taxes are subtracted from GSP. These funds are simply unavailable to states and localities (much less taxpayers) and thus cannot be either an augmentation of the ability to pay taxes or of any actual source of tax revenue. Nor may these liabilities be reduced through the federal offset by state-local fiscal policy, as in the case of federal personal and corporate income taxation.

Among these excluded federal indirect business taxes is the payroll tax (employer and employee contribution) used to finance Social Security. In a pay-as-you-go system it is inappropriate to count payments of the same dollars going into federal coffers into the system and out at the same time. In light of the involuntary nature of social insurance and its unsuitability as collateral for personal loans, it was decided that the TTR index should count social insurance as paid out to beneficiaries, rather than as paid in by workers. It may be rare for states and localities to tax social insurance payments directly as received, but that doesn't mean their recipients are not better off for having received the payments and thus more able to pay other types of taxes.

The main adjustment to personal income is the exclusion of transfer payments from shared federal-state grant-in-aid programs such as AFDC. It is grants such as these for which the fiscal capacity index is intended to determine the allocations, so the consequences of grant formulas should be removed from the data to the extent possible. Direct federal transfers to persons, such as Social Security, Supplementary Security Income, and Food Stamps, are

Figure 2

THE COMPONENTS OF TOTAL TAXABLE RESOURCES AND THE COMPONENTS OF GROSS STATE PRODUCT AND PERSONAL INCOME IT INCLUDES

Component	Total Taxable Resources	Gross State Product	Per Capita Income (BEA)
CAPITAL CONSUMPTION ALLOWANCE ("Depreciation") Corporations, Proprietors, Owner-Occupied Housing	X	X	
BUSINESS TRANSFERS	X	X	
INDIRECT BUSINESS TAXES (All Governments) Sales, Excises, Property, Severance, Licenses, Rents and Royalties, Document and Stock Transfer, etc.	X	X	
EARNINGS OF NONRESIDENTS Labor Compensation (Working in state) Proprietors' Income (Situated in state)	X	X	
EARNINGS OF RESIDENTS Labor Compensation (Working in state) Proprietors' Income (Situated in state)	X	X	X*
STATE-LOCAL GOVERNMENT INCOME Profits of State Enterprises, Oil Bonuses, Earnings of Financial Assets, Payments in Lieu of taxes	X		
EARNINGS OF RESIDENTS Labor compensation (Coming out-of-state) Proprietors' Income (Situated out-of-state)	X		X
PRIVATE CAPITAL INCOME Net Rent, Interest, Dividends, Capital Gains	X		X
CASH TRANSFERS (All Governments) Social Insurance, Income Maintenance, Other	X		X

*PCI as calculated by the Bureau of Economic Analysis excludes employer contributions to social insurance, which are defined as part of Gross State Product and Total Taxable Resources.

SOURCE: ACIR staff.

included in the personal income "add-ons" to GSP that yield the TTR estimates.

In calculating TTR, failure to adjust for the federal offset for deductible state-local taxes parallels a deficiency of GSP and PCI.

EXPORT-ADJUSTED INCOME

Export-Adjusted Income (EAI) is an important theoretical approach to measuring fiscal capacity.15/ No 1984 estimates are currently available, however. EAI is founded explicitly on the concept of the state-local budget constraint. A state-local budget constraint embodies the choices for the public vs. private allocation of spending that are available to the taxpayers, given the fiscal capacity of that jurisdiction. There is a trade-off between disposable income and taxes that can be used to finance public services; more of one means less of the other, and any number of combinations are possible.

Owing to the opportunities for "exporting" taxes, which themselves vary over jurisdictions, a dollar reduction in residents' disposable income due to state-local tax policy does not translate one-for-one into an extra dollar for public spending. Rather, a dollar lost yields somewhat more to the government for spending. This may occur in two ways:

1. In taxing themselves, the residents of a jurisdiction may simultaneously also tax others who work, shop, or own income-producing assets (capital or land) in the jurisdiction. Owing to the government's ability to tax economic activity at its "point of origin" (i.e., the gross product of the jurisdiction), part of the tax burden can be shifted to nonresidents. It is illegal for a state or local government to apply different rates to taxpayers depending on their place of residence, but it is quite acceptable for a government to mix tax and nontax instruments (state college tuition, for instance) in such a way as to shift a significant proportion of the burden to nonresidents. There are limits to this practice, though, because given sufficient incentive, the nonresidents will choose to go elsewhere.

2. Owing to the deductibility of the state and local taxes on income, property, and general sales, a dollar in resident income taxed through one of these devices contributes a dollar to the state or local treasury, but also reduces the resident's federal income tax liability by some amount, depending on his or her marginal tax bracket and ability to itemize deductions. Thus if, for instance, the taxpayer is in the 30% bracket, a dollar of state-local spending costs him only 70 cents.

In both instances of tax exporting, a dollar of state-local revenue "costs" less than a dollar to residents.

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15. In particular, see Barro, 1984, and Ladd, et al.

The ratio of tax revenue paid by nonresidents to total tax revenue has been termed the export rate. In other words, insofar as the tax burden is reflected in actual tax payments, the export rate reflects the extent to which this burden is "exported" to nonresidents of the jurisdiction. The combined export rate is estimated by analyzing the incidence of all relevant state and local taxes by geographic location. In practice, the export rate is assumed for the sake of convenience to be constant under changing levels of taxation. The combined export rate is estimated by analyzing the incidence of all relevant state and local taxes by geographic location.16/

The EAI concept represents a seminal economic approach to the fiscal behavior of state and local governments. However, estimation raises numerous theoretical issues of tax incidence on which consensus among professional economists is quite lacking. Making the index operational also presents impractically difficult data requirements that would be difficult to solve in a legislative and administrative setting. Therefore, it is generally agreed that EAI is not sufficiently developed for use in legislation,

THE REPRESENTATIVE TAX SYSTEM AND THE REPRESENTATIVE REVENUE SYSTEM

The Representative Tax System and its cousin, the Representative Revenue System, embody another approach to defining and measuring fiscal capacity.17/ Rather than using the economic definition of income, the RTS and RRS estimate the statutory bases (such as retail sales) that are commonly taxed (in one way or another) by state and local governments, weighing these revenue bases by the national average of governmental practice, i.e., using national average rates as weights.

The thorny matters of comprehensiveness and tax exportation that confront the other capacity indexes also influence the design and use of the RTS/RRS, but differently. In the latter, a comprehensive index of fiscal capacity is achieved by attempting to assemble a precise and exhaustive listing of statu-

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16. For an application to U.S. cities, see Ladd, et al.
17. ACIR, Measures of State and Local Fiscal Capacity and Tax Effort, M-16, Washington, DC, U.S. Government Printing Office, 1962. See also ACIR, Measuring the Fiscal Capacity and Effort of State and Local Areas, M-58, 1971; ACIR, Tax Capacity of the Fifty States: Methodology and Estimates, June 1982; ACIR, 1981 Tax Capacity of the Fifty States, September 1983; ACIR, 1982 Tax Capacity of the Fifty States, M-142, May 1985; and ACIR, 1983 Tax Capacity of the Fifty States, M-148, April 1986.

Table 1

INFORMATION USED TO COMPUTE THE REPRESENTATIVE TAX

Revenue Base	State-Local Tax Collections: Billions of Dollars	Percent of Total
GENERAL SALES & GROSS RECEIPTS TAXES	$75.1	19.0%
SELECTIVE SALES TAXES	34.9	8.8
Parimutuel	0.7	0.2
Motor Fuel	12.6	3.2
Insurance	4.0	1.0
Tobacco	4.3	1.1
Amusement	0.5	0.1
Public Utilities	9.6	2.4
Distilled Spirits	1.6	0.4
Beer	1.2	0.3
Wine	0.5	0.1
LICENSE TAXES	10.3	2.6
Vehicle Operator	0.6	0.2
Corporation	2.1	0.5
Hunting and Fishing	0.6	0.2
Alcoholic Beverages	0.3	0.1
Automobile	4.0	1.0
Truck	2.8	0.7
PERSONAL INCOME TAXES	64.5	16.3
CORPORATION INCOME TAXES	16.9	4.3
PROPERTY TAXES	96.3	24.3
Residential	58.3	14.7
Farm	4.4	1.1
Commercial/Industrial	25.5	6.4
Public Utilities	8.1	2.0
ESTATE AND GIFT TAXES	2.2	0.6
SEVERANCE TAXES	7.7	1.9
Oil and Gas	6.9	1.7
Coal	0.6	0.2
Nonfuel Mineral	0.2	0.1
RTS SUBTOTAL	$308.0	77.8%
OTHER TAXES	12.2	3.1
RENTS & ROYALTIES	6.2	1.6
MINERAL LEASING	0.7	0.2
USER CHARGES	69.0	17.4
RRS TOTAL	$369.1	100.0%

Note: Detail may not add to totals owing to rounding.

AND REVENUE RATES OF STATE AND LOCAL GOVERNMENTS, 1984

Details of Revenue Base		
Amounts in Millions	Description	Representative Rate
$1,101,008.6	Retail sales and receipts of selected service industries	6.8%
$15,117.0	Parimutuel turnover from horse and dog racing	4.9%
123,178.7	Fuel consumption in gallons	$.10/gal.
$243,550.8	Insurance premiums: life, health, property, & liability	1.6%
28,462.7	Cigarette consumption in packages	$.15/pk.
$48,578.8	Receipts of amusement and entertainment businesses	1.0%
$283,076.7	Revenues: electric, gas, and telephone companies	3.4%
426.1	Consumption of distilled spirits, in gallons	$3.79/gal.
182.5	Consumption of beer in barrels	$6.65/bbl.
542.1	Consumption of wine in gallons	$.59/gal.
155.4	Motor vehicle operators' licenses	$3.66/lic.
3.3	Number of corporations	$639.61/corp.
64.5	Number of hunting and fishing licenses	$8.68/lic.
0.3	Licenses for the sale of distilled spirits	$932.64/lic.
126.9	Private automobile registrations	$31.90/reg.
36.5	Private truck registrations	$76.25/reg.
$343,113.9	Federal income tax liability	18.8%
$235,475.0	Corporate profits	7.2%
$3,960,526.2	Market value of residential property	1.5%
$797,617.1	Market value of farm real estate	0.6%
$2,071,428.0	Net book value of inventories, property, industrial plant, and equipment of corporations	1.2%
$535,156.5	Net book value of fixed assets for electric, gas, & telephone companies	1.5%
5,526.2	Federal estate and gift tax liability	40.6%
$108,703.2	Value of oil and gas production	6.4%
22,758.5	Value of coal production	2.5%
23,536.5	Value of nonfuel mineral production	1.0%
$3,020,259.0	Personal Income	0.4%
6,168.5	Receipts from rents & royalties	100.0%
737.6	Actual federal payments	100.0%
$3,020,259.0	Personal Income	2.3%

SOURCE: ACIR staff compilations.

tory tax and nontax revenue bases. And in the RTS and RRS the exportation of taxes is reflected in the estimated level of each revenue base. For example, sales to tourists effectively export taxes by collecting some of the income of nonresidents. In the RTS and RRS the tourist trade is included in a state's total retail sales, which is used to calculate the base for general sales taxation.

In this report, ACIR elevates the Representative Revenue System to full partnership with the older Representative Tax System. The RRS augments the RTS with a range of nontax revenue bases, chiefly that for user charges, amounting to more than a sixth of RRS revenues.

The Representative Tax System method defines "tax capacity" as the dollar amount of revenue that each state would raise if it applied a nationally uniform set of tax rates to a common set of tax bases. (The RRS expands this definition.) The RTS and RRS are "representative" in that national average tax rates are applied in each state to standardized tax or other revenue bases. Because the same tax rates are used for every state, estimated yields vary only because of differences in the underlying bases. As with other capacity measures the RTS is not concerned with individual state-local fiscal choices such as whether or not a state utilizes a particular tax base. However, by using the national average tax rates for each base, and thereby weighting the importance of one base relative to all others, the RTS/RRS approach implicitly yields a result that depends on the "average" choices made by all states and localities, taken together. It is an index based on average behavior in the aggregate. The capacity measure pertains only to the level of economic resources in any state, resources that by common practice may be said to be potentially taxable whether or not the particular state actually taxes those resources and regardless of the intensity with which a state utilizes those taxable resources.

Estimates of all bases commonly subject to state and local levies are used in the RTS/RRS calculations of tax capacity. Table 1 provides a breakdown of the 26 bases in the RTS, the four bases added to form the RRS, as well as the amount of nationwide revenue each generates and the average tax rate for each base. The estimated total state-local tax yields reflect the intensity of use of the various tax bases on a national basis, avoiding relying on arbitrary weights by simply adding together billions of dollars in property values, millions of dollars in income, and so forth. Appendix C provides a detailed description of each base and the data sources used in developing the RTS and RRS for 1984.

Tax Effort

Using RTS and RRS, the tax capacity and tax effort measures are complementary in that capacity measures a state's tax base and effort indicates the overall tax burden placed on that base.

The tax effort index for a state is created by dividing the state's actual tax collections by its estimated tax capacity and multiplying by 100. The result may be interpreted as a measure of how much that state chooses to exploit all its potential tax bases relative to other states. If a state has a tax effort beneath the national norm, it will have an effort index under 100. An index of 115, for example, indicates that tax effort is 15% above the national average.

Tax effort, like tax capacity, can also be measured for each tax or nontax revenue base. The base-specific tax effort measures test how intensively a state uses each tax compared to all other states. Because the RTS and RRS use standardized rates applied to standardized bases, the resulting tax effort measures give comparability among states that simple comparisons of statutory tax rates do not. For every state, sales tax effort, for example, is measured relative to retail sales (excluding food and drugs) whether or not a state actually exempts these or other items from the tax. A simple comparison of statutory sales tax rates can mislead because it does not take into consideration the great variation in the composition of the various states sales tax bases.

Appendix A shows graphically for each state the trends in tax capacity and tax effort over time. Together, the two indices provide a summary of the general fiscal status of each state. However, the change in a state's tax effort over time results from change in either its tax revenues or its tax capacity. Thus, even if their revenues have remained in step with the national average, states such as those in the Mid-West might have rising tax efforts simply because their capacities have declined.

Chapter 2

The Uses Of Fiscal Capacity Measures

In the introduction to this report four primary uses for fiscal capacity indicators were cited:

1) Regional Analysis,
2) Regional Policy,
3) Comparative Fiscal Policy Analysis, and
4) Fiscal Equalization Policy.

Each of these is now considered. The multiple uses of capacity measures are matched to the specific indices in Chart 1. Although arguments may be advanced relating virtually any index to any purpose, this report has pointedly limited the possible interconnections, not out of inflexibility, but in order to highlight the major distinctions--their comparative advantages and disadvantages among capacity indices with respect to their alternative uses. In the following chapter, an important technical basis for this strict differentiation is explored briefly. The last section on fiscal equalization in the present chapter raises conceptual issues that lead into the discussion of the following chapter.

REGIONAL ANALYSIS

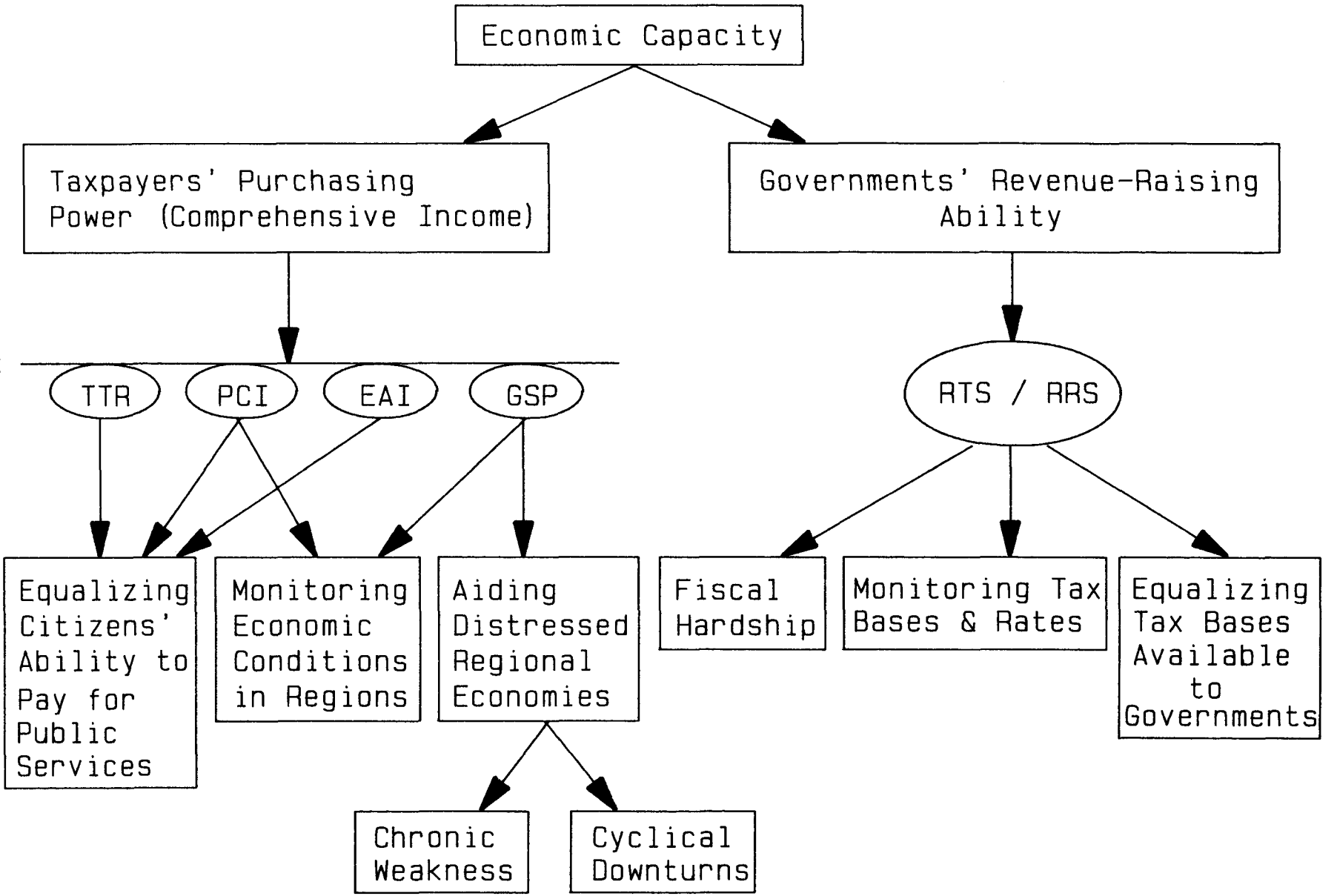
Use of GSP

Gross State Product (GSP) is the state counterpart of GNP, which is typically employed to monitor changes over time in the economic well-being of countries.

GSP measures the value of goods and services produced in each state. It is therefore the logical place to begin in any consideration of states' levels of economic activity, and how their fiscal or economic development policies may help or hinder this process. It is also possible to disaggregate the GSP total for any state to see how the expansion or contraction of each industry contributed to the estimated GSP. In certain respects GSP has more to say about a state's economic progress than either unemployment or earnings data, because it

Chart 1

USES OF CAPACITY MEASURES



Source: ACIR staff.

shows the degree to which different industries contribute to their state's total output and taxable resources.

GSP, in its sum and in its parts, is a production-based measure of well-being. It is a comprehensive indicator of business conditions in a state, unlike state personal income. Personal income defines well-being in terms of the location of individuals--their residences--receiving the income.

GSP does not include the income of state residents that was earned from work or investment elsewhere. Nor does it include income due to cash transfers from the federal government. Consequently it is incomplete with respect to the income of residents, and thus with respect to their ability to pay taxes to their own government, as noted in Chapter 1.

Use of RTS/RRS

An alternative assessment of the economic well-being of jurisdictions might focus solely on the levels of those resources that are commonly taxed. In the RTS/RRS approach to fiscal capacity, it is recognized that aggregate economic data may conceal information about the composition of these aggregates that is relevant to tax capacity. Broad economic indicators such as GSP do not directly reveal changes in common tax bases.

Use of TTR

In the fullest sense of the term, citizens' economic well-being consists of both their personal income levels (which reflect their ability to purchase public services) and the ability of their governments to augment revenues through the taxation of nonresidents. A new alternative measure incorporating the potential for an important mode of tax exporting is the TTR index, which considers all income received by residents of the jurisdiction directly plus the income "produced" in that jurisdiction that would otherwise, but for state and local taxation, be received by nonresidents. Thus the TTR index attempts to provide a comprehensive measure of the well-being of persons by jurisdiction.

In the same respect, consideration of personal income would be inadequate for the task of comparing the well-being of residents of different states. An important component of their well-being is their consumption of public services, which--given the possibility of tax exporting--may be only partially financed (and to different degrees) by their own tax payments.

REGIONAL POLICY

A fundamental tenet of economic theory, enshrined in Adam Smith's description of the pin factory, is the advantage of specialization. It is logical to view this in a regional context: It makes sense for areas to specialize in the production of those goods and services for which they enjoy comparative advantages. The corollary of this, however, carries a negative connotation. To the extent geographic areas have comparative disadvantages and also have difficulty in switching from one type of industry to another (i.e., to the extent that there are "transition costs") economic stagnation and recession may be regionally focused. Difficult choices ensue over the question of investing public resources in troubled or declining areas or coping with the "costs" (monetary and otherwise) caused by outmigration.

Using GSP

In this context a federal government may be concerned with regional economic policy, which may include antirecessionary grants for economic stabilization or development. In this vein the index of Gross State Product may be particularly useful.

A distinction is implied above between chronic economic stagnation and transitory, though perhaps substantial, downturns. Stagnation is defined here as a long-standing condition that has been observed in areas of the United States such as Appalachia and the Rio Grande Valley. What may prove to be more temporary reversals--the bust periods of boom-and-bust cycles--can be seen now in the "oil patch" and in certain farming areas. Gross State Product measurement could be employed to monitor either difficulty.1/

It should be clear that state personal income would be misleading for either endeavor. It includes some items that have nothing to do with area business activity (such as transfers to residents from the federal government and capital income from assets located in other states), and excludes many other items that are essential features of local economic development (earnings of nonresidents, indirect business taxes, profits, etc.).

Except for its focus on residents' income, the personal income index is

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1. It would be possible to calculate GSP on a quarterly basis for the purpose of reflecting in a sensitive way the fluctuations of income in areas prey to volatile economic developments. For the concern with chronic below-average development, however, a yearly index would be sufficient.

not "place"-oriented in the sense that is required for regional economic policy. For policy concerned with the location of business activity (and the locations of a dearth of business activity), the location of income as produced (e.g., GSP) is the key concern. The location of income destinations (e.g., of those receiving income) also stimulates issues of fiscal equalization and government income security policy, but it is a somewhat different concern.

As noted repeatedly in this report, from the standpoint of state and local governments, all types of income contained in GSP are not necessarily equal in importance (and, as noted, some sources of tax revenue are missing from GSP). The fiscal strains on a depressed region's government may itself be of concern to the federal government. In this context it is useful to focus on commonly taxed resources, as well as the undifferentiated GSP aggregate. Here again, use of the RTS or RRS is an option.

COMPARATIVE FISCAL POLICY ANALYSIS

A preeminent question in comparing the fiscal policies of states and localities is the average burden of taxation, or "tax effort." Such a comparison is necessarily founded on the indicator of capacity to which actual tax revenues are compared in ratio form. Here again the analyst has a choice of the RTS/RRS indices or one of the macroeconomic aggregates.

The choice of capacity index depends on whether the underlying issue is taxes collected (a) in light of the ability to pay taxes, as conceived in broad economic terms, or (b) relative to the statutory tax bases, as normally defined in state and local tax law.

Ability to Pay Taxes

Ability to pay is a theoretical concept that nevertheless should be of interest to policy makers. It is clear that statutory bases do not encompass the entirety of potentially taxable money income accruing to firms and households. It is also clear that ability to pay one type of tax on one particular tax base is related to the size of other tax bases and to the levels of income not included in any tax base. For these reasons, the amount of revenue collected from any particular tax or set of taxes relative to residents' income broadly conceived is important information.

On the other hand, when it is business activities (retail sales, income-generating property, production) that are taxed according to the location of

"origin" of income being produced, the tax burden on these activities is a function of these business establishments' location, not of the residence of those supplying productive services or financial capital (stockholders, landlords, workers, etc.). The total tax burden relative to the total income of these parties does not depend on the location of their residences. Rather, it is the rates of taxation on the activities themselves that is the relevant point of comparison over jurisdictions.

Burden on Statutory Tax Bases

Often a state official wants to compare the rate of taxation levied by his or her government to past rates, to those of neighboring states, or to the national average. The RTS or RRS help make these comparisons for both individual taxes and for revenue bases as wholes. (In this context, it is of no use to know the percentage of total revenue that is effectively derived from nonresidents or "exported:" The accomplishment of EAI is irrelevant here. Comparison of export rates says nothing about export potential, which entails the examination of particular types of taxes, including their rates, the size of the base in the jurisdiction, and the amount of revenue being collected relative to that base.)

Another common use of fiscal capacity data concerns particular taxes relative to particular economic variables or statutory tax base levels. This entails the use of disaggregated components of the capacity indices. To isolate taxes on business as a whole, a logical point of comparison would be revenue from taxes on business relative to Gross State Product or to the business tax bases in the RTS (nonresidential property, corporate income, severance, business licenses). To look at taxes on residential households, the appropriate comparison is revenue so derived relative to comprehensive personal income or to the "personal" tax bases of the RTS (residential property, general sales and excises, estate and gift, and personal income). Implicit in these monitoring efforts are difficult judgments about the final incidence of taxes and appropriate definitions of "business income." In any case the data in this report are essential tools in such an endeavor.

In the consideration of particular types of taxes, the RTS data are a natural starting point. The disaggregated figures on the various tax bases and revenues collected by states in total and per capita are shown in the appendix tables. It is possible to compare both the relative size of states' tax bases,

the relative amounts of revenue collected from those bases, and the relative rates of tax on those bases. The issue of interstate tax competition would evoke such concerns, for example.

Applicability of the other indices to such purposes depends on the task. TTR data, for instance, could be used to get a measure of the size of income and payroll taxation as a proportion of the total earnings of residents and nonresidents. Personal income tax revenue (from RTS tables) can be expressed as a percent of state personal income.

The general point is that in consideration of the burden of any tax or set of taxes, two variables are relevant. These are (1) the amount of revenue collected and (2) the level of the economic variable or statutory tax base for which comparison is desired. The components and totals in capacity indices supply the latter element. State tax revenue data are the source of the former.

The RTS revenue data in the appendices to this report can also be used to compare the tax mix in states: the extent to which different states focus their revenue collection on particular types of tax bases. Graphic representation of this can be found in Appendix A.

FISCAL EQUALIZATION POLICY

The operation of a federal system of government continually raises the question of the fiscal strengths and weaknesses of jurisdictions in that system, including their abilities to raise revenues in order to perform public functions. To deal with lower-level jurisdictions on an equitable basis, it is often held that the federal government must often consider their relative fiscal capacities. Even among proponents, however, debate rages on how to equalize tax wealth and how to use indices of fiscal capacity. This report would be seriously remiss if it did not scrutinize fiscal equalization and the role of capacity measures in such policies.

Washington may be interested in state fiscal capacity for a wide variety of reasons. Instances include a desire to distribute funds fairly or to collect them fairly; expanding the federal budget to do what state-local governments cannot do themselves or contracting it to allow subnational governments to make their own fiscal choices. Indeed, even nonfiscal federal policy with governmental or economic consequences (such as regulatory actions, for example) should be assessed in terms of interjurisdictional differences in fiscal capacity.

The most prominent role for capacity measurement of states is, of course,

as a component of formulas determining states' allocations under grant-in-aid programs such as Medicaid and Aid to Families with Dependent Children. But concerns about fiscal capacity also have been raised in other contexts such as federal disaster relief and the federal role in toxic waste clean-up.

The ACIR has related the concept of fiscal capacity to the discussion of the devolution of federal programs.2/ Debate over national tax and budget policy often makes recourse to the measured fiscal flows between the federal government and the states, typically comparing grant assistance to federal taxes paid. These federal fiscal flows might usefully be considered in light of individual states' fiscal capacities.

The Equalization Concept in Brief

Citizens subject to very different state-local fiscal systems may fall prey to this circumstance: Individuals in different taxing jurisdictions but at the same income level paying the same amount in taxes could receive widely disparate public services. From the perspective of the present report, there are two possible causes for this horizontal inequity--where those of equal incomes have access to unequal levels of public services. The two causes are (1) divergent per capita incomes of individual residents and (2) geographically divergent abilities of governments to export tax burdens.

UNEQUAL INCOMES

One taxpayer could simply live among richer or poorer neighbors than the other. When all pay the same percentage of their income in taxes--whether through income or property taxation--unequal per capita proceeds are realized in the different jurisdictions. The literature on school finance, and other analyses, cite examples of wealthy people living in areas with ample tax bases and so paying a relatively small percentage of income for broad public services.3/

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2. Devolving Federal Program Responsibilities and Revenue Sources to State and Local Governments, A-104, ACIR, Washington, DC, U.S. Government Printing Office, March 1986.

3. See, e.g., John Coons, William Clune, III, and Stephen Sugarman, Private Wealth and Public Education, Harvard University Press, Cambridge, MA, 1970. However, some analysts have identified long-term forces tending to reduce such horizontal inequities. The desire to live in communities with low tax rates yet high public service levels can, for example, drive up land prices in these fortunate locations.

UNEQUAL ABILITIES TO EXPORT TAX BURDENS

The second salient cause of tax-base differences is varying levels or types of business activity or property value in the different jurisdictions that afford citizens and officials unequal opportunities to shift part of their tax burden to the absentee (i.e., nonresident) owners of these firms or properties. This shifting is known as "tax exporting;" residents can "export" part of their tax burden to nonresident suppliers of productive services (the labor of commuting workers, the use of capital goods owned by nonresident stockholders or proprietors, the use of land owned by absentee landlords) that contribute to the level of goods and services produced within the geographical confines of the jurisdiction.

In theory these two circumstances can give rise to overall economic inefficiency, as well as horizontal inequity. The inequity arises because fiscal conditions render taxpayers of identical individual economic characteristics unequal owing to their place of residence. Such a judgment is not entirely objective because it depends on defining "identical individual economic characteristics" to the exclusion of the choice of a place of residence.

Inefficiency arises when the location decisions of households and firms are distorted by noneconomic considerations, that is, they move solely to minimize tax liability for a given level of public services. This occurs when potential migrants can benefit from the fortunate combination of low tax rates and high public service levels, as a consequence of ample tax bases. Such outmigration often leaves distressed communities in its wake, further shrinking these communities' tax bases. Migration of this sort, which incurs expense, is not economically efficient because it does not relocate production or residences to locations that, respectively, minimize production cost or maximize household satisfaction. Neither does it reflect a choice founded on the actual economic cost of public service spending.4/

An analogy may be made here to the tax reform debate. It is commonly understood that one manner in which the federal tax code distorts the allocation of resources is that it "discriminates" between income used to repay consumer debt and income used to purchase consumer goods outright; interest on consumer

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4. Some of the migration just described is, however, self-limiting. All else equal, migration into communities with high tax bases will bid up the cost of living and working there, reducing these areas' attractiveness.

debt is deductible in determination of federal personal income tax liability. The consumer is thereby encouraged to rely more on borrowing than he or she otherwise would, which decreases net savings rates and opportunities for future consumption.

Similarly, the geographic location of a household's residence is itself an element in the determination of its overall well-being. If the intrinsic advantages of a location for households are sufficiently offset by fiscal differences, the household may choose to locate in a place which would only be second best in a world with no fiscal differences. Thus the individuals have been made worse off. The economy works less efficiently on that account.

Among economists the inefficiency factor has historically been a subject of primarily theoretical interest. It is difficult to measure the efficiency loss and thus difficult to base a policy on such a phenomenon, if it exists. On the other hand, great political interest traditionally has been invested in the equity question.

The argument for fiscal equalization that has just been recounted (though far from accepted universally) should not be exaggerated.

Many differences in tax wealth are neither harmful nor avoidable. Some areas have weak tax bases because they are far from the centers of economic activity and some people choose remote locations. Some interstate differences in fiscal capacity--which may reflect unavoidable readjustments of the economy and population--need not detract from the ability of state and local citizens to provide themselves with a level of the public services judged acceptable.

This is not the place to debate the arguments for and against fiscal equalization, much less to debate the choice of one equalization policy or another. So long as federal actions are designed to take account of interstate differences in tax wealth, capacity indices will be necessary. The debates on equalization policy and capacity indices have, unfortunately, generally overlooked the fact that different policies for fiscal equalization may lead to employing different measures of fiscal capacity.

Equalization Policy

Two prominent varieties of equalization policy underlie the capacity measures presented in this report. These choices are not accidental: They, in fact, figure strongly in the wide range of equalization grants used in the United States, Australia, and Canada. Both policy varieties are aimed at equalizing the

potential amounts of per capita spending on public services in different states by endeavoring to establish a "floor" level of taxable resources for the poorest jurisdictions.

EQUALIZING EFFECTIVE PER CAPITA TAX BASES

The first policy motive of interest, which pertains to the Representative Tax System and Representative Revenue System, is the equalization of interjurisdictional tax bases. Here the objective is to supplement commonly taxed resources in states having below national average levels of these resources. The grant allocation might, for instance, depend on the difference between the revenue the state would collect if it set national average rates and the revenue a state with average size tax bases would collect with those same (i.e., national average) rates.

For example, suppose states had a single tax base which was taxed on average nationally at the rate of 10%. If Mississippi had an RTS tax capacity of 75, and Minnesota had a capacity at the national average of 100, Mississippi would receive federal funds equal to the difference between 10% of its own tax base and 10% of Minnesota's.

At the local level, where property taxation is the primary source of tax revenue to localities and school boards, the most commonly employed capacity measure has been assessed valuation of property per capita. At the state level, there are many tax bases in use and the problem of adding apples and oranges arises--the apples and oranges being different sources of tax revenue, such as retail sales, personal income, excises, etc. One obvious way to "add" up these disparate elements to obtain a comprehensive measure of a state's tax capacity is to weight tax bases according to the national average rates at which they are taxed, as in the RTS/RRS approaches. Again, the idea of this form of equalization is that states are given access to equal levels of taxable resources.

In practice, the national government may not wish to appropriate enough funds to perform complete equalization in the above sense. In that case, the amounts needed for 100% equalization could be used to calculate state shares of the grant appropriation. (Strictly speaking, such partial allocations establish an effectively different equalization policy.) The grant program may award funds to all states, which requires determining shares of a fixed sum using the index of all states simultaneously.

The allocation of this variety of equalizing grant need not depend on how much the state actually decides to collect in taxes, nor on how it would use the grant funds. Under these circumstances, the recipient government could, for instance, use its grant to finance an equivalent tax cut. The grant would then be understood as general, unconditional fiscal assistance.

The type of fiscal equalization policy discussed in this section is commonly referred to as a foundation approach to equalization because it guarantees local jurisdictions a level of revenue at one specific level of tax burden on residential income, comprehensively defined--here chosen to be the national average. A second type of equalization policy--commonly referred to as power equalization--guarantees local jurisdictions a per capita level of taxable resources in excess of their own if it is below the national standard that is set. Thus the more such a jurisdiction taxes its own base the more it is compensated in grant funds. Its "power to tax" is equalized for any rate of tax it chooses to implement, in contrast to foundation equalization, which only goes so far as to grant jurisdictions a baseline level of resources which holds regardless of the jurisdiction's own tax policy. The power equalization policy requires that some kind of measure of jurisdictions' actual tax effort be included in the equalization formula.

The controversy over the appropriate approach is beyond the scope of this report. As a general matter, the foundation approach is more attractive to low-spending jurisdictions, since it provides a guarantee regardless of the jurisdiction's spending level, whereas the power approach would be more desirable to higher-spending states. From the federal grant agency standpoint, the foundation approach is aimed primarily at ensuring minimum spending results, while the power approach endeavors to increase spending for some purpose across all states. In any case, the effective capacity measure renders rich states equal to poor and makes choices over approaches solely a function of preferences as to public services, as opposed to ability to pay for them.

EQUALIZING RESIDENTS' ABILITY TO PAY TAXES

An alternative equalization motive is to guarantee jurisdictions an equal amount of public revenue, given hypothetically uniform tax burdens on the residents of these jurisdictions. Again, the power equalization variant of this would be to guarantee equal per capita tax bases for any given state-determined tax rate by supplementing the bases of below-average states with federal grant

funds. This requires comparing the amounts of total revenue each jurisdiction's government would be expected to collect if their residents either (a) contributed equal proportions of their total income for public spending (the foundation approach), or (b) had an average level of taxable resources available to tax (power equalization), in either case compensating those jurisdictions by the amount they fall beneath the average or standard level adopted as policy.

For example, if the average result of residents in states taxing themselves at the rate of 10% of their total income is $1,000 per capita in tax revenue (including revenue from tax exporting), and the average level is the standard adopted, the states that would collect less than $1,000--were they to tax their own residents at the 10% rate--would receive the difference in a grant. If two jurisdictions had equal per capita personal income levels, the revenues that they could raise could still differ significantly because of different opportunities for tax exporting.

Once again it is quite possible that the national government will wish to give all states grant funds, and/or that 100% equalization (full compensation up to the standard) will not be achieved. In that case, the estimated national revenue from the 10% rate could be used to determine relative shares of federal appropriations.

Equalizing residents' taxpaying ability is an alternative route to achieving neutrality in location decisions of firms and households and to granting some degree of fiscal relief to poorer jurisdictions.

Candidate capacity measures for the second equalization policy are Total Taxable Resources and Export-Adjusted Income.5/ Both of these indices provide estimates of the tax revenue available to jurisdictions with identical tax burdens on their residents, given certain assumptions and qualifications.

A key distinction between the two equalization policies is that the goal underlying the RTS/RRS can be said to apply to governments, while the other is focused on the individual residents of jurisdictions.6/ The issue here, which is elaborated in Chapter 3, is the appropriateness of a distinction between the ability of residents to pay taxes and the ability of their government to collect them. The ability of residents to pay taxes is understood in this analysis to

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5. For a theoretical motivation for EAI, see Barro, 1984. TTR is introduced in Treasury, 1985, in Sawicky, and in Carnevale.
6. See "A Commentary on Alternative Approaches to the Measurement of State and Local Fiscal Capacity," by Douglas Clark in ACIR (M-142).

depend on their comprehensive income and their ability to export part of their tax burden. Two key determinants of this taxpaying ability are thus the level of resident income and the rate at which residents can shift their taxes to nonresidents. On the other hand a government's ability to collect taxes, as measured by the RTS/RRS, depends on the explicit fiscal policies of the states as a whole and the composition of taxable resources, apart from the split in such resources between resident voters and nonresident taxpayers.

Recalling that a key purpose of equalization is to equalize potential public spending (i.e., the ability to spend), or at the least to raise potential spending levels in jurisdictions that are the furthest beneath the national average, each index responds differently to the question of how the composition of taxable resources affects public spending, aside from preferences for public services.

In the TTR/EAI framework, the primary factor is the resident taxpayers' share of total tax revenues; the lower their share, the more likely they are to vote for public spending, given the same resident income, according to the TTR and EAI indices. In the RTS/RRS framework, governments will spend more if their total tax base has proportionately more of those types of tax bases which are taxed at relatively higher national average rates, regardless of resident income's proportional role in total resources.

To illustrate this distinction, suppose two states have the same per capita income, but one consists entirely of wages while the other is half wages and half the profits (rental income) of oil wells. TTR and EAI will register equal capacity for these two states, while the RTS/RRS will predict that the oil state will spend more (other things equal) and thus should receive a smaller share of grant funds under an equalization program. On the other hand, consider two states with equal RTS scores and equal state personal income, where one state is able to export more of its taxes than the other. TTR and EAI will "predict" (so to speak) that the higher exporter will spend more and thus should get less money under the federal grant program. The RTS will make no such distinction. Both cases are eminently plausible. Economic theory does not point decisively to either approach as indubitably correct at this point in time. In fact, the theory is insufficiently well-developed to encompass both types (exporting and the composition of taxable resources) of phenomena.

Thus the debate over the superiority of the choice of equalization concept and consequently capacity measurement hinges in large part on the theoretical

question of what determines the level of state and local spending on public services--quite apart from citizen preferences for such services. In the next chapter, a normative dimension to this distinction is also pointed out.

An example shows why it is not possible to perform both types of measurement--capacity given common resident tax burdens or capacity in light of diverse types of income and tax bases--in the same index. This also emphasizes the essential difference between the two type of measures: TTR/EAI vs. RTS/RRS. Considering two jurisdictions with no tax exporting, assume that they have equal per capita income levels. In terms of residents' ability to pay taxes, which is consistent with the TTR and EAI approach, the two jurisdictions are identical. However, supposing the composition of their incomes differed (and it was observed that some types of income sources such as wages were more easily taxed than other types such as Social Security payments) it would be concluded in this light that their fiscal capacity also differed. (A difficulty here is that "ease of taxation" has never been defined precisely.)

But to alter the capacity assessment according to the "taxability" of types of income or the size of statutory tax bases violates the first principle of focusing on the ability of residents to pay taxes. The wage earner parts with his tax dollar with as much sorrow as the payer of a tax on transfer payments. If their incomes are equal, they should be regarded as taxpaying equals. How "easy" it is for their government to tax one as opposed to the other is a separate question.

Theoretically, it should be possible in capacity measurement to discriminate among types of nonresident incomes according to the mobility of the tax bases associated with these incomes. In other words, a nonresident-owned oil well is less mobile than a nonresident wage earner, so an increase in rates for both may yield differing increases in revenue. Although the analytical machinery for estimating these effects is not well advanced, it is at least conceptually possible to inject greater realism into an ability-to-pay approach which takes account of tax exporting.

Chapter 3

Ends And Means In Fiscal Capacity Measurement

In this chapter a case is made for the noncomparability of the RTS/RRS and other income-based measures of fiscal capacity, when they are used for fiscal equalization. To the extent these two families of indices (means) stem from different equalization policies (ends), one cannot be deemed a better measuring rod than another in an objective sense until one has determined the nature of the equalization policy objective.

Another important aspect of noncomparability lies in the fact that these indices embody different types of information as to state-local capacity. If the policy concern is to increase low spending levels, all spending levels, or the ability to spend in general, a paramount issue is what determines actual spending behavior,1/ aside from citizens' preferences for public services. In other words, how is the level of state-local public spending predicted? The fuel for such a prediction may also be the fuel for the capacity measure. The point with respect to the RTS/RRS and the income measures is that they reflect different types of empirical information bearing on such an exercise, and that neither index's informational content encompasses the other's; to an appreciable extent, they are apples and oranges, both useful but neither so overwhelmingly self-sufficient as to render the other superfluous.

This line of argument may be said to have begun with an observation by Douglas Clark 2/ with respect to criticism of the RTS 3/ for its alleged failure to embody accurately the purchasing power of residents of a jurisdiction, which is one (though not necessarily the only) notion of fiscal capacity:

> ... My own preference is to keep the RTS and income (e.g., Export-Adjusted Income) approaches separate and distinct. Efforts to make the income approach into an RTS or vice

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1. As stressed by Barro, 1984.
2. Letter to Robert W. Rafuse, Office of State and Local Finance, U.S. Department of the Treasury, March 1, 1985.
3. Barro, 1984.

versa simply muddle the two concepts and serve little purpose. Finally, there is no reason why the two approaches should produce the same results.

To pursue this argument some relevant characteristics of the RTS and EAI are briefly recapitulated. Then some secondary, technical criticisms of the RTS are examined in light of current methods for estimating the EAI index. Finally, the core criticism and defense of the RTS and EAI are related to the key underlying question of the ends of capacity measurement--in particular, the type of equalization policy to be pursued. Finally, the theoretical character of the two indices in light of state-local fiscal theory is discussed.

THE RTS RECAPITULATED: THE PROBLEM OF THE EASE OF TAXATION

The RTS (and RRS) are based on the observed fiscal behavior of states and localities in the sense that the value to the tax-levying government of different types of income and tax bases derives from reference to the observed predilection of states and localities to tax these items. In other words, the ease of taxation of different kinds of economic activity is inferred from observation of actual tax practices. The source of the weights in the index are the actual national average rates of taxation, which are based on revenues collected relative to the statutory base as typically defined.

Exceptions in state definitions of taxable items are easy to find. For instance, in most states taxable sales exclude food and prescription drugs. Among excises, liquor is often taxed, infant formula is not. These are commonly observed choices for the bases of taxation.

Another consideration is ease of taxation in a practical sense. Some taxable activities are more mobile than others. The payoff for an increased tax rate on mineral extraction is likely to exceed that for a tax on purchases of household appliances. The former resource is immobile, while it is feasible in the latter case for the buyer to seriously consider changing the location at which he purchases the product if the tax is sufficiently onerous.

The RTS and RRS are the only indices which address these concerns. Their invention stemmed from the realization that personal income was both incomplete with respect to actual sources of tax revenue and indiscriminate with respect to the importance of different possible sources.

In the course of casting its net over all actual sources of revenue--through the measurement of observed statutory tax bases--the RTS "covers" sour-

ces of revenue derived from tax exporting. This is accomplished indirectly in the sense that no distinction is made among tax bases in terms of resident/nonresident ownership or activity. Thus, in the RTS, property owned by nonresidents is as valuable an object of taxation as that owned by residents, whereas corporate profits are more valuable on average (because they are observed to be taxed on average at a higher rate) than the proceeds from mineral extraction.

As noted in Chapter 2, this approach corresponds with an equalization policy premised on making available to all states a specified level of taxable resources.

Some of the secondary criticisms of the RTS 4/ apply to all existing indices. One such comment is on the use of observed tax bases, which would not be expected to remain at the same level if the state's tax rates changed significantly. That is, if New York halved its above-average tax on retail sales, the proceeds would be less than halved. Given the competition with neighboring states, a lower sales tax rate would increase New York's share of the region's retail sales total. This is a "feedback" effect.

Another type of feedback results from the interaction of tax bases. A lower rate on one base should increase the size of some others, since the overall tax burden in the jurisdiction is lightened, attracting taxable activity. The same is true of different types of income, and of taxes on residents as opposed to nonresidents.

Unfortunately, no capacity measure implements any adjustment for these effects. The same problem obtains in all indices where observed economic variables or statutory tax bases are compared under the assumption of a hypothetical fiscal policy. Too little is known about the magnitude of these effects to contemplate any adjustment for them presently.5/

While statutory bases should be more sensitive than economic income variables to tax law changes, the magnitude of the difference between these effects has never been estimated. By the same token, if these statutory bases "leak" under the pressure of higher rates, they must either leak into another tax base or out of the jurisdiction altogether, or decrease the national economic growth. That is, to the extent tax rates alter the composition of economic activity but

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4. Barro, 1984.
5. Illustrative adjustments are made in the 1982 and 1983 editions of this report.

do not affect its total level, other tax bases will change. The RTS and RRS are comprehensive in the sense that they reflect the American reality that there are few, if any, aspects of business activity as reflected in any macroeconomic income variable that are not taxed in some way in a good number of states. If taxable economic activity disappears from the jurisdiction altogether, it will not be captured in the RTS, but neither will any other index capture it. Thus, this criticism of the RTS fails to render it inferior to other indices.

The charge that the RTS must fail to account for tax exporting through the federal income tax is also unfounded. The income tax base of the RTS can be altered in any way thought best to meet this issue, and one approach is in fact applied to this year's RTS and RRS estimates. The RTS/RRS structure is entirely amenable to such an adjustment, which is completely within the spirit and method underlying the index.

But in an important respect, this criticism imposes a burden on the RTS which is not carried by any other index. No method of correcting fully for federal offsets to state-local taxes has ever been devised. The only remedy available is confined to the offset to personal taxes (income, general sales, and residential property). Business taxes also offset personal and corporate income tax liability. In principle it would be necessary to determine the incidence of all deductible taxes in order to identify the taxpayer, and hence the rate at which this taxpayer may offset his or her federal tax liability. Most state-local taxes are in fact deductible by either individuals or firms.

Consider something as simple (compared to other taxes) as a sales tax. Part of it is shifted forward to consumers. Those who save their receipts in order to itemize on their federal income tax can "export" part of their tax burden. Those who do not save their receipts but do itemize may get a break if the income tax tables (regarding the automatic write-off for state-local sales, based on their income) are revised. This alone provides some net reduction in the cost of state-local services, thus an augmentation of fiscal capacity. How much is another question. But the story does not end here. Whatever part of the tax is not shifted forward is shifted "backwards" to either the employees of the firm, its owners, or those providing other productive services to the firm. That which is shifted to owners implies a greater write-off in computation of their own personal or corporate income tax. But the rate at which a corporation offsets its federal liability depends on its own marginal rate, which is bound to differ from the other parties who bear the burden of the tax.

By this example a glimpse may be had of the diverse and numerous analytical issues that demand resolution in order to produce an adjustment for all offsets to federal taxation of firms and households.

The general point is that these technical criticisms of the RTS apply to the income-based measures as well and fail to discredit one approach in favor of the other.

THE POLICY QUESTION

The preceding arguments, while relevant, do not go to the heart of the dispute about the RTS versus the income indices. Notes on the difficulty of calculating EAI were offered in Chapter 1 and above, and they are equally secondary. The most important criticism of the RTS concerns the distinction between residents' purchasing power--their comprehensive income--and their government's ability to collect tax revenues from residents. Leaving the question of tax exporting aside for the moment, this is where a putatively objective or positive consideration has supplanted what is in one important respect a normative issue.

Consider two hypothetical states of equal population that maintain no economic commerce with the outside world, and suppose the citizens of these states have equal levels of total income. Suppose further that consumption (e.g., retail sales) is taxed at a different rate than income, and the consumption and savings levels of the two states differ. This example may show, for equalization policy, the pertinence of the following two questions:

1. If preferences for public services are the same, will these states raise the same amount of tax revenues?

2. Should the federal government treat the citizens of these states differently when their incomes are equal?

If the controlling premise of the stated equalization goal is fairness to residents according to their comprehensive income, which is a normative concept underlying the index of Export-Adjusted Income, Question #1 becomes irrelevant. Two jurisdictions whose residents have equivalent purchasing power should not be treated any differently under an equalization program, where the criterion for capacity is the revenue that results under an equal average tax burden on the residents of all jurisdictions. In this case, an equal burden in percentage terms yields equal capacity because pretax incomes are equal. How residents use their income, the form in which it is received, or the difficulties encountered

by their government in taxing any given proportion of this income are entirely immaterial.

On the other hand, it may be admitted that in practice the answer to Question #1 is likely to be in the affirmative. If the policy objective is to equalize public expenditure per capita, given uniform burdens on residents, an affirmative answer to Question #1 means that the state-local budget constraint as conventionally depicted fails to provide sufficient information to predict the jurisdiction's spending behavior. It is not enough to know only the export rate and pretax income. The composition of economic activity matters.

It might be objected that the ability of citizens to pay taxes prima facie is identical with the capacity of governments to collect them. But this only resolves a conceptual dispute by resort to a dogmatic definition.

Individual taxpayers control their income and do not allocate any particular component of it to tax payments; it is all fungible resources to the person as a taxpayer.

But tax collection is a cooperative, collective act. Individuals have a certain desire for public services, but they also have the incentive to avoid paying for them. The whole (governments' capacity) need not equal the sum of its parts (individuals' ability to pay taxes).

If other factors, such as the composition of tax bases, are permitted to intrude upon the notion of fairness embodied in Export-Adjusted Income, then Question #2 is implicitly decided in the affirmative and the RTS becomes a legitimate candidate for capacity measurement. Thus the concern for equalizing spending or the capacity to spend, if followed logically, raises the necessity for some "unfairness," even though the idea is to calculate potential tax revenue under the controlling premise of uniform resident tax burdens.

There may be better ways to discriminate among types of income and/or tax bases in pursuit of the objective of equalizing capacity and/or public spending levels, but no such candidates are currently in the offing. Examples of the light the RTS sheds on spending behavior, quite apart from tax exporting, may be gleaned by simply imagining a world of states which have no export opportunities. Their RTS index would reflect the role in tax capacity of particular types of consumption commonly subject to excise taxation, of consumption in general as opposed to saving, of income generated by property as opposed to financial assets or labor services, and finally the effect of different types of property in generating tax revenue. All of these factors, which arguably af-

fect spending but have not been much attended to in state-local fiscal models, play a role in the RTS/RRS approach.

State-local fiscal theory has traditionally focused on the resident/non-resident split in revenue as the primary factor affecting spending behavior, aside from the overall level of resources, citizens' preferences, and political institutions.6/ This might appear to tilt the scales of judgment towards the EAI, given a commitment to fiscal equalization.

But this dependence is a thin reed upon which to rest an argument on fiscal capacity. The nature of the "price" of state-local revenue has been the least important, least developed area of state-local fiscal theory.7/ Most work has been devoted to the nature of the decision-making process (median voter models, etc.), the cost of services (production functions, environmental inputs), and the magnitude of key elasticity parameters.

But relatively little has been said about the specification of the "price" effect, which reflects the jurisdiction's trade-off on the margin between private disposable income and public services.8/ The use of an export rate as the price of state-local revenue has been more a matter of convenience than of deliberate intent. Most models, in fact, ignore all tax exporting save for the federal offset to personal taxation. Partly this is due to the lack of data on such exporting. But this deficiency has not stimulated much inquiry into the specification of the jurisdiction's revenue price.

In summary, the argument comes down to the following points:

1. If fairness in the sense of the comparison of unweighted income is the controlling premise of equalization policy, then the RTS is ruled out on normative grounds, not for reasons of technical inadequacy.

2. If the fairness postulate is ranked, as a matter of policy, beneath an overriding concern for equalizing spending potential, the export rate is only one of a number of factors (perhaps the most important to economic theory) that are relevant to the prediction of spending levels, and the RTS is a legitimate contender for use in fiscal equalization.

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6. This is the centerpiece of Barro's critique of the RTS.
7. An important exception is "Local Education Expenditures, Fiscal Capacity, and the Composition of the Property Tax Base," by Helen F. Ladd, National Tax Journal, Vol. XXVII, No. 2 (June), pp. 145-58.
8. Some of the issues are explored in "A New Measure of State Fiscal Capacity: Total Taxable Resources," by Max B. Sawicky, presented at the January 1986, meetings of the American Economic Association.

3. The notion of equalizing per capita tax bases which underlies the RTS is a legitimate policy in its own right which bears further investigation in terms of equalization goals.

4. Theoretical difficulties are inherent in all methods of measuring capacity, aside from disputes over appropriate equalization policy. These difficulties prevent a sweeping judgment in favor of any particular index, although the deficiences of personal income and GSP are clear-cut.

The basic conflict has been characterized by Clark and others as the question of the capacity of a collectivity of taxpayers to pay taxes versus the capacity of a government to collect them. The idea of the ability to pay applies to individuals and their economic income. It is properly pursued through either macroeconomic indicators--most completely so through the Total Taxable Resources Index--or through a microeconomic budget constraint approach. The idea of governments' ability to collect taxes stems as much from the composition of economic activity as from the overall level of resources and the division of those resources between residents and nonresidents of jurisdictions.

The same issue is implicitly raised for any use of capacity measures. There will always be the choice of "equalizing" federal treatment of states by either an individualistic taxpayer-based criterion (ability to pay taxes out of comprehensive personal income) or a public sector-based criterion (discriminatory aggregation of all taxable resources). And in discerning the ability of a jurisdictions' residents to mobilize their purchasing collectively through public sector taxation, there will always be the question of factors extraneous to the level and ownership of resources such as are addressed in the RTS.

In this report, the ACIR has provided guidance for both approaches to the measurement of fiscal capacity: the ability of citizen-taxpayers to purchase public services and, alternatively, governments' capacity to finance their activities. These two approaches may well be the opposite sides of the same fiscal coin but nevertheless correspond to different philosophies in measuring tax bases.

Chapter 4

The States' Fiscal Capacity As Reflected In Alternative Measures

This chapter presents and compares fiscal capacity estimates obtained using the measures discussed previously. First, data for 1984, the most recent year for which the indices are available, are presented on a regional basis. Next, the similarities and differences of the fiscal capacity figures obtained with different measures are described and analyzed. Using historical series of data for the measures, trends in fiscal capacity among states and regions and additional characteristics of the measures are then explored.

1984 FISCAL CAPACITY: REGIONAL PATTERNS

The 1984 estimates of relative state-local fiscal capacity as measured by the Per Capita Income (PCI), Gross State Product (GSP), Total Taxable Resources (TTR), Representative Tax System (RTS), and Representative Revenue System (RRS) methods are shown in Table 2 for each state. For each measure, per capita capacity is indexed to the United States average of 100. By presenting the indices on a regional basis, patterns of fiscal capacity and how the measures treat certain aspects of fiscal capacity are more evident.

The New England region is split between three states (Connecticut, Massachusetts, and New Hampshire) that have above-average capacities by almost all measures and three that are below average in capacity (Maine, Rhode Island, and Vermont). The results of the five different methods are quite consistent for Connecticut, Massachusetts, and Maine, but vary rather widely for New Hampshire, Rhode Island, and Vermont.

The Mideast states, with the exception of Pennsylvania, by all measures have capacity indices which are average to well above average. However, for almost all the states the fiscal capacity measures assign very different scores. For example, the capacity indices for Washington, DC--an atypical jurisdiction because of all the commuting across its borders--range from 120 under the RTS to 244 under GSP; they range from 107 (PCI) to 127 (RRS) for Delaware.

Table 2

COMPARISON OF FISCAL CAPACITY INDICES FOR 1984

State	Per Capita Personal Income (PCI)	Gross State Product (GSP)	Total Taxable Resources (TTR)	Representative Tax System (RTS)	Representative Revenue System (RRS)
U.S. Average	100	100	100	100	100
New England					
Connecticut	129	123	127	124	126
Maine	85	78	80	88	86
Massachusetts	116	112	111	111	110
New Hampshire	103	94	102	110	111
Rhode Island	100	90	96	86	91
Vermont	84	79	82	95	92
Mideast					
Delaware	107	113	114	123	127
Washington, DC	134	244	241	120	121
Maryland	113	95	106	105	105
New Jersey	121	115	122	114	118
New York	112	120	120	98	100
Pennsylvania	96	95	96	88	89
Great Lakes					
Illinois	108	112	111	97	98
Indiana	92	92	93	87	87
Michigan	99	99	97	93	93
Ohio	97	97	96	90	91
Wisconsin	98	97	98	89	89
Plains					
Iowa	95	94	99	87	87
Kansas	104	106	110	100	99
Minnesota	104	110	108	101	100
Missouri	95	97	99	89	90
Nebraska	97	103	106	93	93
North Dakota	97	107	109	106	106
South Dakota	87	88	92	83	83
Southeast					
Alabama	78	76	78	73	78
Arkansas	77	75	77	75	74
Florida	100	83	91	105	102

The Great Lakes states, and Pennsylvania, have fiscal capacity indices which are average to slightly below-average in almost every case, and the Plains states have scores which are fairly close to the average, both above and below. Although all the measures are quite similar, for every state in these regions except North Dakota, the RTS/RRS measures give a lower score than the

Table 2 (cont.)

COMPARISON OF FISCAL CAPACITY INDICES FOR 1984

State	Per Capita Personal Income (PCI)	Gross State Product (GSP)	Total Taxable Resources (TTR)	Representative Tax System (RTS)	Representative Revenue System (RRS)
Southeast (cont.)					
Georgia	90	96	92	89	88
Kentucky	81	85	85	77	77
Louisiana	85	94	90	102	107
Mississippi	69	69	71	70	69
North Carolina	85	91	85	87	85
South Carolina	79	78	77	77	76
Tennessee	81	86	84	71	79
Virginia	104	99	102	96	96
West Virginia	76	74	79	79	77
Southwest					
Arizona	93	83	84	99	96
New Mexico	80	82	81	103	121
Oklahoma	91	100	97	113	108
Texas	98	105	100	117	114
Rocky Mountain					
Colorado	108	114	112	121	119
Idaho	79	77	79	78	77
Montana	82	79	81	95	96
Utah	76	77	74	81	81
Wyoming	96	115	111	181	202
Far West					
California	113	108	105	119	118
Nevada	104	93	93	146	136
Oregon	91	84	87	94	92
Washington	100	95	97	99	98
Alaska	137	196	174	250	357
Hawaii	102	96	95	118	113
Range	68	127	103	180	288
Standard Deviation (population-weighted)	12.4	15.3	14.6	16.1	18.6

SOURCE: ACIR staff calculations.

others; for the Plains states, the PCI gives intermediate scores and the GSP or TTR methods the highest scores.

By all indices the Southeastern region is the poorest in terms of fiscal capacity, containing five of the six states with the lowest capacity in the nation (between 68% and 79% of average). Exceptions are Florida, Louisiana,

and Virginia, which had capacity indexes above 100 by some measures, and North Carolina and Georgia, which had scores in the 90s by some measures.

For the states in the Southwest, there is large variation in the scores assigned by the different measures. For the energy-exporting states of New Mexico, Oklahoma, and Texas, PCI gives scores as much as 20% below average (i.e., index numbers as low as 80), whereas RTS and RRS assign scores up to 21% above average, with GSP and TTR in between.

The Rocky Mountain region is split between Idaho, Montana, and Utah, which have relatively low capacities, and Colorado and Wyoming, which have capacities well above 100 by most measures. For the high-capacity states, PCI assigns the lowest indices and RTS/RRS the highest.

In the Far West, Oregon and Washington have average to below-average scores which are fairly close according to all measures. California and Nevada have average to above-average scores, with PCI assigning the lowest indices and the RTS and RRS the highest. The same pattern holds true for Hawaii. Alaska ranks high by all measures, scoring 137 under the PCI, 196 under GSP, and 357 under the RTS.

Map 1 maps the 1984 distribution among the states of fiscal capacity as measured by the RTS. As the RTS range is wider than that of the income-based measures (discussed below), it produces a more dramatic picture of the disparities in fiscal capacities among states and regions.

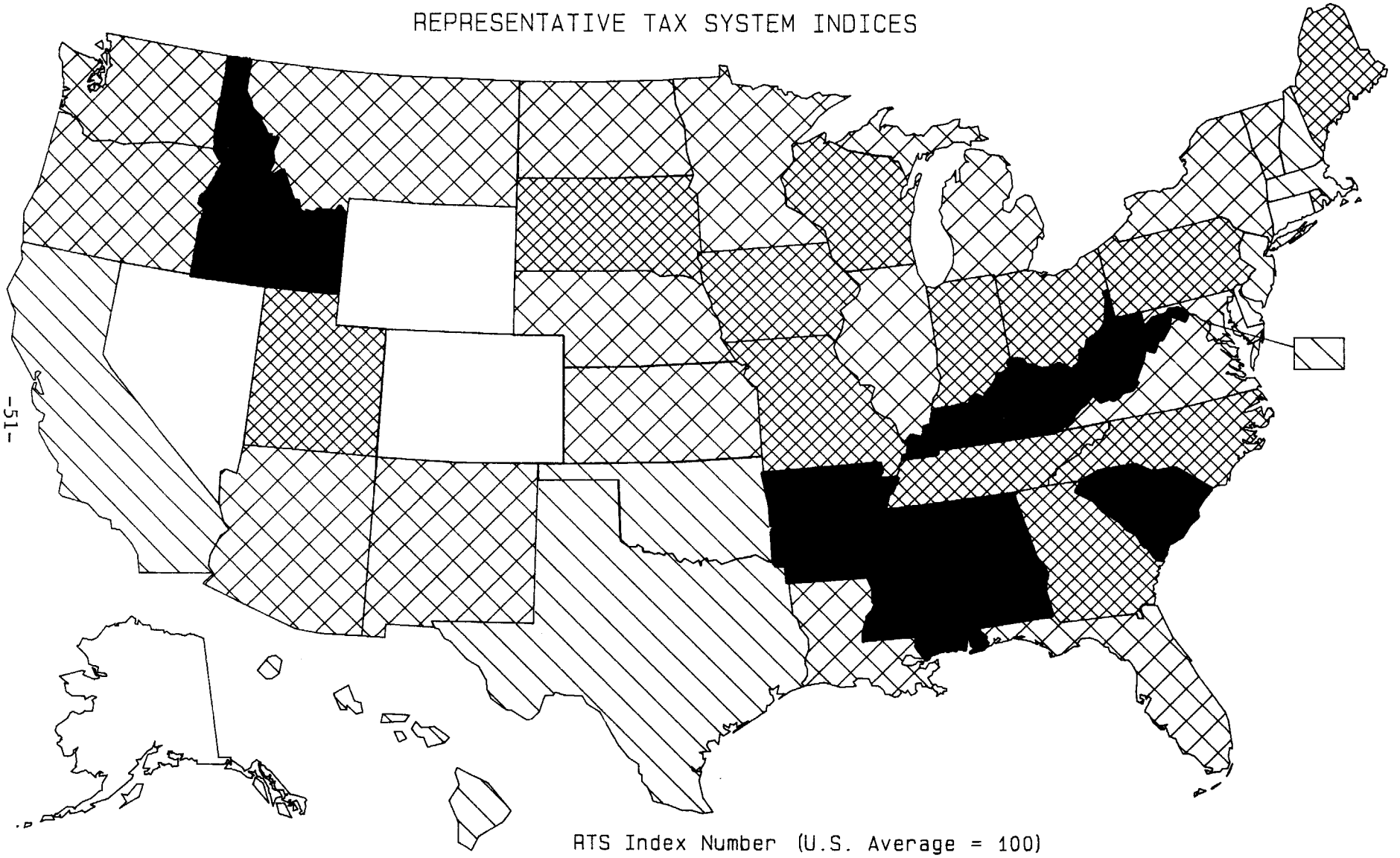
HOW THE INDICES COMPARE: 1984

For each of the five fiscal capacity measures, Table 3 presents the 1984 ratings of the states from high to low. The table allows comparison of the relative ranking of individual states, as well as the range and standard deviation of the indices under the various measures. PCI has the smallest range and spread, GSP and TTR have ranges and standard deviations slightly smaller than the RTS, and the RRS has the largest. The table illustrates the point that the choice of measure affects the distribution of the outcome, particularly if the measure is to be used for equalization purposes.

Graph 1 graphically compares 1984 data for three of the indices--PCI, TTR, and RRS--in order to show the extent to which these measures agree on each state's relative fiscal capacity. (States are arranged in order of fiscal capacity, averaging the three indices.) Among other things, it shows that the measures agree the most for the lower capacity states and disagree the most for

Map 1

FISCAL CAPACITY IN 1984: REPRESENTATIVE TAX SYSTEM INDICES



Source: ACIR staff.

Table 3

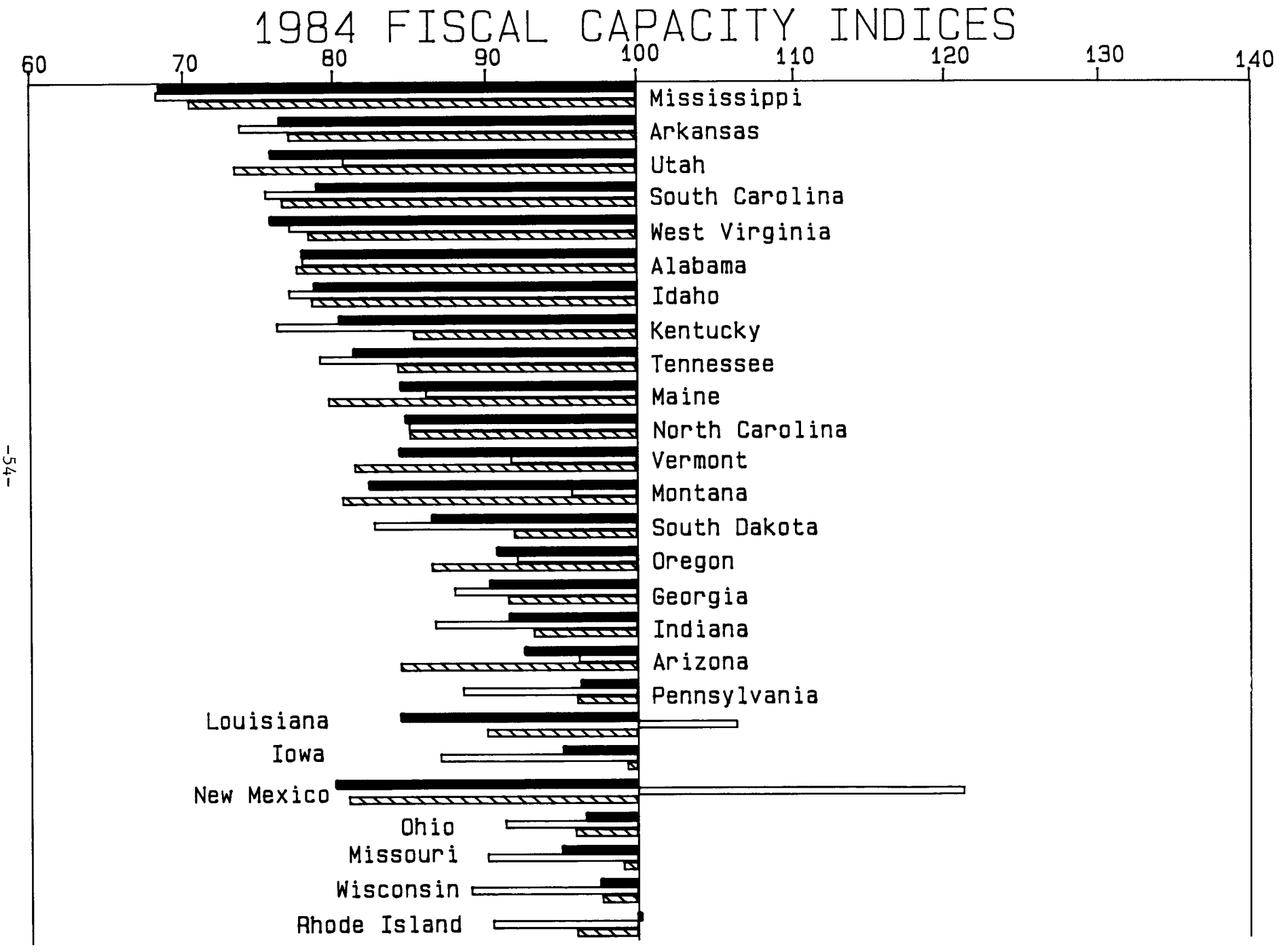
THE STATES IN ORDER OF THEIR 1984 FISCAL CAPACITY SCORES

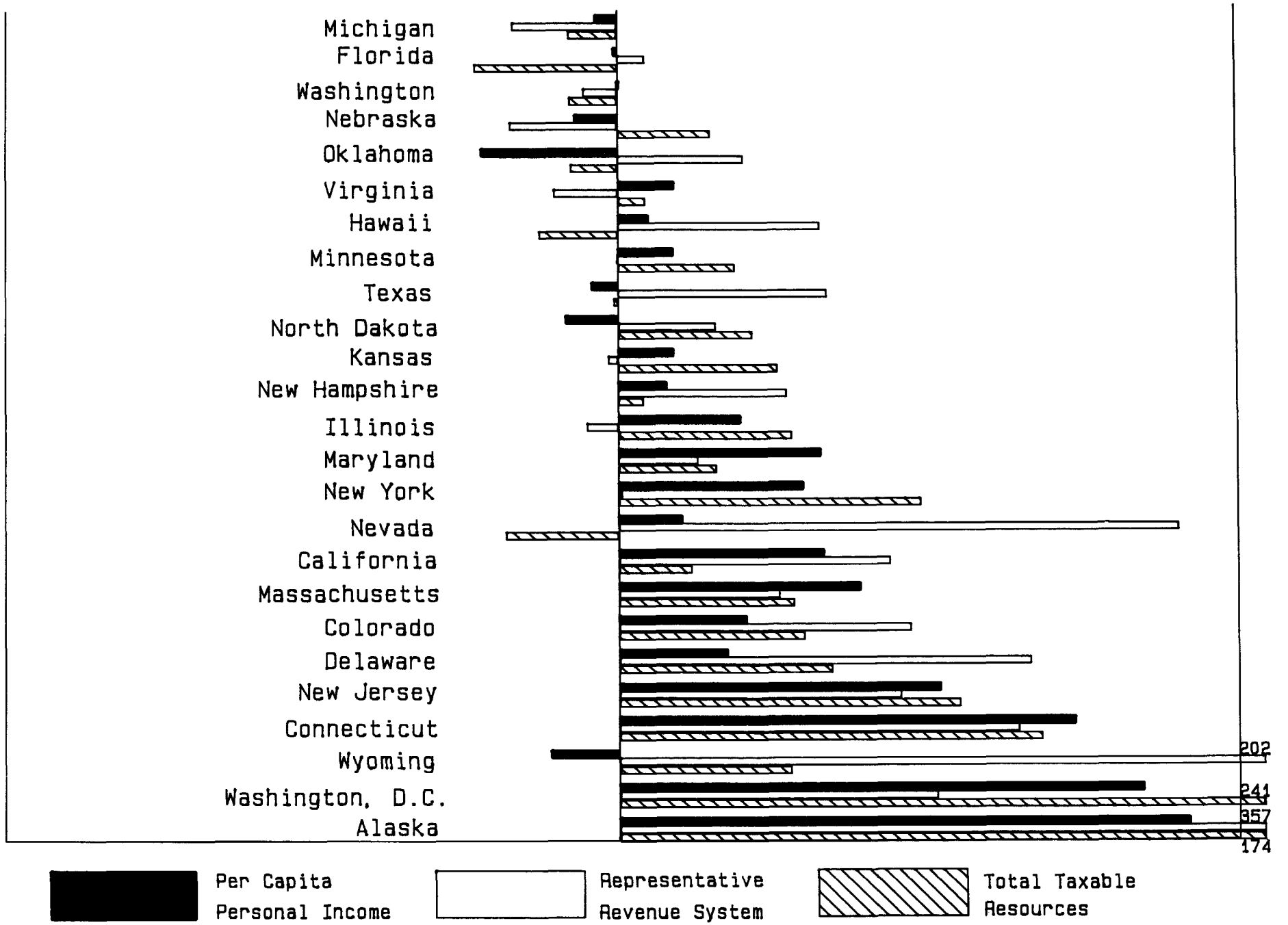
Rank	PCI		GSP		TTR		RTS		RRS	
51	Mississippi	69	Mississippi	69	Mississippi	71	Mississippi	70	Mississippi	68
50	West Virginia	76	West Virginia	74	Utah	74	Alabama	73	Arkansas	74
49	Utah	76	Arkansas	75	South Carolina	77	Arkansas	75	South Carolina	76
48	Arkansas	77	Alabama	76	Arkansas	77	South Carolina	77	Kentucky	76
47	Alabama	78	Idaho	77	Alabama	78	Kentucky	77	Idaho	77
46	Idaho	79	Utah	77	West Virginia	79	Idaho	78	West Virginia	77
45	South Carolina	79	Maine	78	Idaho	79	West Virginia	79	Alabama	78
44	New Mexico	80	South Carolina	78	Maine	80	Tennessee	80	Tennessee	79
43	Kentucky	81	Montana	79	Montana	81	Utah	81	Utah	81
42	Tennessee	81	Vermont	79	New Mexico	81	South Dakota	83	South Dakota	83
41	Montana	82	New Mexico	82	Vermont	82	Rhode Island	86	North Carolina	85
40	Vermont	84	Arizona	83	Tennessee	84	Iowa	87	Maine	86
39	Louisiana	85	Florida	83	Arizona	84	North Carolina	87	Indiana	87
38	Maine	85	Oregon	84	North Carolina	85	Indiana	87	Iowa	87
37	North Carolina	85	Kentucky	85	Kentucky	85	Maine	88	Georgia	88
36	South Dakota	87	Tennessee	86	Oregon	87	Pennsylvania	88	Pennsylvania	89
35	Georgia	90	South Dakota	88	Louisiana	90	Wisconsin	89	Wisconsin	89
34	Oregon	91	Rhode Island	90	Florida	91	Georgia	89	Missouri	90
33	Oklahoma	91	North Carolina	91	Georgia	92	Missouri	89	Rhode Island	90
32	Indiana	92	Indiana	92	South Dakota	92	Ohio	90	Ohio	91
31	Arizona	93	Nevada	93	Nevada	93	Michigan	93	Vermont	92
30	Missouri	95	Louisiana	94	Indiana	93	Nebraska	93	Oregon	92
29	Iowa	95	Iowa	94	Hawaii	95	Oregon	94	Nebraska	93
28	Wyoming	96	New Hampshire	94	Ohio	96	Montana	95	Michigan	93
27	Pennsylvania	96	Pennsylvania	95	Rhode Island	96	Vermont	95	Montana	96
26	North Dakota	97	Maryland	95	Pennsylvania	96	Virginia	96	Virginia	96

25	Ohio	97	Washington	95	Michigan	97	Illinois	97	Arizona	96
24	Nebraska	97	Georgia	96	Washington	97	New York	98	Washington	98
23	Wisconsin	98	Hawaii	96	Oklahoma	97	Arizona	99	Illinois	98
22	Texas	98	Wisconsin	97	Wisconsin	98	Washington	99	Kansas	99
21	Michigan	99	Missouri	97	Missouri	99	Kansas	100	Minnesota	100
20	Florida	100	Ohio	97	Iowa	99	Minnesota	101	New York	100
19	Washington	100	Michigan	99	Texas	100	Louisiana	102	Florida	102
18	Rhode Island	100	Virginia	99	New Hampshire	102	New Mexico	103	Maryland	105
17	Hawaii	102	Oklahoma	100	Virginia	102	Florida	105	North Dakota	106
16	New Hampshire	103	Nebraska	103	California	105	Maryland	105	Louisiana	107
15	Minnesota	104	Texas	105	Nebraska	106	North Dakota	106	Oklahoma	108
14	Kansas	104	Kansas	106	Maryland	106	New Hampshire	110	Massachusetts	110
13	Virginia	104	North Dakota	107	Minnesota	108	Massachusetts	111	New Hampshire	111
12	Nevada	104	California	108	North Dakota	109	Oklahoma	113	Hawaii	113
11	Delaware	107	Minnesota	110	Kansas	110	New Jersey	114	Texas	114
10	Illinois	108	Massachusetts	112	Wyoming	111	Texas	117	California	118
9	Colorado	108	Illinois	112	Illinois	111	Hawaii	118	New Jersey	118
8	New York	112	Delaware	113	Massachusetts	111	California	119	Colorado	119
7	Maryland	113	Colorado	114	Colorado	112	Washington, DC	120	Washington, DC	121
6	California	113	Wyoming	115	Delaware	114	Colorado	121	New Mexico	121
5	Massachusetts	116	New Jersey	115	New York	120	Delaware	123	Connecticut	126
4	New Jersey	121	New York	120	New Jersey	122	Connecticut	124	Delaware	127
3	Connecticut	129	Connecticut	123	Connecticut	127	Nevada	146	Nevada	136
2	Washington, DC	134	Alaska	196	Alaska	174	Wyoming	181	Wyoming	202
1	Alaska	137	Washington, DC	244	Washington, DC	241	Alaska	250	Alaska	357
Range		68		175		170		180		189
Standard Deviation (population-weighted)		12.4		15.3		14.6		16.1		18.6

SOURCE: ACIR staff calculations.

Figure 3


1984 FISCAL CAPACITY INDICES
60
70
80
90
100
110
120
130
140
Mississippi
Arkansas
Utah
South Carolina
West Virginia
Alabama
Idaho
Kentucky
Tennessee
Maine
North Carolina
Vermont
Montana
South Dakota
Oregon
Georgia
Indiana
Arizona
Pennsylvania
Louisiana
Iowa
New Mexico
Ohio
Missouri
Wisconsin
Rhode Island



Source: ACIR staff calculations.

the higher capacity states, particularly the energy exporters and those states reliant on tourism. In the states of North Dakota, Louisiana, and Nevada, one or more of the measures show the state to be below-average although the remaining measure or measures give it an above average score.

From these two exhibits it can be seen that all the measures are generally similar in their treatment of states with relatively low capacity. All the indices picked out the Southeastern states of Mississippi, West Virginia, Alabama, Arkansas, and South Carolina--plus Idaho--as being among those with the very lowest capacities, and assigned them scores between 68 and 79 (see Table 3). Of the 20 other states for which all the score were within ten points of each other, almost all had average to below-average capacity. These states include most of the other Southeastern states, Utah, Oregon, and Washington in the West, most of the Great Lake states, Pennsylvania, Missouri, South Dakota, and Maine.

On the high end, all the measures identified Alaska, Connecticut, and Washington, DC, as being among those states with the highest capacity (120% or more of average). However, only for Connecticut were the different capacity scores quantitatively close, ranging only from 123 to 129. For Alaska, on the other hand, scores ranged from 137 (PCI) to 357 (RRS), and for Washington, DC, from 120 (RTS) to 244 (GSP). Moreover, some states were assigned very high capacity by some measures but not by others. For example, only the RTS and RRS ranked Wyoming and Nevada as among the top three states, whereas the GSP and TTR scores of 120 for New York were well above those assigned by PCI, the RTS, or the RRS.

The greatest differences among measures appear to be in assigning above-average scores. The RTS and RRS almost always give higher scores than the other measures to energy-rich states such as Alaska, Wyoming, the Southwestern states, Louisiana, North Dakota, and Montana. In these cases, the PCI measure usually gives the lowest score and the GSP and TTR measures take up the middle ground. This result is to be expected given that the PCI measure does not take explicitly into account the tax wealth advantage arising from being able to export mineral taxes to nonresidents. GSP and TTR include this advantage, however, to the extent it is reflected in income produced or received by residents, and the RTS and RRS clearly weight it the most directly based on actual state practice in taxing "exportable" bases.

For another group of states, including Florida, California, Nevada, and

Hawaii, the RTS and RRS measures again assign the highest capacity, but this time GSP and TTR give the lowest scores and PCI, intermediate ones. These states also have unusual taxing and tax exporting opportunities which derive not from mineral resources, but from other forms of tax wealth including tourism and consumption. The low scores of the GSP and TTR measures may suggest that they are failing to pick up tax-exportation components of capacity that are reflected more in RTS and RRS.

The pattern of lower scores given by the RTS/RRS and higher ones by GSP/TTR for the Great Lakes and Plains states are probably the result not only of a differential capturing of the type of economic activity or exporting opportunities in those regions, but also of the differential responsiveness of the measures to changes in the economy. In 1984 these regions were undergoing relatively rapid change in their economic conditions. These changes over time and how they are reflected by the fiscal capacity measures will be discussed in the next section.

The five measures of fiscal capacity for 1984 vary considerably for several of the New England and Mid-Atlantic states, including New Hampshire, Rhode Island, Vermont, Delaware, New York, Maryland, and Washington, DC, and there does not seem to be a consistent pattern to this variation. For New Hampshire and Vermont, the RTS/RRS estimates are the highest and GSP/TTR the lowest; for New York and Washington, DC, the GSP/TTR estimates are the highest and RTS the lowest; for Rhode Island and Maryland, PCI is the highest and GSP the lowest; and for Delaware, PCI is the lowest and RRS the highest. Very likely the measures are reflecting differently the combinations of levels and types of economic activity, taxing opportunities, and changes in the economy occurring in these states.

Given that their conceptual bases are rooted in incomes rather than statutory revenue bases, it is no surprise that the PCI, GSP, and TTR measures often yield similar results. As TTR is derived from GSP, the TTR results more often are closer to the GSP than to the PCI results. As expected, the GSP and TTR results will differ when a state's residents receive income such as interest, dividends, federal transfers, or labor earnings not produced in that jurisdiction. This effect shows up clearly for such states as Florida, Maryland, and New Jersey. The high scores assigned by GSP and TTR to Washington, DC, are explainable by the fact that these measures reflect the per capita income produced in an urban-only jurisdiction (even though that income is taxed directly in other states).

Table 4

COMPARISON OF FISCAL CAPACITY INDICES FOR 1981

State	Per Capita Personal Income (PCI)	Gross State Product (GSP)	Total Taxable Resources (TTR)	Export Adjusted Personal Income (EAI)	Representative Tax System (RTS)
U.S. Average	100	100	100	100	100
New England					
Connecticut	123	115	120	122	110
Maine	82	74	77	76	79
Massachusetts	107	101	103	106	96
New Hampshire	98	83	92	93	95
Rhode Island	97	87	93	94	80
Vermont	86	78	81	81	84
Mideast					
Delaware	105	111	111	129	111
Washington, DC	129	236	233	154	111
Maryland	109	90	101	110	98
New Jersey	114	107	114	119	105
New York	108	113	114	114	89
Pennsylvania	98	97	97	96	90
Great Lakes					
Illinois	110	110	110	107	104
Indiana	94	93	93	86	91
Michigan	99	95	93	99	96
Ohio	97	97	95	93	94
Wisconsin	97	95	95	95	91
Plains					
Iowa	100	100	103	96	102
Kansas	105	107	109	101	109
Minnesota	102	106	104	105	100
Missouri	93	93	96	88	92
Nebraska	99	104	106	90	97
North Dakota	102	115	114	106	123
South Dakota	86	86	90	78	86
Southeast					
Alabama	78	76	77	75	74
Arkansas	76	73	75	74	82
Florida	99	81	92	85	101

Differences between the RTS and RRS measures result from the inclusion of additional tax bases in the RRS. Small differences in the two indices may result from the distribution of tax bases for the user charges or miscellaneous tax bases, but large differences are most likely owing to the differential rate of collection of rents and royalties by mineral states. For example, New Mexi-

Table 4 (cont.)

COMPARISON OF FISCAL CAPACITY INDICES FOR 1981

State	Per Capita Personal Income (PCI)	Gross State Product (GSP)	Total Taxable Resources (TTR)	Export Adjusted Personal Income (EAI)	Representative Tax System (RTS)
Southeast (cont.)					
Georgia	85	87	85	81	81
Kentucky	81	85	84	82	82
Louisiana	91	106	98	94	117
Mississippi	69	69	70	66	72
North Carolina	82	84	80	80	80
South Carolina	77	75	74	74	75
Tennessee	81	84	83	75	79
Virginia	100	91	97	96	94
West Virginia	80	79	82	71	90
Southwest					
Arizona	93	85	88	90	89
New Mexico	83	86	86	85	114
Oklahoma	98	109	104	104	127
Texas	102	120	111	113	132
Rocky Mountain					
Colorado	109	112	108	108	113
Idaho	85	82	83	81	87
Montana	88	86	86	87	114
Utah	79	81	78	76	86
Wyoming	114	142	131	118	216
Far West					
California	115	112	110	117	115
Nevada	111	104	104	123	148
Oregon	94	88	90	93	99
Washington	107	102	103	99	99
Alaska	142	235	207	190	324
Hawaii	105	108	105	111	105
Range	73	166	137	124	252
Standard Deviation (population-weighted)	11.6	16.1	14.5	15.2	18.5

SOURCE: ACIR staff calculations.

co, Wyoming, and Alaska all gain significantly in fiscal capacity when rents and royalties are considered along with their other mineral and nonmineral tax bases.

Indices of fiscal capacity under the Export-Adjusted Income (EAI) measure are currently available only for 1981. Since the EAI and TTR measures are con-

ceptually similar, they should yield similar results. Comparing the 1981 EAI indices with the other available measures (Table 4) shows that the EAI results conform the most closely, but not exactly, to those estimated under TTR and PCI.

CHANGES IN THE FISCAL CAPACITY OF STATES AND REGIONS: 1981-84

Changes in the fiscal capacity indices can be used to track developments in state and regional economic economies. Tables 5 and 6 show data from 1981-84 for each of the measures except Export-Adjusted Income (1982-84 for RRS). These time-series data can be used to analyze changes in economic conditions as well as differences in how the various indices reflect economic changes. (RTS estimates for selected years prior to 1981 appear in Appendices A and D.)

With only a few exceptions, the five measures provide quite similar indications of the direction of changes in fiscal capacity. The magnitude of these changes, however, often varies with the capacity measure. For example, Table 5

Table 5

1981-84 CHANGES IN THE FISCAL CAPACITY INDICES

	Per Capita Personal Income (PCI)	Gross State Product (GSP)	Total Taxable Resources (TTR)	Representative Tax System (RTS)
New England				
Connecticut	+6	+8	+7	+14
Maine	+3	+4	+3	+9
Massachusetts	+9	+11	+8	+15
New Hampshire	+5	+11	+10	+15
Rhode Island	+3	+3	+3	+6
Vermont	-2	+1	+1	+11
Energy States				
North Dakota	-5	-8	-5	-17
Louisiana	-6	-12	-8	-15
West Virginia	-4	-5	-3	-11
Oklahoma	-7	-9	-7	-14
Texas	-4	-15	-11	-15
Montanta	-6	-7	-5	-19
Wyoming	-18	-27	-20	-35
Alaska	-5	-39	-33	-74

SOURCE: ACIR staff calculations.

shows the differing magnitude of changes between 1981 and 1984 for selected states that were increasing (the Northeast) and declining (energy states) in fiscal capacity. Generally, the RTS and RRS measures vary the most with economic change, showing the largest index-point increases and decreases, and per capita income is the least sensitive, with its scores showing the most stability year to year. This is apparent from the standard deviations of the measures (Table 2), which show PCI to have the smallest spread, GSP and TTR slightly larger ones, and RTS and RRS the largest.

The period from 1981 to 1984 is especially indicative of the differential responsiveness of the various fiscal capacity measures to changes in the economy because it includes both recession and recovery years for the national economy. The various regions were affected differently by these overall conditions, however, as described below.

Most of the states in the New England and Mideast regions show capacity increases between 1981 and 1984 under all the fiscal capacity measures. The increases are largest under the RTS and RRS and smallest according to PCI, but in all cases the pattern is similar. These two regions have experienced a strong comeback from the recession of the early 1980s, partly due to expansion in high-tech and, particularly for the Northeast, defense-related industries. Due to this recovery, by all measures several states in these regions including Connecticut, Massachusetts, New Jersey, and Washington, DC, have some of the highest levels of tax wealth in the country.

The Great Lakes region has not fared nearly so well as the Northeast and Mideast. All of the measures showed the capacities of these states decreasing over the early part of the period before experiencing recovery. However, the RTS, RRS, and PCI were more cautious in their indication of recovery, lagging the changes in GSP and TTR. The former showed the fiscal capacity of most states in the region beginning to turn around in 1984, but the latter showed increases in fiscal capacity for all the Great Lake states beginning in 1983. Furthermore, these GSP/TTR increases were so strong the states' 1984 indices were above those for 1981. Apparently the GSP/TTR estimates are capturing some elements of income produced or received in 1983 and 1984 that lead to higher estimates of regional fiscal capacity than suggested by the other indices. On the other hand, the RTS and RRS methods of measuring fiscal capacity may reflect a lagged response of tax bases to economic upturns such as occurred in this region.

The index results over time show a similar pattern for the farm states. In

Table 6

STATE SCORES ON THE FIVE FISCAL CAPACITY INDICES,
BY REGION, 1981-84

Region/ State	PCI Scores				GSP Scores				TTR Scores				RTS Scores				RRS Scores		
	81	82	83	84	81	82	83	84	81	82	83	84	81	82	83	84	82	83	84
NEW ENGLAND																			
CT	123	126	128	129	115	120	119	123	120	125	124	127	110	117	124	124	117	123	126
ME	82	83	85	85	74	77	76	78	77	80	79	80	79	84	90	88	83	88	86
MA	107	111	114	116	101	105	109	112	103	106	109	111	96	101	107	111	101	108	110
NH	98	99	103	103	83	88	92	94	92	96	99	102	95	100	108	110	101	109	111
RI	97	98	100	100	87	88	91	90	93	94	96	96	80	81	86	86	85	91	91
VT	86	86	85	84	78	79	79	79	81	82	81	82	84	89	94	95	87	91	92
MIDEAST																			
DE	105	106	108	107	111	114	116	113	111	114	116	114	111	115	118	123	112	119	127
DC	129	131	133	134	236	253	248	244	233	247	244	241	111	115	117	120	116	119	121
MD	109	111	114	113	90	93	94	95	101	104	106	106	98	100	99	105	99	100	105
NJ	114	118	120	121	107	110	113	115	114	117	119	122	105	106	112	114	108	116	118
NY	108	110	112	112	113	117	120	120	114	116	119	120	89	92	95	98	94	97	100
PA	98	98	98	96	97	93	95	95	97	95	96	96	90	89	88	88	89	89	89
GREAT LAKES																			
IL	110	108	106	108	110	106	108	112	110	106	107	111	104	99	98	97	99	99	98
IN	94	91	90	92	93	88	89	92	93	89	90	93	91	89	86	87	88	85	87
MI	99	97	98	99	95	92	95	99	93	91	94	97	96	93	90	93	93	91	93
OH	97	96	96	97	97	93	96	97	95	92	94	96	94	92	89	90	92	90	91
WI	97	97	97	98	95	93	95	97	95	94	96	98	91	87	87	89	87	88	89
PLAINS																			
IA	100	96	91	95	100	90	89	94	103	95	94	99	102	96	91	87	95	90	87
KS	105	106	103	104	107	105	106	106	109	109	110	110	109	106	102	100	104	101	99
MN	102	102	101	104	106	104	108	110	104	102	105	108	100	99	97	101	98	97	100
MO	93	94	94	95	93	91	95	97	96	94	98	99	92	91	89	89	90	90	90
NE	99	98	95	97	104	99	102	103	106	102	104	106	97	97	101	93	97	99	93
ND	102	99	100	97	115	105	114	107	114	106	116	109	123	115	111	106	115	110	106
SD	86	85	84	87	86	82	86	88	90	87	91	92	86	87	87	83	87	86	83

SOUTH-EAST																		
AL	78	78	79	78	76	75	76	76	77	76	77	78	74	74	75	73	74	75	78
AR	76	76	76	77	73	71	74	75	75	74	77	77	82	79	78	75	78	76	74
FL	99	99	100	100	81	87	83	83	92	96	92	91	101	104	103	105	101	101	102
GA	85	87	89	90	87	90	94	96	85	87	90	92	81	84	87	89	83	86	88
KY	81	82	80	81	85	82	84	85	84	82	83	85	82	82	79	77	80	78	77
LA	91	90	87	85	106	102	97	94	98	96	93	90	117	113	107	102	119	110	107
MS	69	70	69	69	69	68	69	69	70	69	71	71	72	71	68	70	70	68	69
NC	82	82	84	85	84	86	89	91	80	82	84	85	80	82	87	87	81	85	85
SC	77	77	79	79	75	76	77	78	74	76	76	77	75	74	76	77	73	75	76
TN	81	81	81	81	84	83	86	86	83	82	85	84	79	77	80	81	77	79	79
VA	100	102	104	104	91	94	98	99	97	99	101	102	94	94	96	96	93	96	96
WV	80	80	78	76	79	77	75	74	82	80	79	79	90	92	87	79	88	84	77
SOUTH-WEST																			
AZ	93	91	92	93	85	88	83	83	88	90	85	84	89	96	97	99	94	95	96
NM	83	84	82	80	86	89	84	82	86	88	83	81	114	115	108	103	140	119	121
OK	98	100	93	91	109	107	102	100	104	103	98	97	127	126	115	113	120	109	108
TX	102	102	99	98	120	116	113	105	111	109	107	100	132	130	124	117	126	119	114
ROCKY MOUNTAIN																			
CO	109	110	109	108	112	117	114	114	108	112	109	112	113	121	122	121	119	119	119
ID	85	81	81	79	82	75	79	77	83	77	81	79	87	86	83	78	85	82	77
MT	88	87	86	82	86	87	83	79	86	88	85	81	114	110	105	95	108	102	96
UT	79	78	77	76	81	82	78	77	78	78	75	74	86	86	82	81	88	81	81
WY	114	108	100	96	142	134	120	115	131	124	115	111	216	201	182	181	210	172	202
FAR WEST																			
CA	115	114	114	113	112	116	108	108	110	112	106	105	115	116	119	119	115	118	118
NV	111	108	106	104	104	109	97	93	104	108	96	93	148	151	147	146	142	138	136
OR	94	91	92	91	88	87	85	84	90	89	87	87	99	99	96	94	97	94	92
WA	107	105	104	100	102	104	100	95	103	104	101	97	99	102	101	99	101	100	98
AK	142	152	149	137	235	248	219	196	207	221	197	174	324	313	272	250	531	400	357
HI	105	105	106	102	108	107	102	96	105	104	100	95	105	117	114	118	114	111	113

SOURCE: ACIR staff compilation.

this case, the GSP, TTR, and PCI indices are more optimistic than the RTS and RRS indices. The historical results of the RTS and RRS measures indicate continuing significant long-term declines in capacity for these states between 1981 and 1984. The PCI, however, because it shows less movement in its scores, registers declines that were not as severe, as well as displaying a definite upturn in 1984 for almost all the Plains states. The results of the GSP and TTR measures are more volatile and less consistent, but nevertheless show a relatively strong recovery for these states beginning as early in 1983 in most cases.

All the measures agree in recording the strong downward trend in fiscal capacity for the large oil, gas, coal, and other energy-producing states over the 1981-84 period, driven by price cuts. As usual, however, the PCI index registered less severe declines. Although oil prices peaked in 1981, the PCI and TTR indices show the fiscal capacity of a few states, including Alaska and New Mexico, peaking in 1982.

The measures also agree in showing little movement in the capacities of the poor Southeastern states. Over the 1981-84 period, these states maintained their long-term position as some of the lowest-capacity states. For the three Southern states of Georgia, North Carolina, and Virginia, however, all of the measures indicated a noticeable improvement in tax wealth after 1981. The five capacity measures also display generally similar patterns of change for the Western states, showing these states as having fiscal capacity relatively constant or slightly decreasing from previous highs.

SUMMARY AND CONCLUSION

The estimates presented in this chapter illustrate the different approaches to measuring fiscal capacity described earlier, and show the different results that are obtained when different measures are used. All available measures generally agree on the level of fiscal capacity in those states with the least tax wealth. The various indices also agree in the direction of changes in fiscal capacity for the period from 1981 to 1984. However, important differences among the indexes appear in the scores for states with higher capacity due to exporting opportunities or other reasons, and in their quantitative sensitivity to economic change.

Just as the fiscal capacity figures depend on the index of capacity used, so should the choice of index depend on the purpose intended. For example,

since all the measures identify the same states as having the lowest levels of fiscal capacity, it would not matter a great deal which measure was used to distribute aid targeted solely to the worst-off states. However, if the purpose of using the measures was to provide countercyclical assistance to those states or regions temporarily experiencing economic losses, the quantitatively differential responsiveness of the measures to economic change would be important. When all states' fiscal capacity is of interest, such as general-purpose fiscal assistance given nationwide, the index used would influence grant allocations distributions. Practical purpose, theoretical concept, and empirical experience should each be weighed in the measurement of fiscal capacity.

Appendix A
State-By-State Graphs

This appendix contains a set of graphs that present the RTS and RRS data on a state-by-state basis. The graphs show the fiscal capacity figures both over time and by selected revenue bases for 1984. The graphs make it easy to visualize a state's fiscal choices and also facilitate interstate comparisons.

The top graph on each page records the RTS tax capacity and tax effort indices--all tax bases--for each state for selected years from 1975 to 1984. These graphs show trends in each state's capacity and effort and illustrate the relative positions of the capacity and effort indices during the 1975-84 period.

Whereas the top graph on each page shows the RTS data over time, the bottom graph represents a snapshot in time. The bottom graph presents detailed 1984 data for eight selected revenue bases. (The first seven bases are included in the RTS; the eighth appears only in the RRS.) Estimated state fiscal capacity per capita, actual state revenue collections per capita, and the U.S. average fiscal capacity per capita are shown for each of the following bases:

general sales tax,
total selective sales taxes,
total license taxes,
personal income tax,
corporate net income tax,
total property taxes,
total mineral revenues, and
user fees.

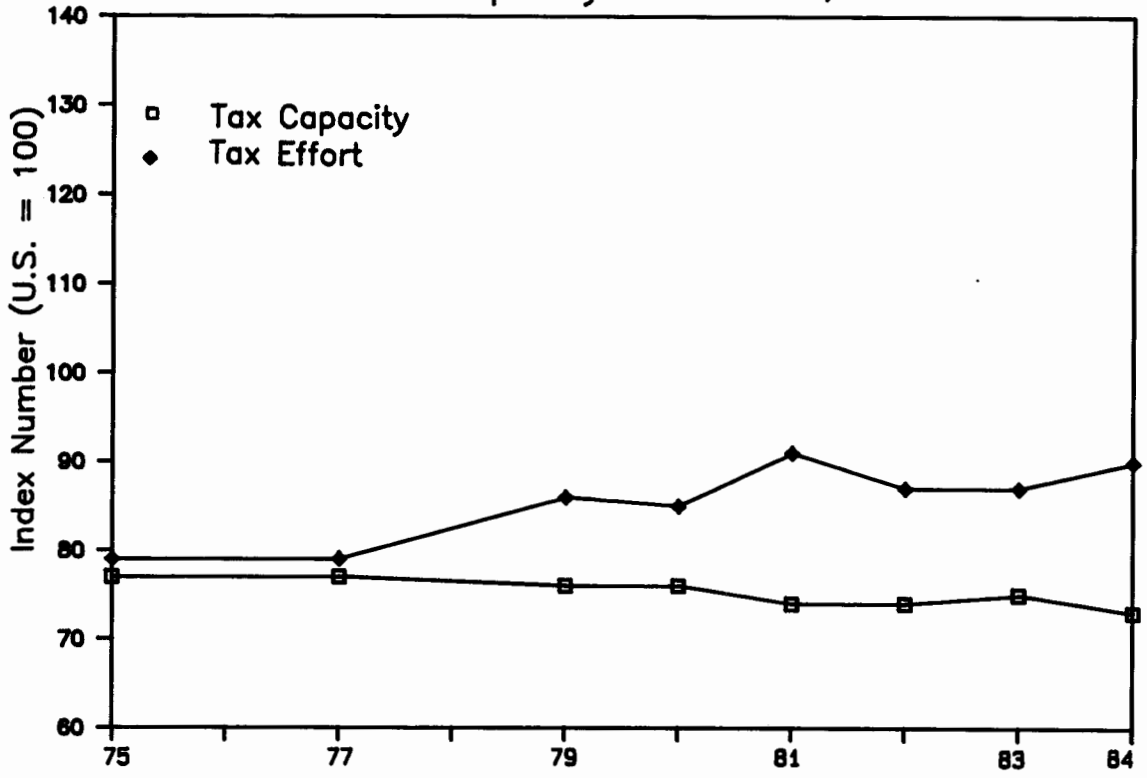
The bottom graph shows directly the degree to which a state utilizes a particular tax or other revenue source relative to other states. If the first bar (capacity) exceeds the second bar (revenue) for a particular tax, then the state is raising less revenue from that source than the "average state" would raise given the same base. Conversely, if the revenue bar exceeds the capacity bar, the state is taxing that base more heavily than average.

The lower graphs can also be interpreted to show how a state's mix of revenue sources compares to that of other states. For example, if a state's revenue exceeds its capacity for the general sales tax and income tax but falls below its capacity for property taxation, then that state has a tax mix that emphasizes sales and income taxation but deemphasizes the property tax. The extent to which actual revenue exceeds capacity (or vice versa) provides a measure of the burden a state places on one revenue base in relation to another base and in relation to other states.

Alabama

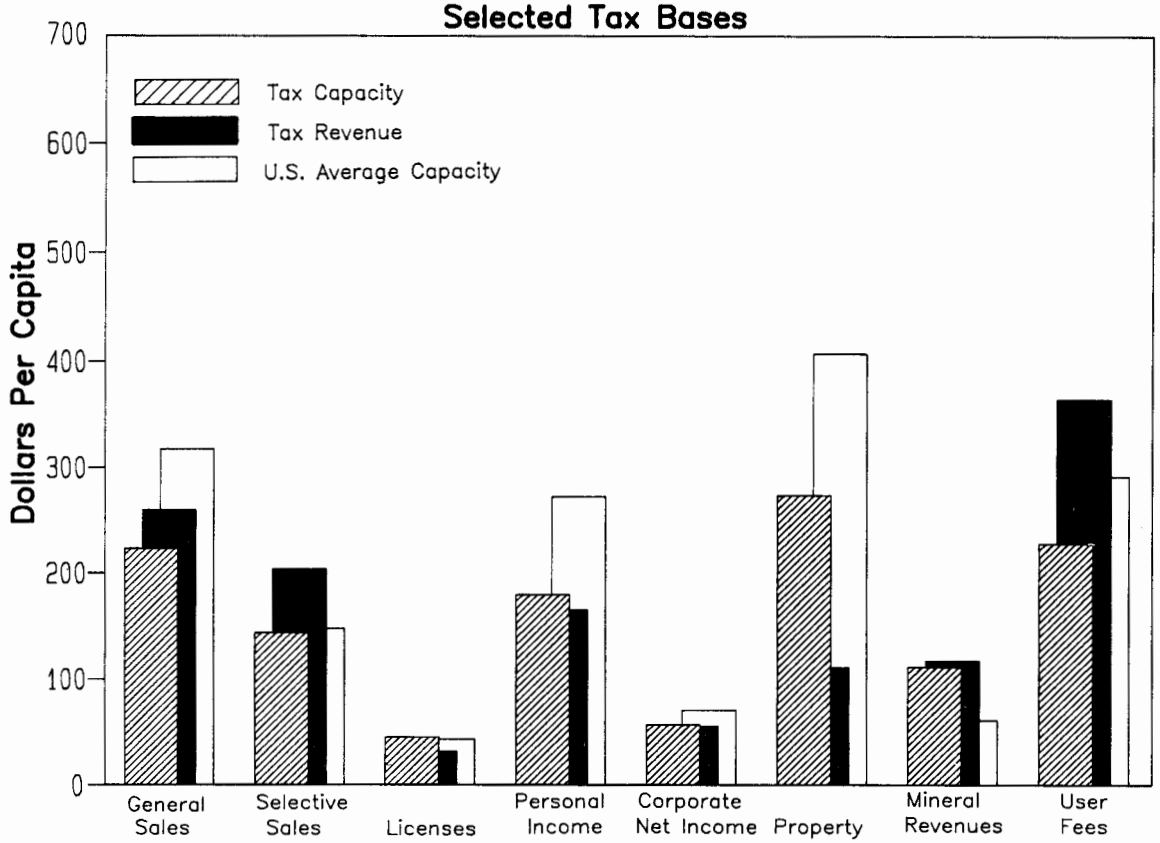
1984 RTS Capacity = 73 **1984 RTS Tax Effort = 90**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

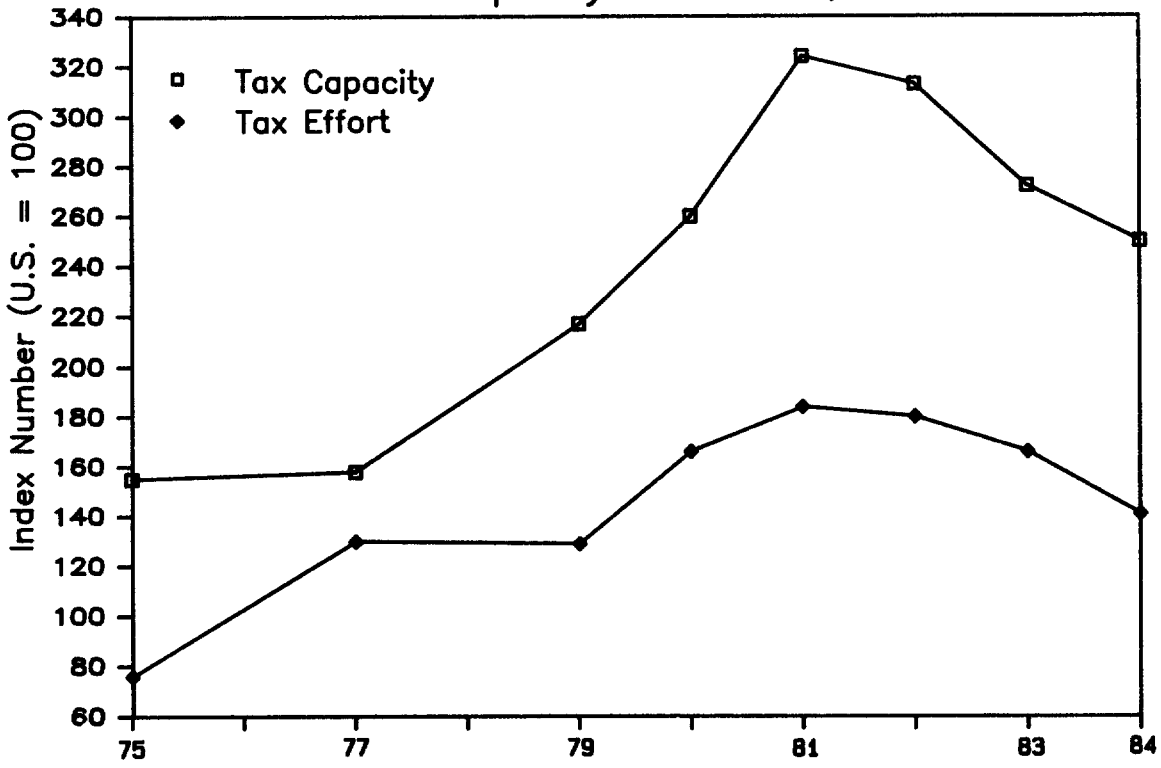
Selected Tax Bases



Alaska

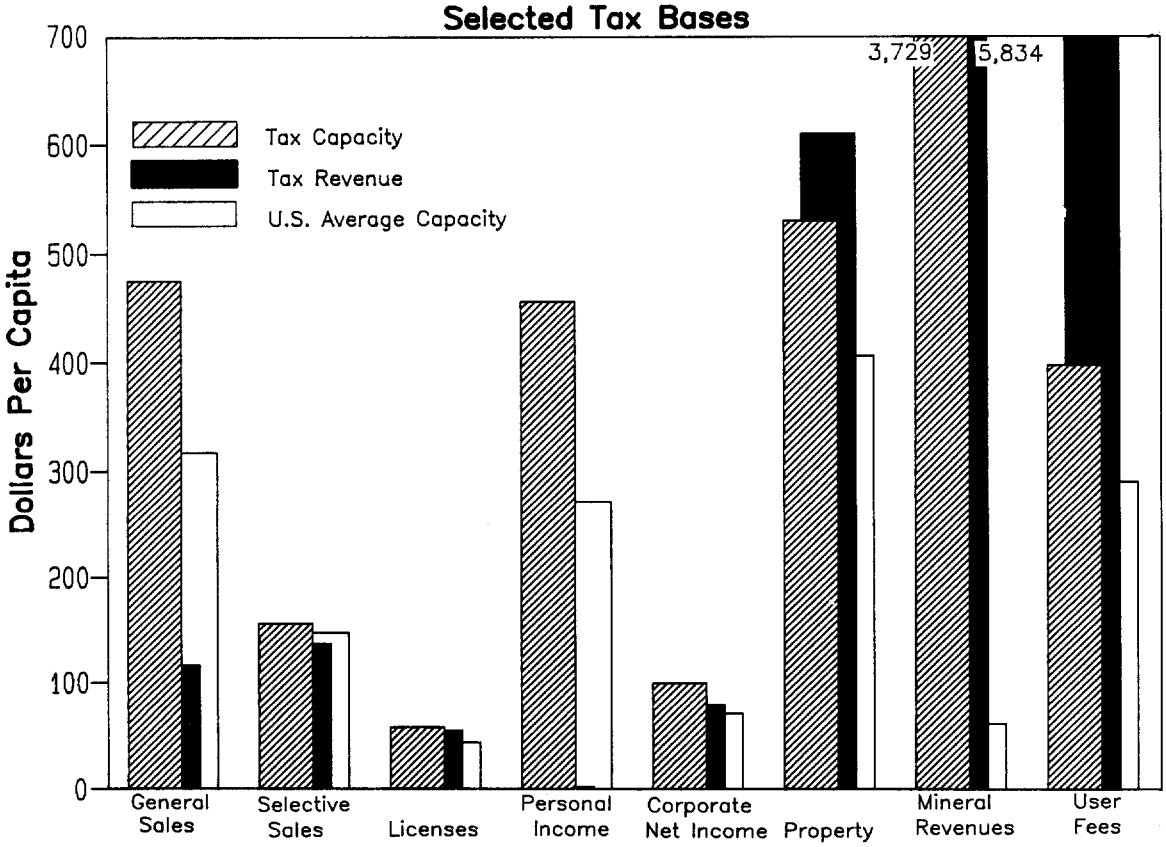
1984 RTS Capacity = 250 **1984 RTS Tax Effort = 141**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

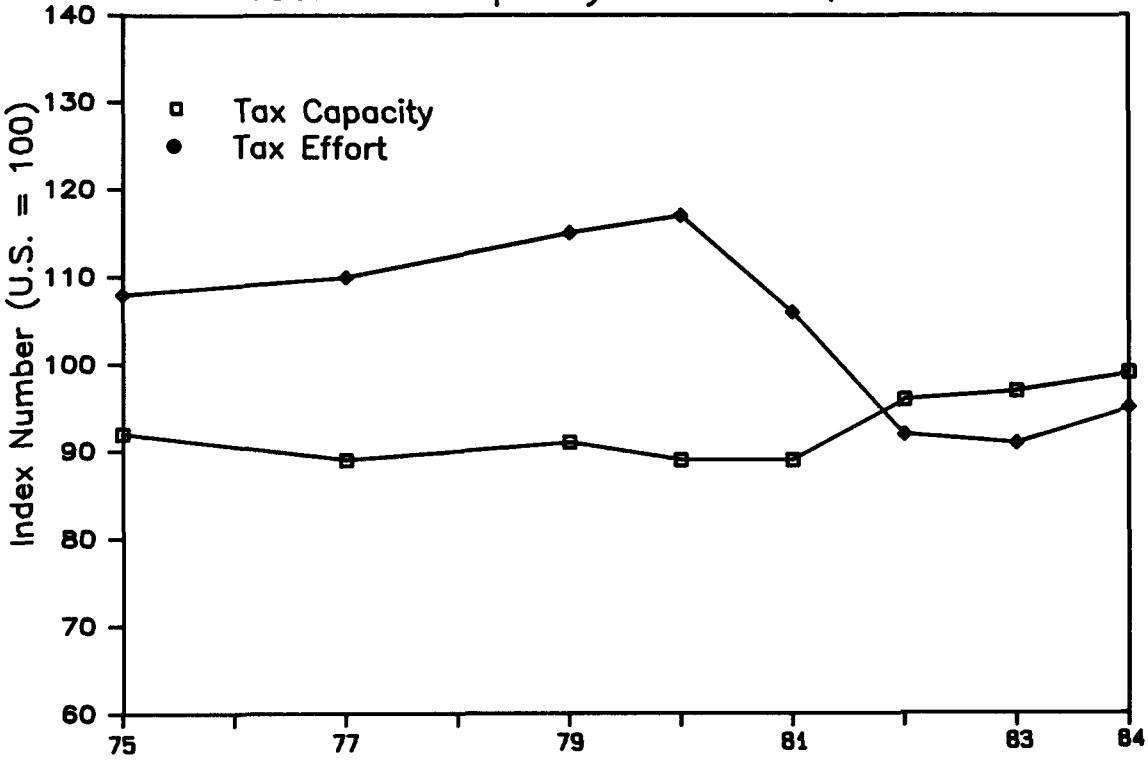
Selected Tax Bases



Arizona

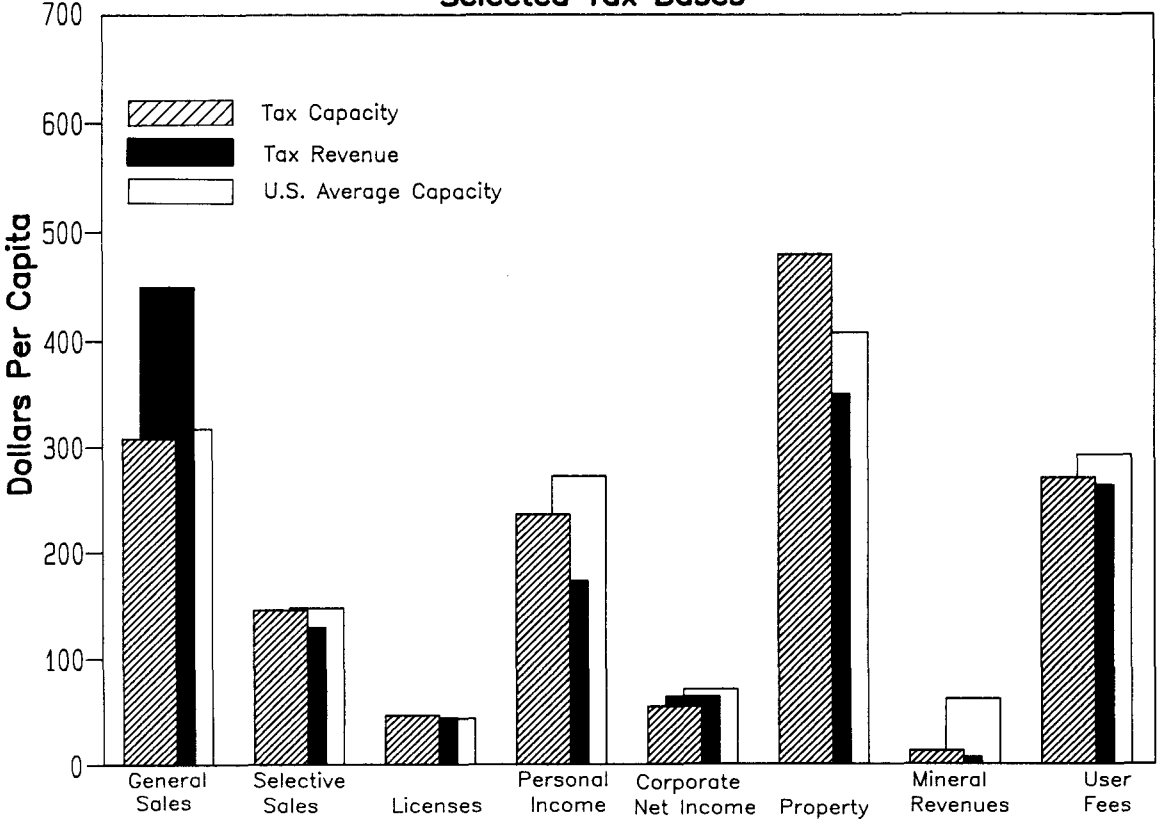
1984 RTS Capacity = 99 **1984 RTS Tax Effort = 94**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

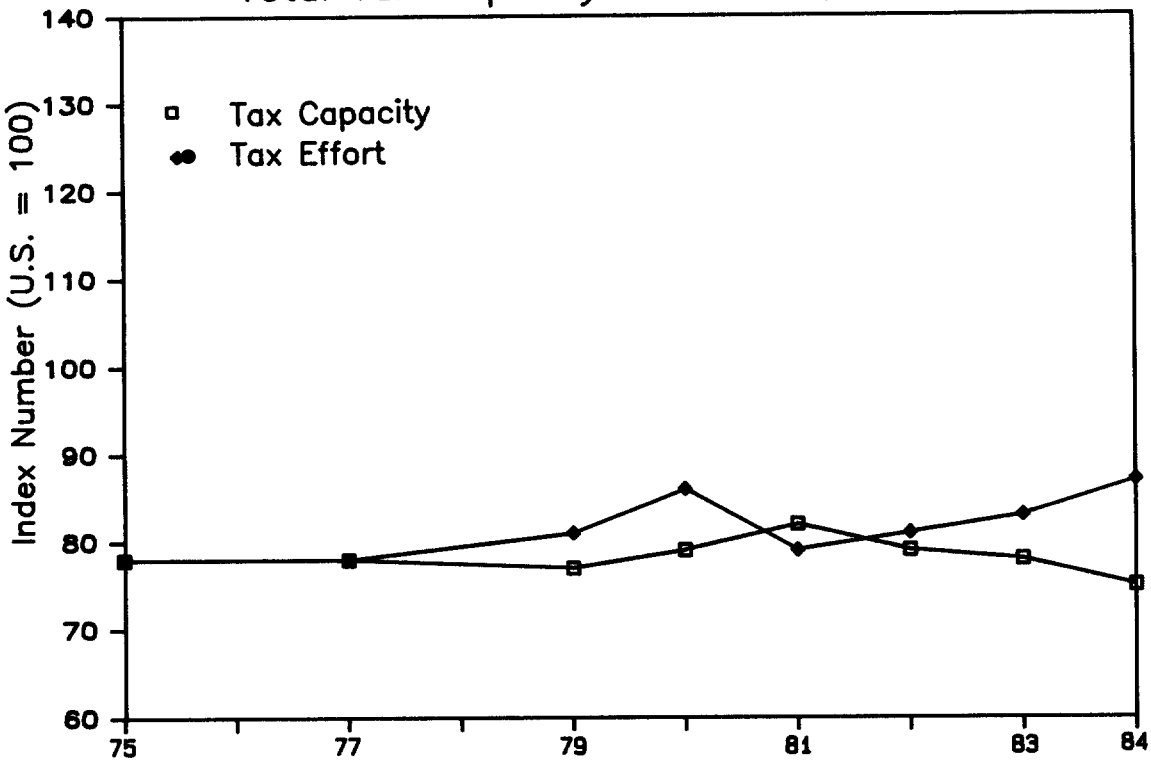
Selected Tax Bases



Arkansas

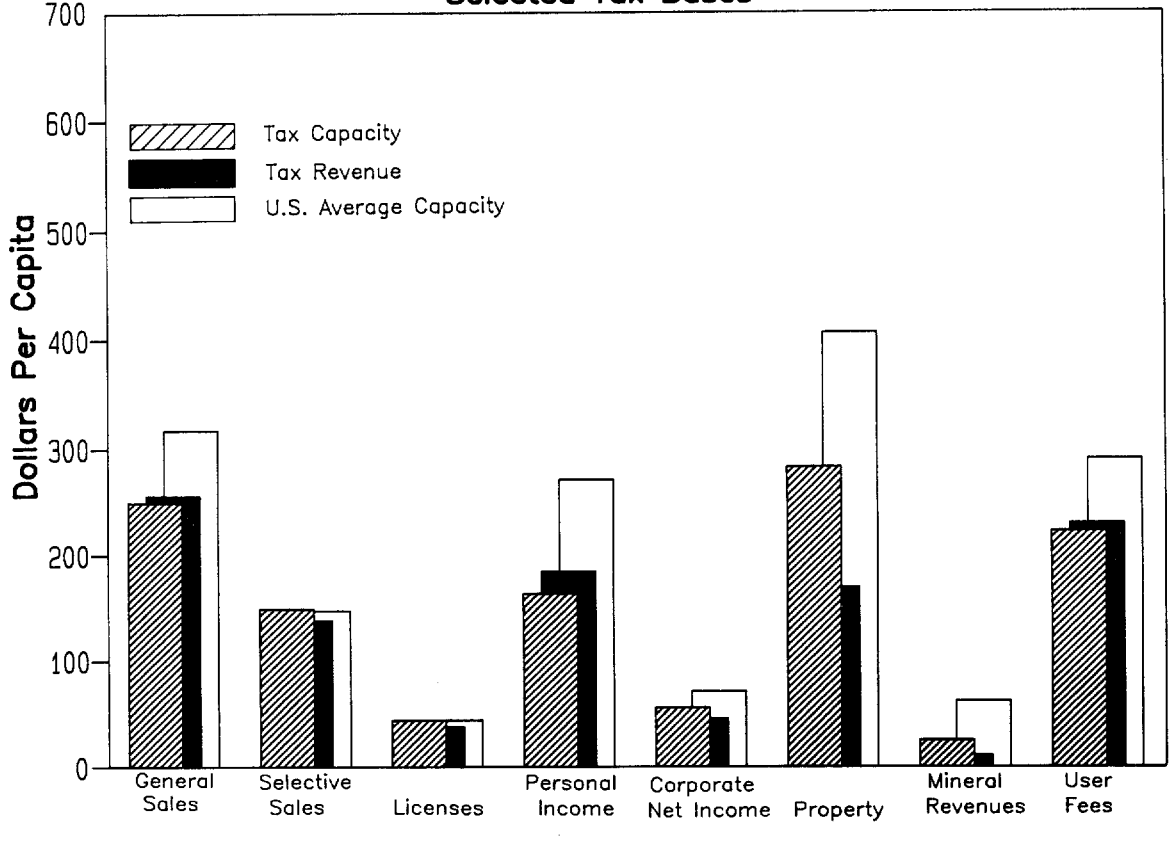
1984 RTS Capacity = 75 **1984 RTS Tax Effort = 87**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

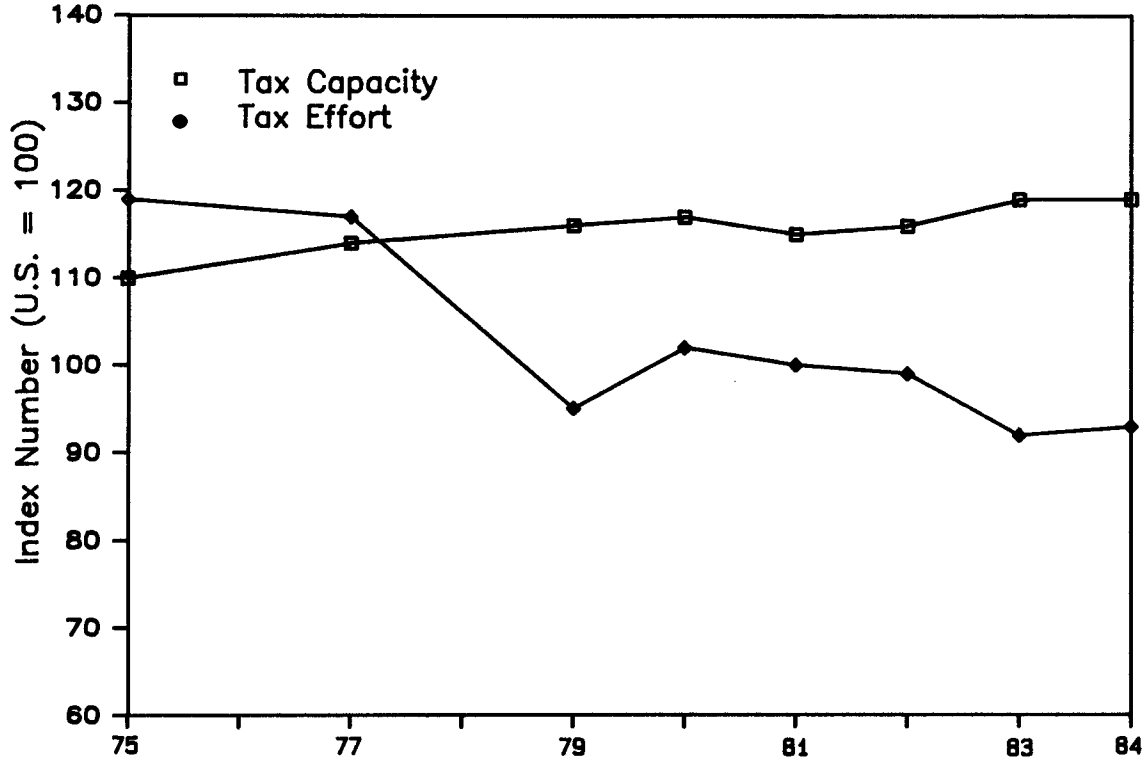
Selected Tax Bases



California

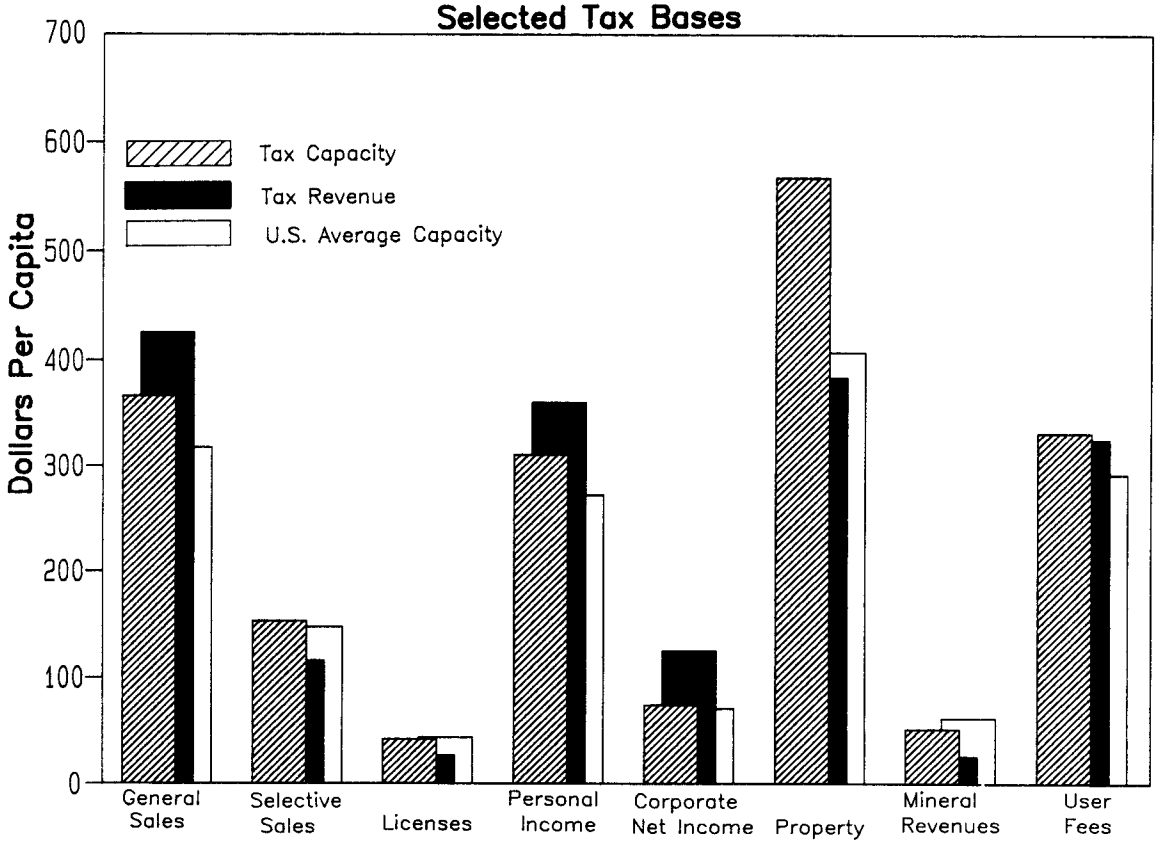
1984 RTS Capacity = 119 **1984 RTS Tax Effort = 93**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

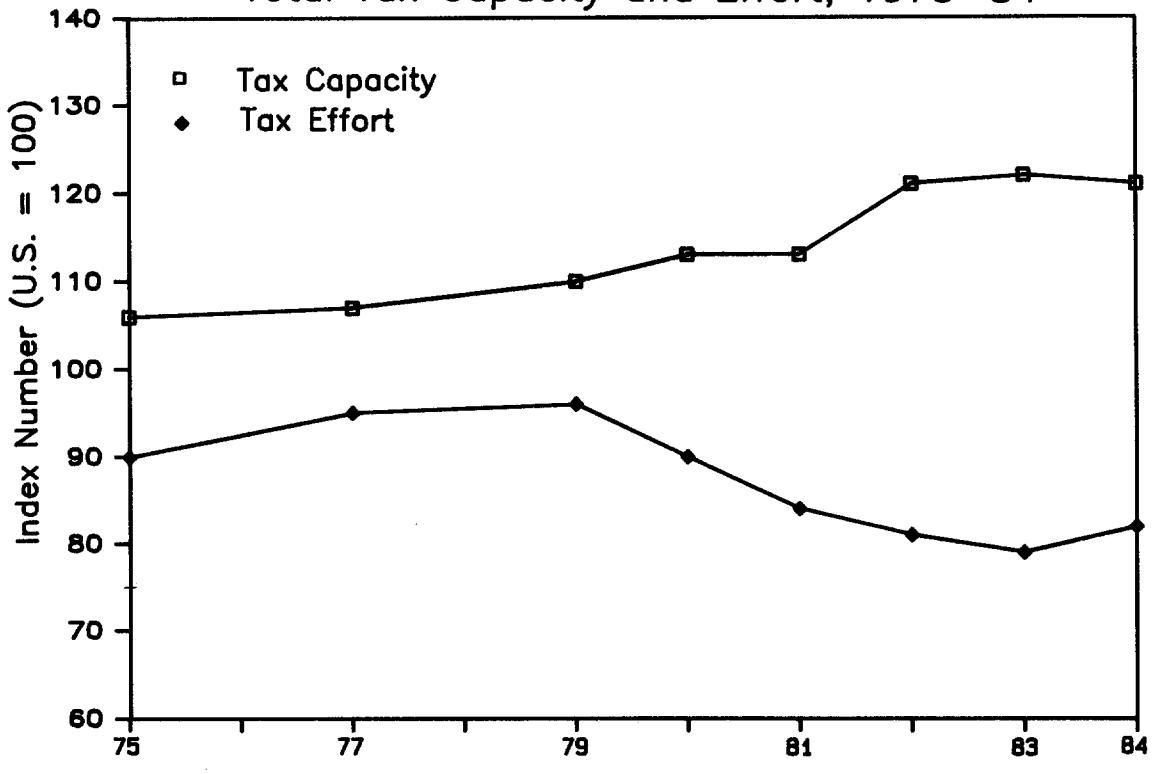
Selected Tax Bases



Colorado

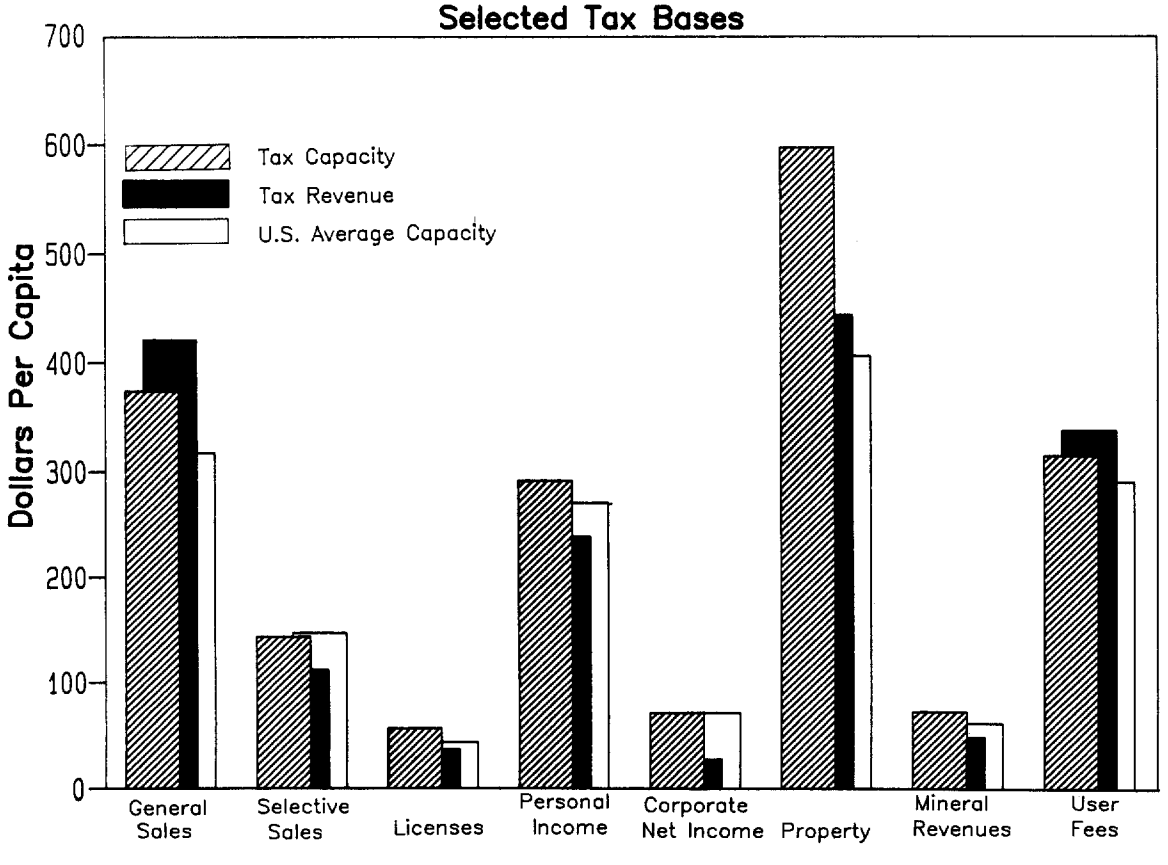
1984 RTS Capacity = 121 **1984 RTS Tax Effort = 82**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

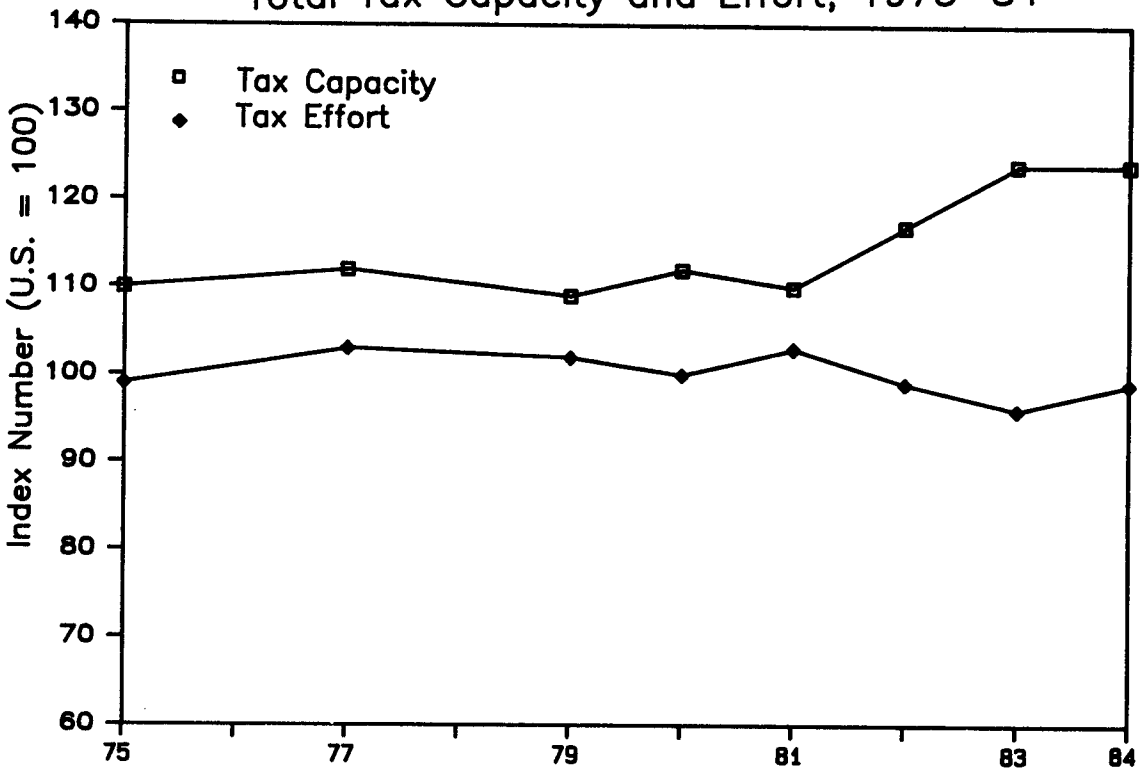
Selected Tax Bases



Connecticut

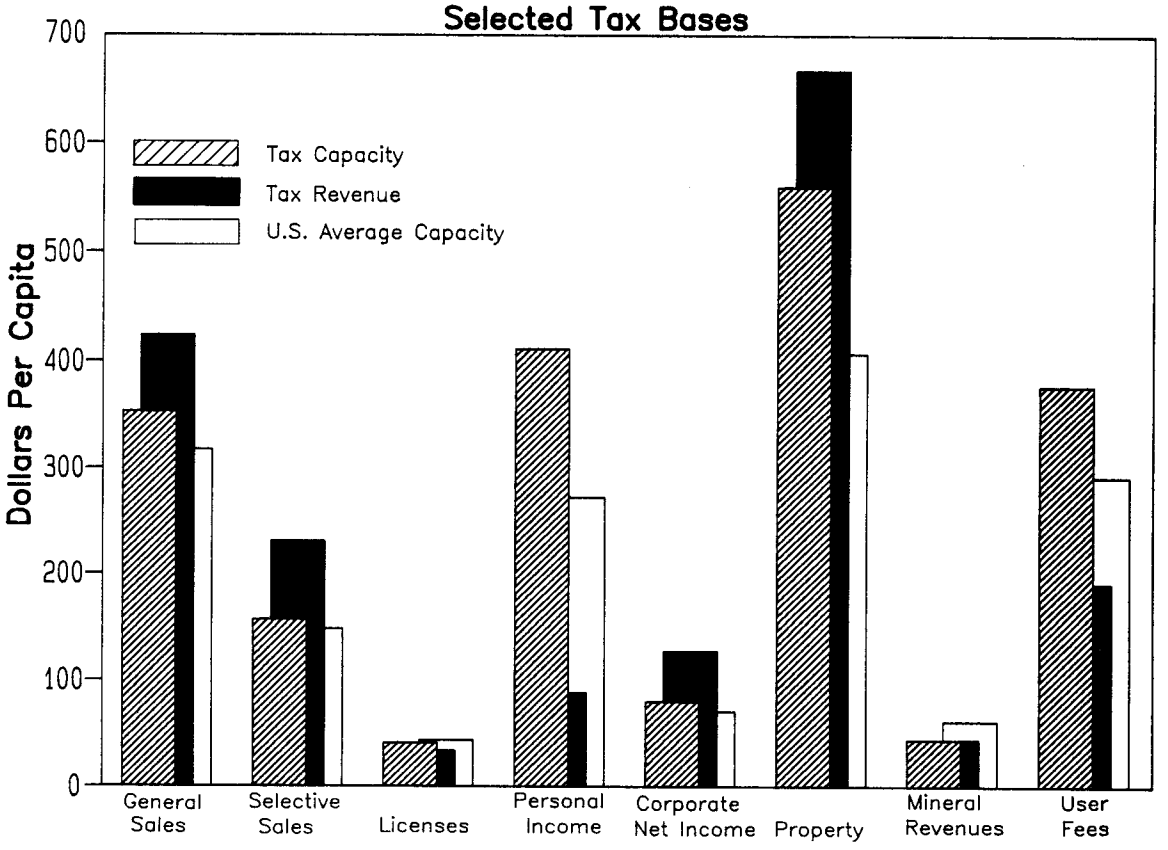
1984 RTS Capacity = 124 **1984 RTS Tax Effort = 99**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

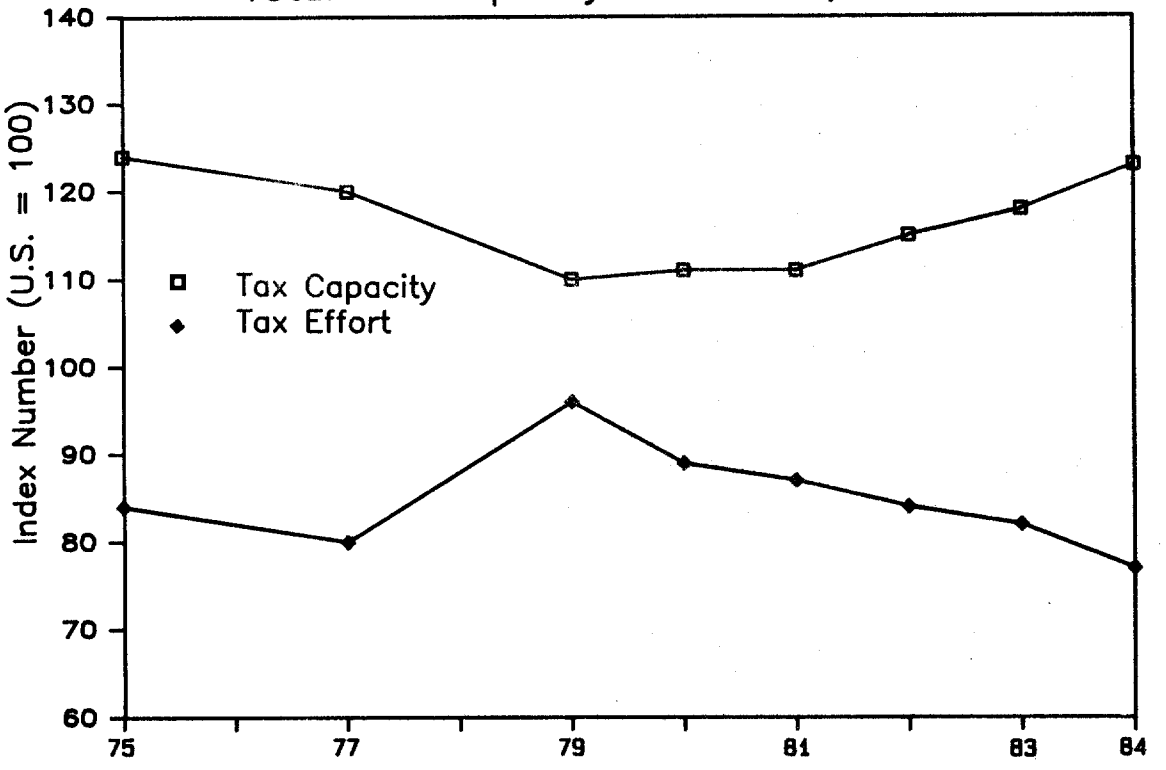
Selected Tax Bases



Delaware

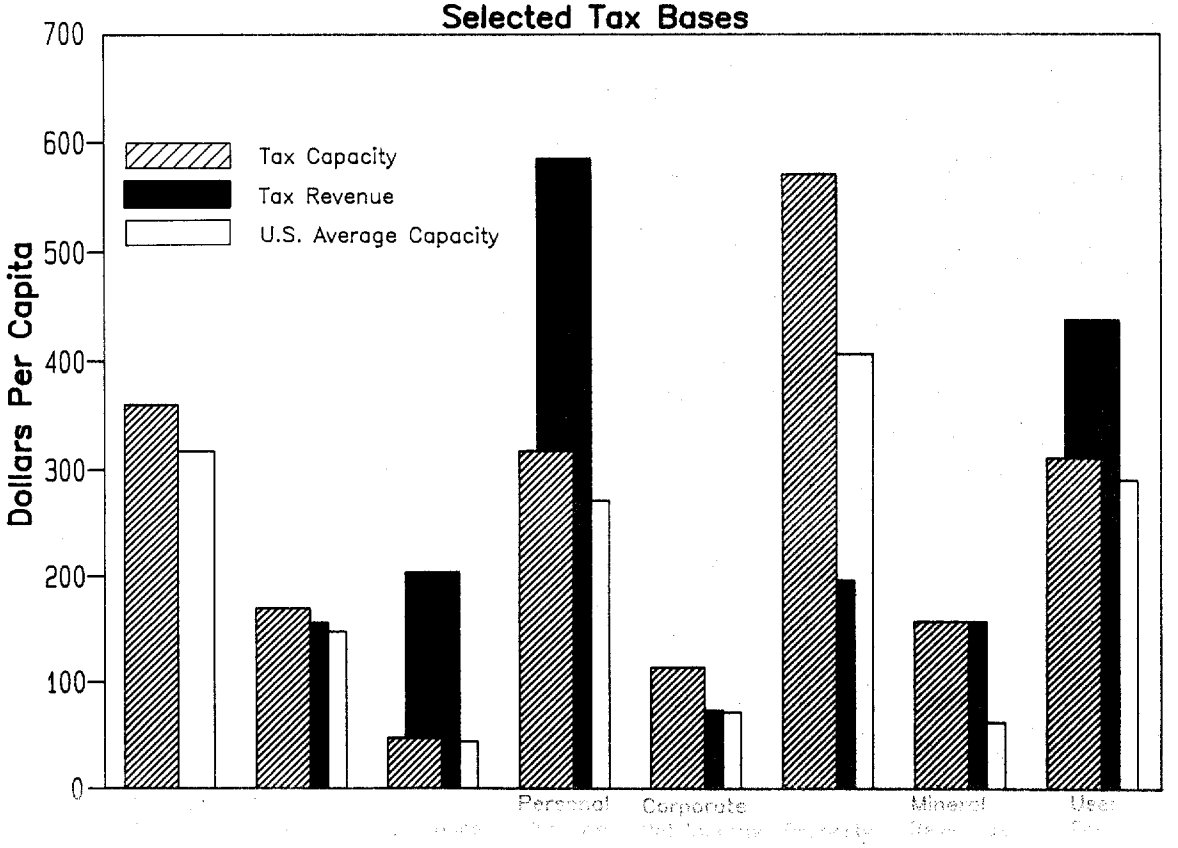
1984 RTS Capacity = 123 **1984 RTS Tax Effort = 77**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

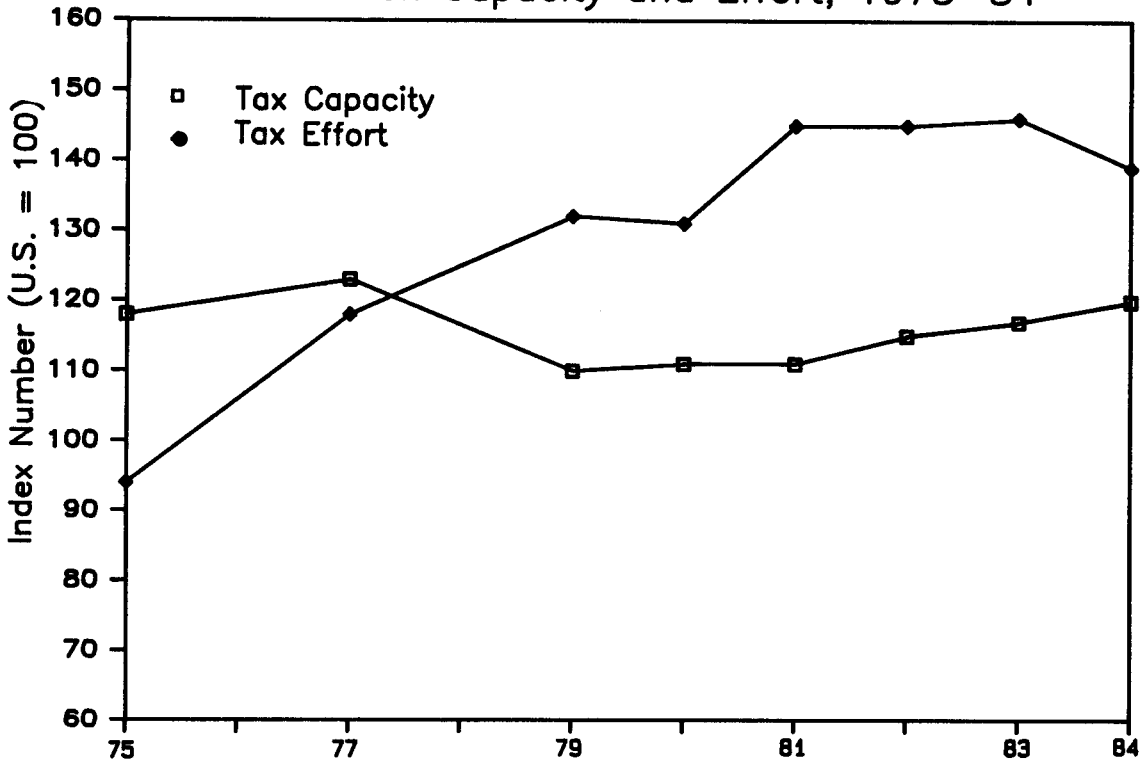
Selected Tax Bases



Washington, DC

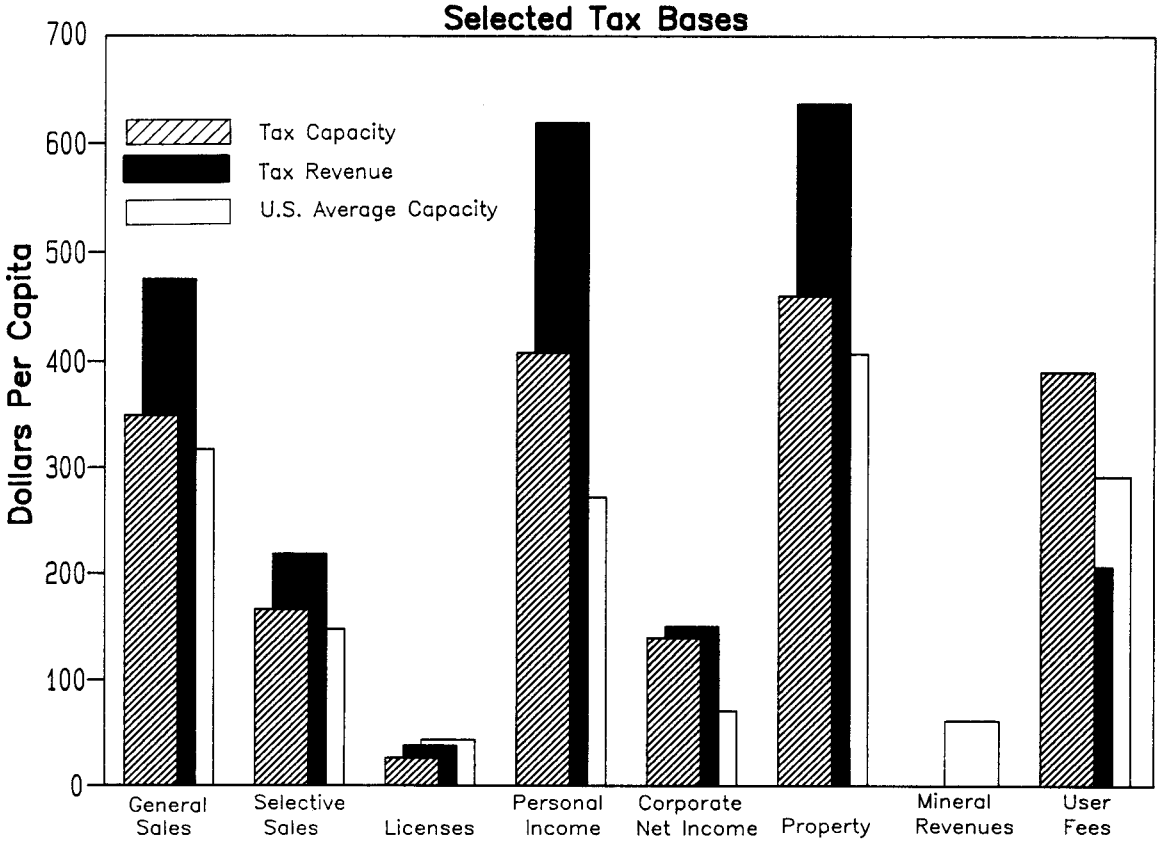
1984 RTS Capacity = 120 **1984 RTS Tax Effort = 139**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

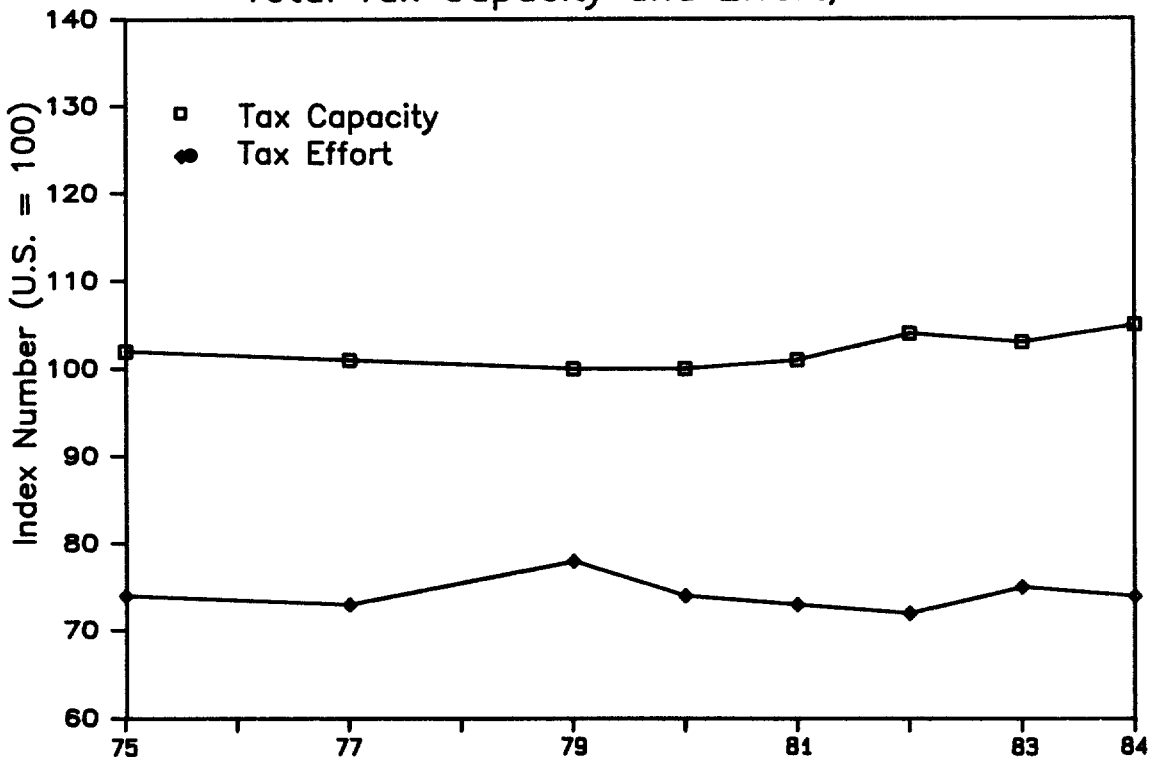
Selected Tax Bases



Florida

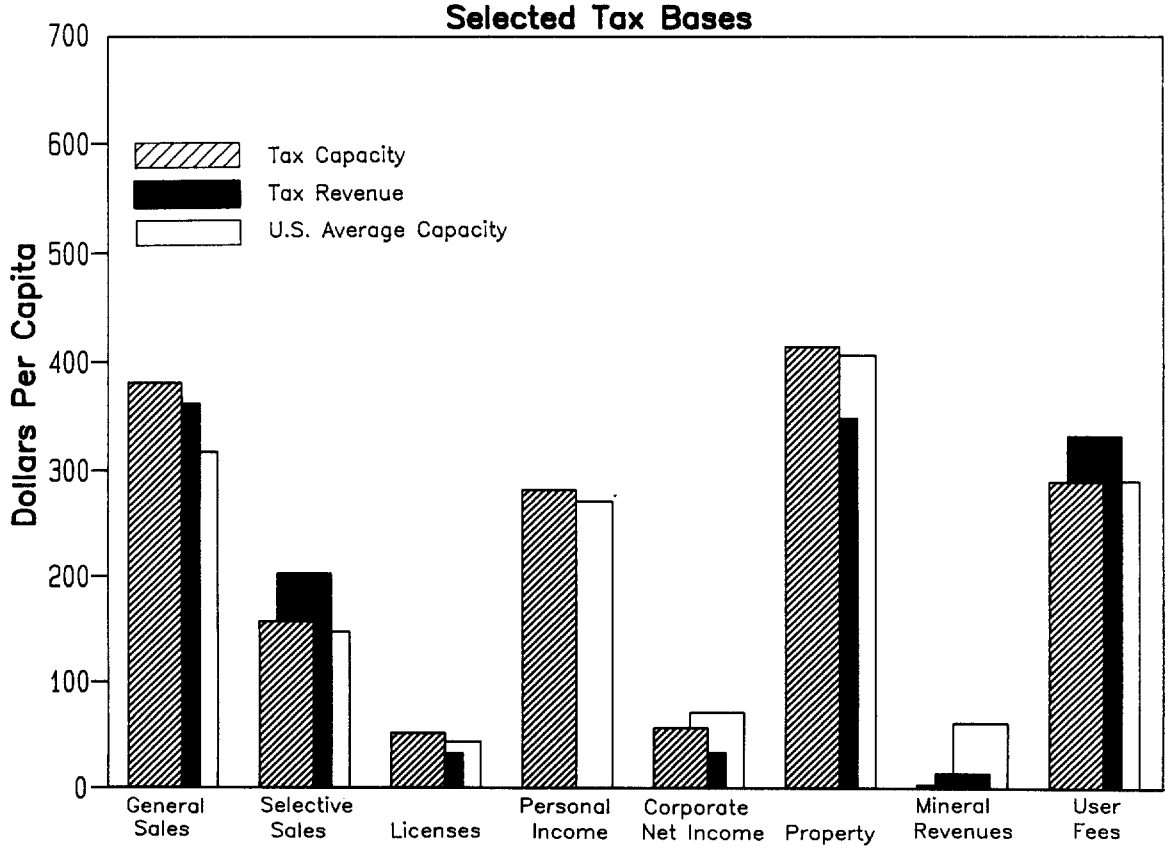
1984 RTS Capacity = 105 **1984 RTS Tax Effort = 74**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

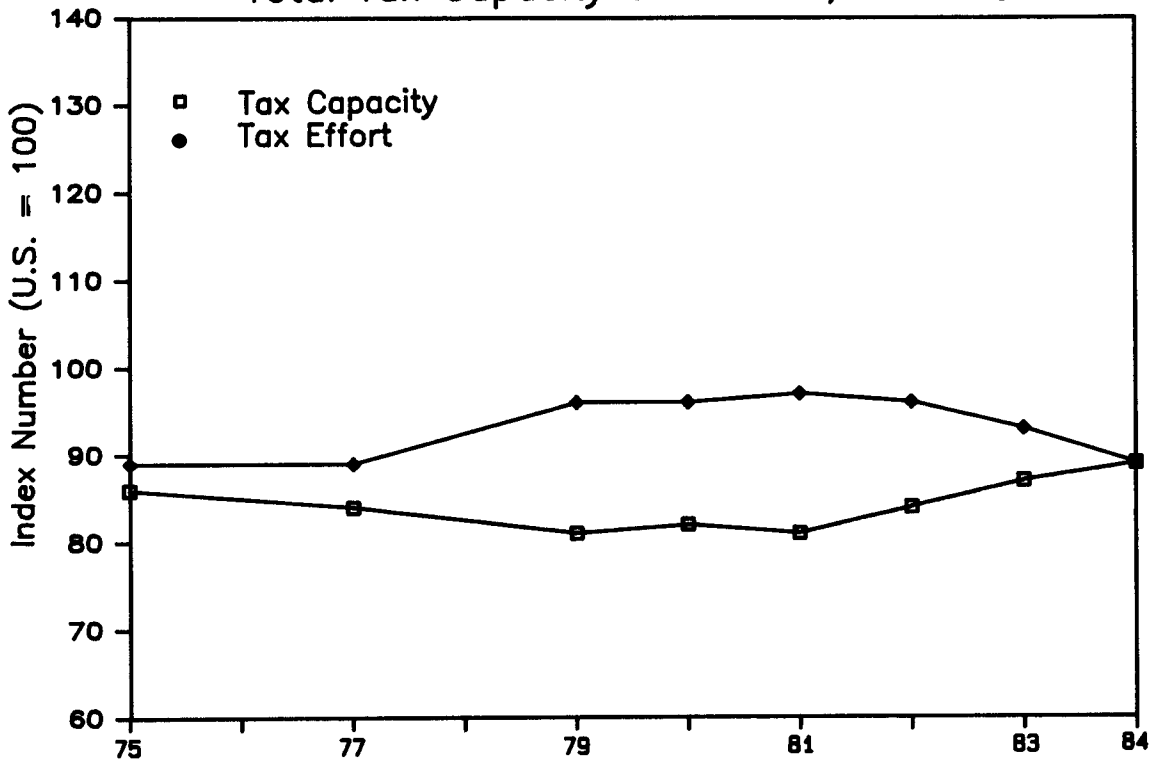
Selected Tax Bases



Georgia

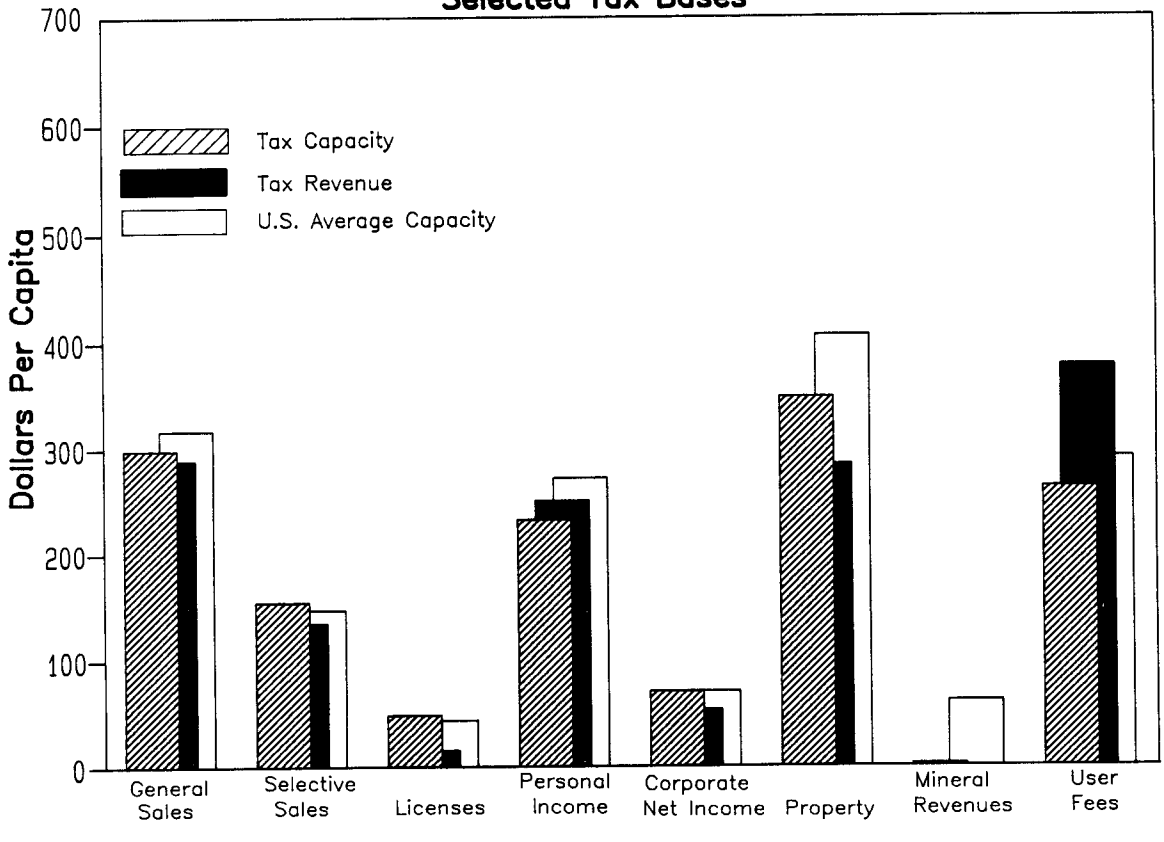
1984 RTS Capacity = 89 **1984 RTS Tax Effort = 89**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

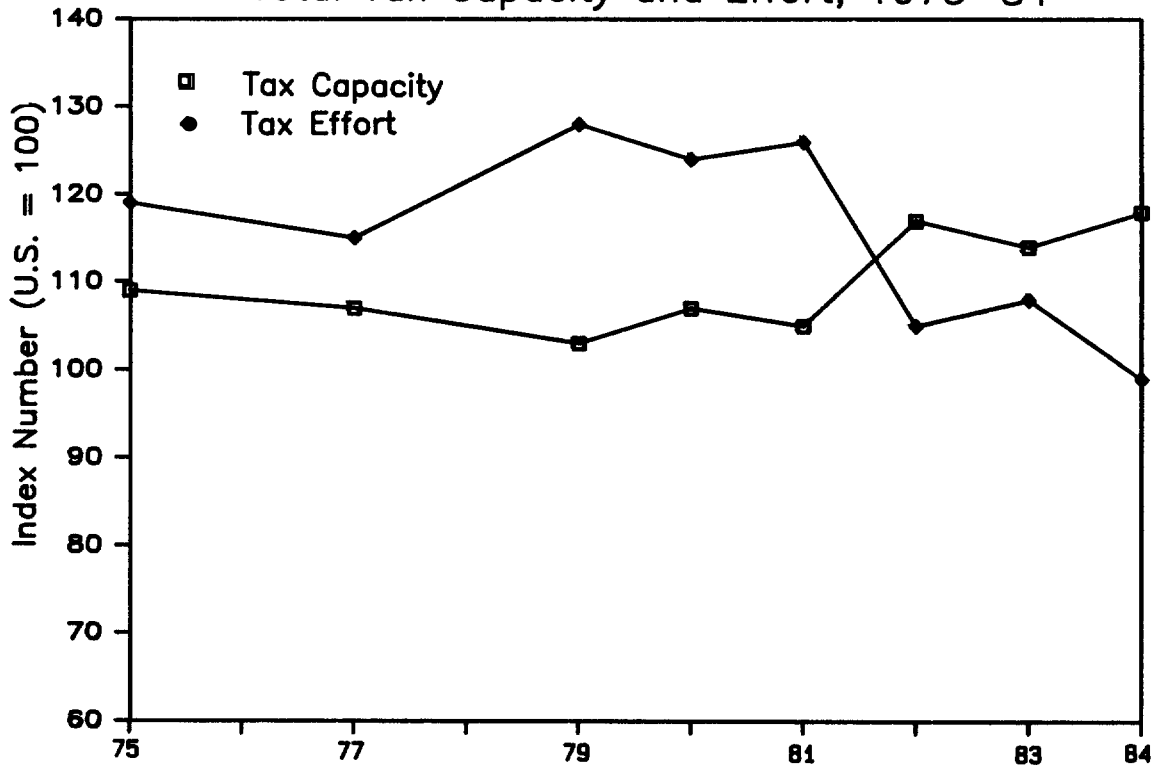
Selected Tax Bases



Hawaii

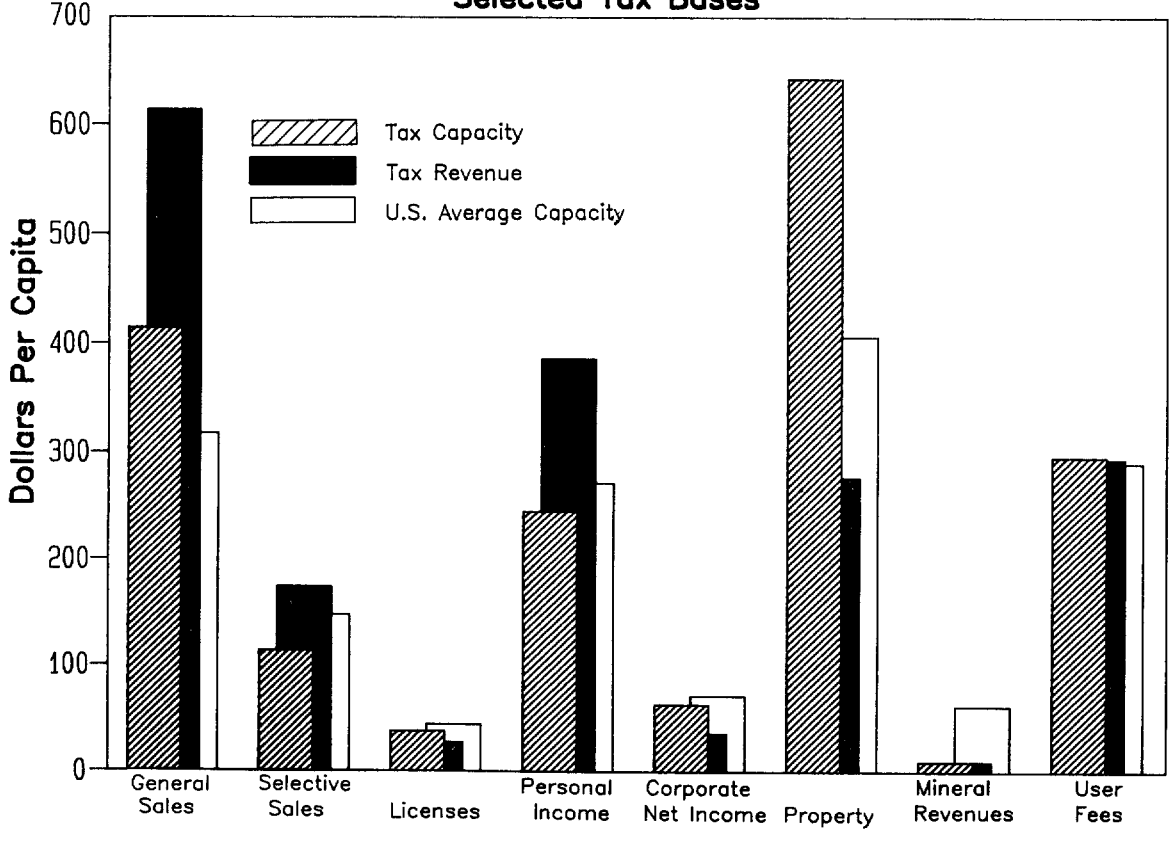
1984 RTS Capacity = 118 **1984 RTS Tax Effort = 99**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

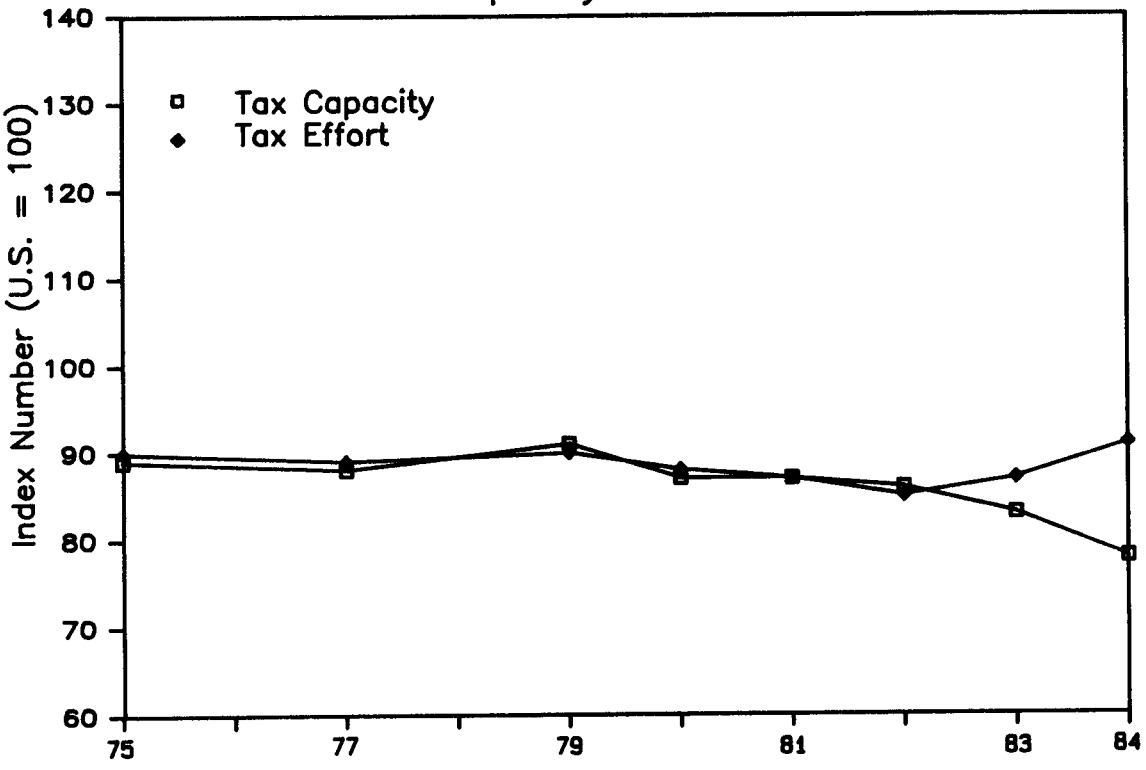
Selected Tax Bases



Idaho

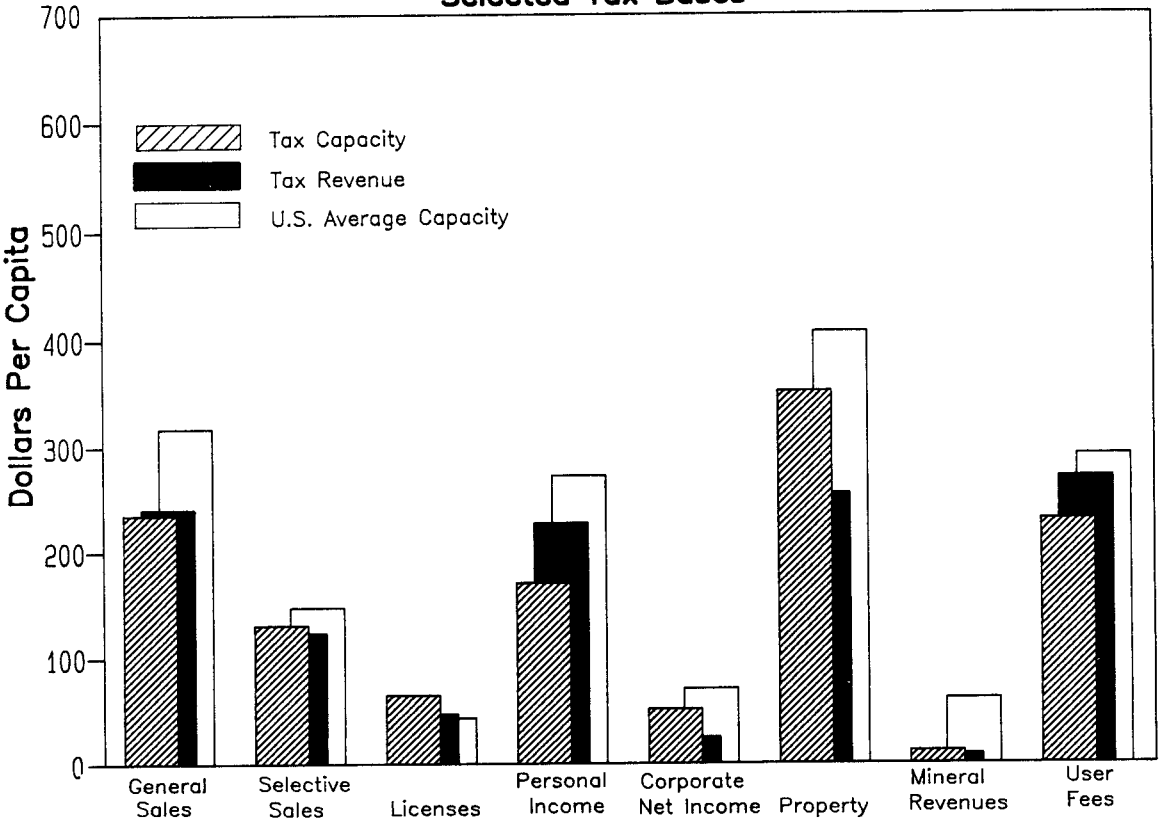
1984 RTS Capacity = 78 **1984 RTS Tax Effort = 91**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

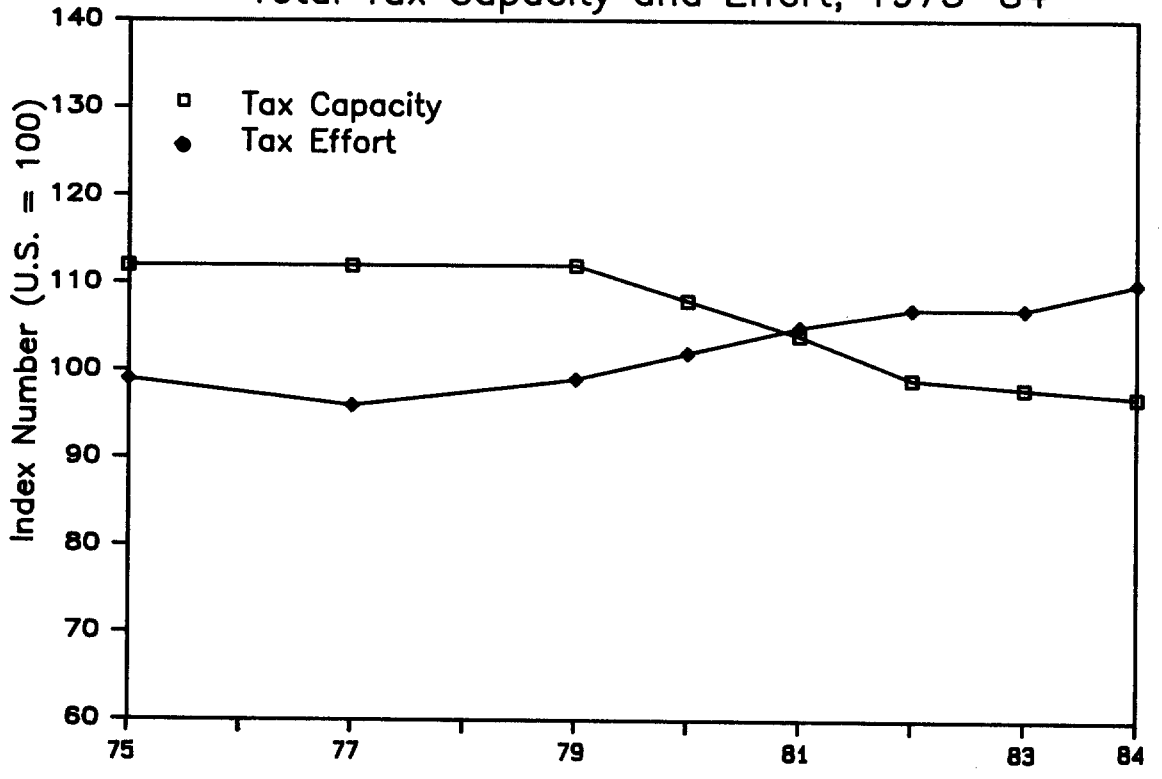
Selected Tax Bases



Illinois

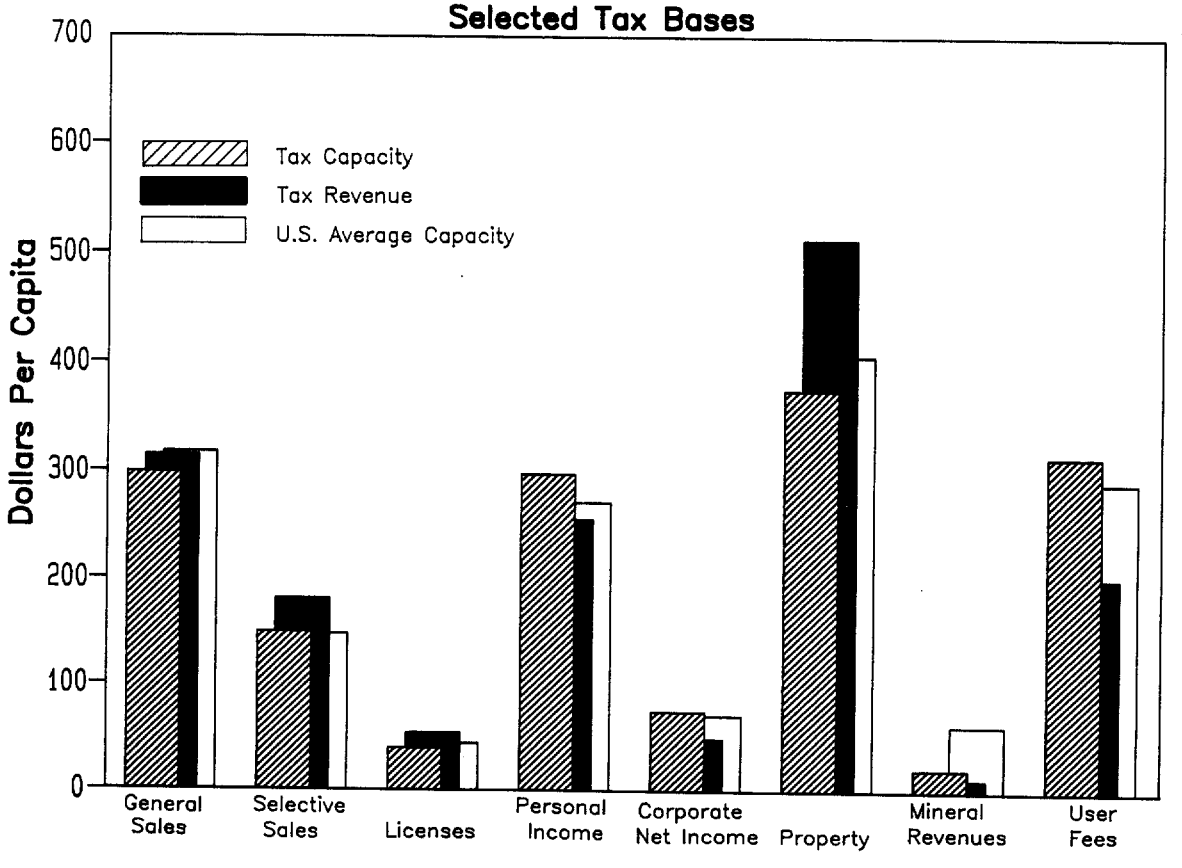
1984 RTS Capacity = 97 **1984 RTS Tax Effort = 110**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

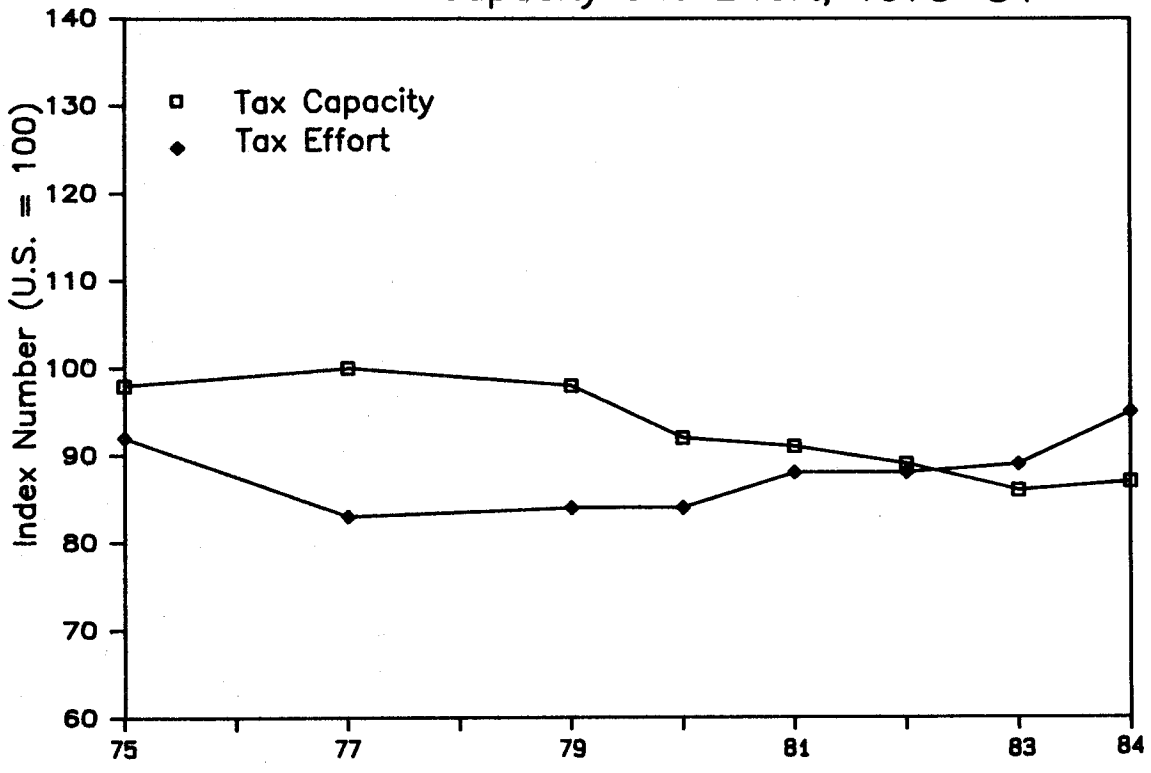
Selected Tax Bases



Indiana

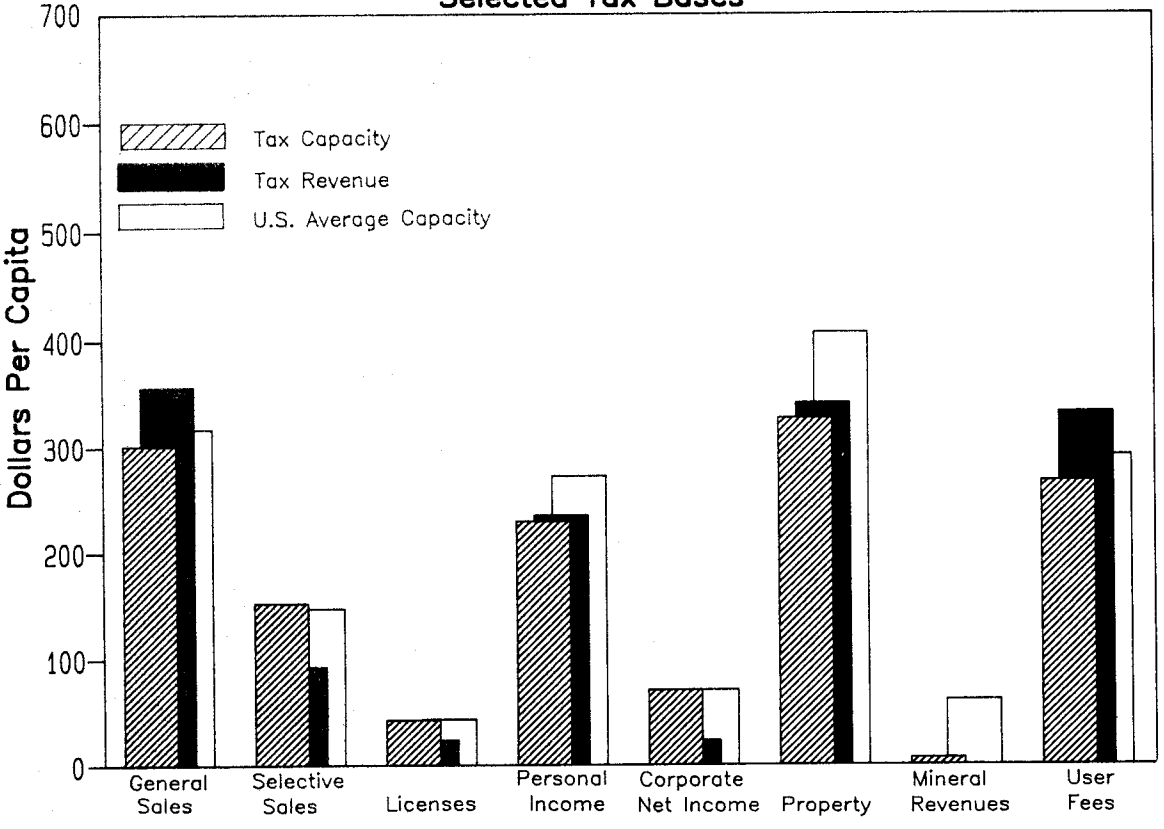
1984 RTS Capacity = 87 **1984 RTS Tax Effort = 95**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

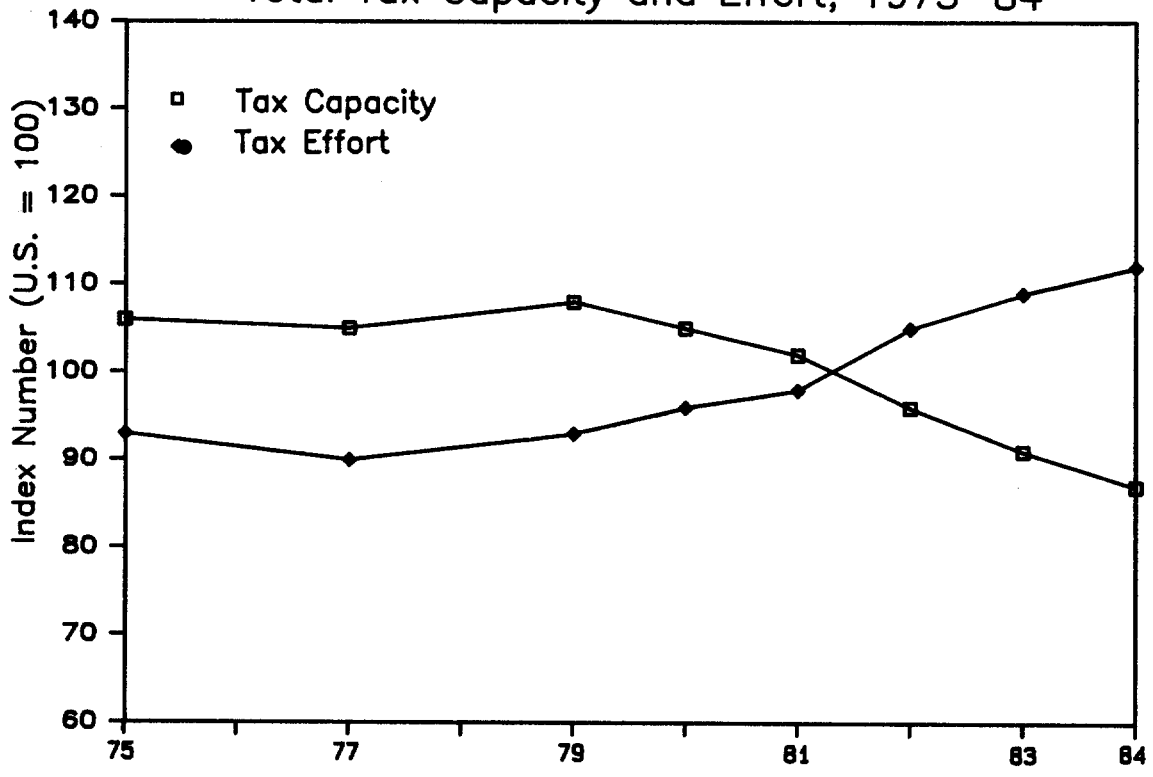
Selected Tax Bases



Iowa

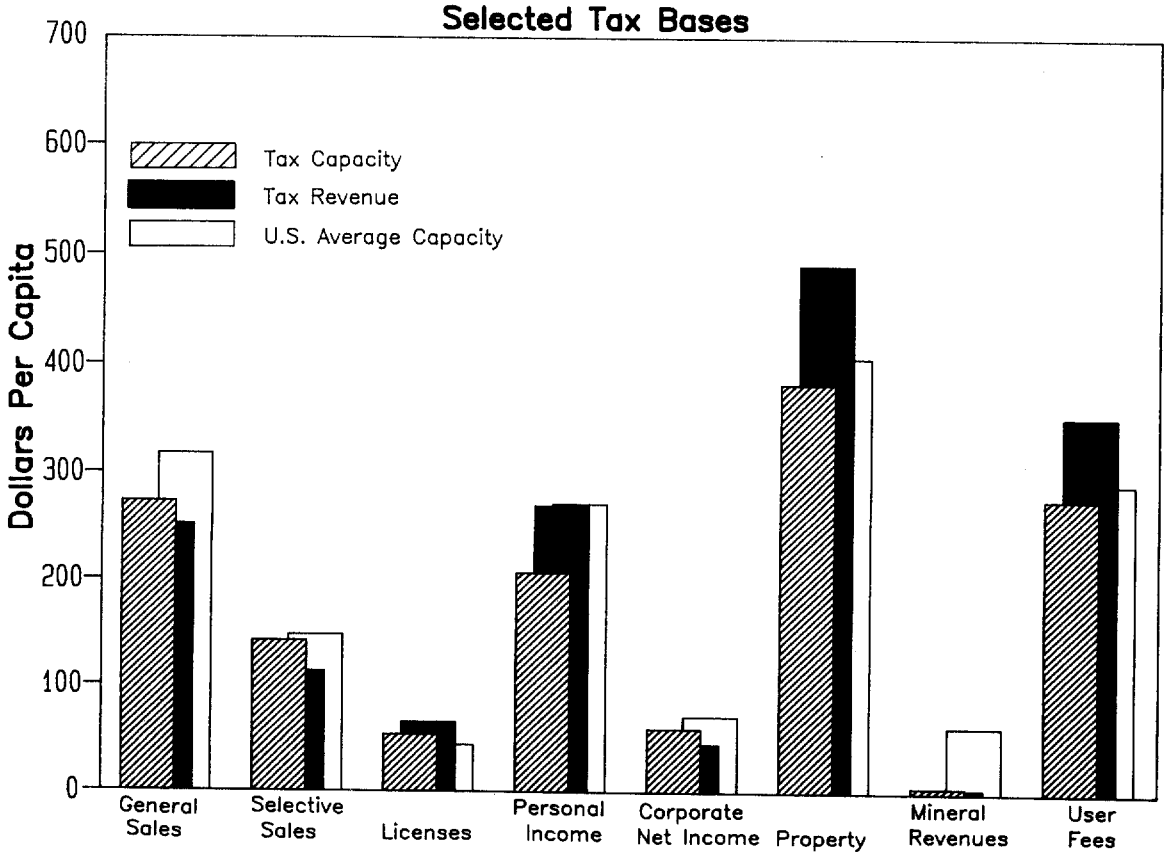
1984 RTS Capacity = 87 **1984 RTS Tax Effort = 112**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

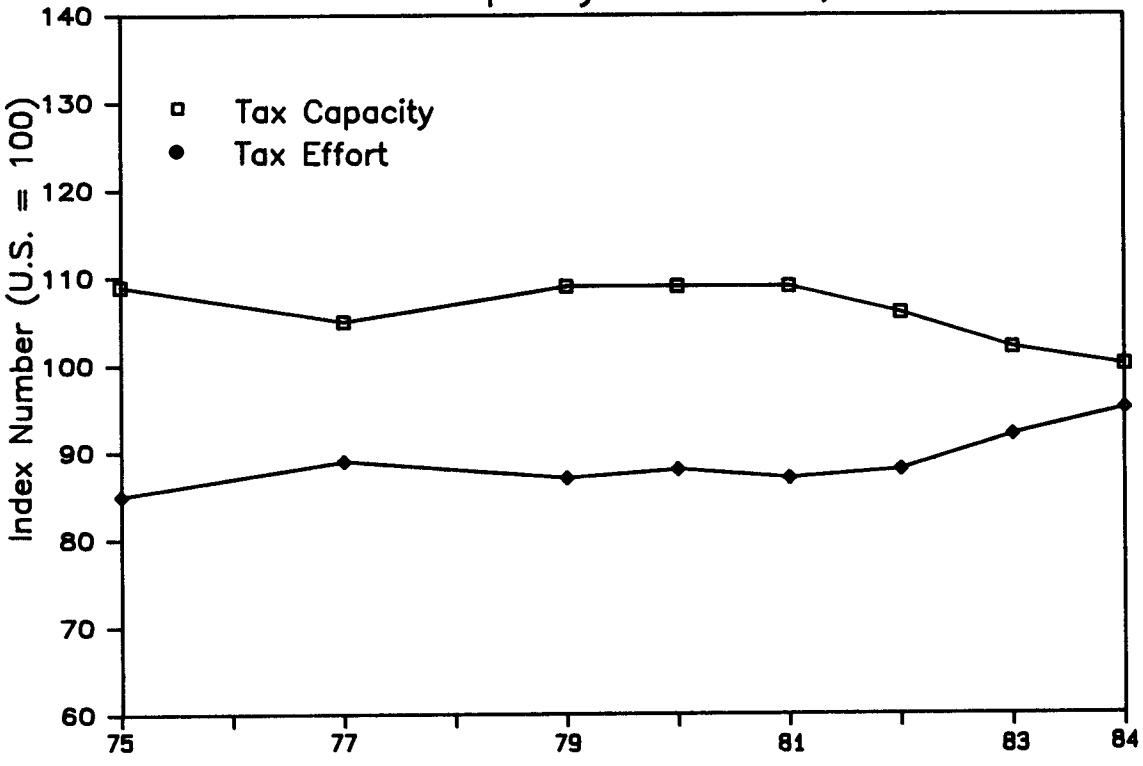
Selected Tax Bases



Kansas

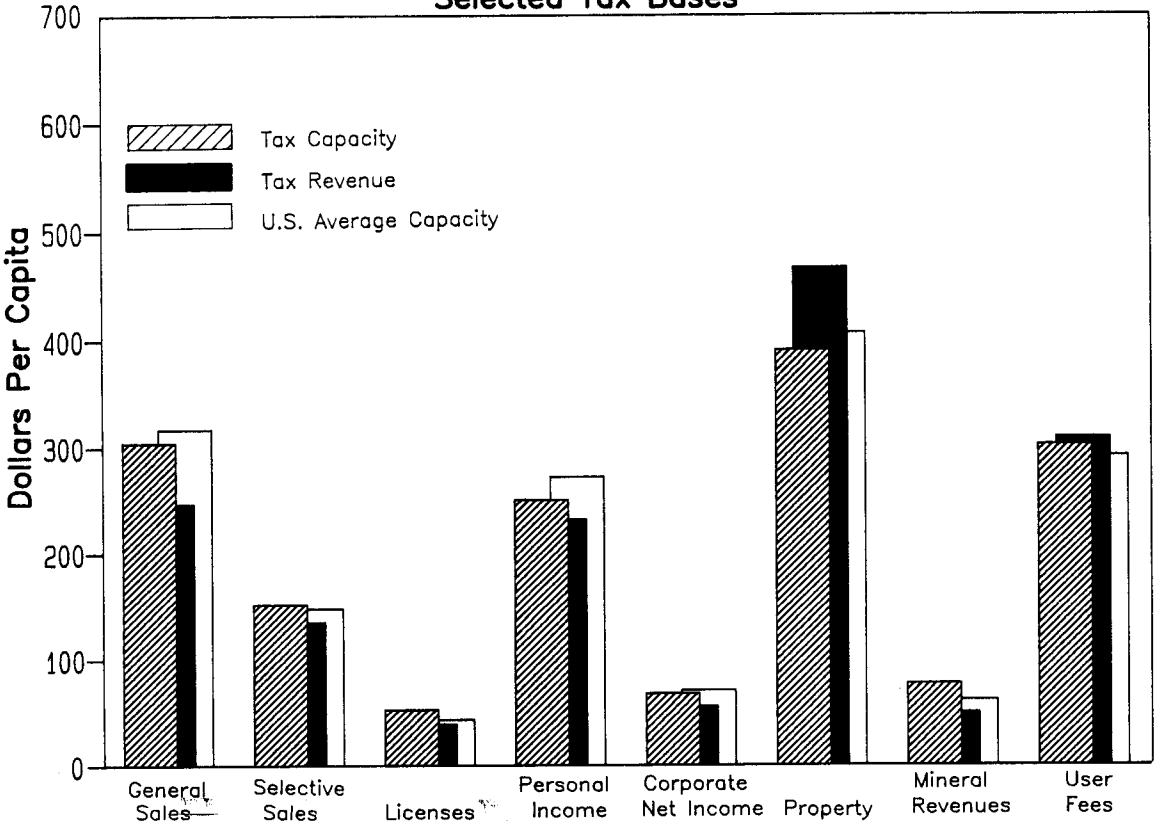
1984 RTS Capacity = 100 **1984 RTS Tax Effort = 95**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

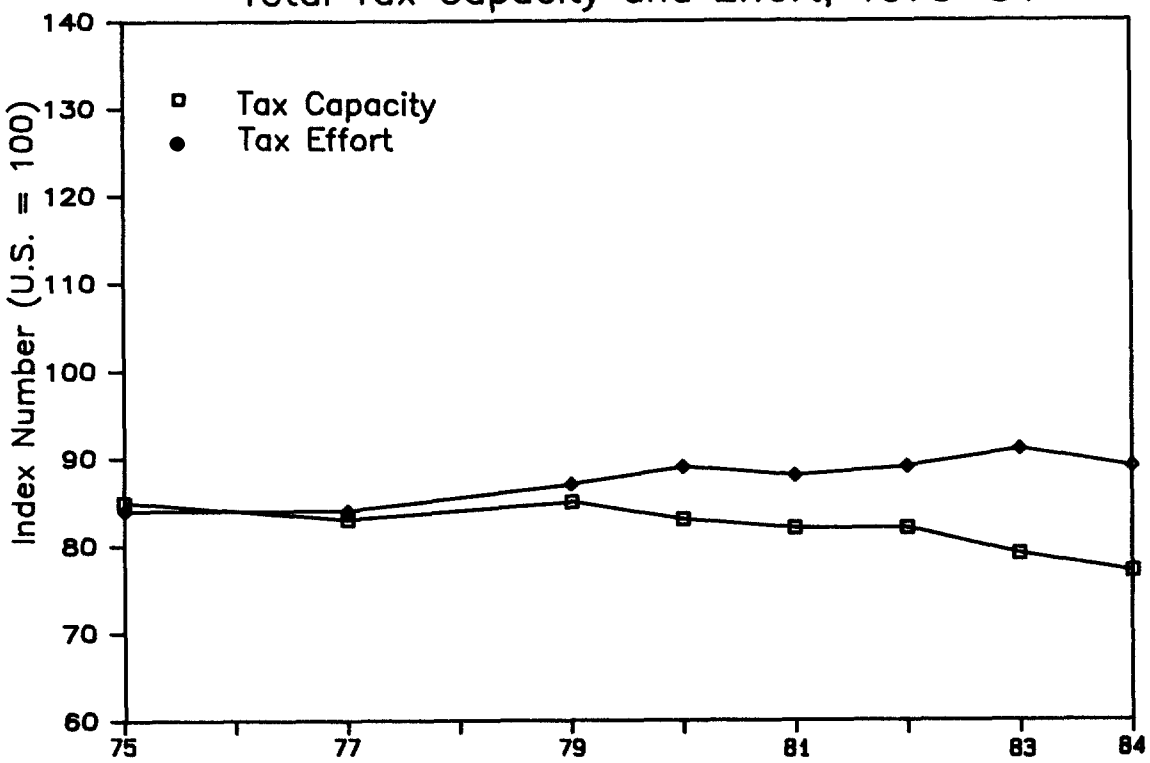
Selected Tax Bases



Kentucky

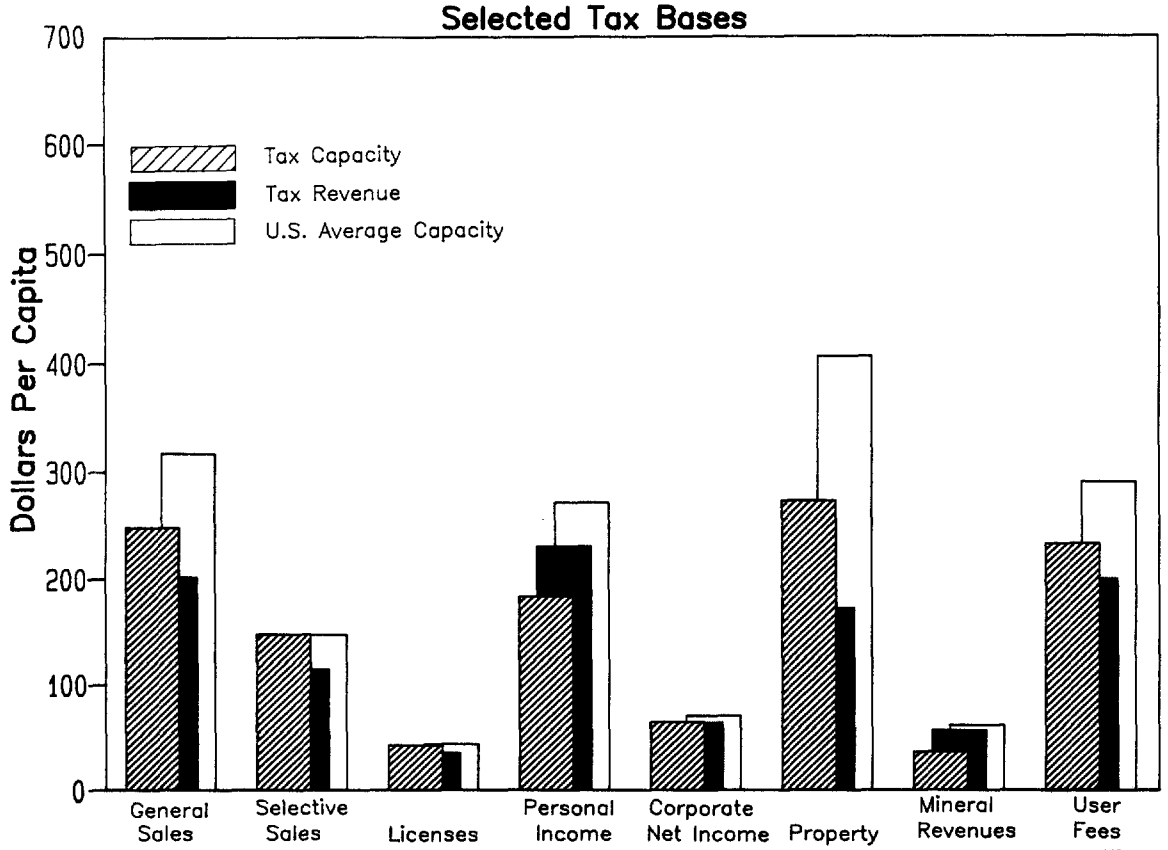
1984 RTS Capacity = 77 **1984 RTS Tax Effort = 89**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

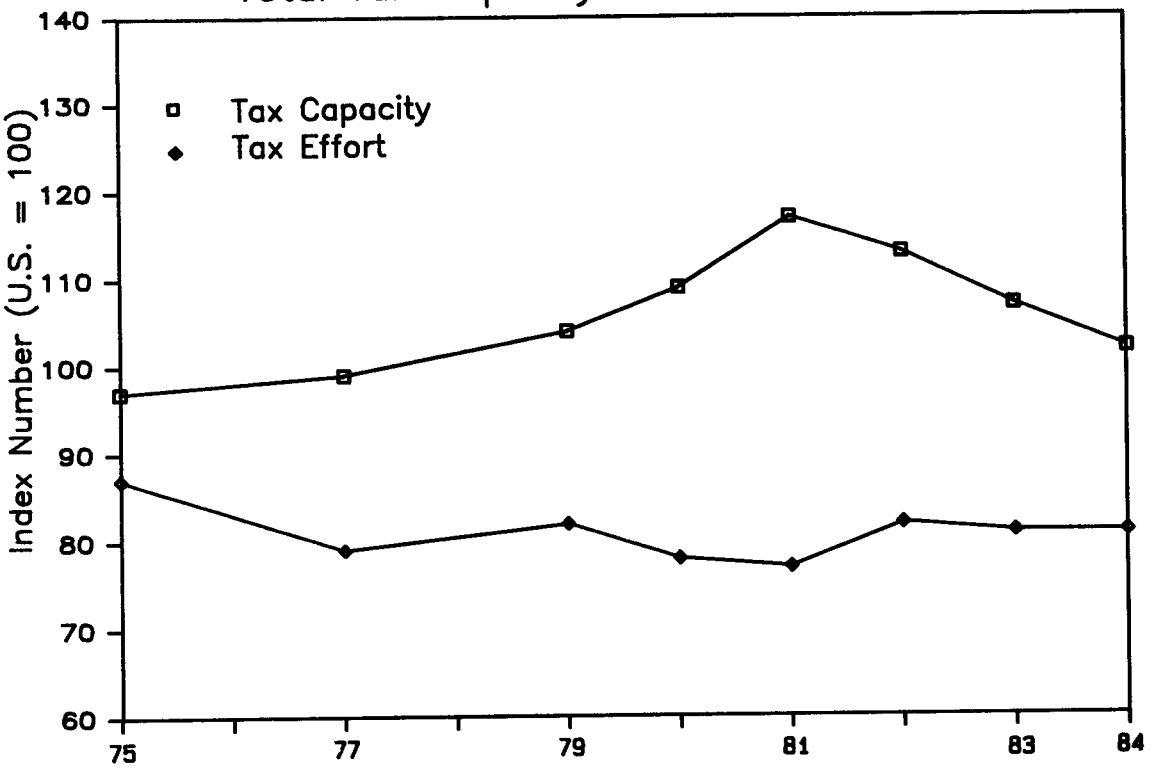
Selected Tax Bases



Louisiana

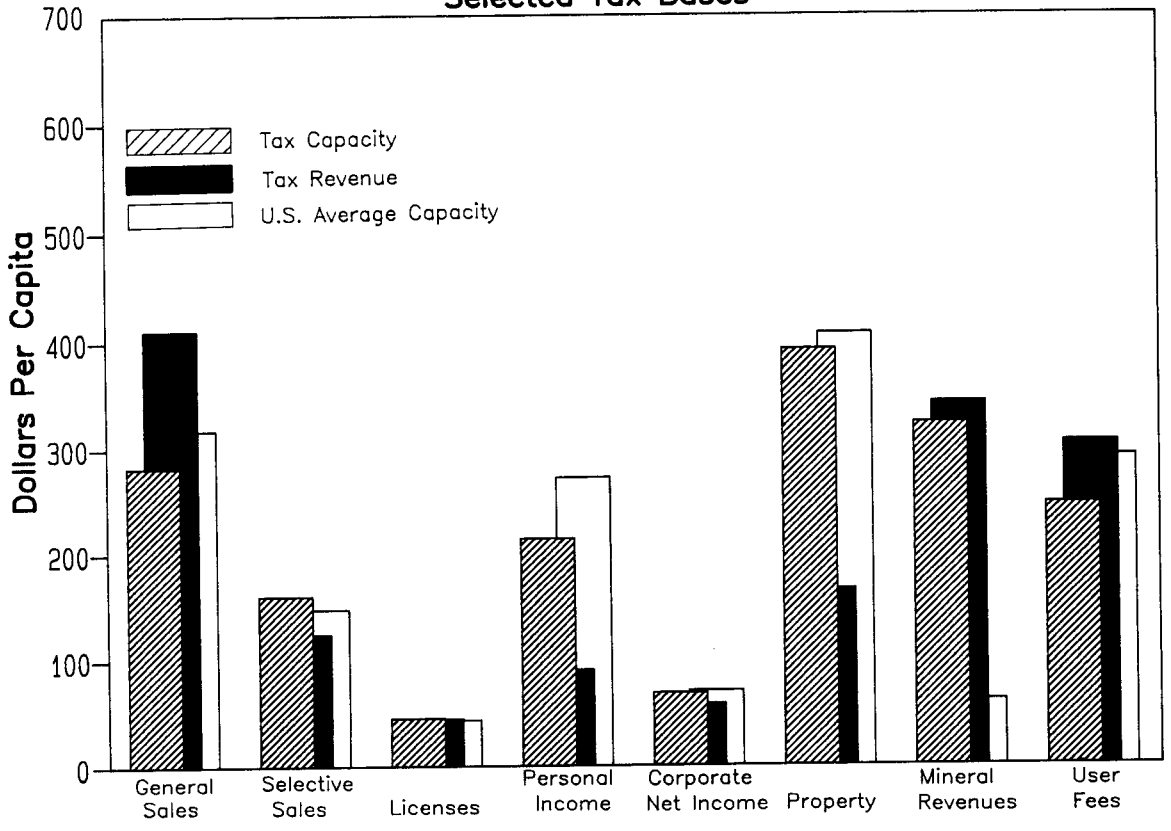
1984 RTS Capacity = 102 **1984 RTS Tax Effort = 81**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

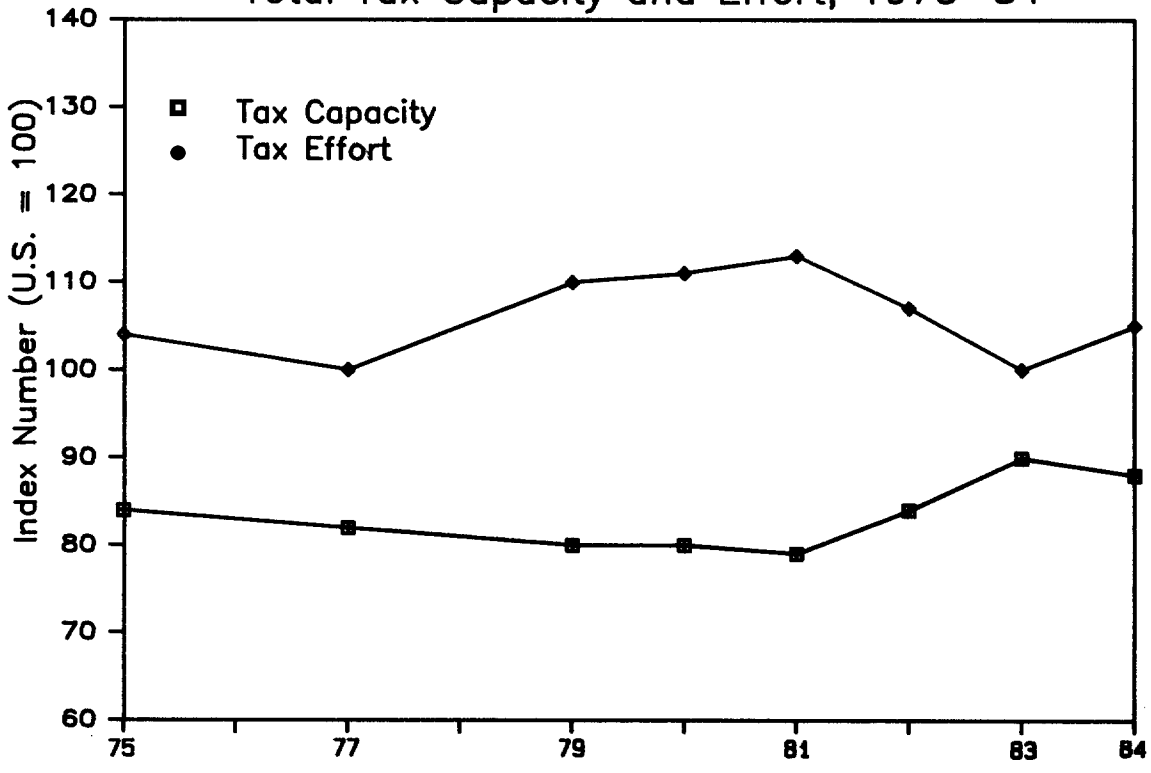
Selected Tax Bases



Maine

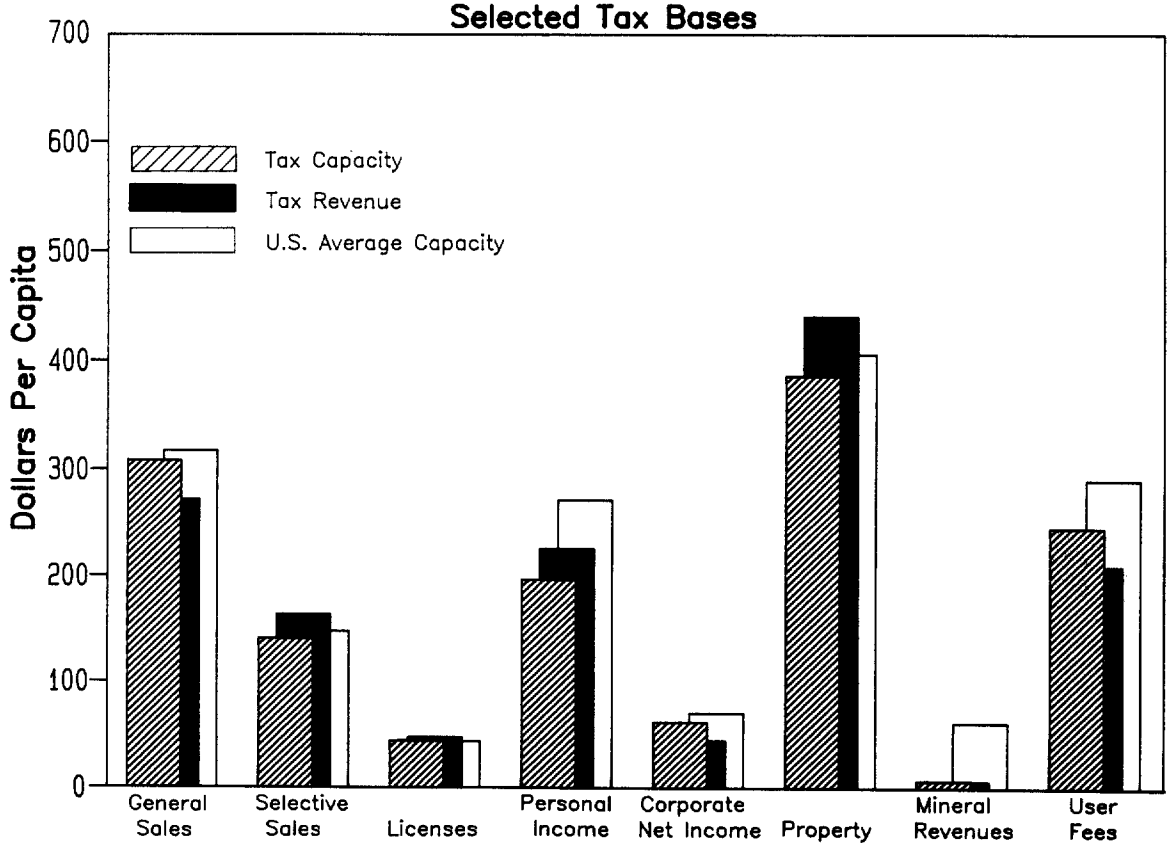
1984 RTS Capacity = 88 **1984 RTS Tax Effort = 105**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

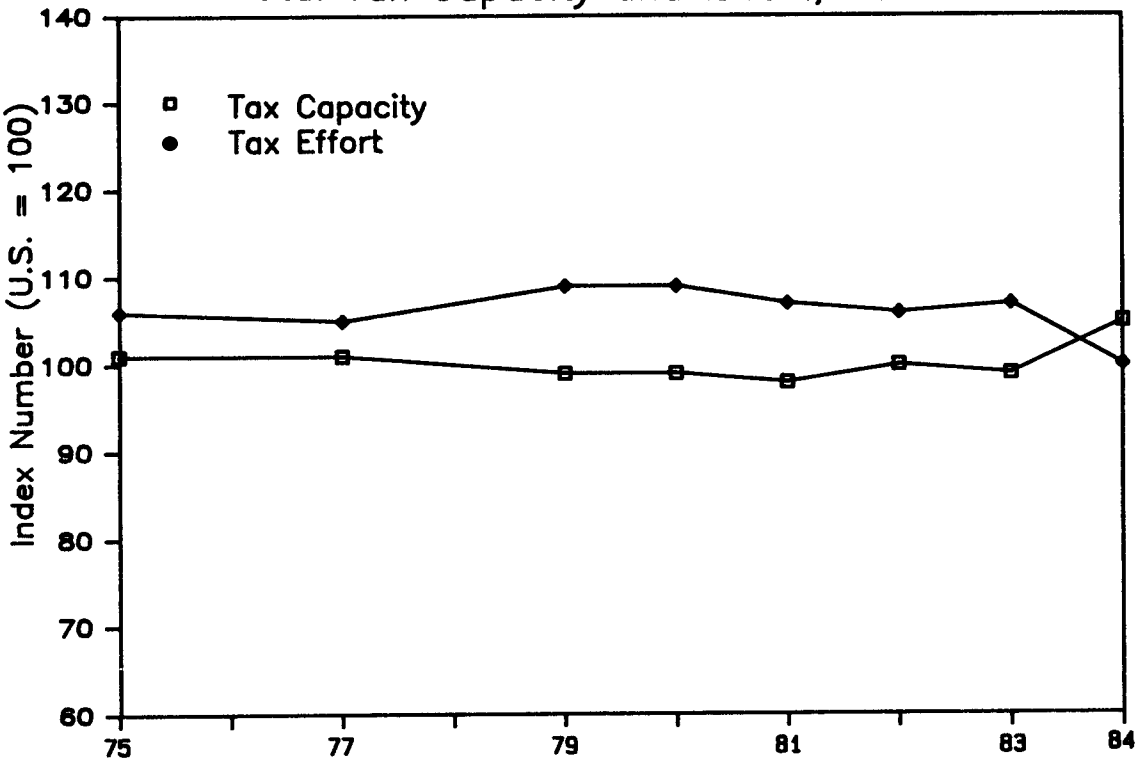
Selected Tax Bases



Maryland

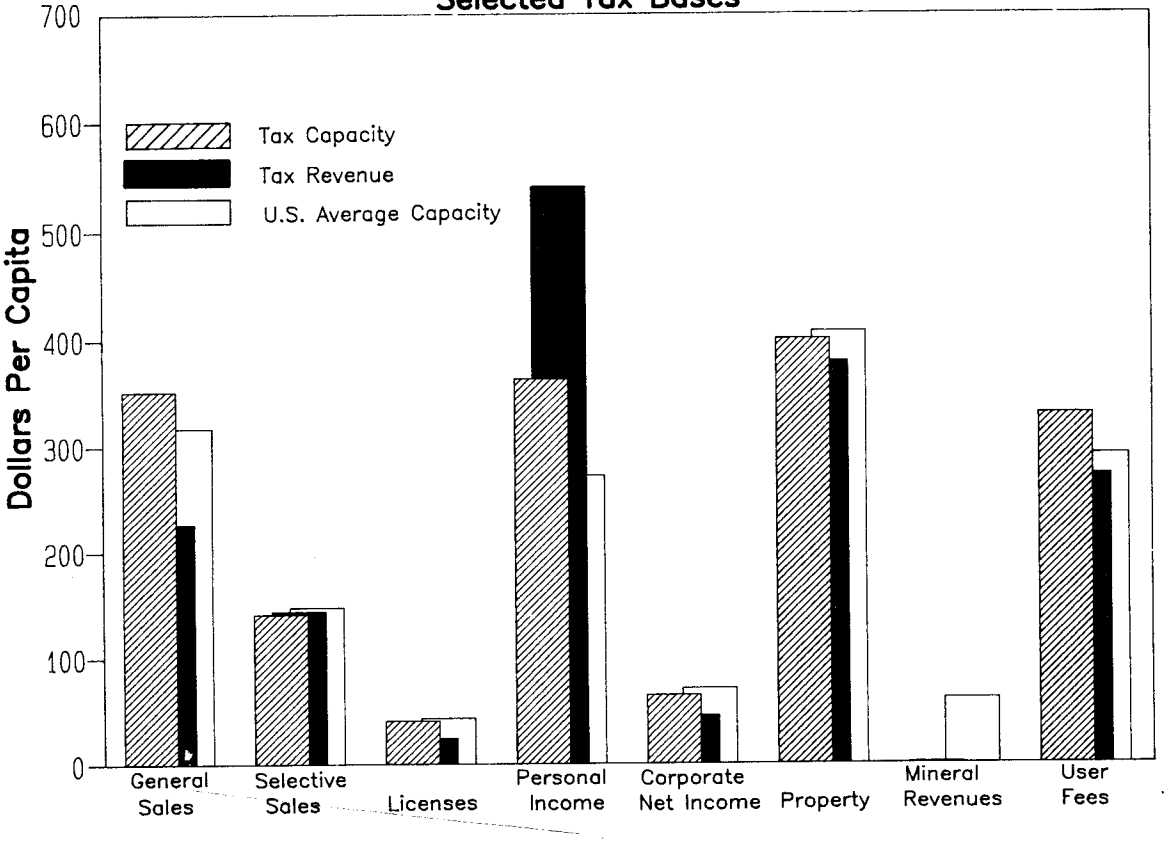
1984 RTS Capacity = 105 **1984 RTS Tax Effort = 100**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

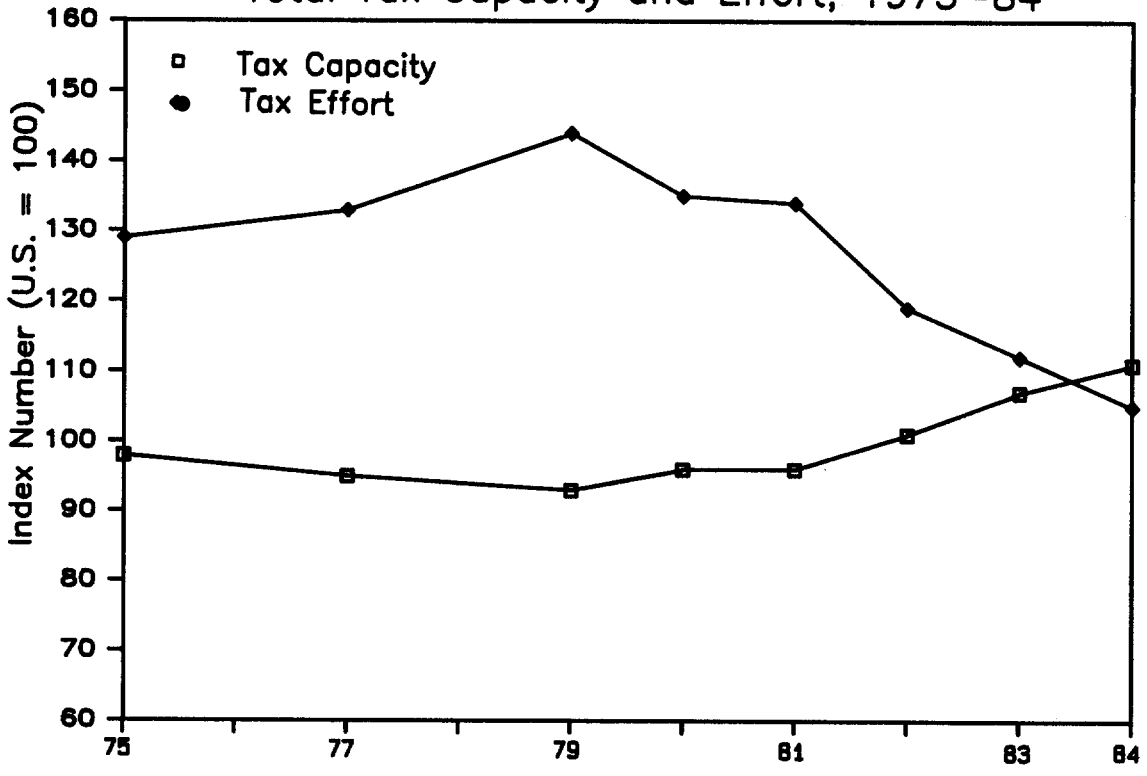
Selected Tax Bases



Massachusetts

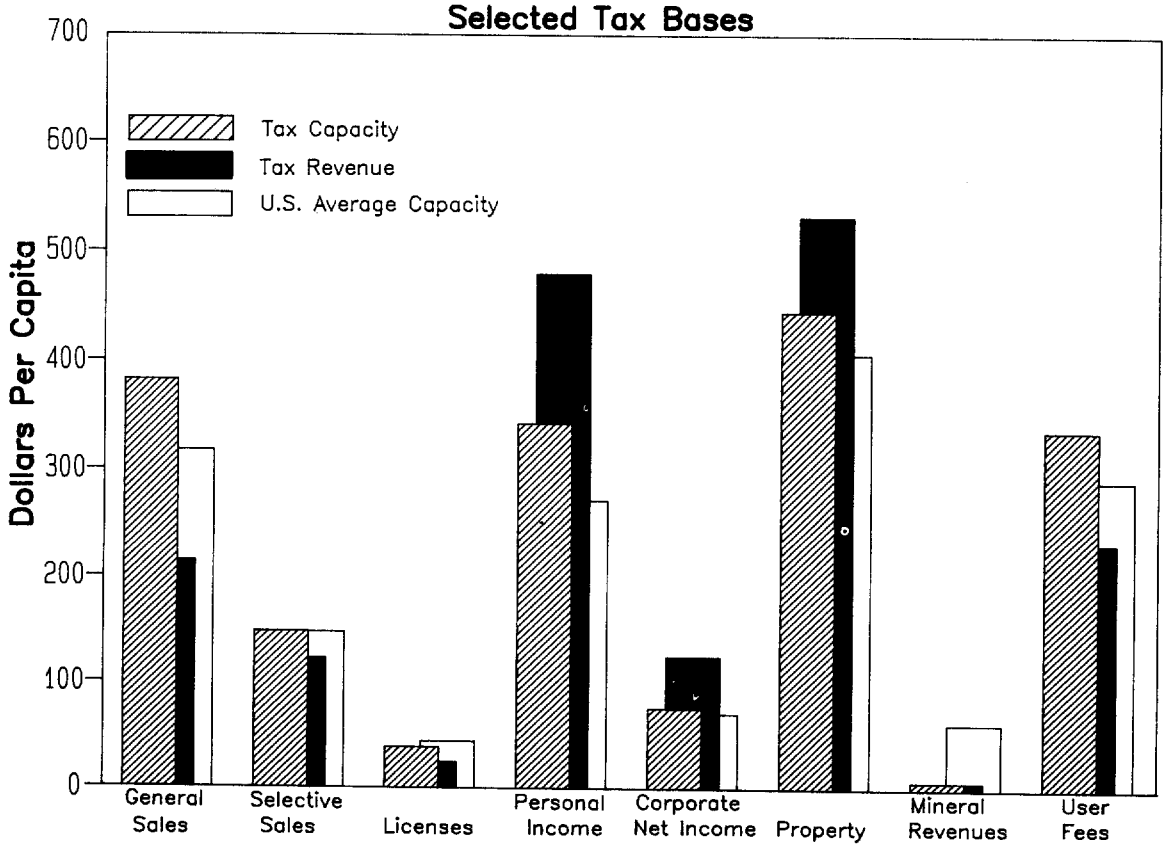
1984 RTS Capacity = 111 **1984 RTS Tax Effort = 105**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

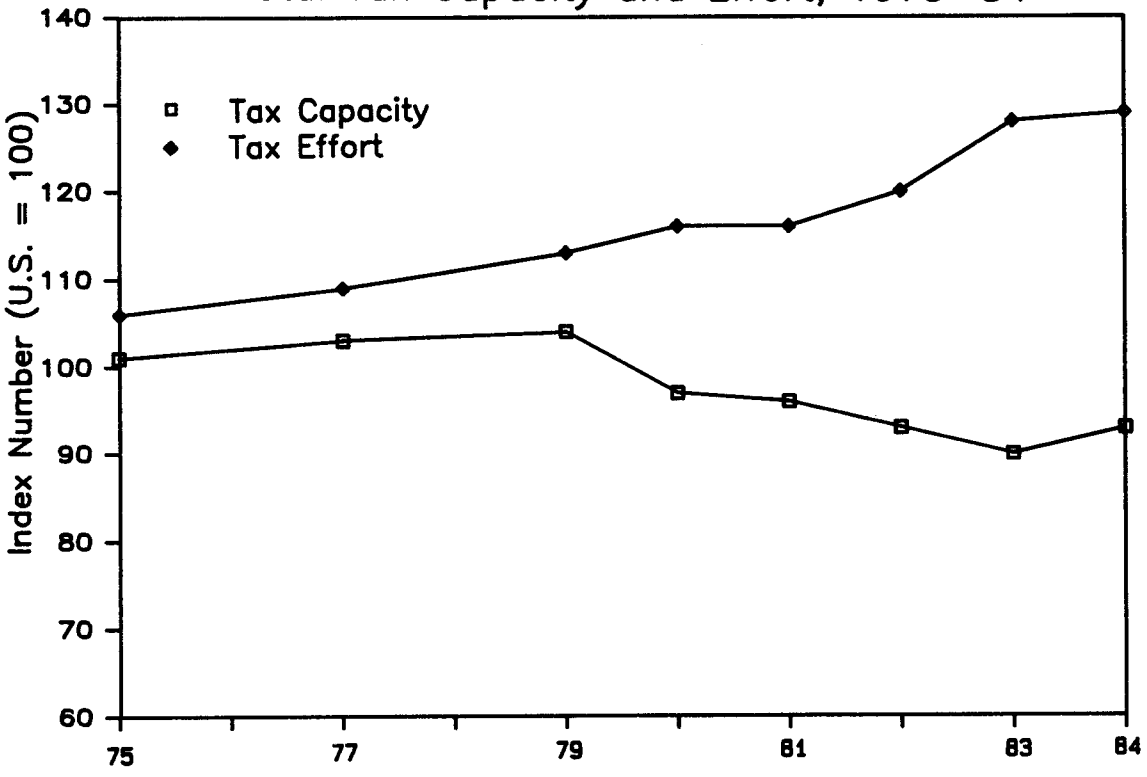
Selected Tax Bases



Michigan

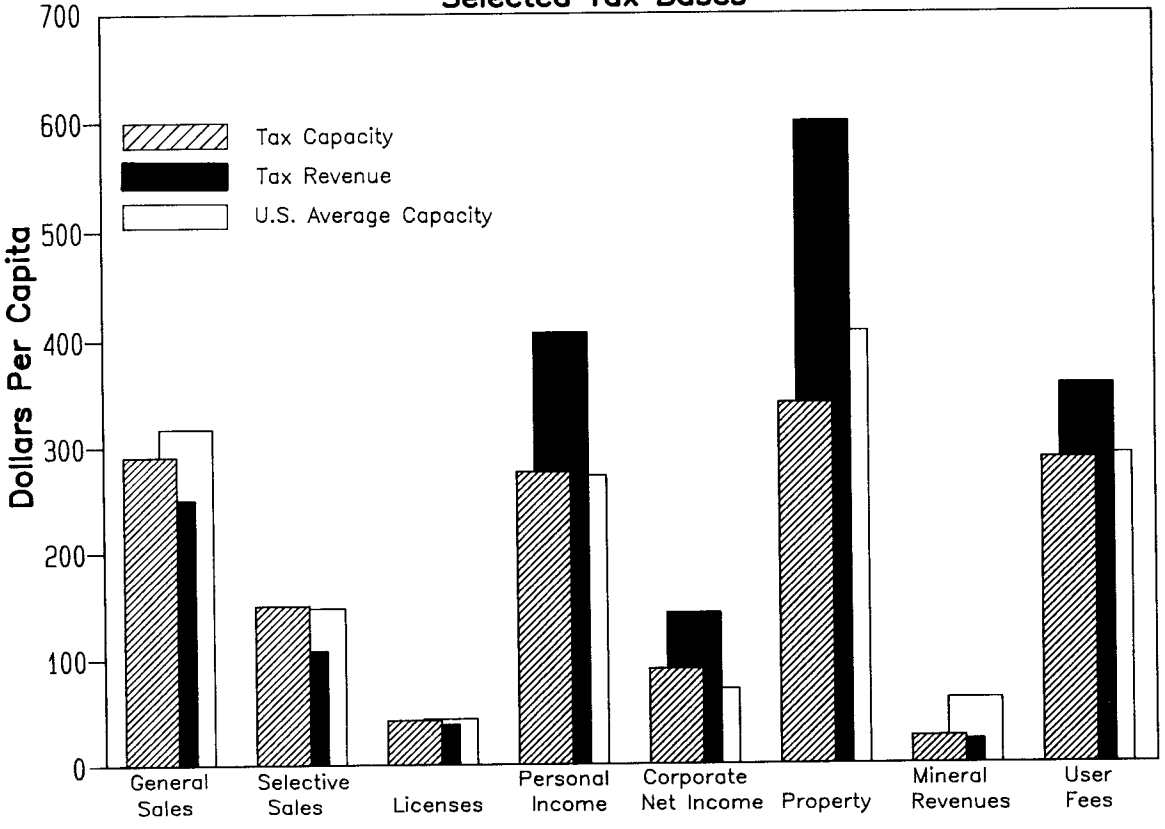
1984 RTS Capacity = 93 **1984 RTS Tax Effort = 129**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

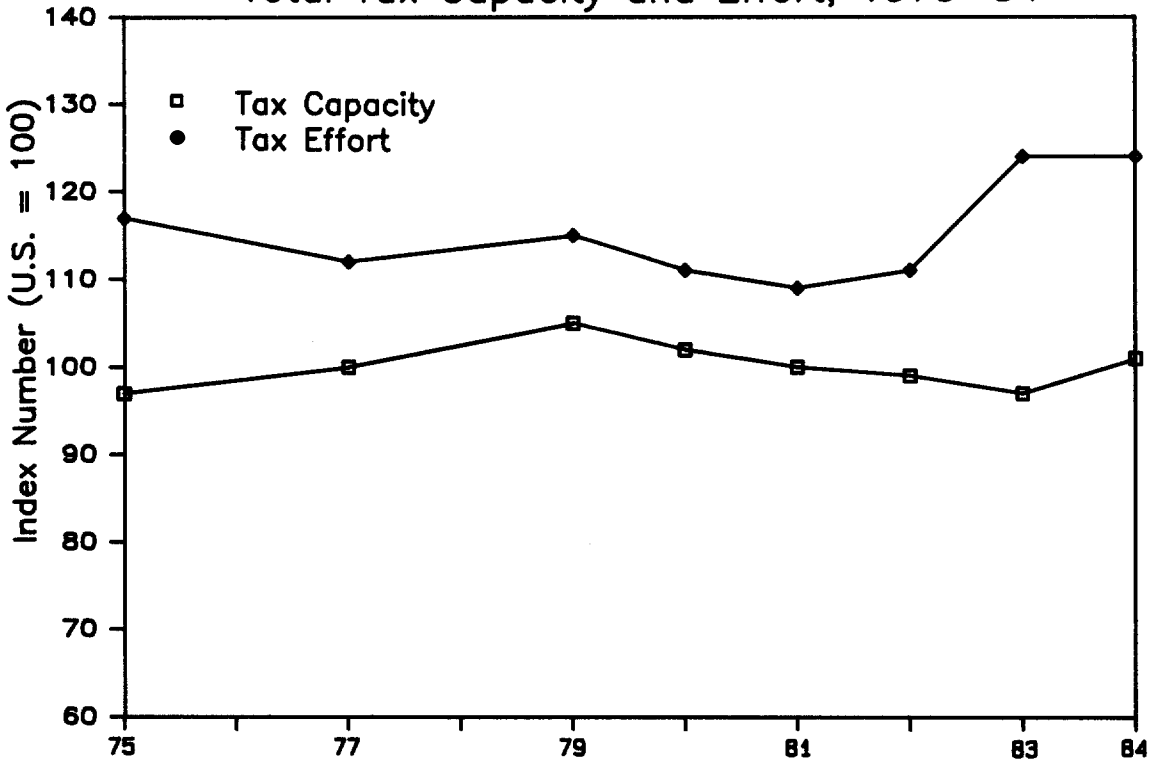
Selected Tax Bases



Minnesota

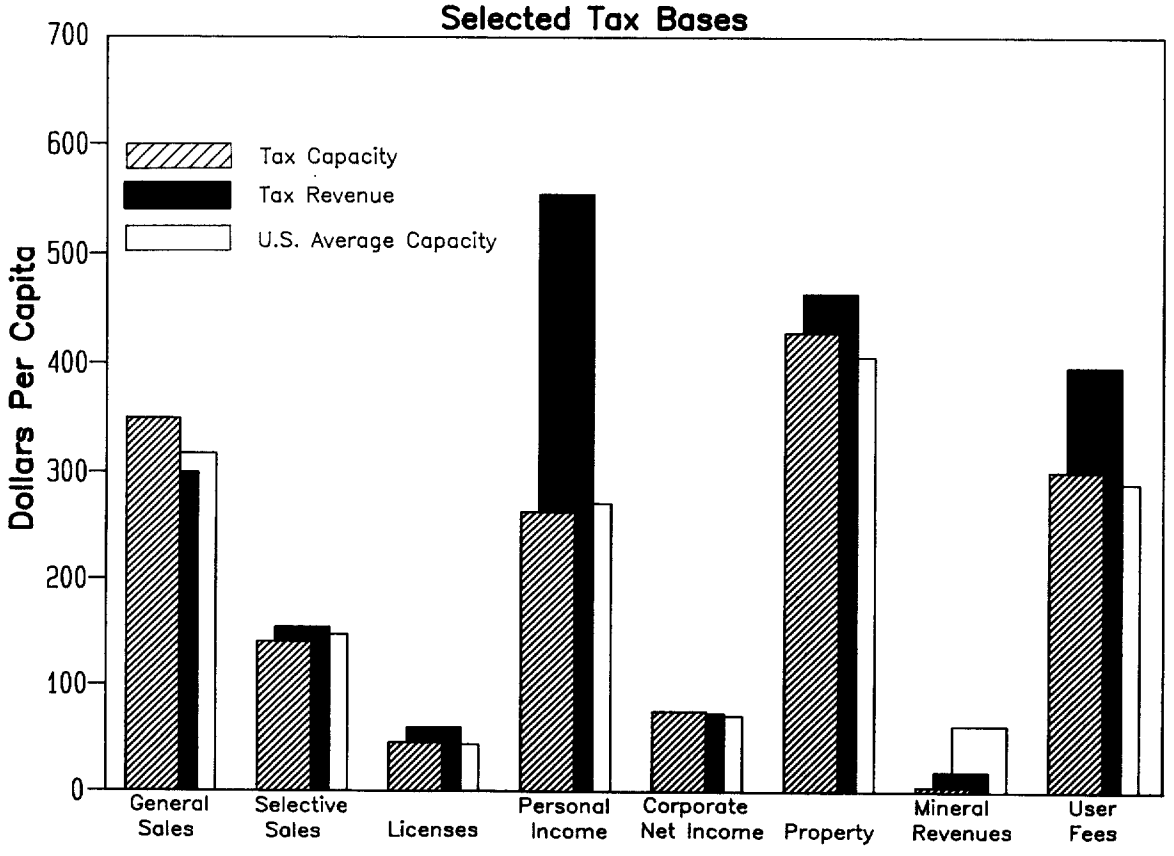
1984 RTS Capacity = 101 **1984 RTS Tax Effort = 124**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

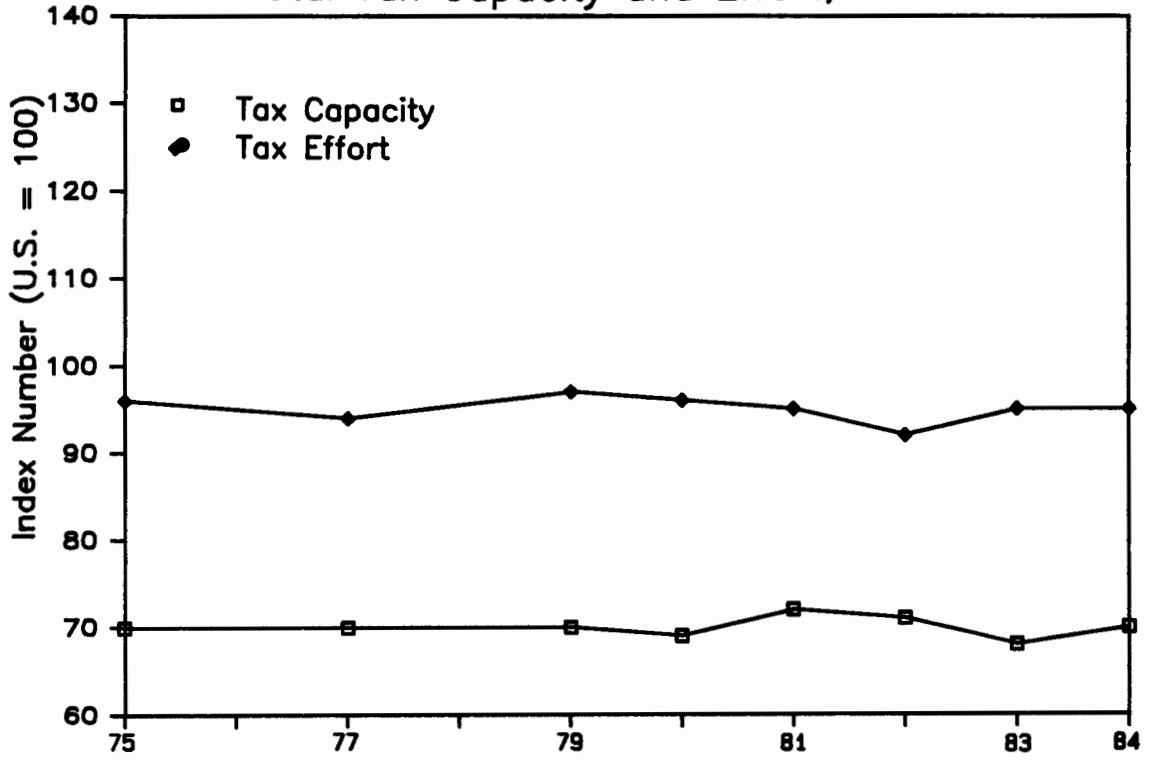
Selected Tax Bases



Mississippi

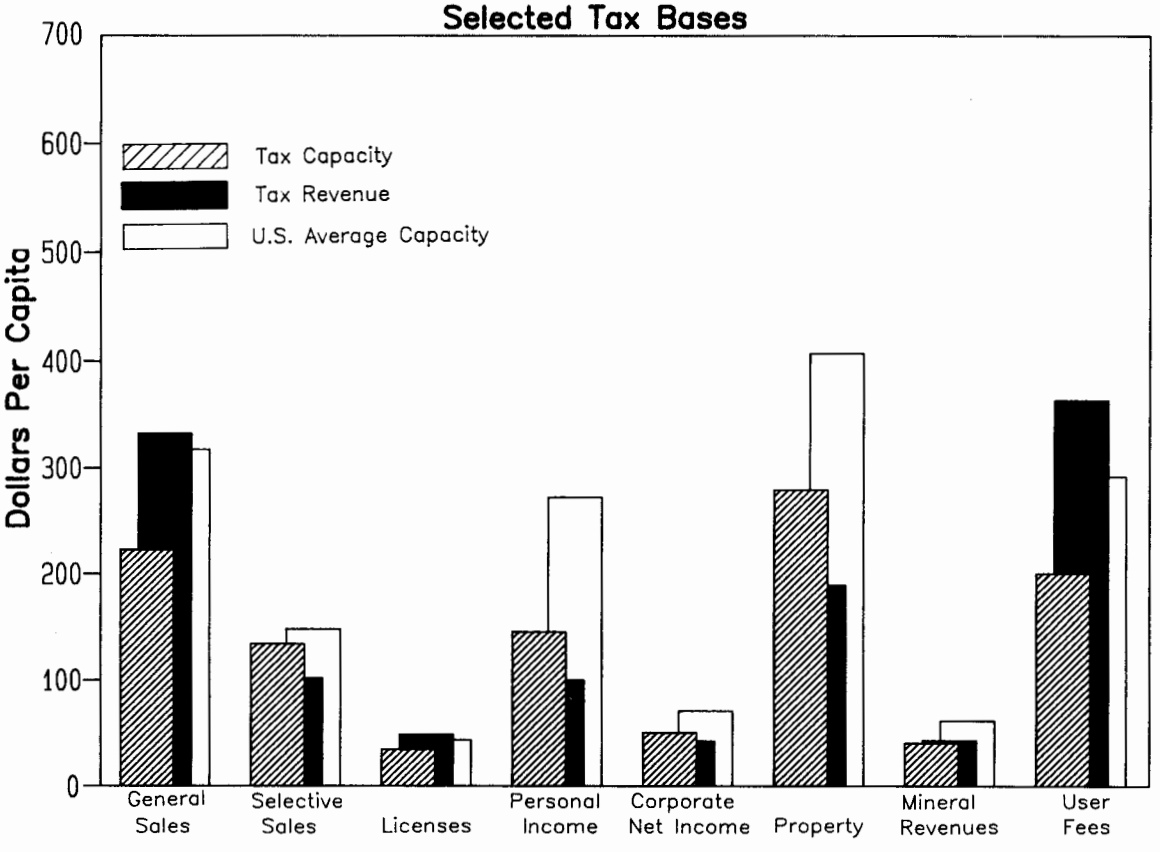
1984 RTS Capacity = 70 **1984 RTS Tax Effort = 95**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

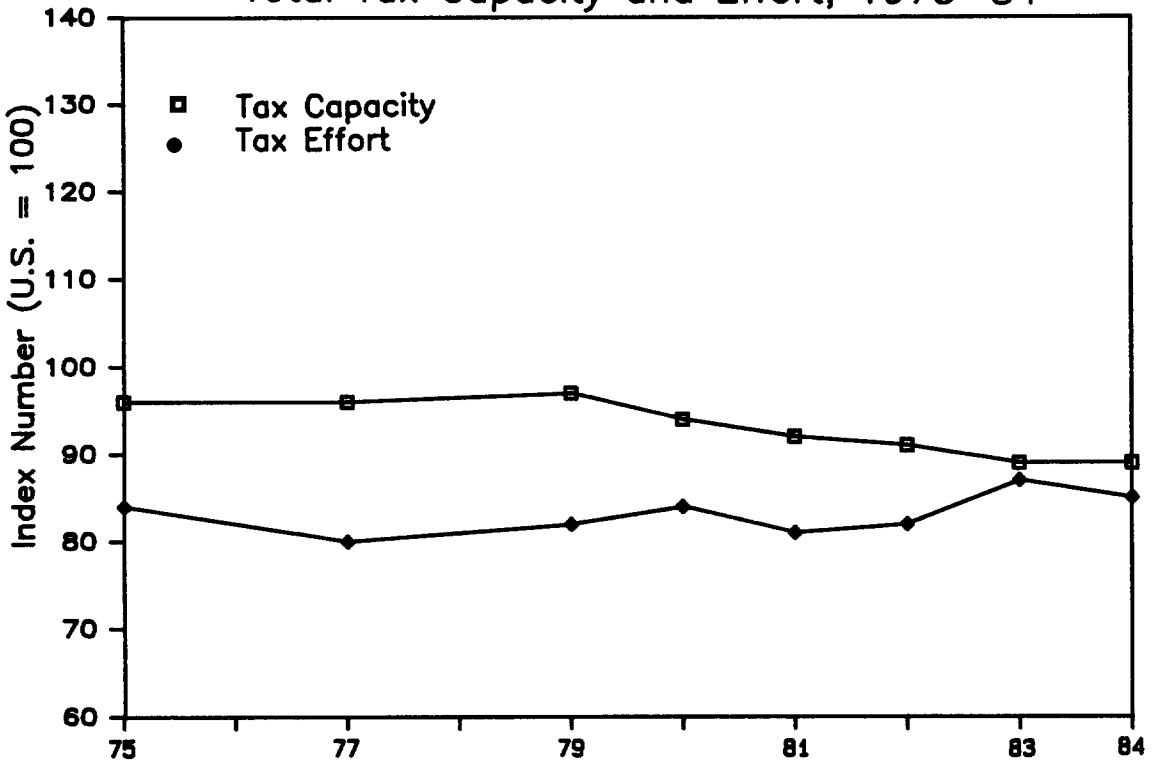
Selected Tax Bases



Missouri

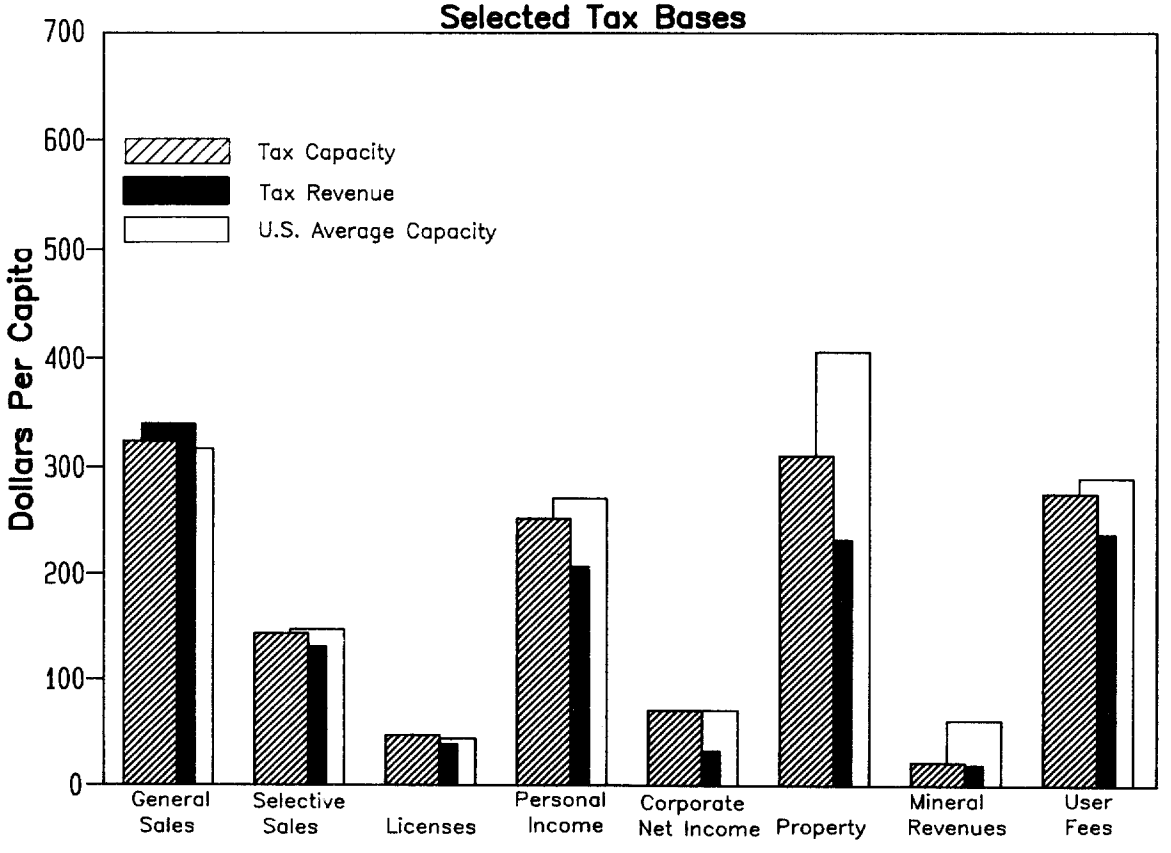
1984 RTS Capacity = 89 **1984 RTS Tax Effort = 85**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

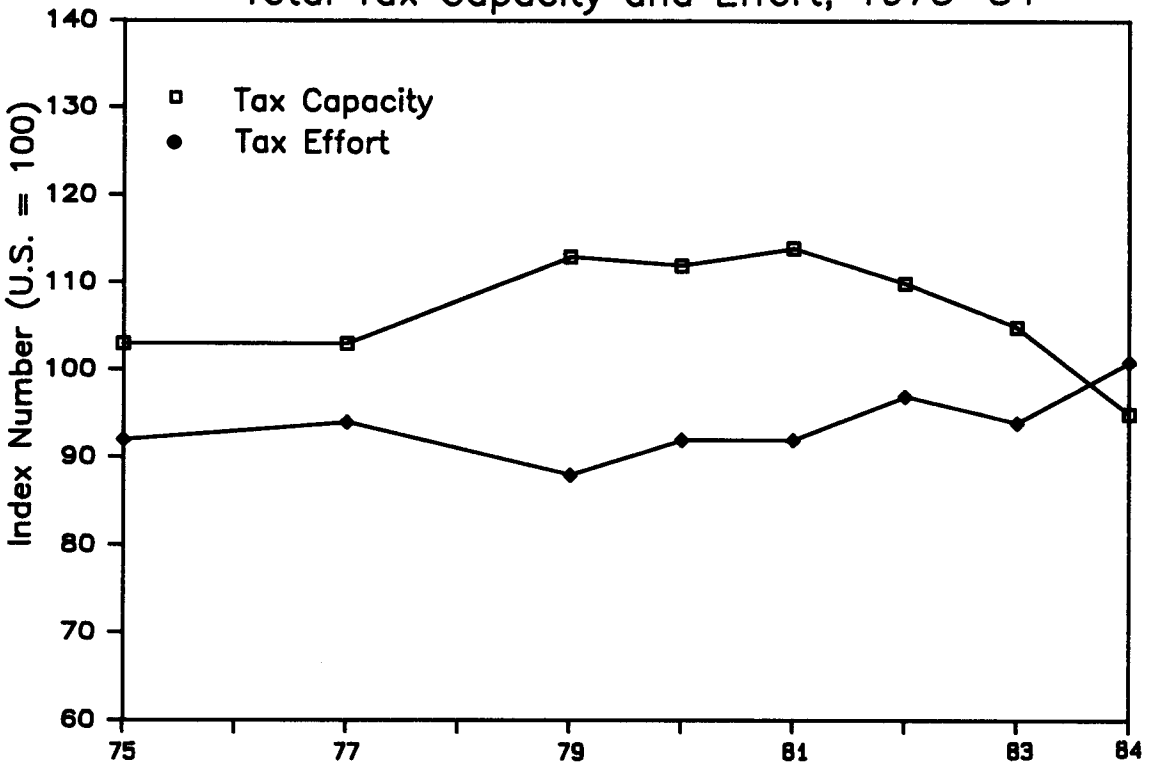
Selected Tax Bases



Montana

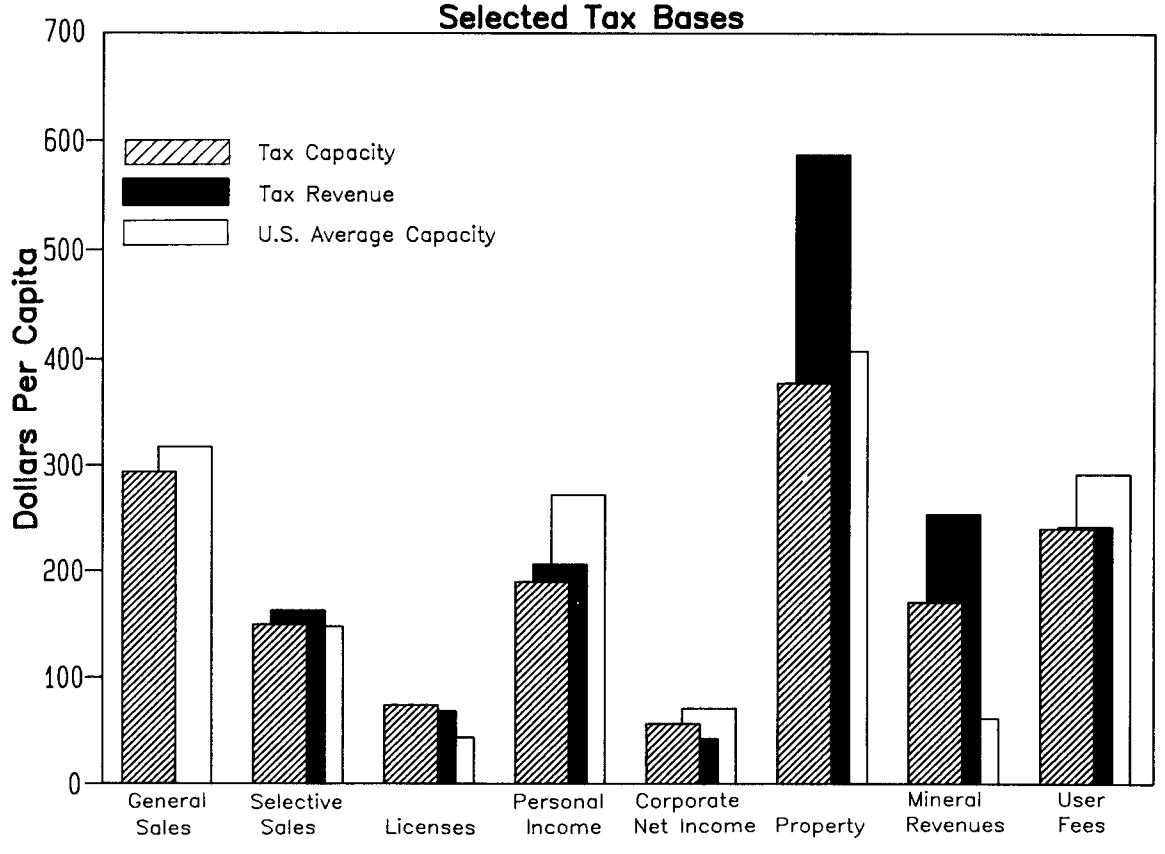
1984 RTS Capacity = 95 **1984 RTS Tax Effort = 101**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

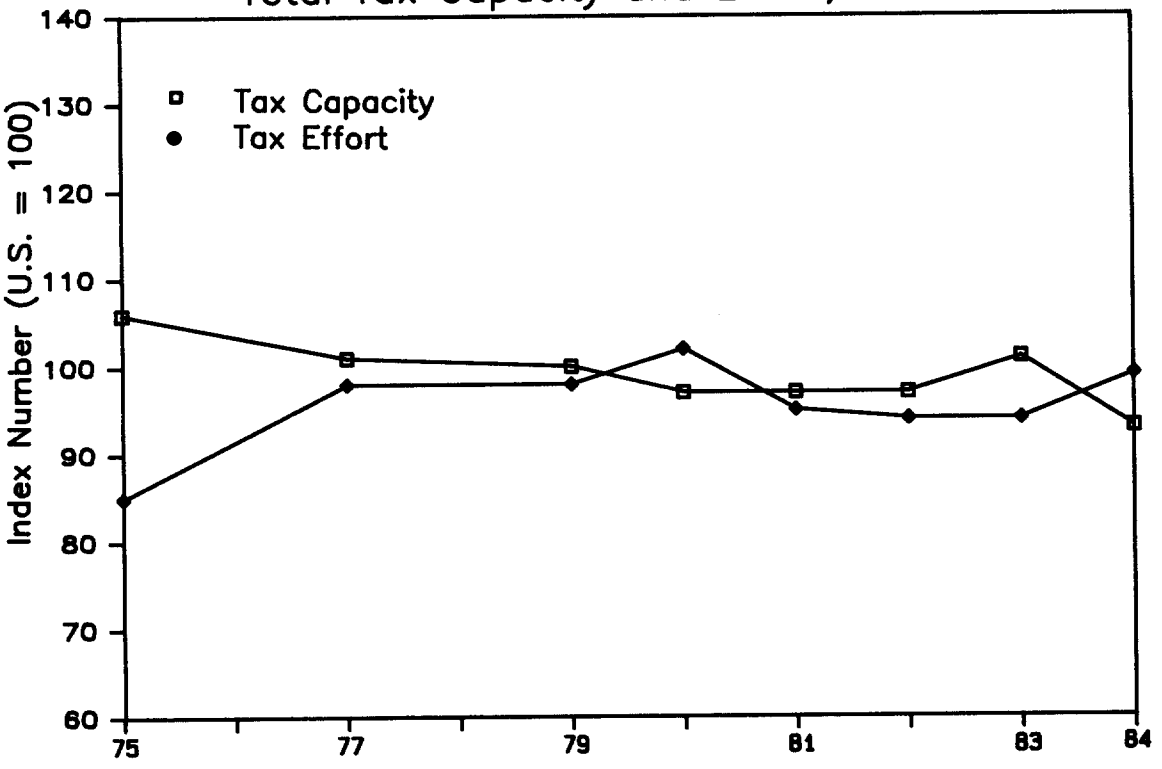
Selected Tax Bases



Nebraska

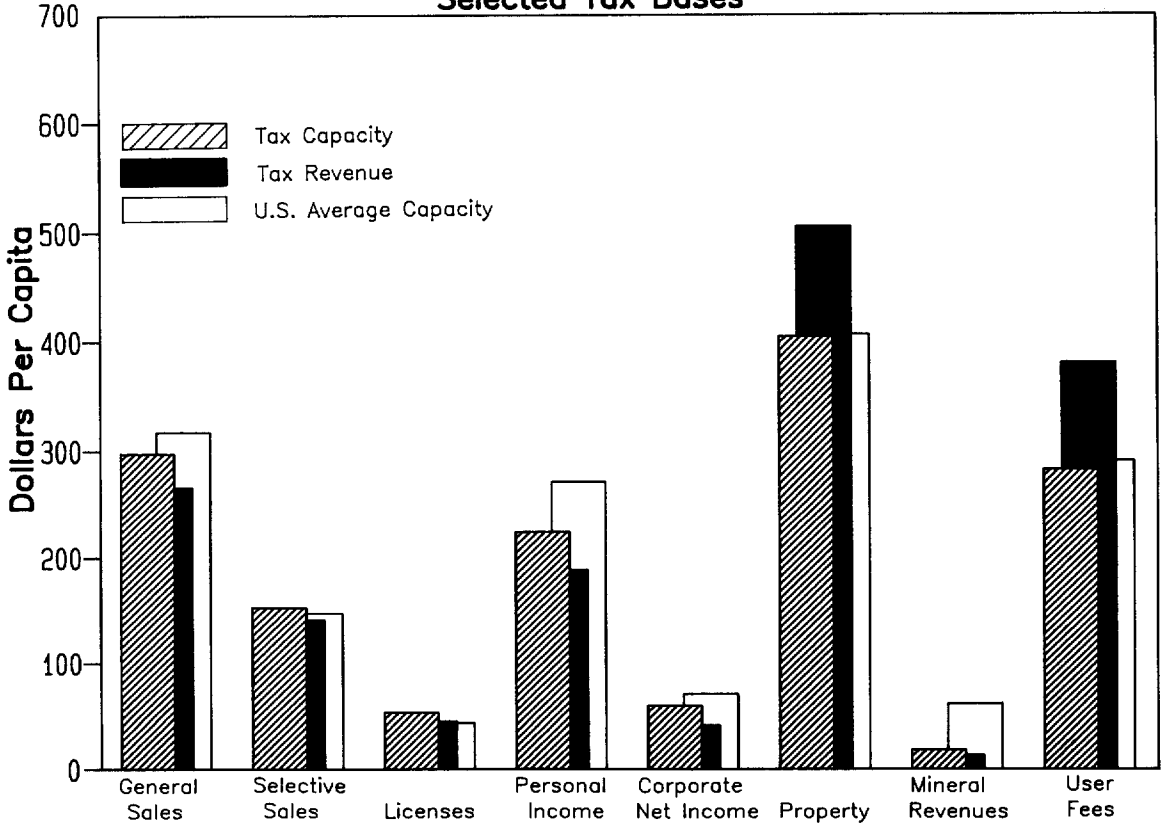
1984 RTS Capacity = 93 **1984 RTS Tax Effort = 99**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

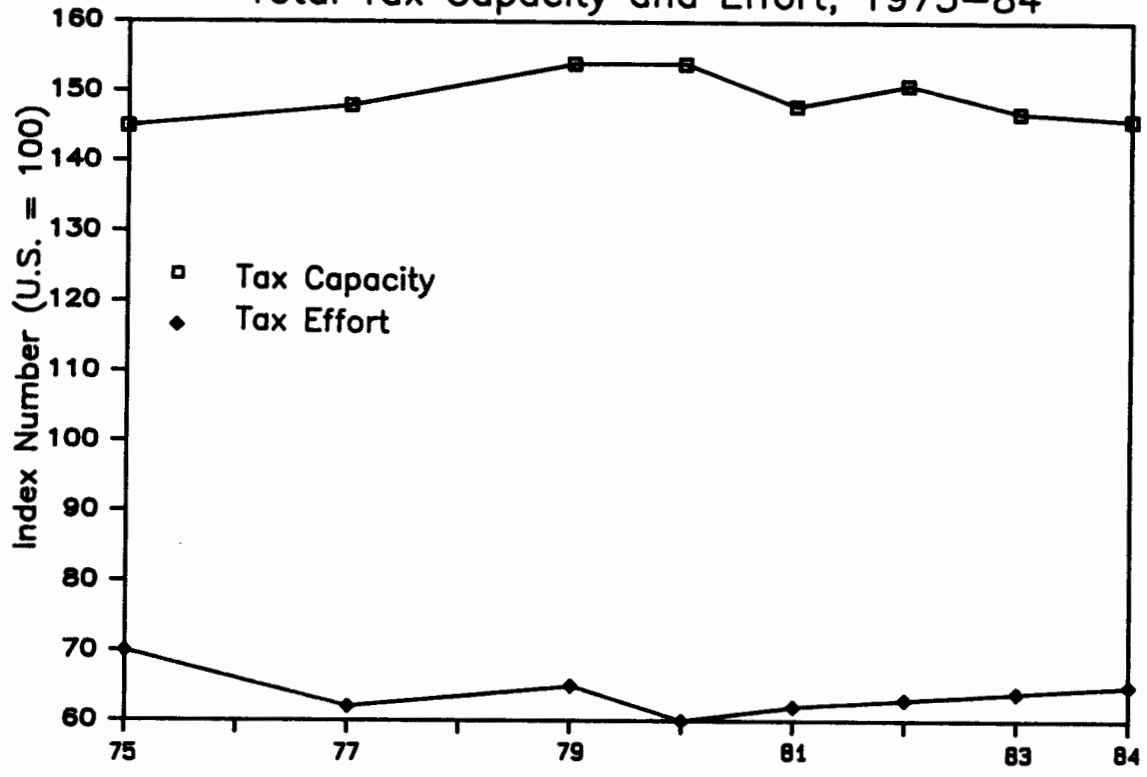
Selected Tax Bases



Nevada

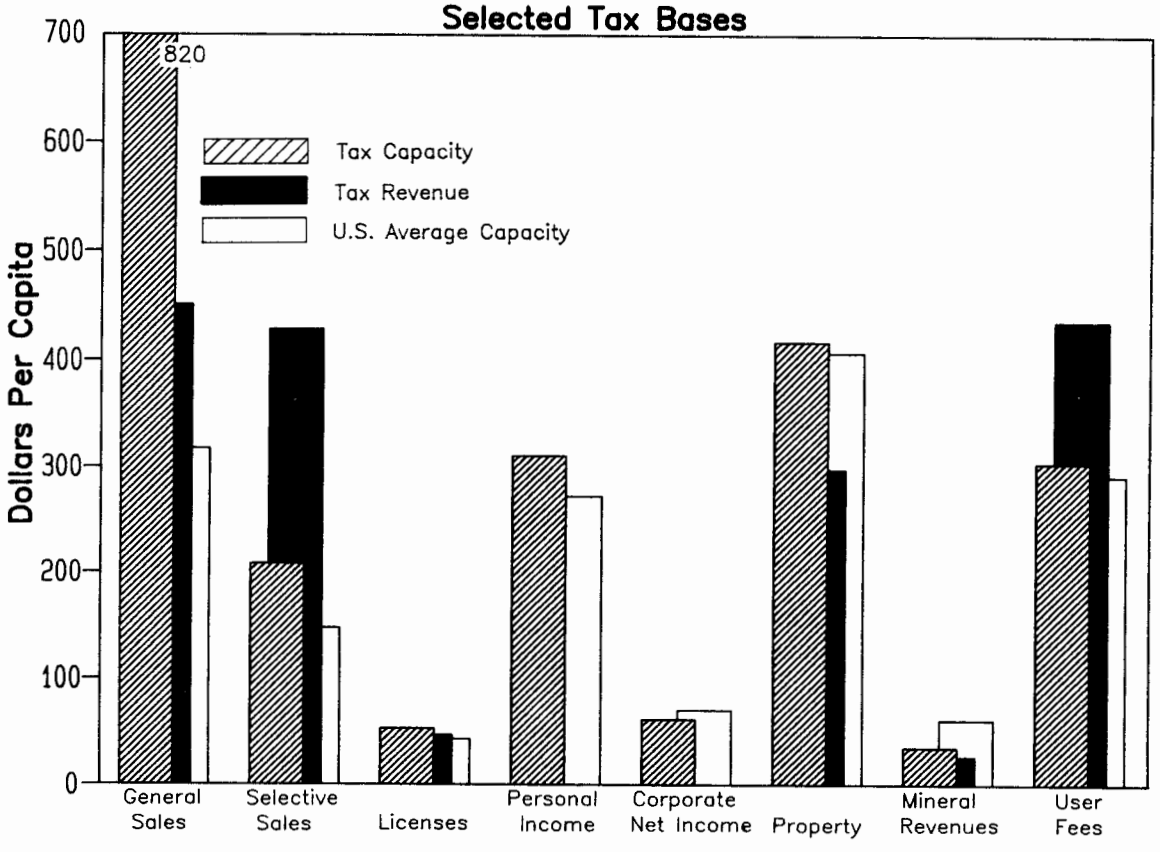
1984 RTS Capacity = 146 **1984 RTS Tax Effort = 65**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

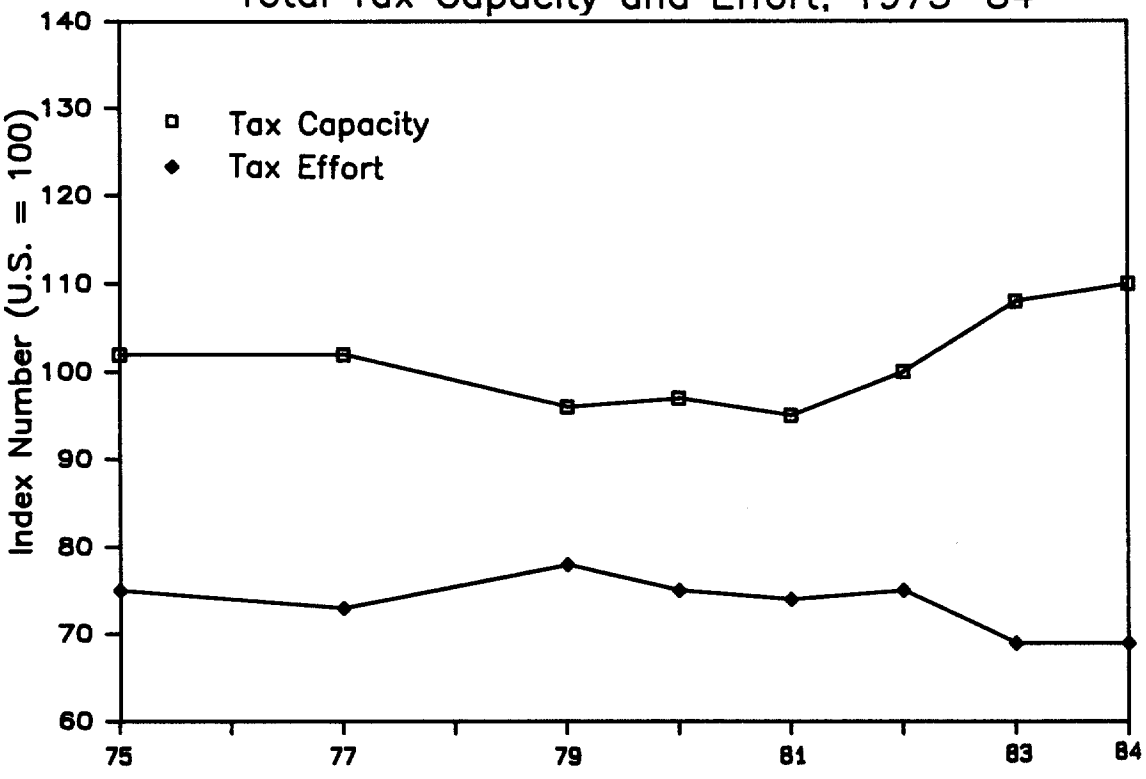
Selected Tax Bases



New Hampshire

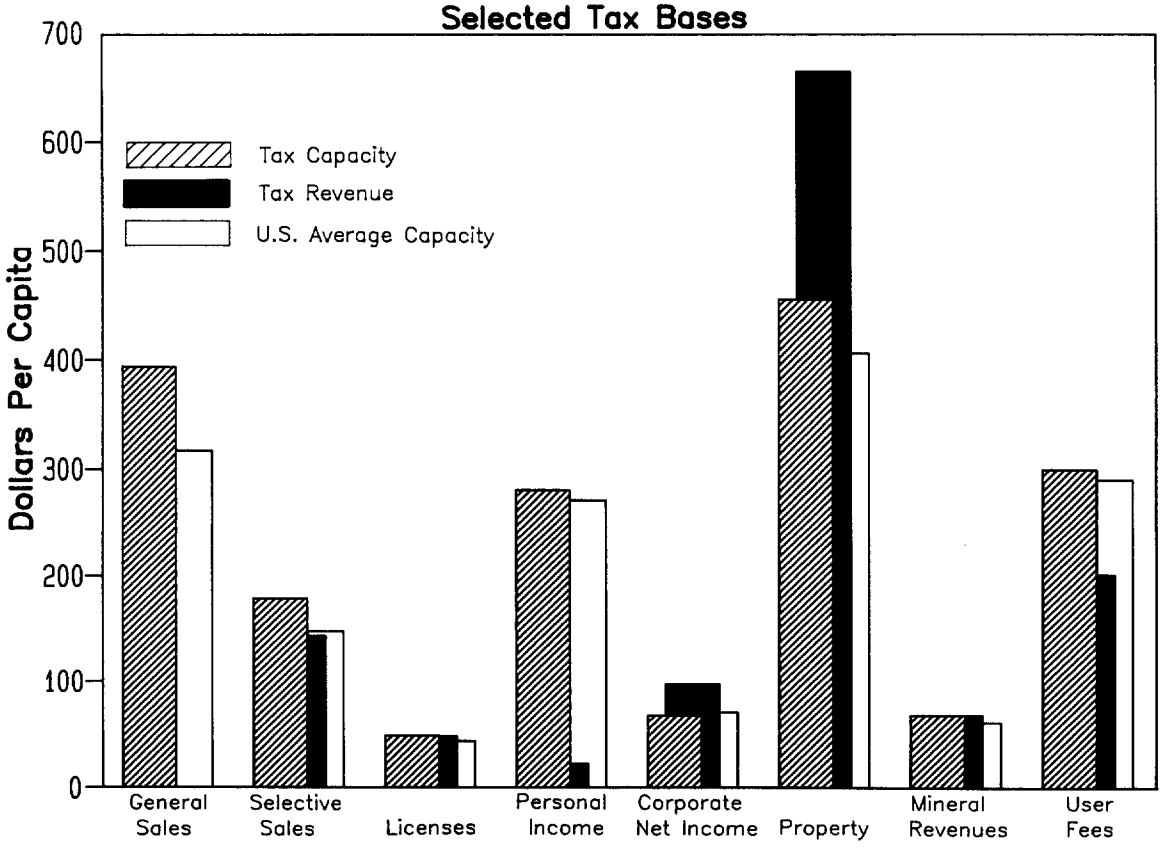
1984 RTS Capacity = 110 **1984 RTS Tax Effort = 69**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

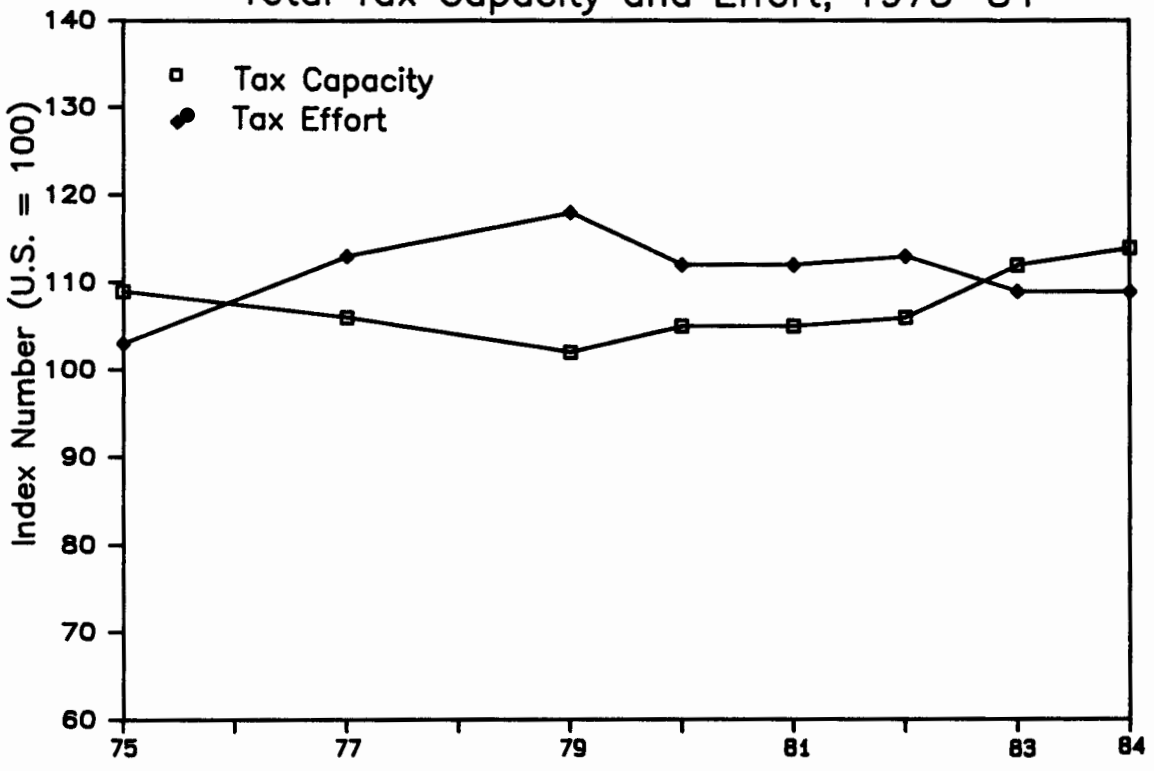
Selected Tax Bases



New Jersey

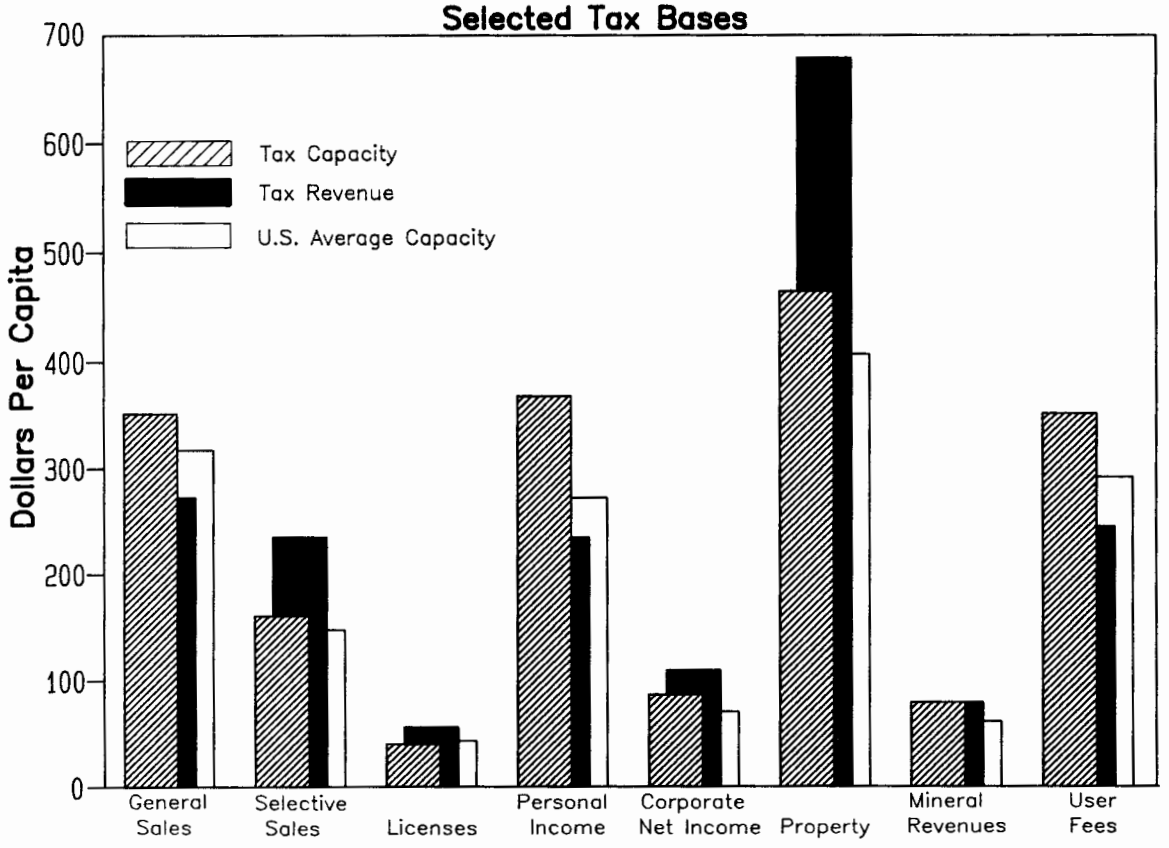
1984 RTS Capacity = 114 **1984 RTS Tax Effort = 109**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

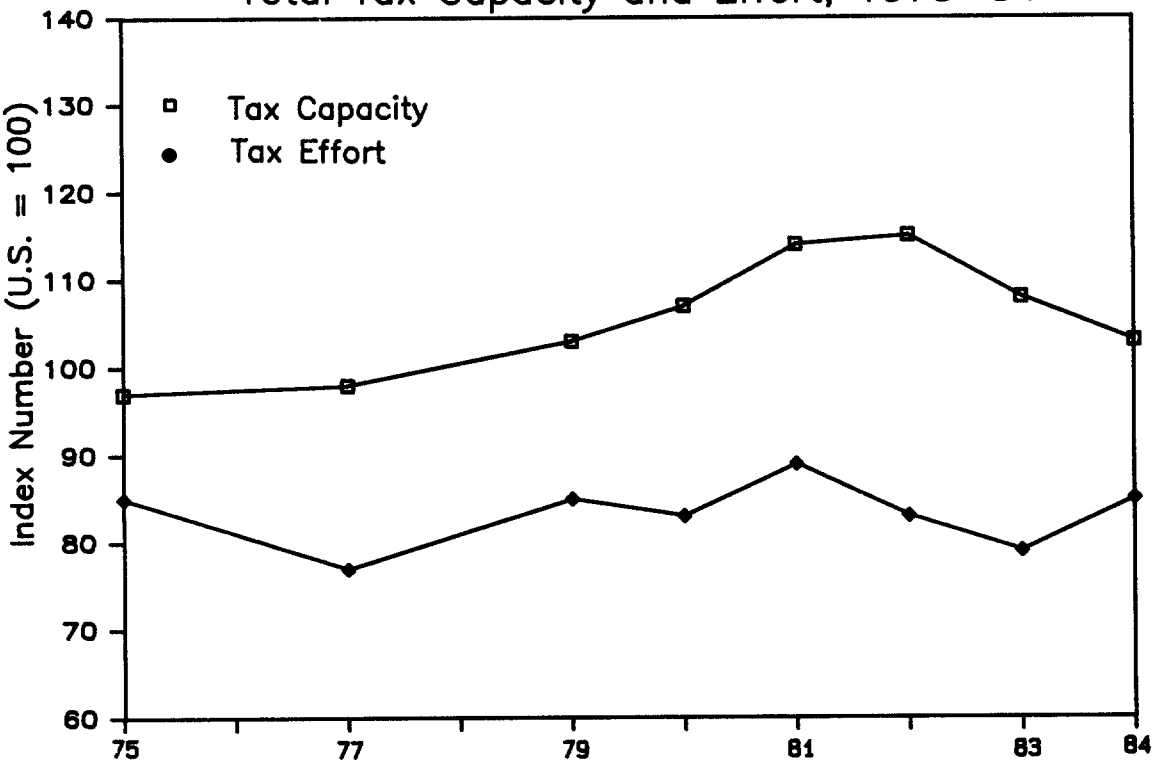
Selected Tax Bases



New Mexico

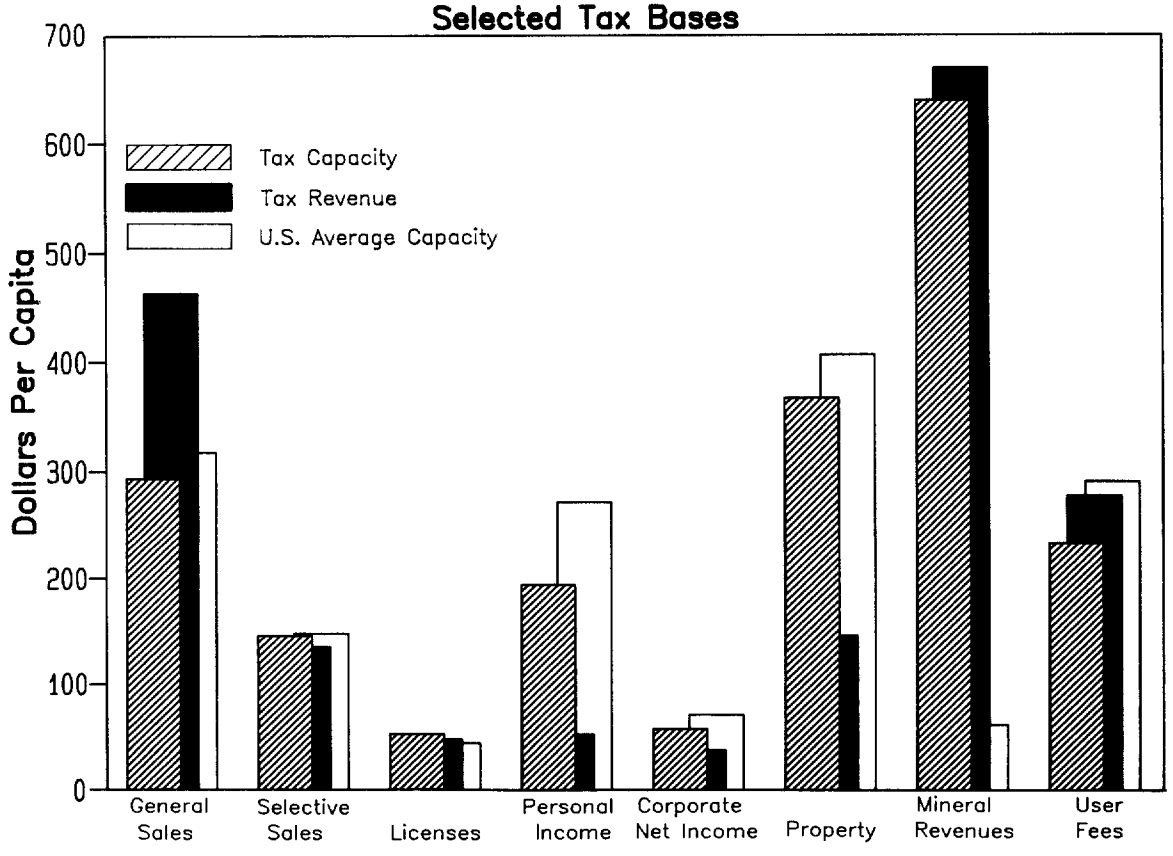
1984 RTS Capacity = 103 **1984 RTS Tax Effort = 85**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

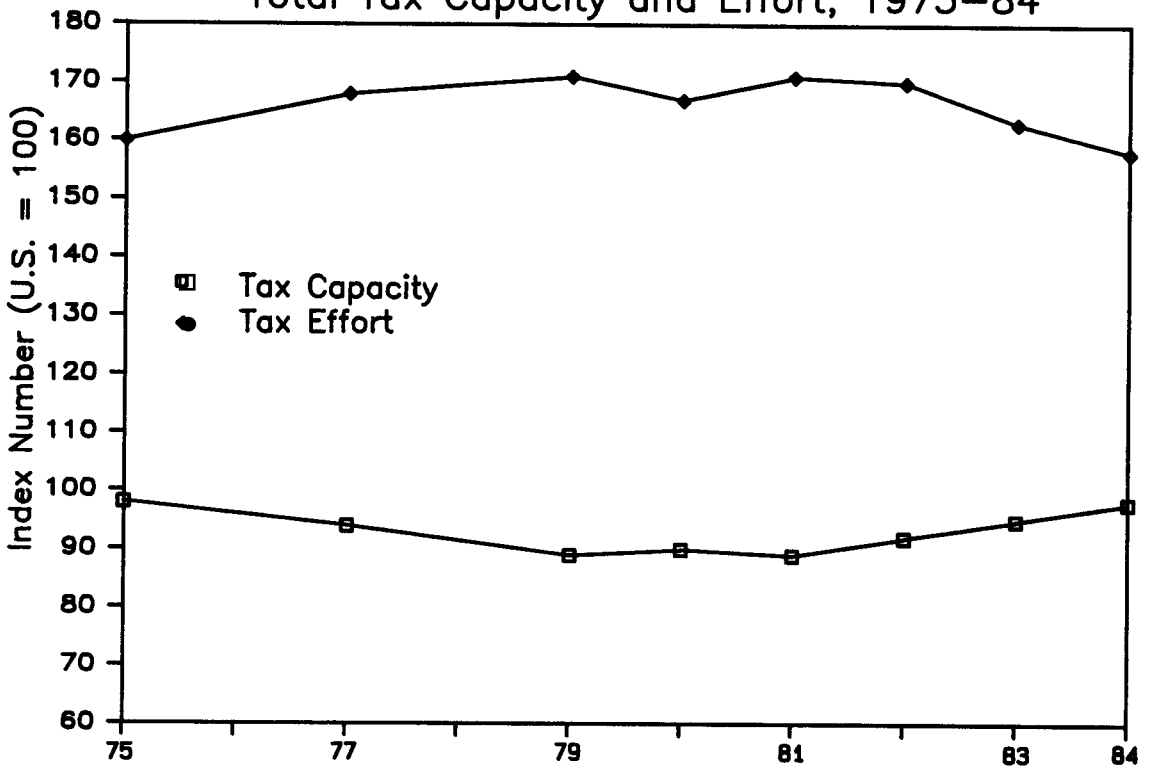
Selected Tax Bases



New York

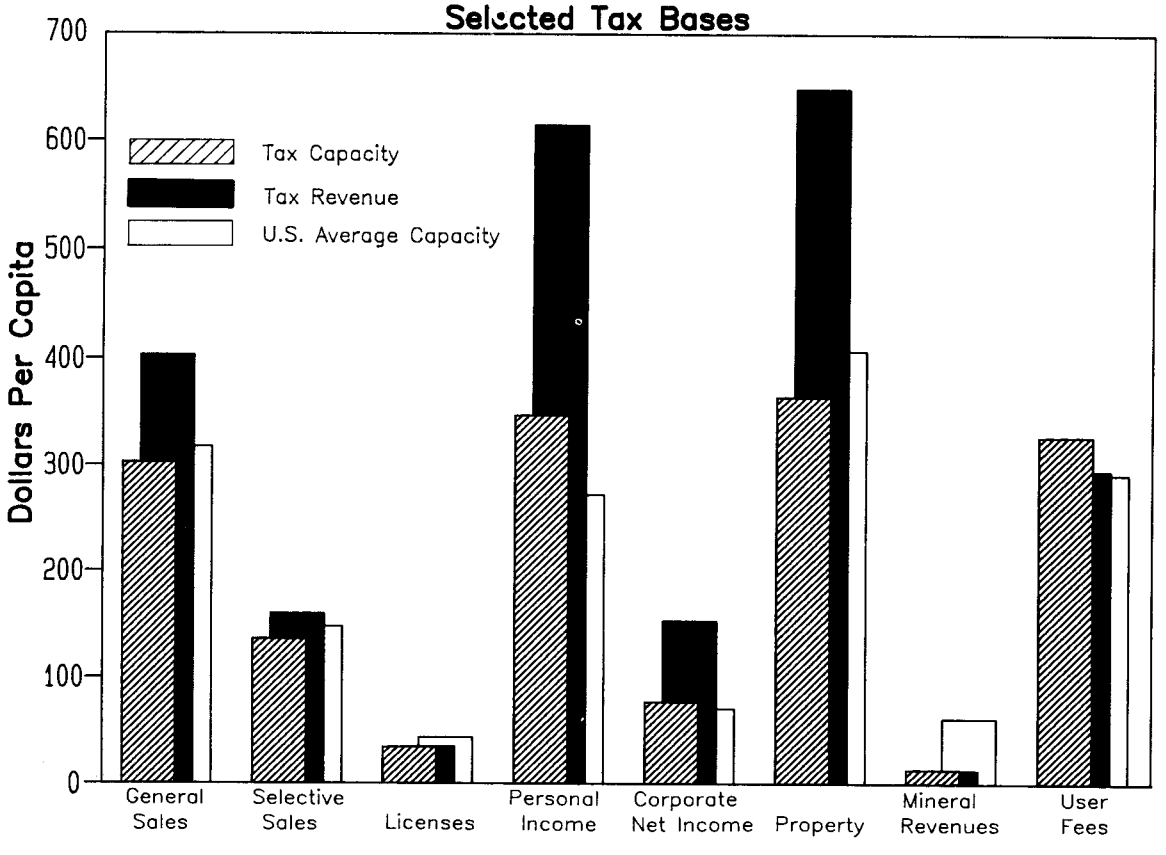
1984 RTS Capacity = 98 **1984 RTS Tax Effort = 158**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

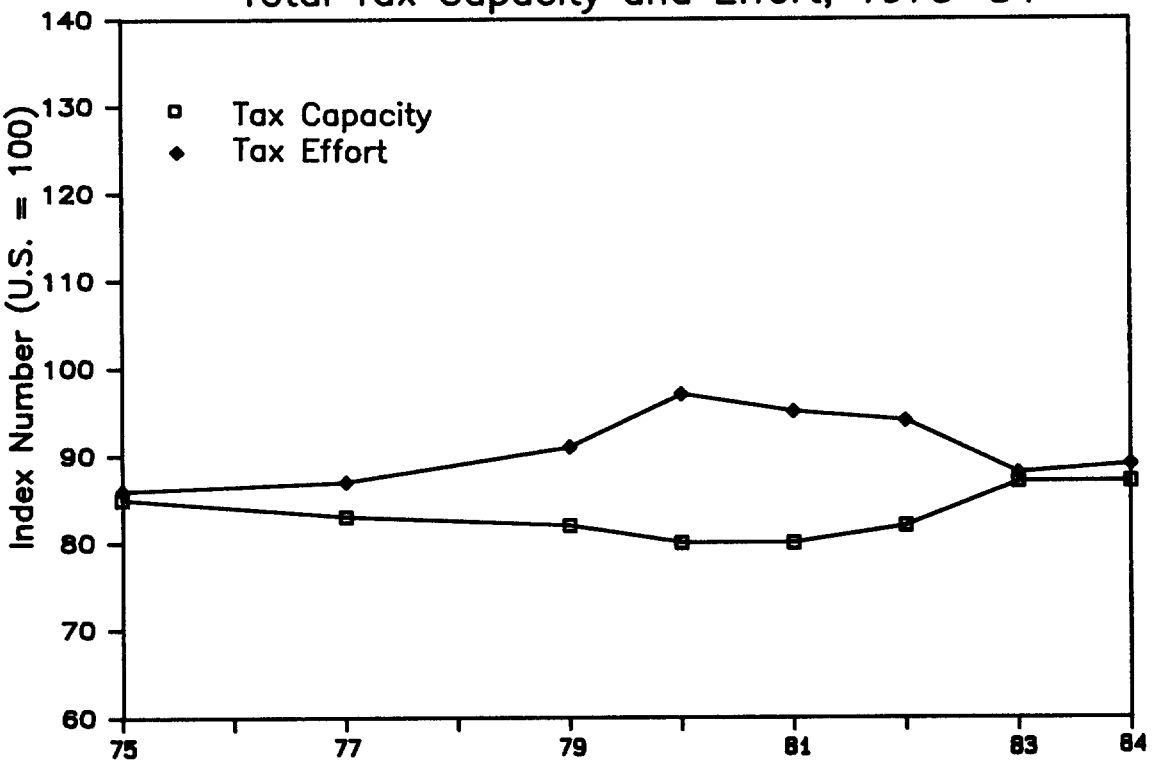
Selected Tax Bases



North Carolina

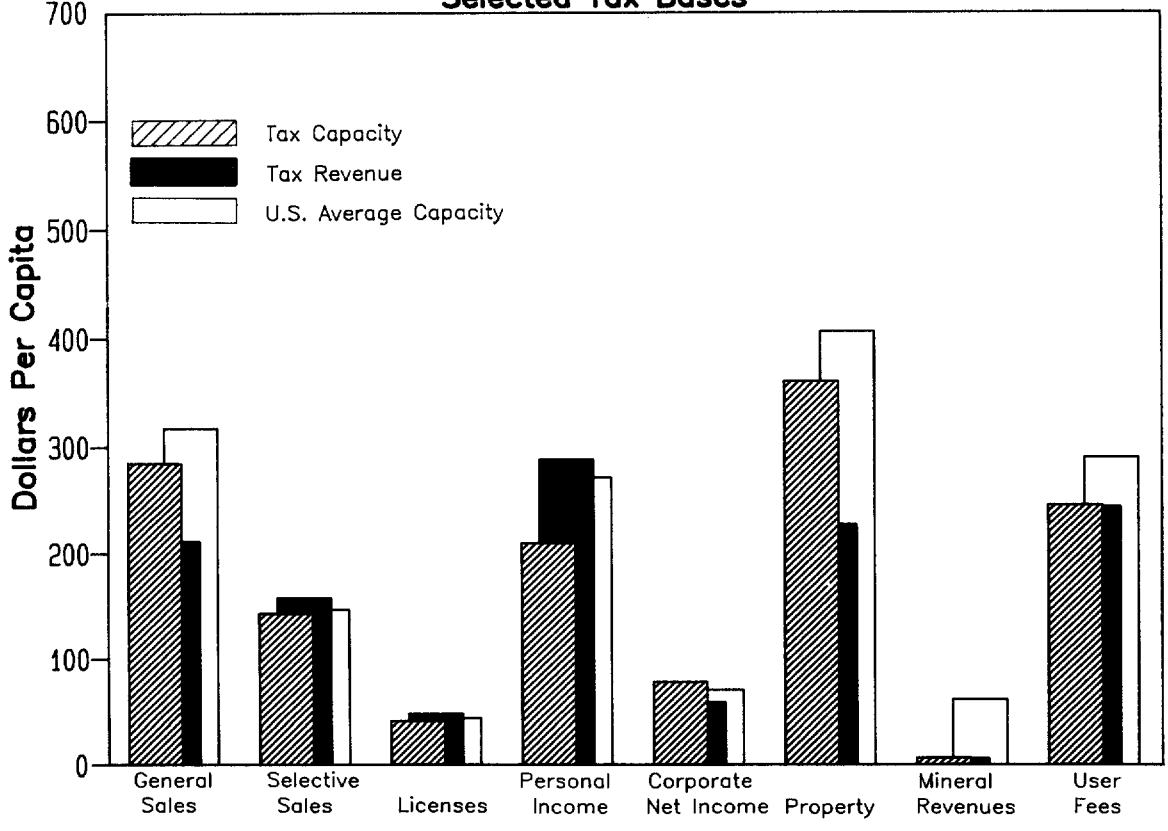
1984 RTS Capacity = 87 **1984 RTS Tax Effort = 89**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

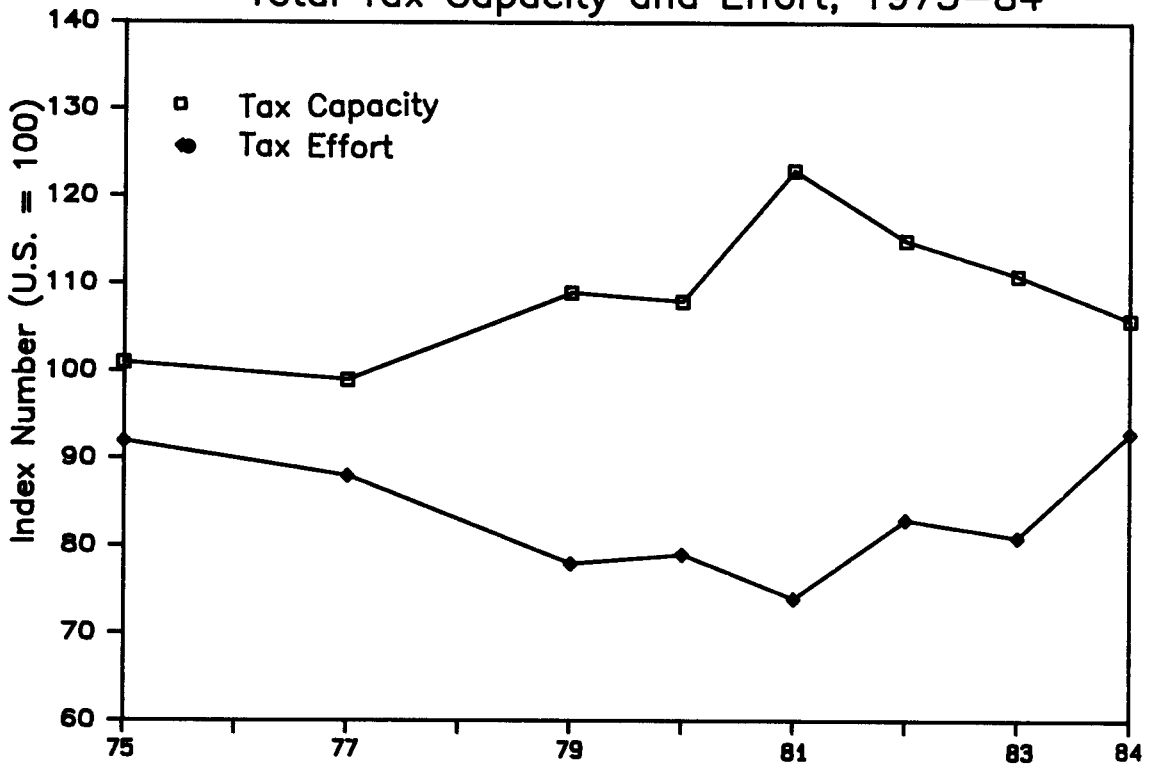
Selected Tax Bases



North Dakota

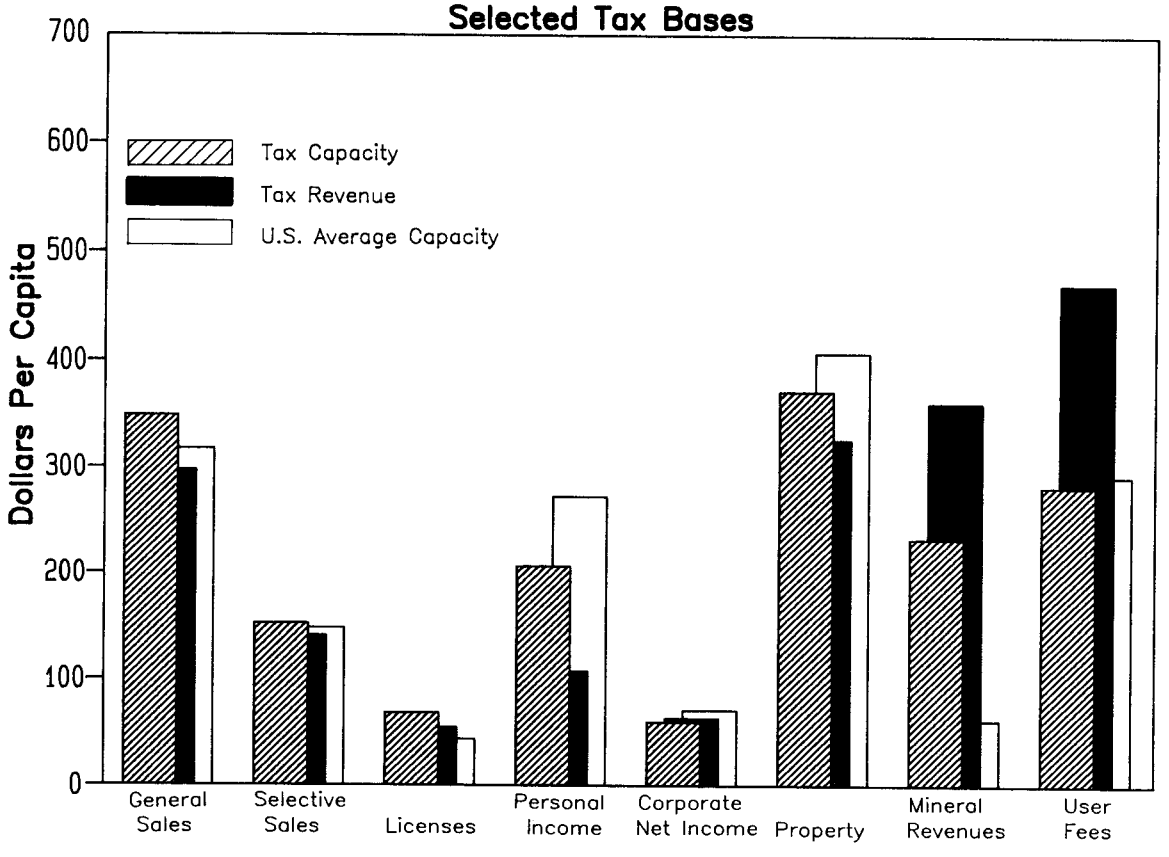
1984 RTS Capacity = 106 **1984 RTS Tax Effort = 93**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

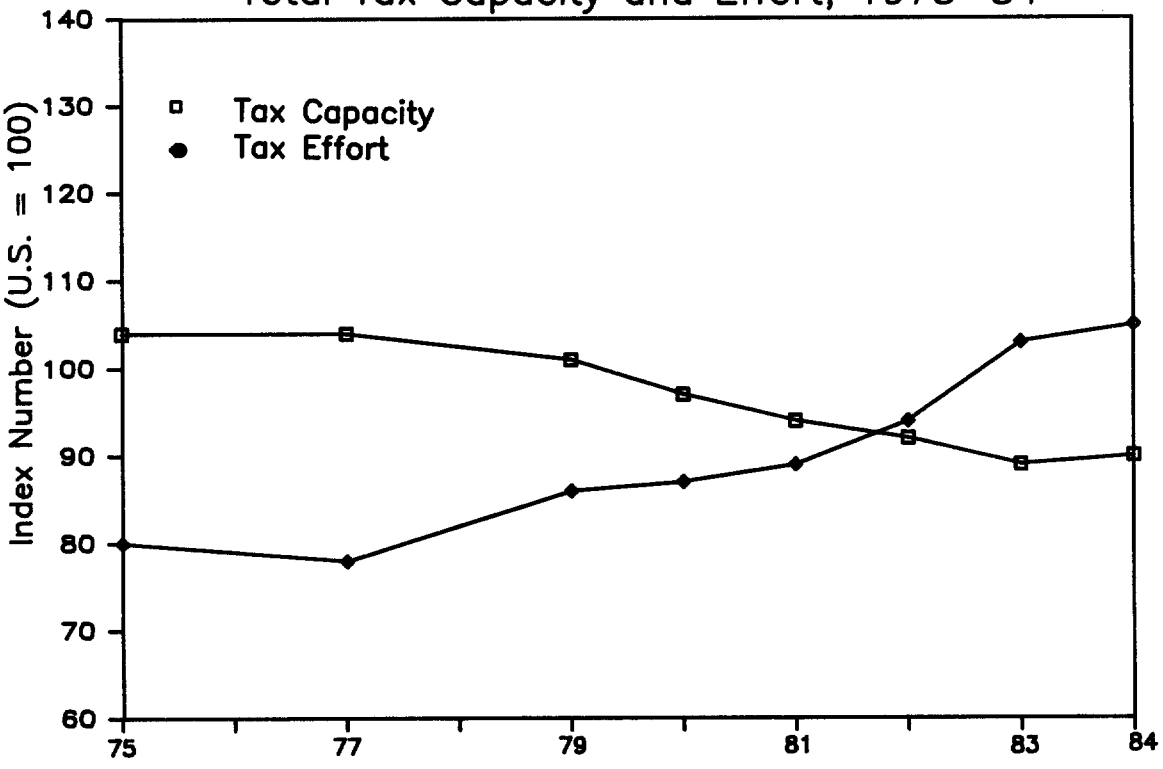
Selected Tax Bases



Ohio

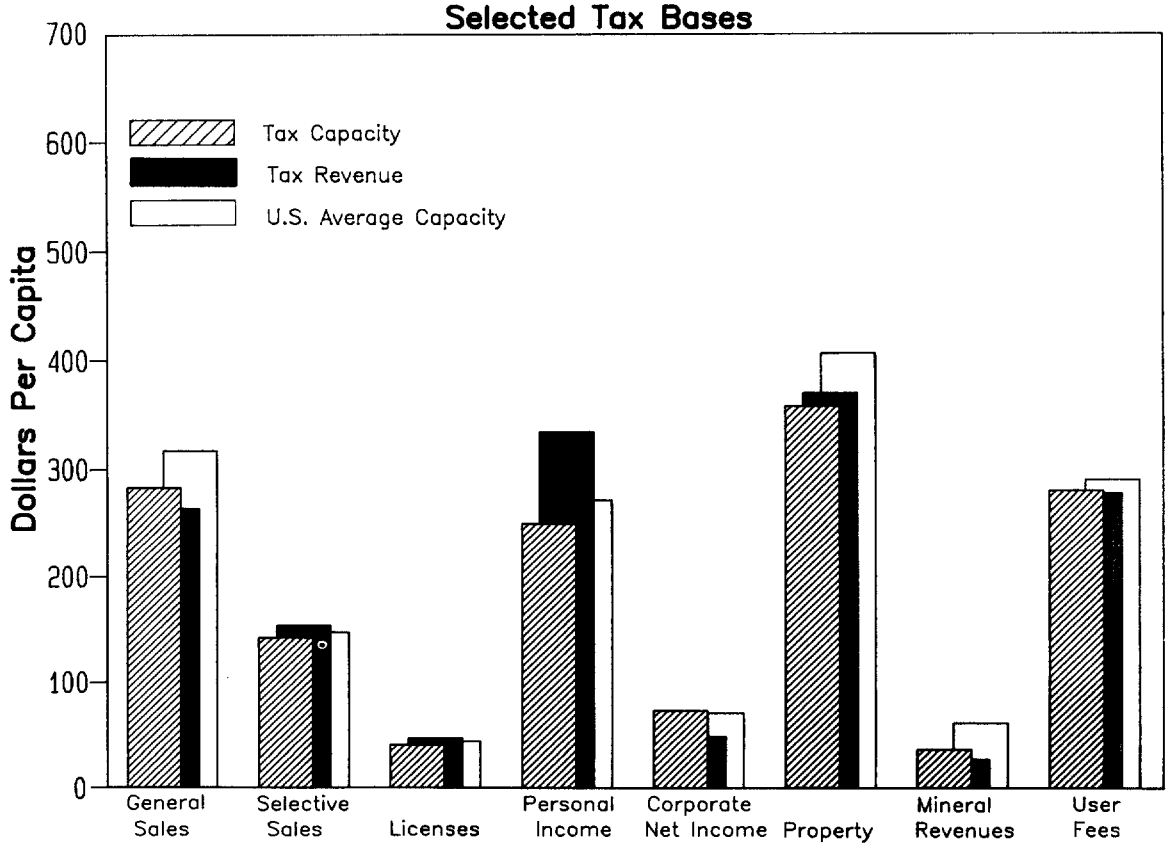
1984 RTS Capacity = 90 **1984 RTS Tax Effort = 105**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

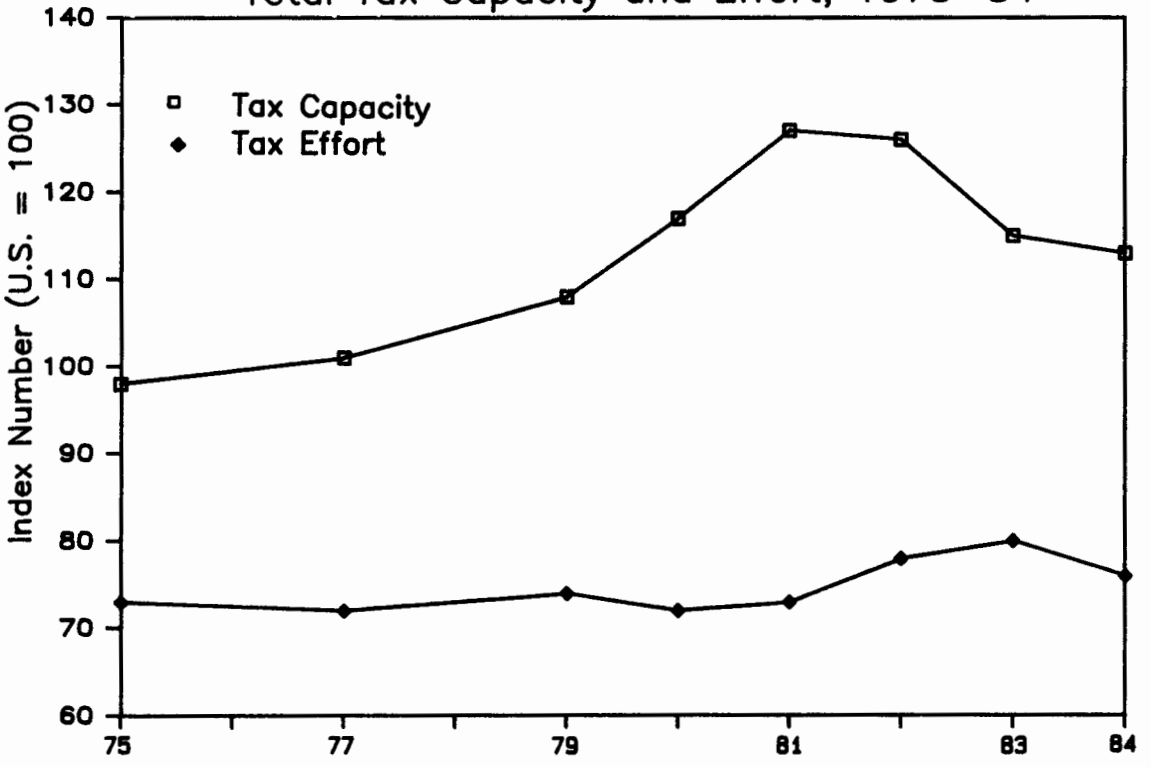
Selected Tax Bases



Oklahoma

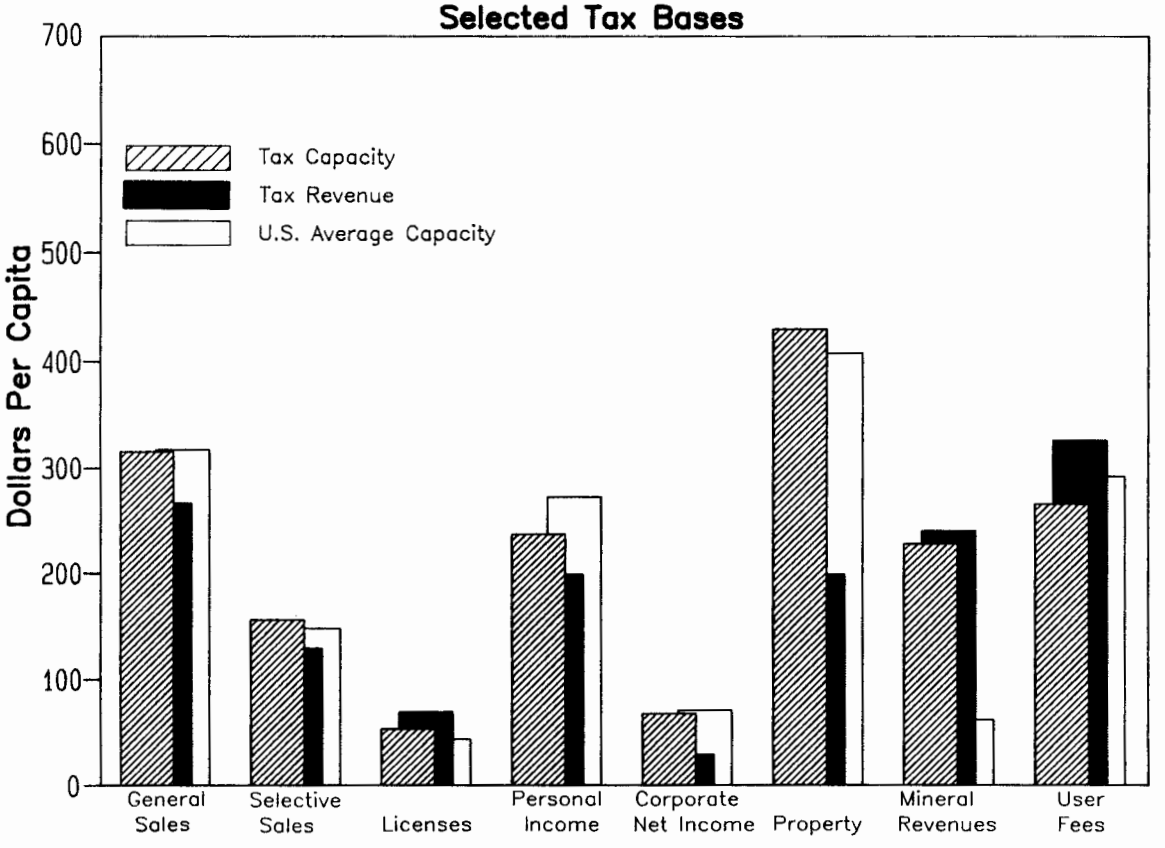
1984 RTS Capacity = 113 **1984 RTS Tax Effort = 76**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

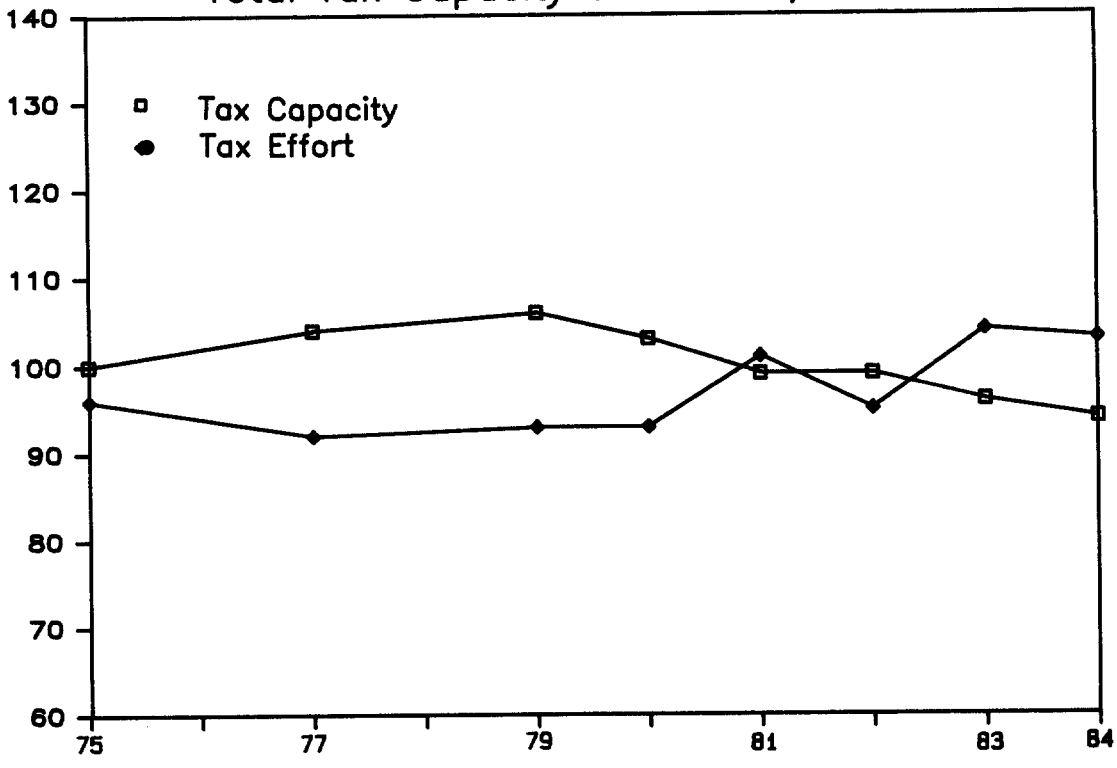
Selected Tax Bases



Oregon

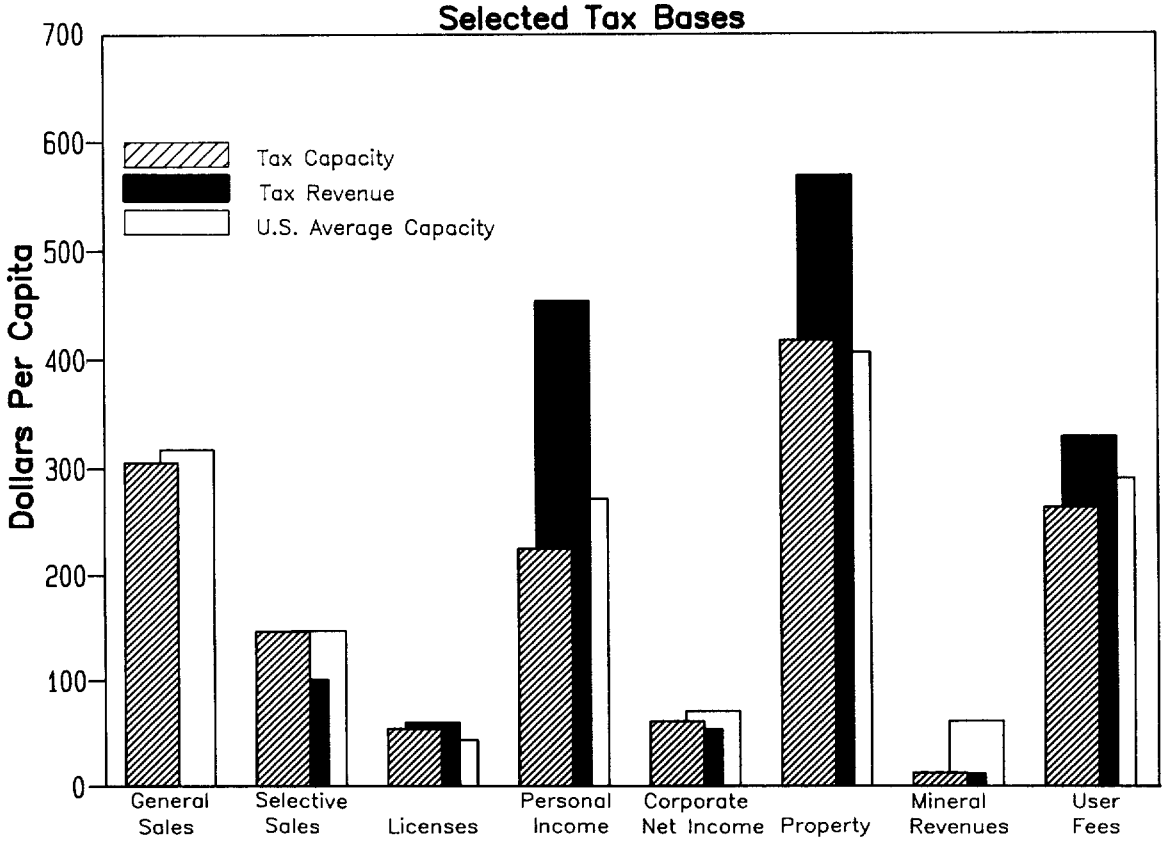
1984 RTS Capacity = 94 **1984 RTS Tax Effort = 103**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

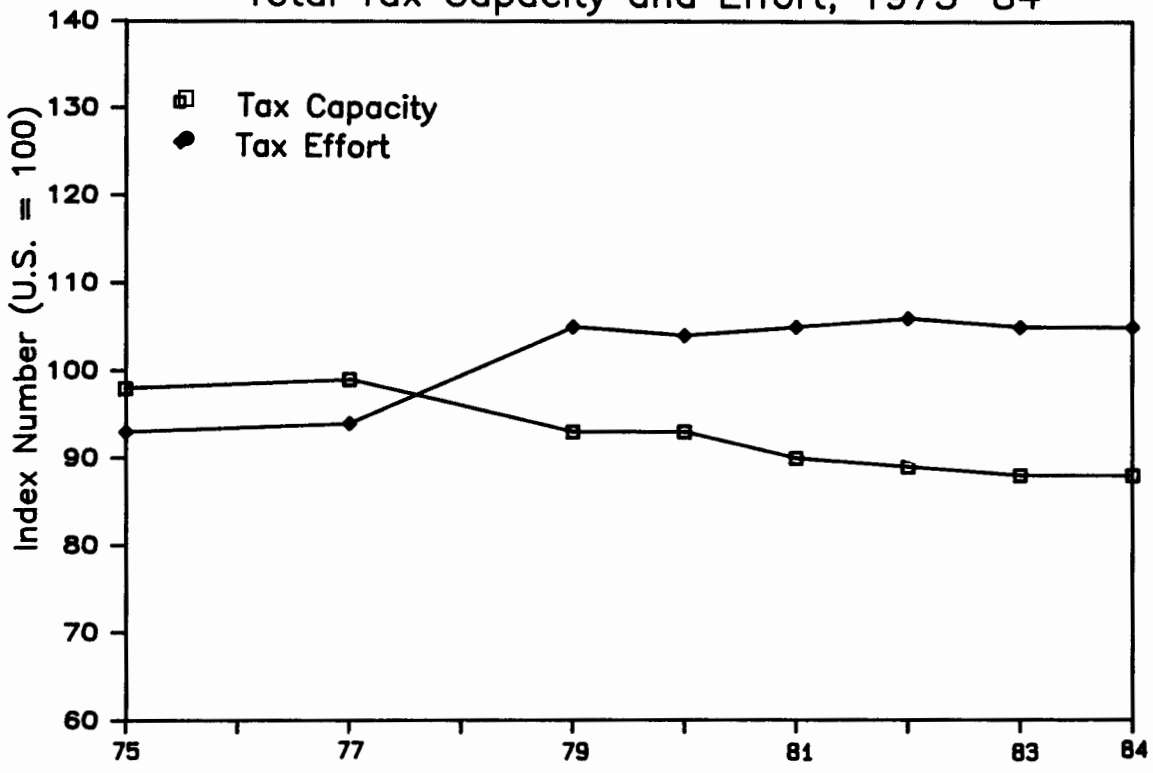
Selected Tax Bases



Pennsylvania

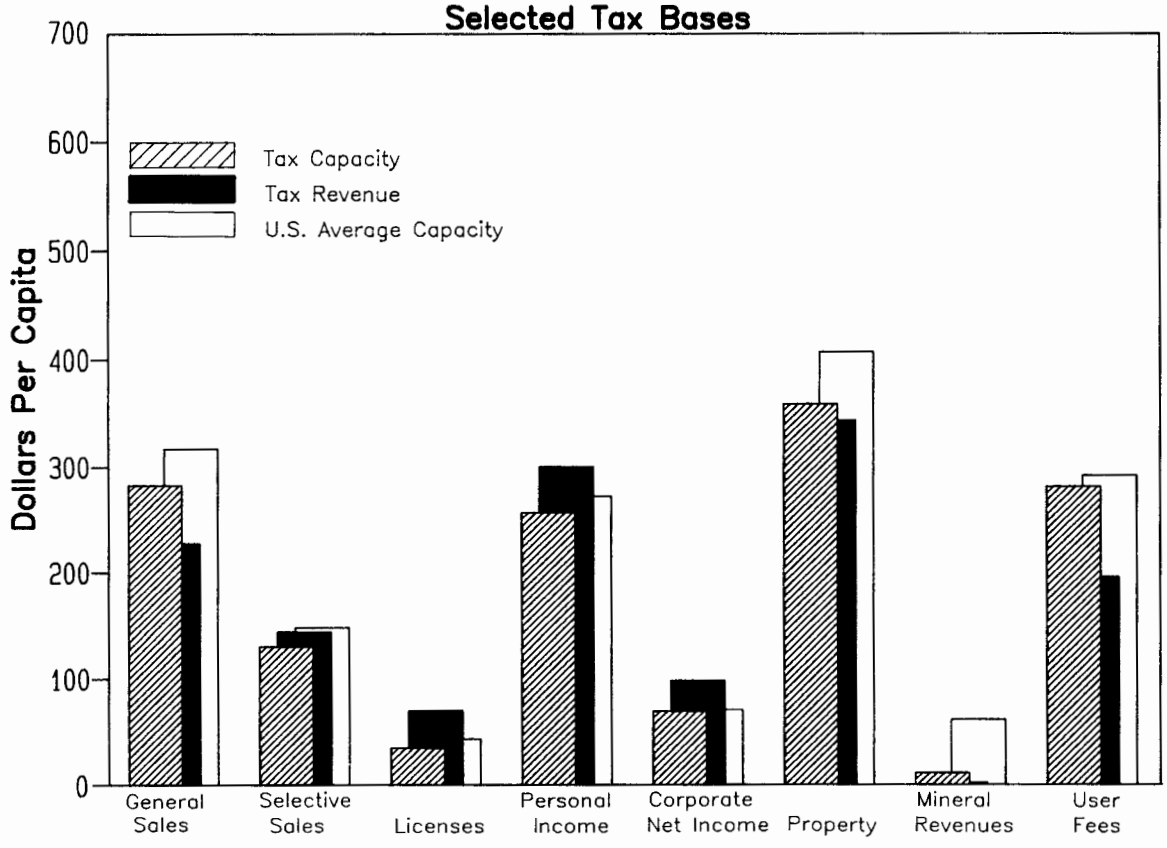
1984 RTS Capacity = 88 **1984 RTS Tax Effort = 105**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

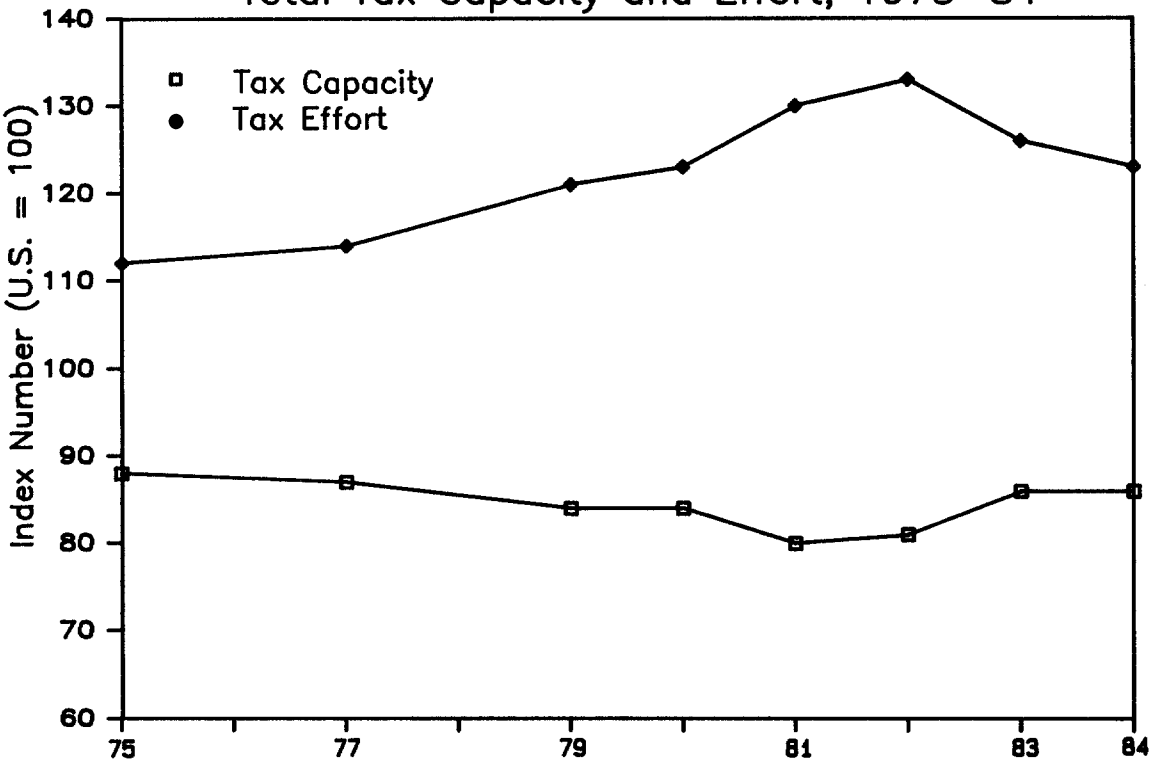
Selected Tax Bases



Rhode Island

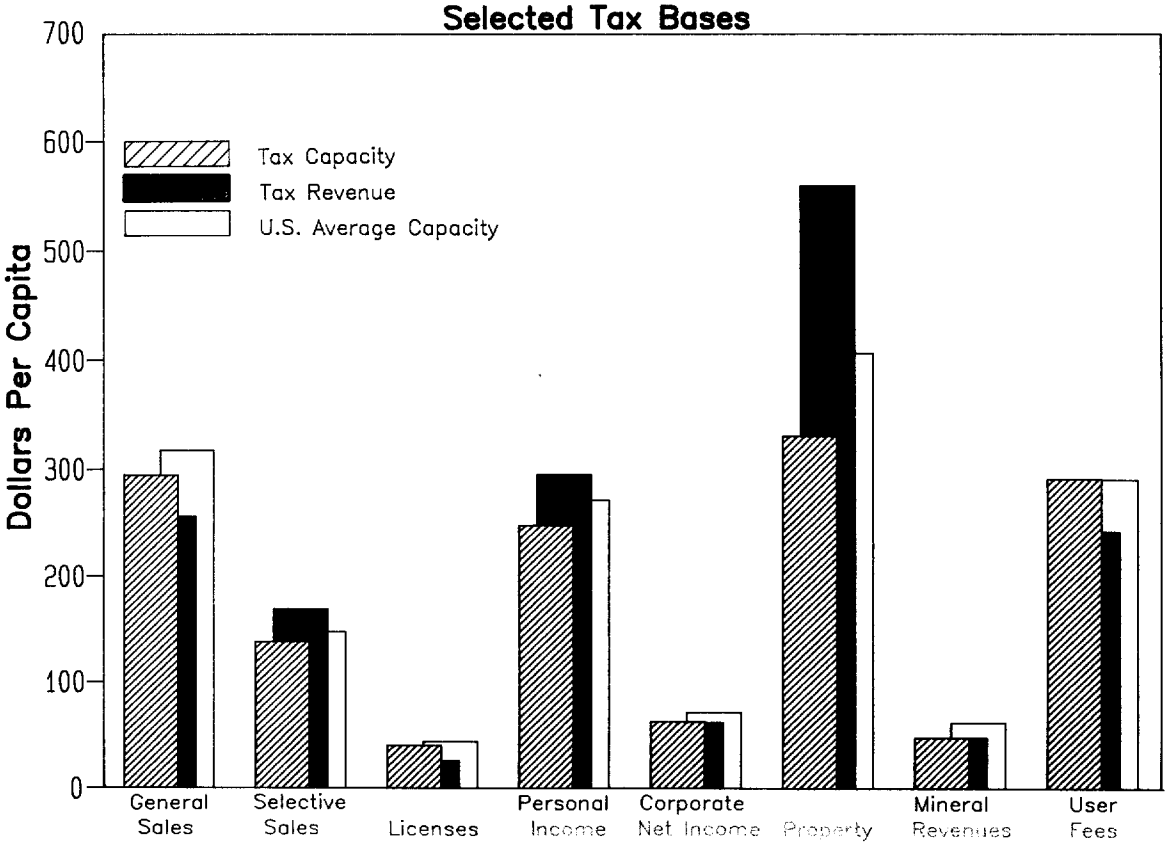
1984 RTS Capacity = 86 **1984 RTS Tax Effort = 123**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

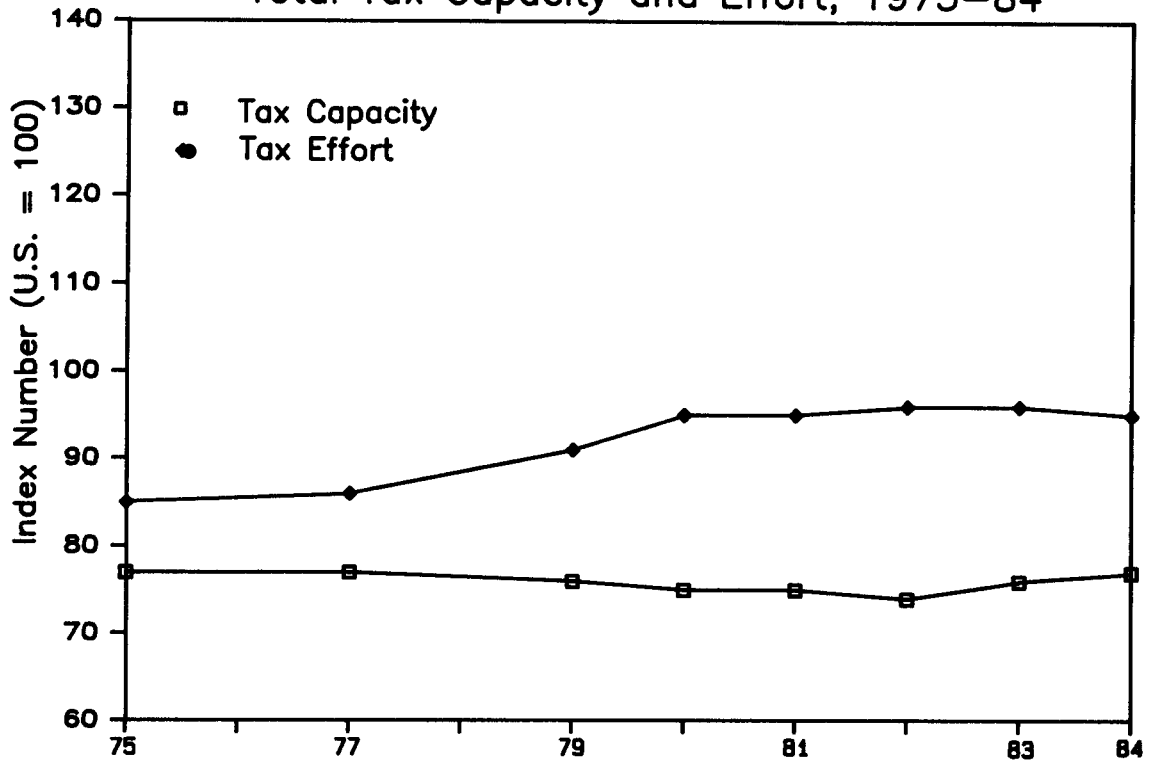
Selected Tax Bases



South Carolina

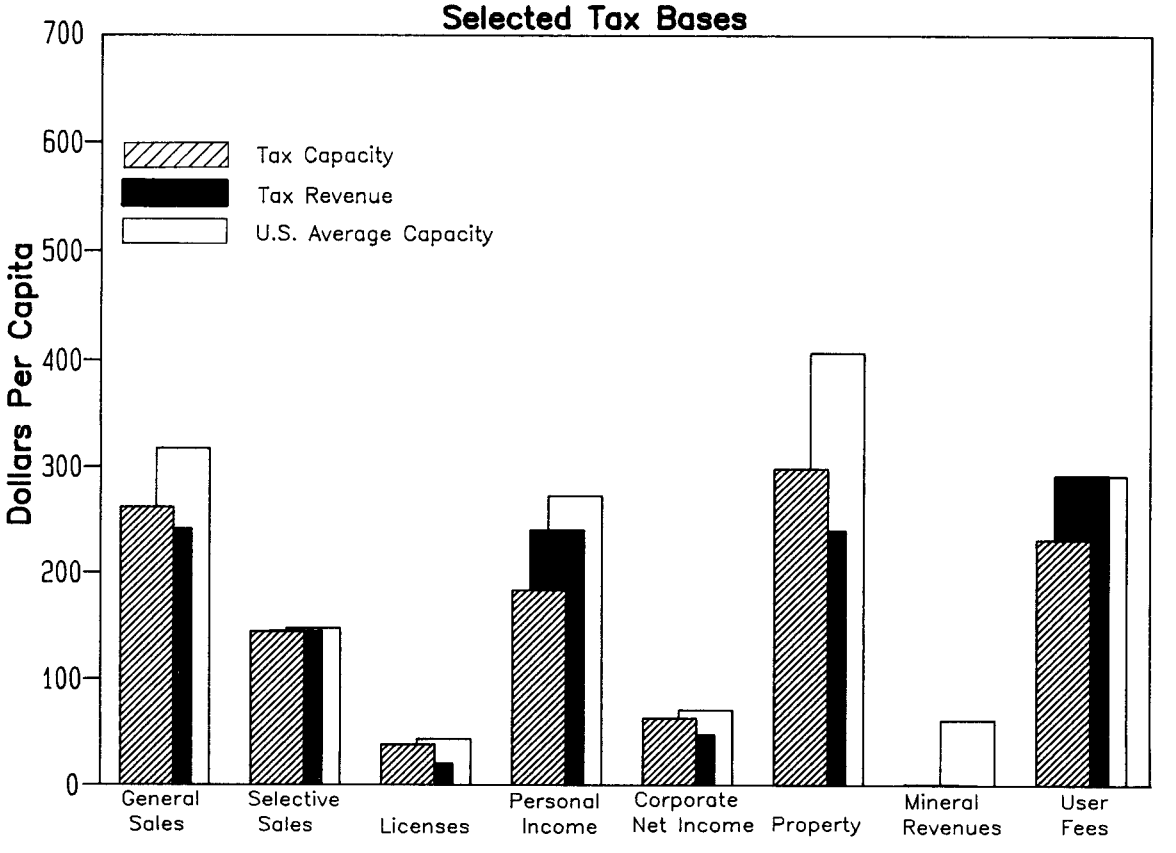
1984 RTS Capacity = 77 **1984 RTS Tax Effort = 94**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

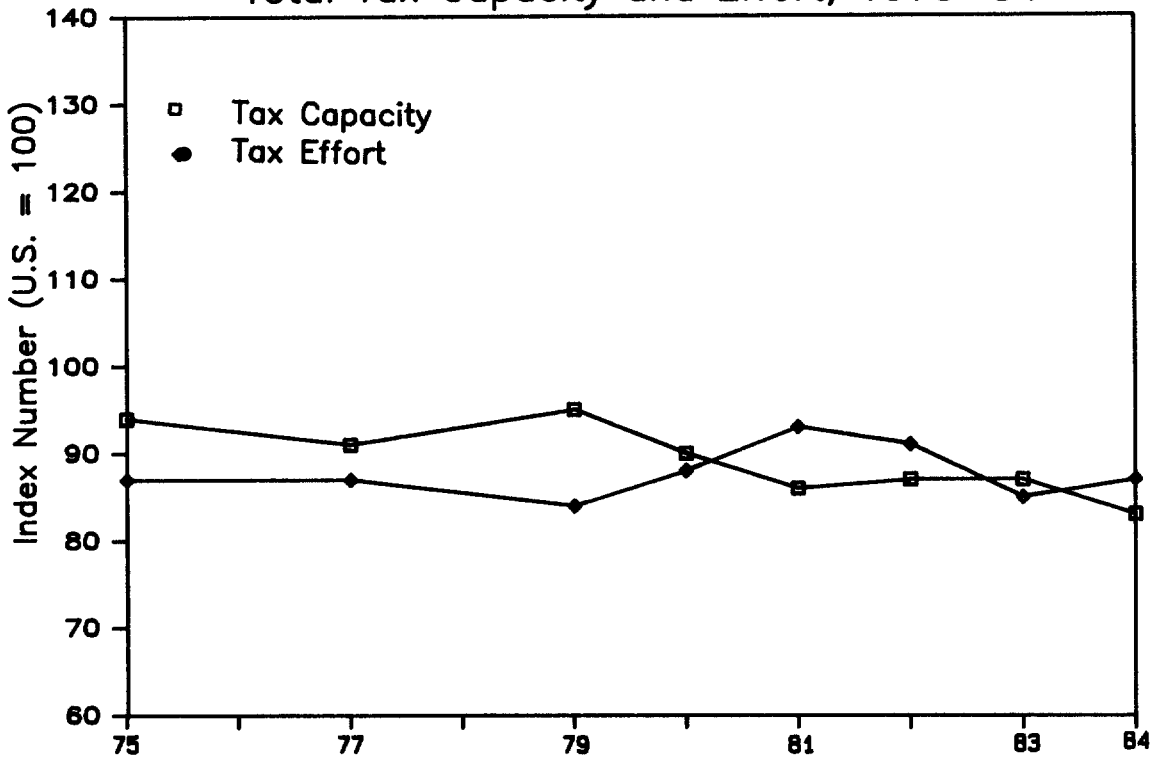
Selected Tax Bases



South Dakota

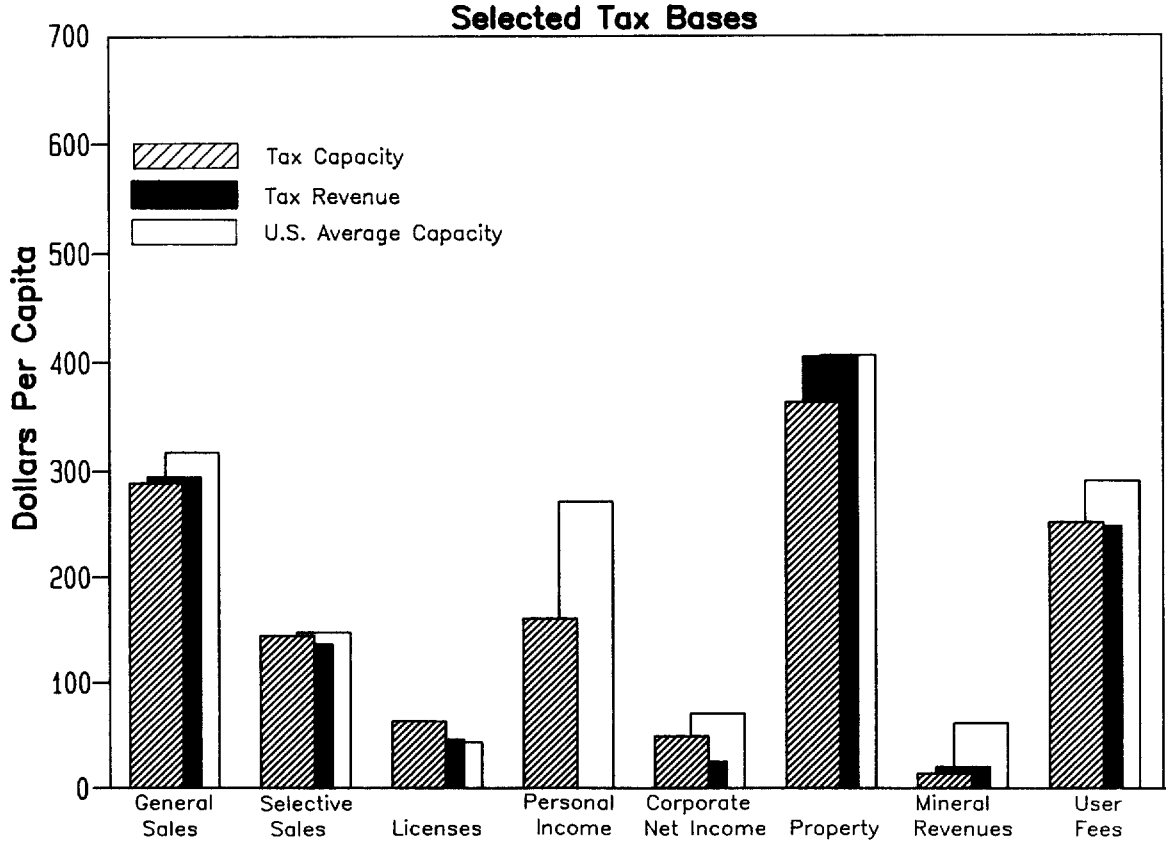
1984 RTS Capacity = 83 **1984 RTS Tax Effort = 87**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

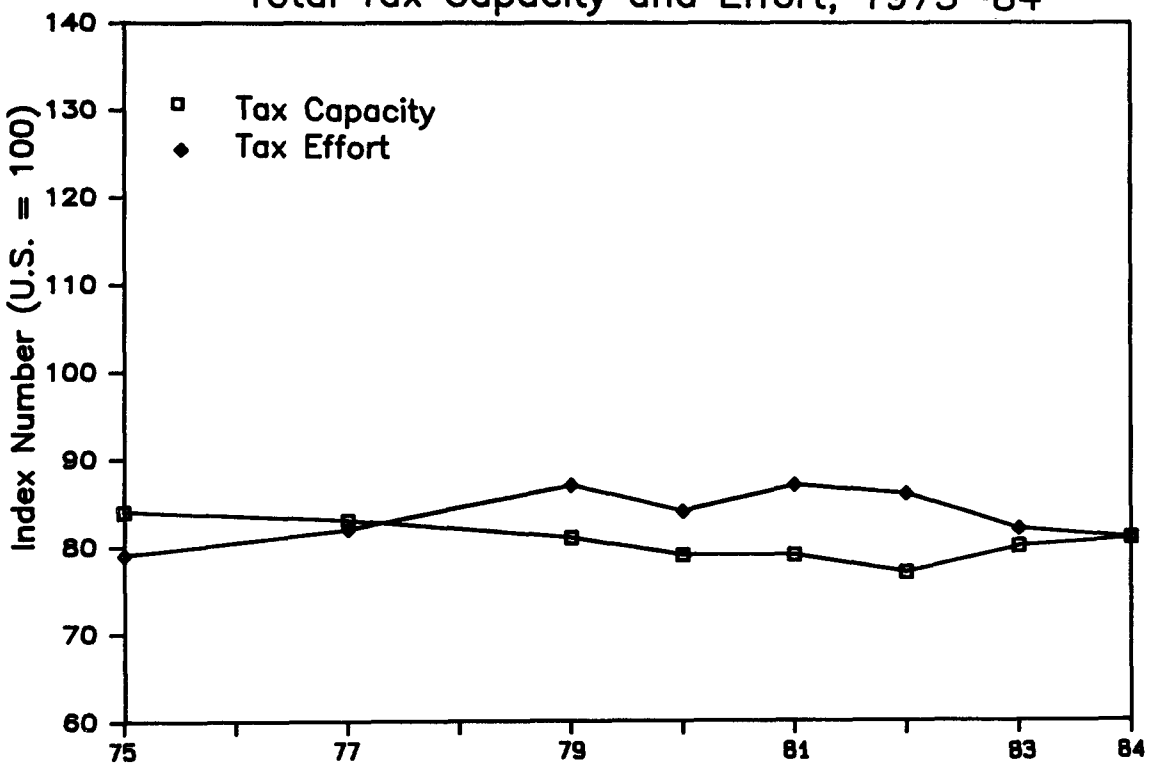
Selected Tax Bases



Tennessee

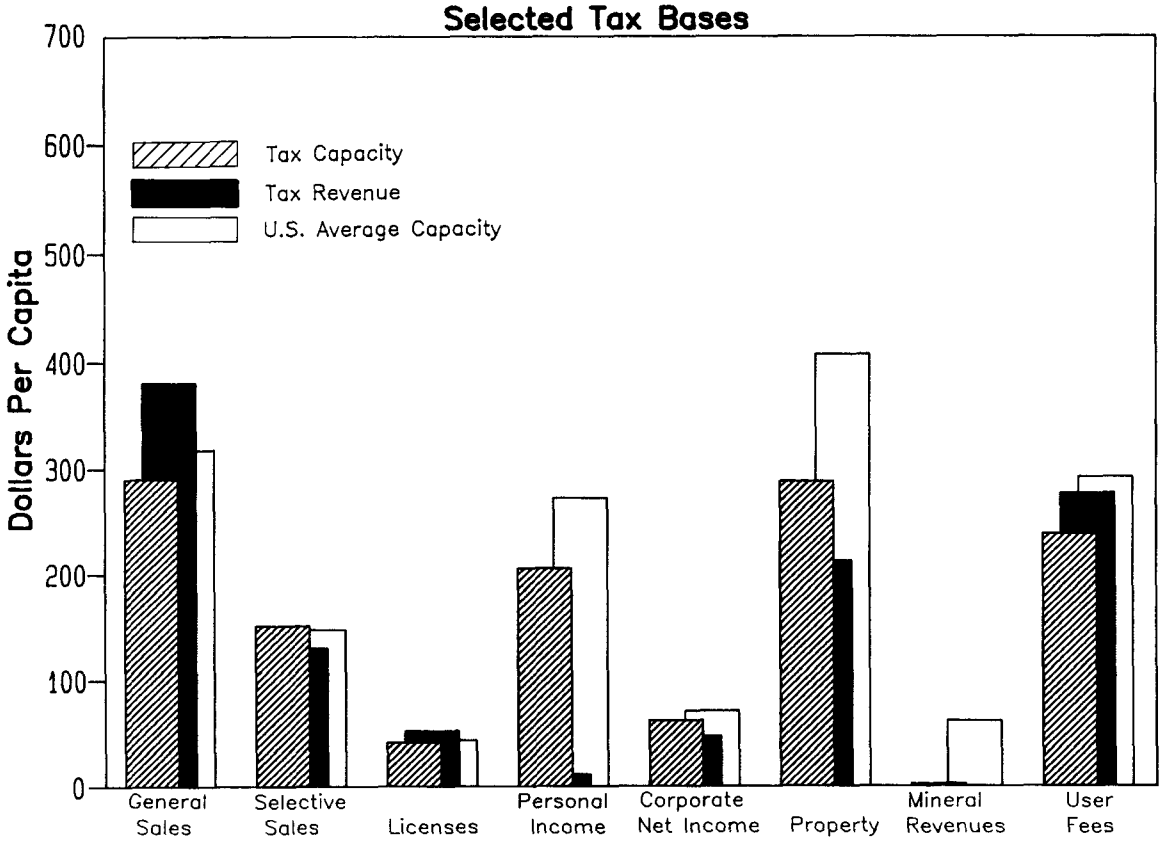
1984 RTS Capacity = 80 **1984 RTS Tax Effort = 81**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

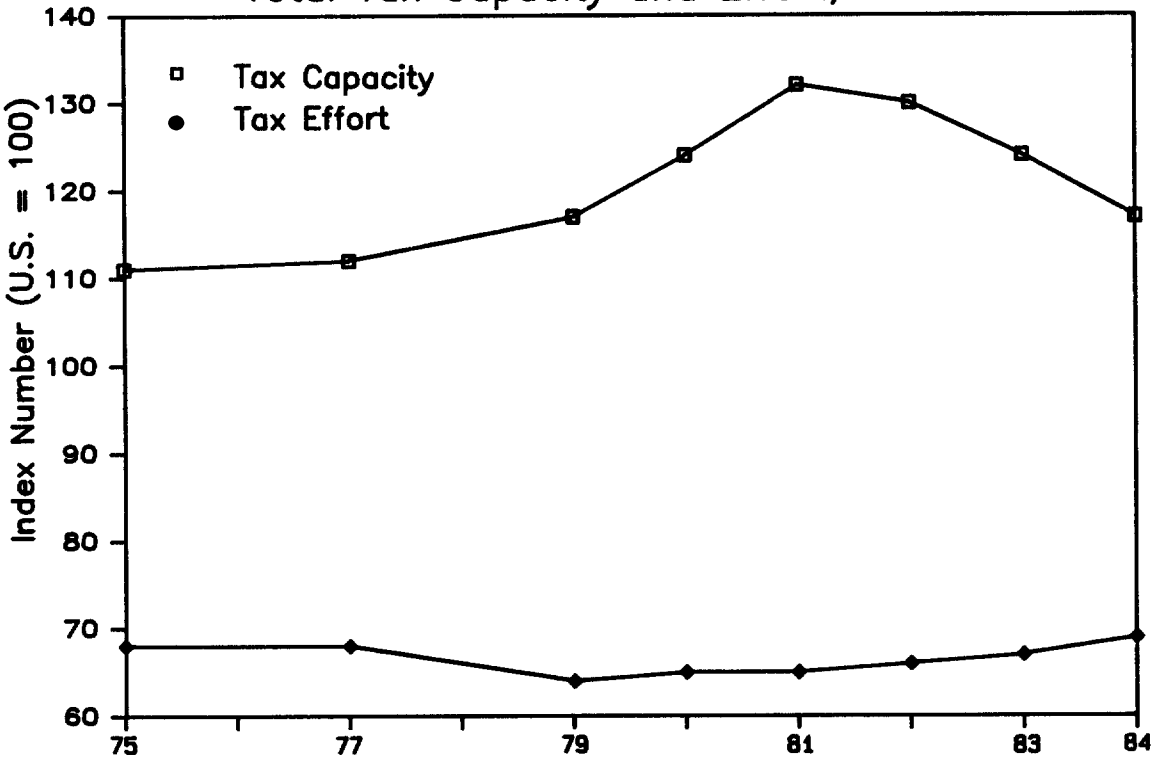
Selected Tax Bases



Texas

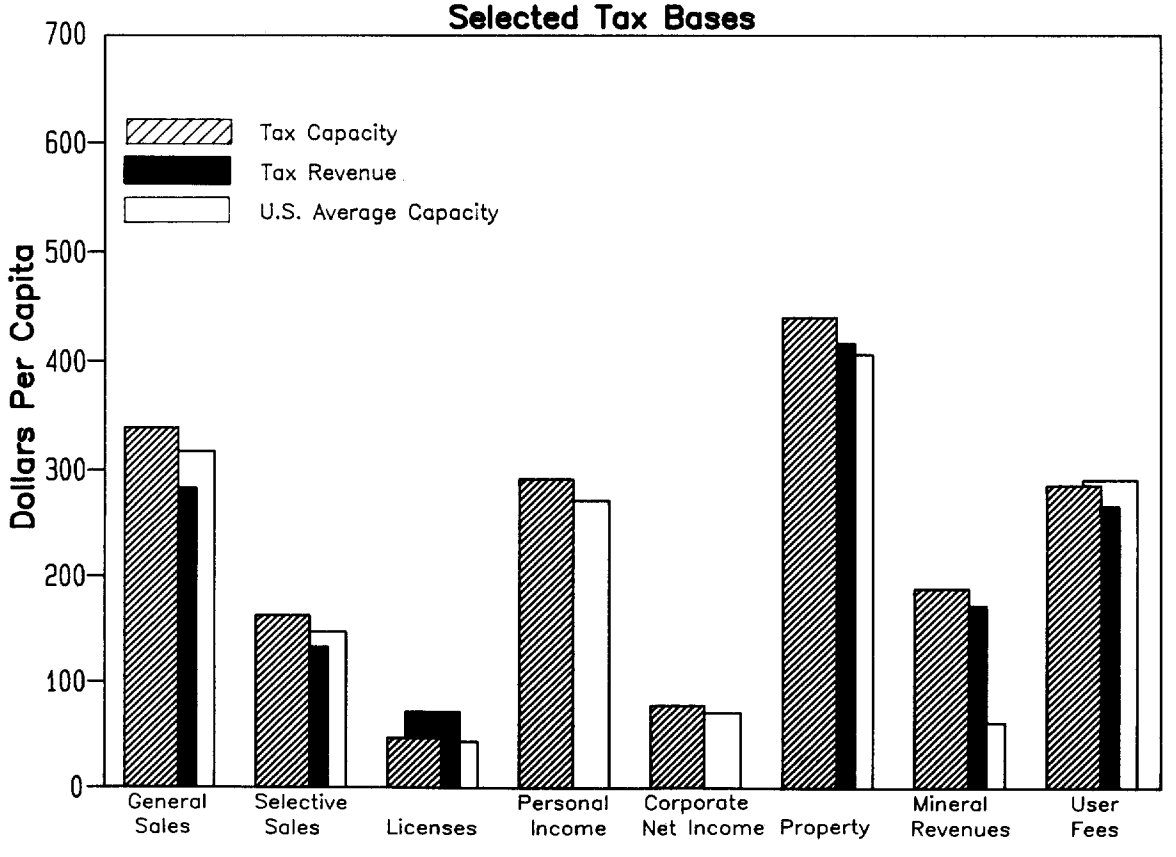
1984 RTS Capacity = 117 **1984 RTS Tax Effort = 69**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

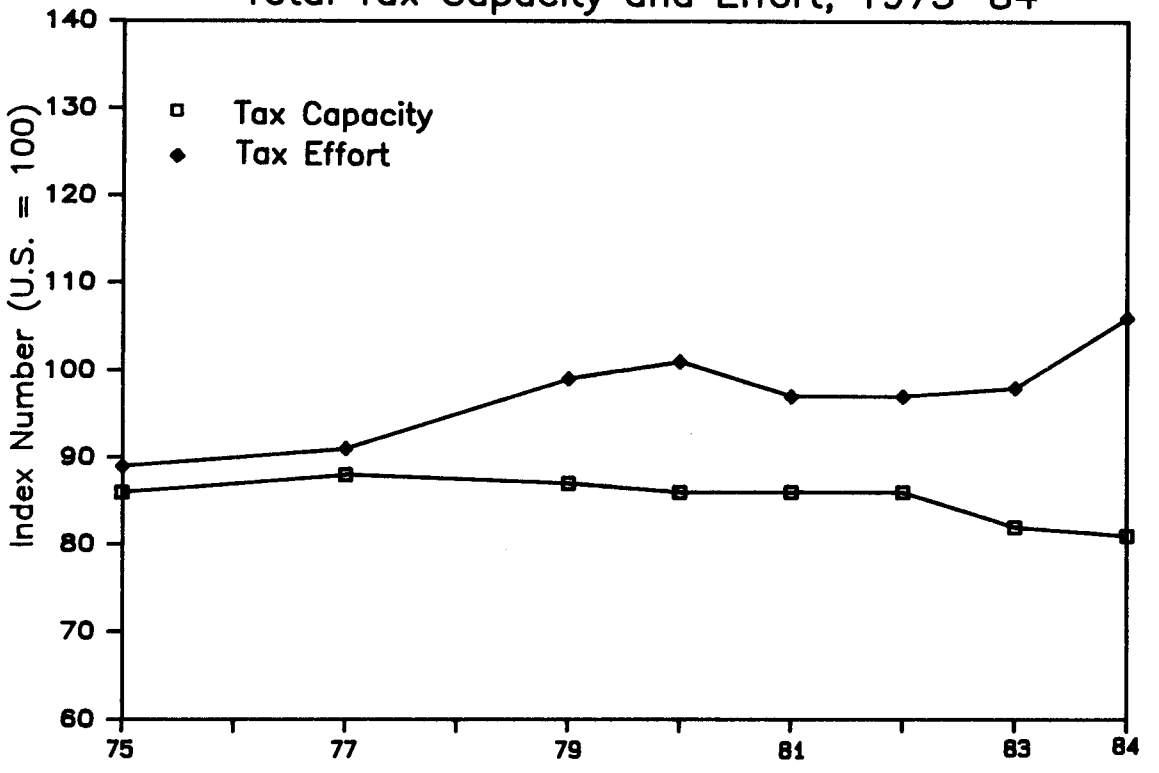
Selected Tax Bases



Utah

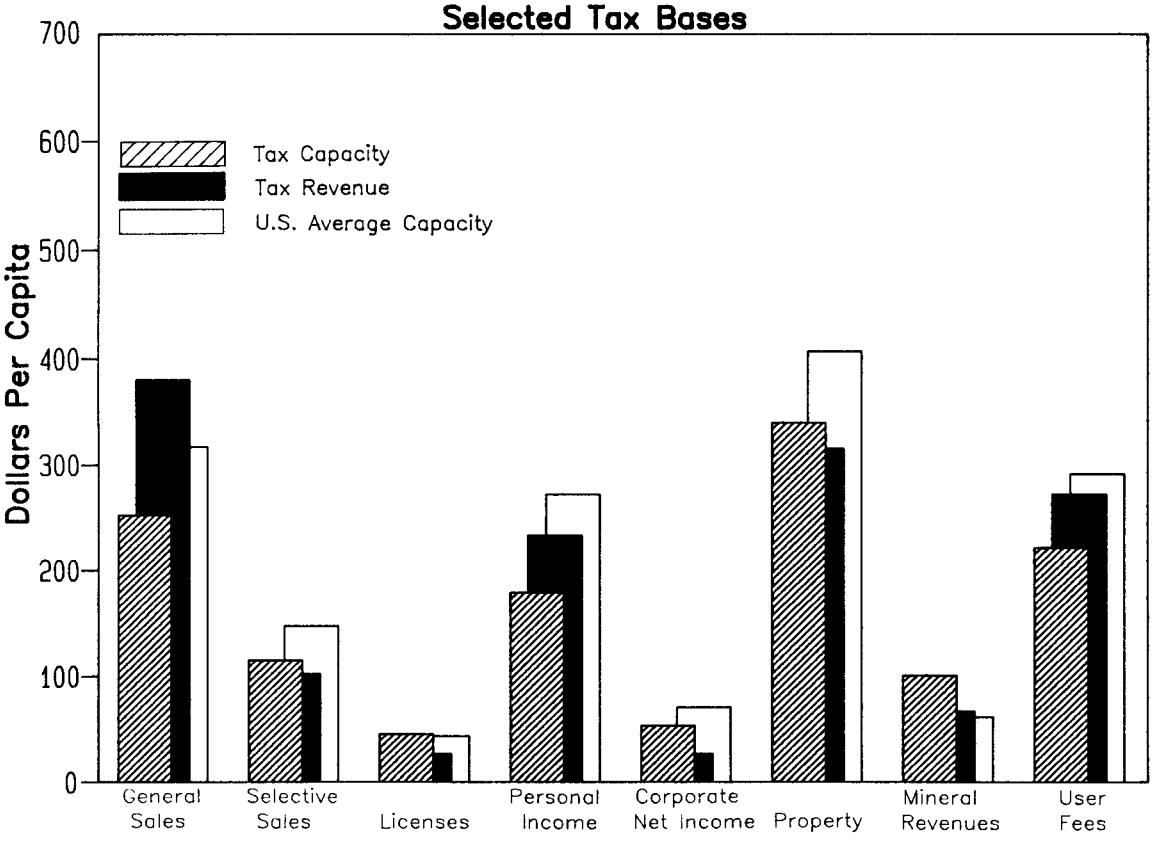
1984 RTS Capacity = 81 **1984 RTS Tax Effort = 106**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

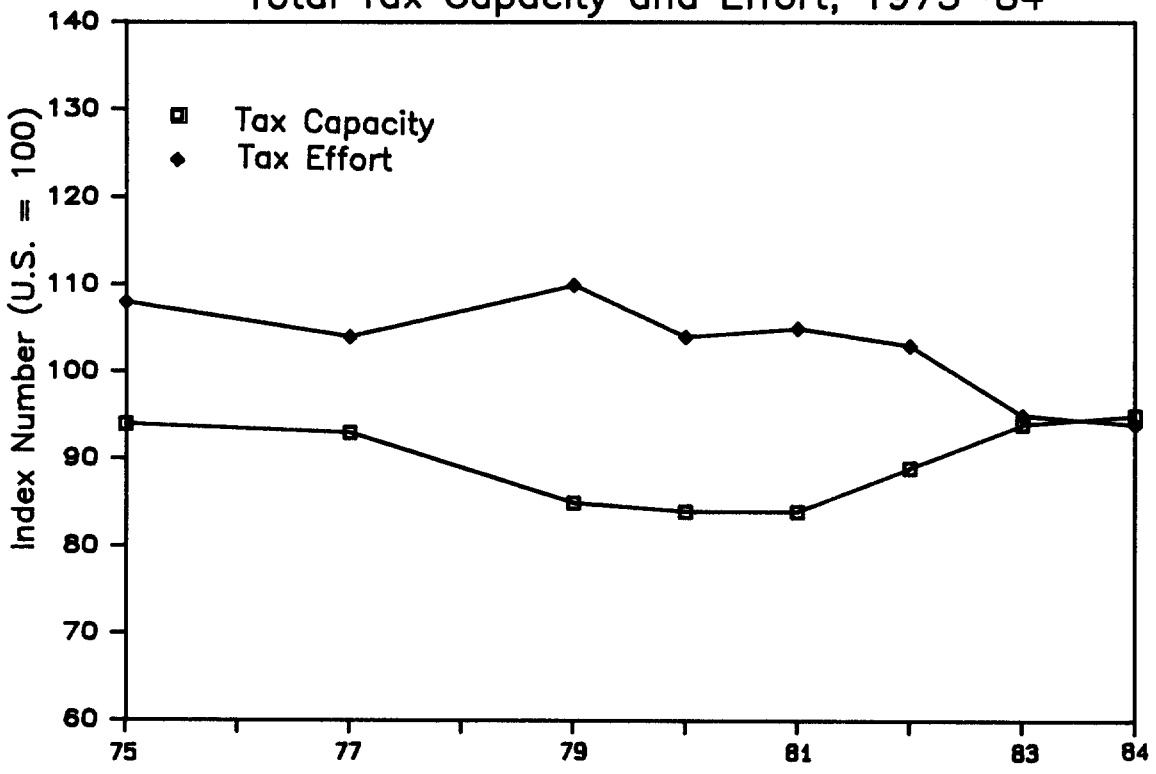
Selected Tax Bases



Vermont

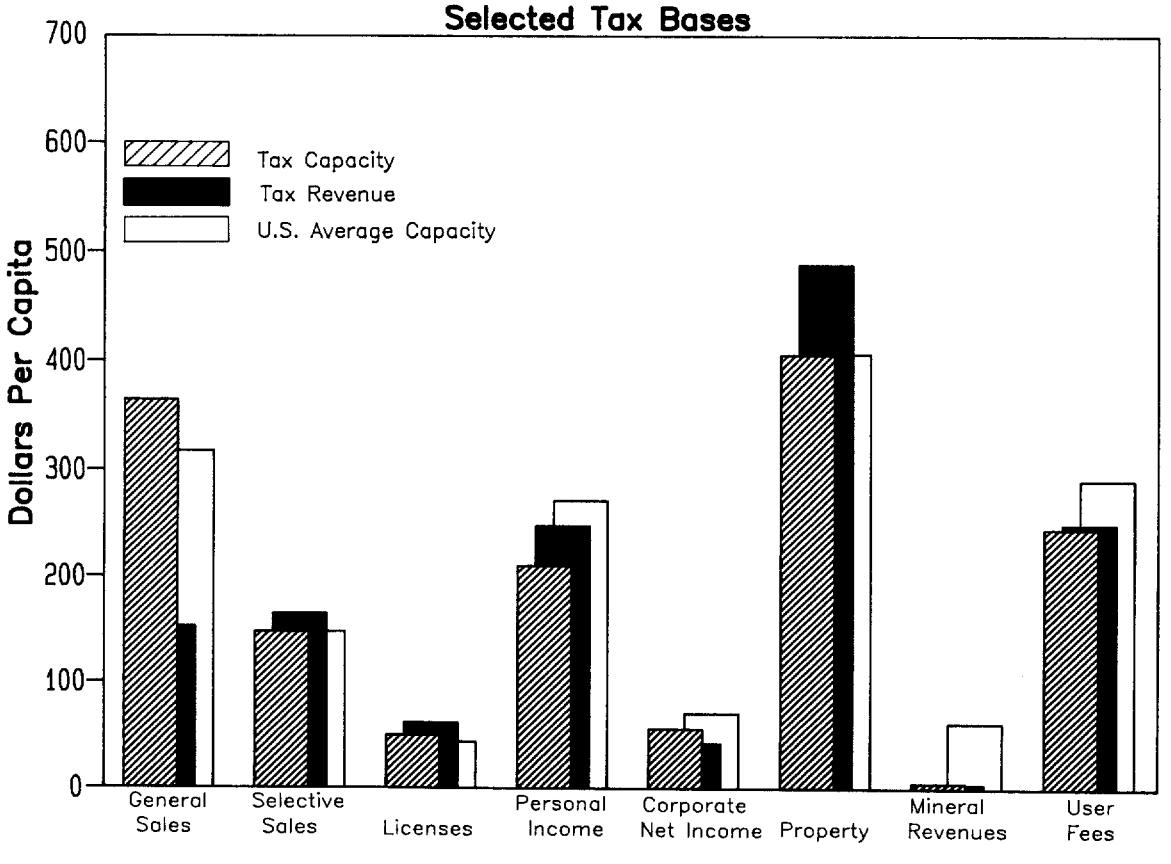
1984 RTS Capacity = 95 **1984 RTS Tax Effort = 94**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

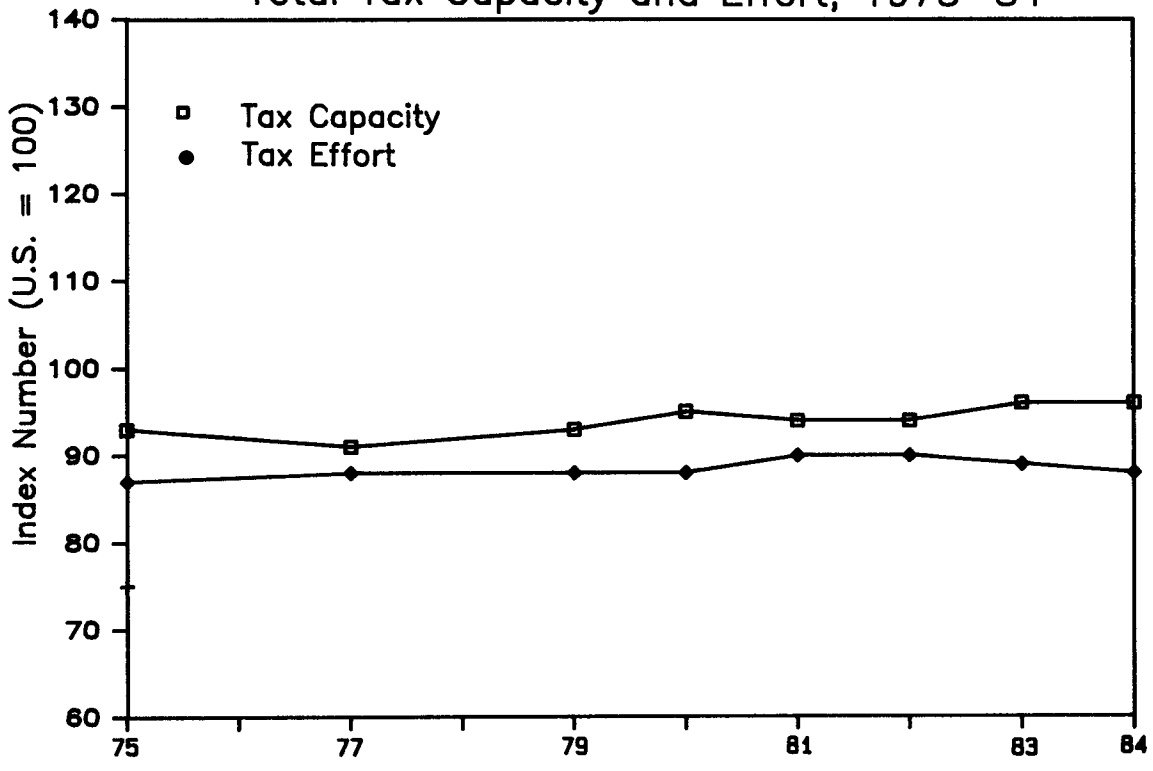
Selected Tax Bases



Virginia

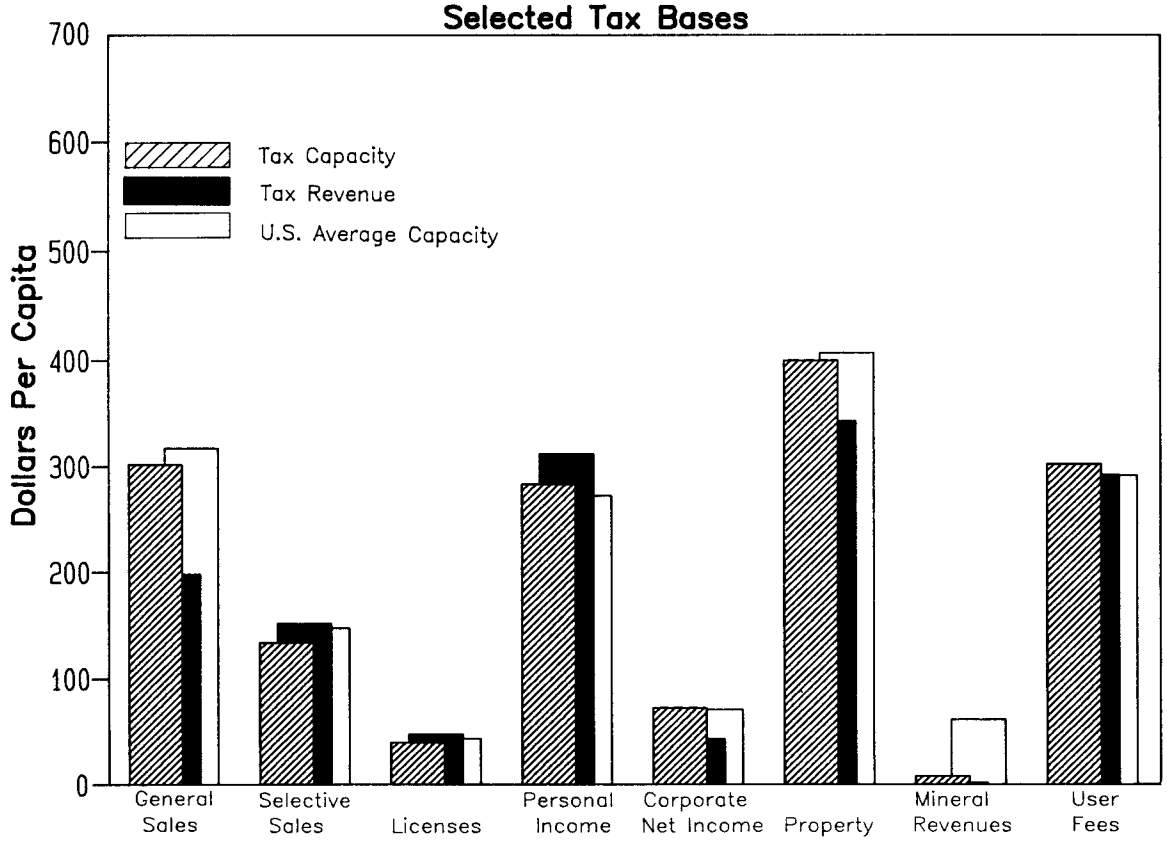
1984 RTS Capacity = 96 **1984 RTS Tax Effort = 88**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

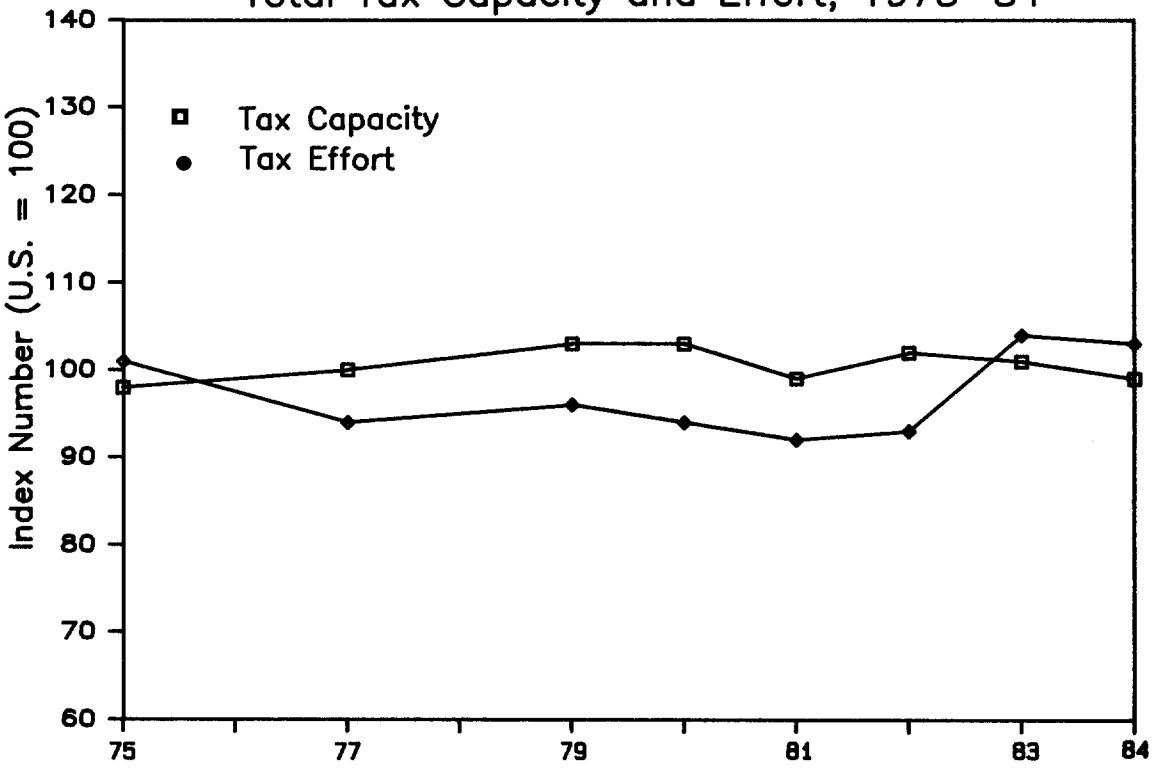
Selected Tax Bases



Washington

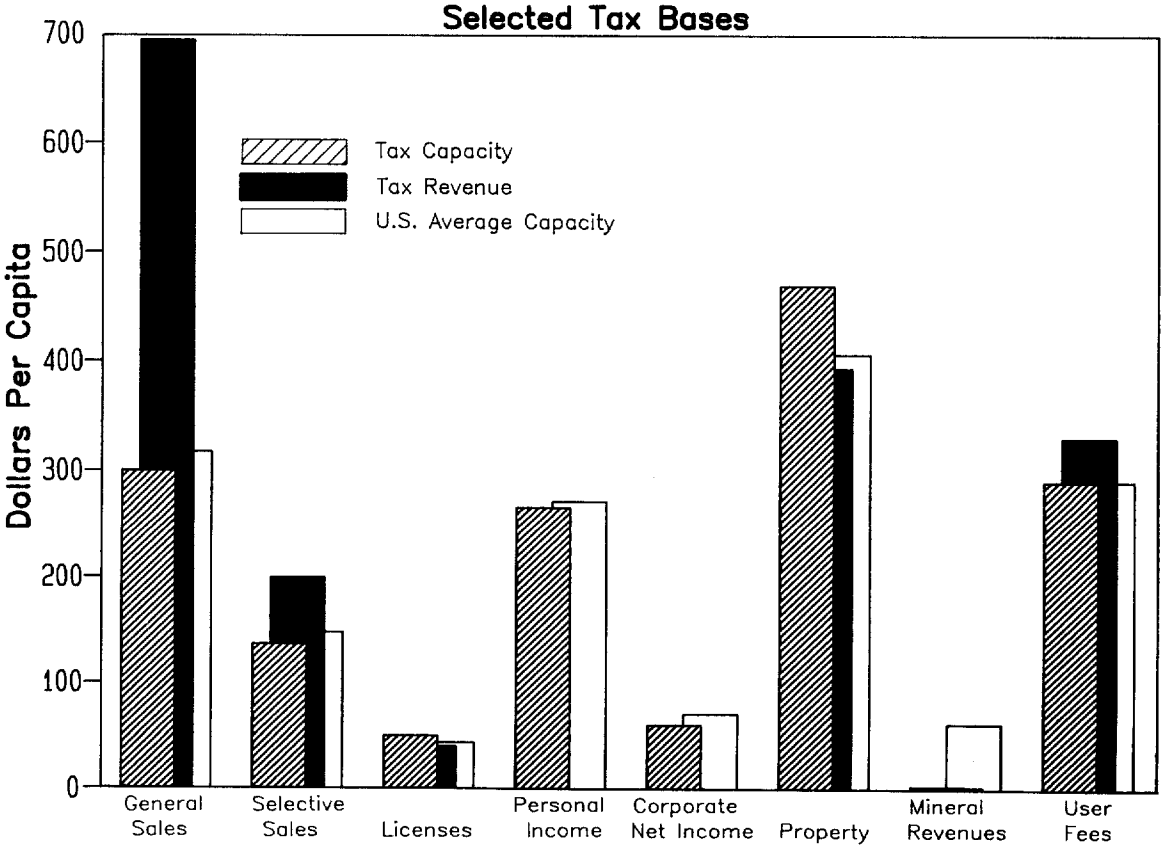
1984 RTS Capacity = 99 **1984 RTS Tax Effort = 103**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

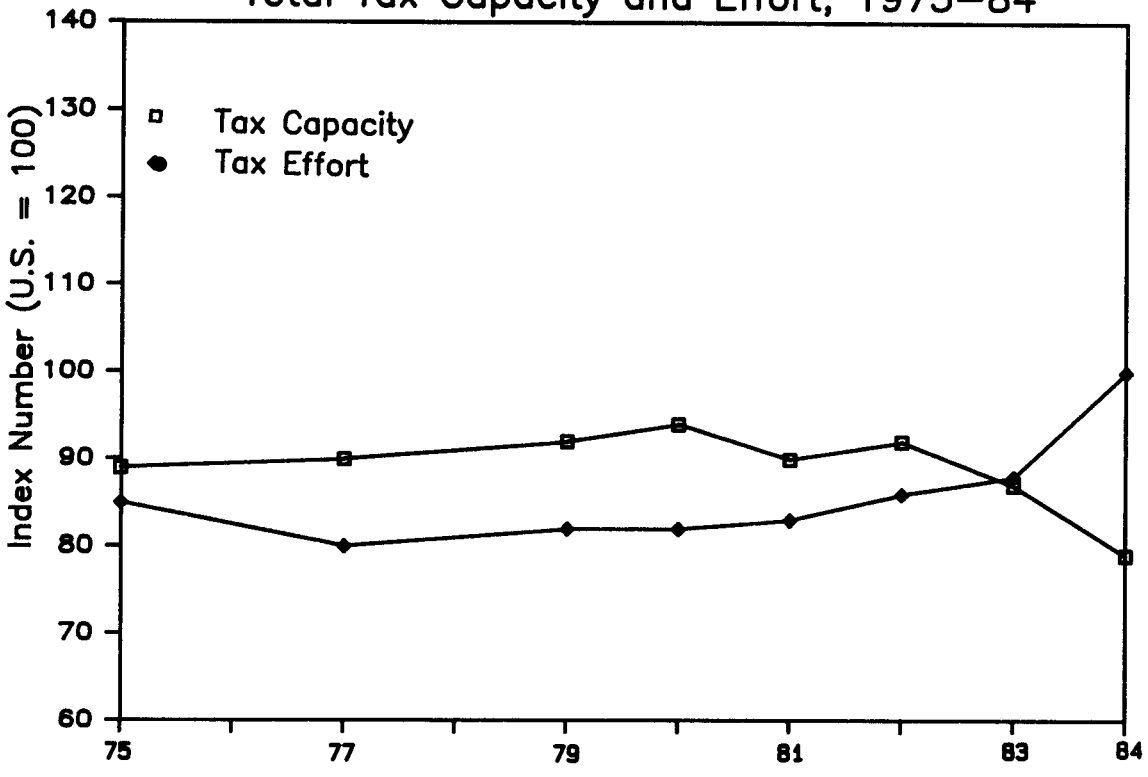
Selected Tax Bases



West Virginia

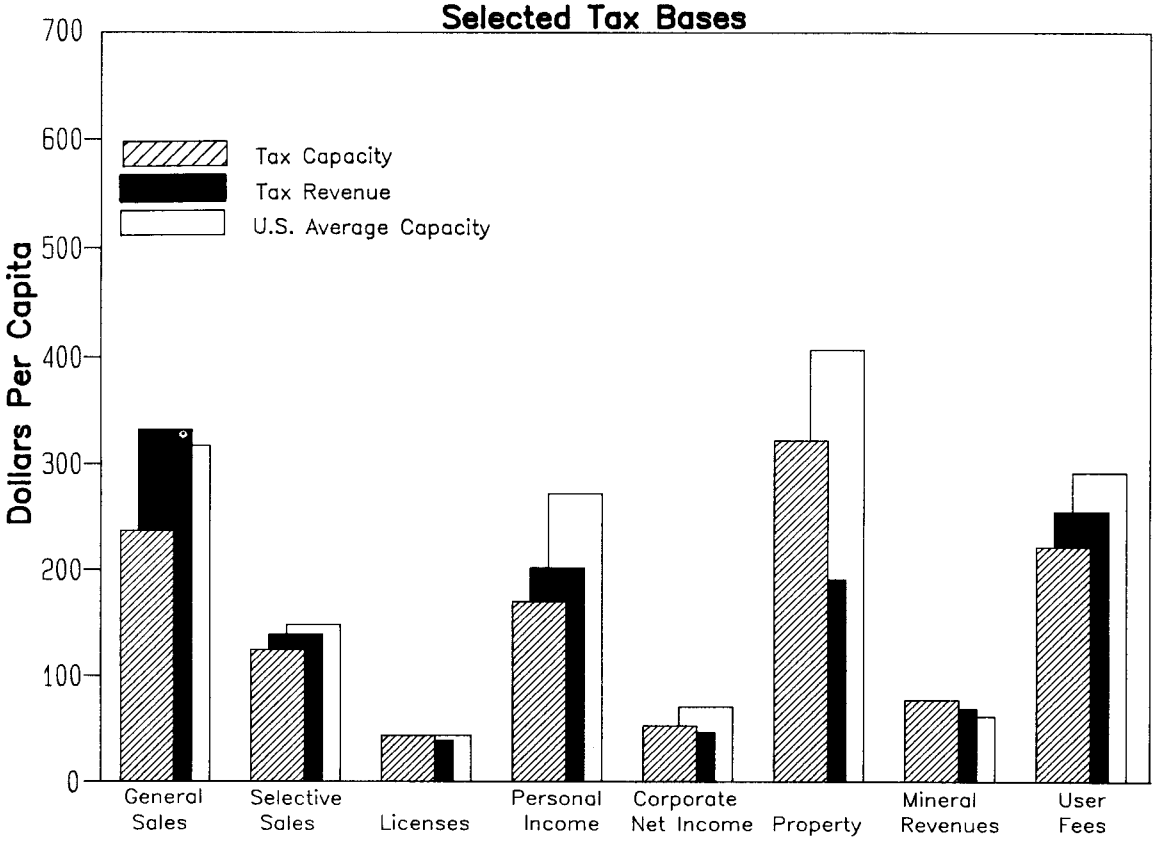
1984 RTS Capacity = 79 **1984 RTS Tax Effort = 100**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

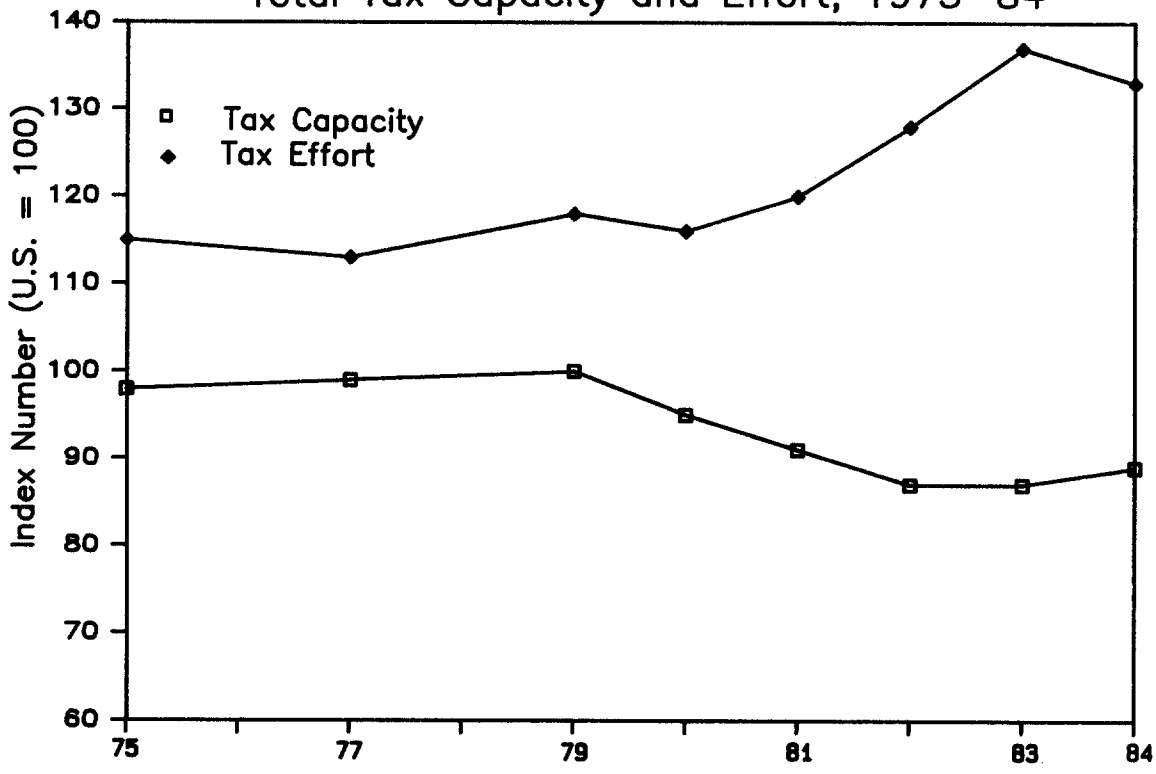
Selected Tax Bases



Wisconsin

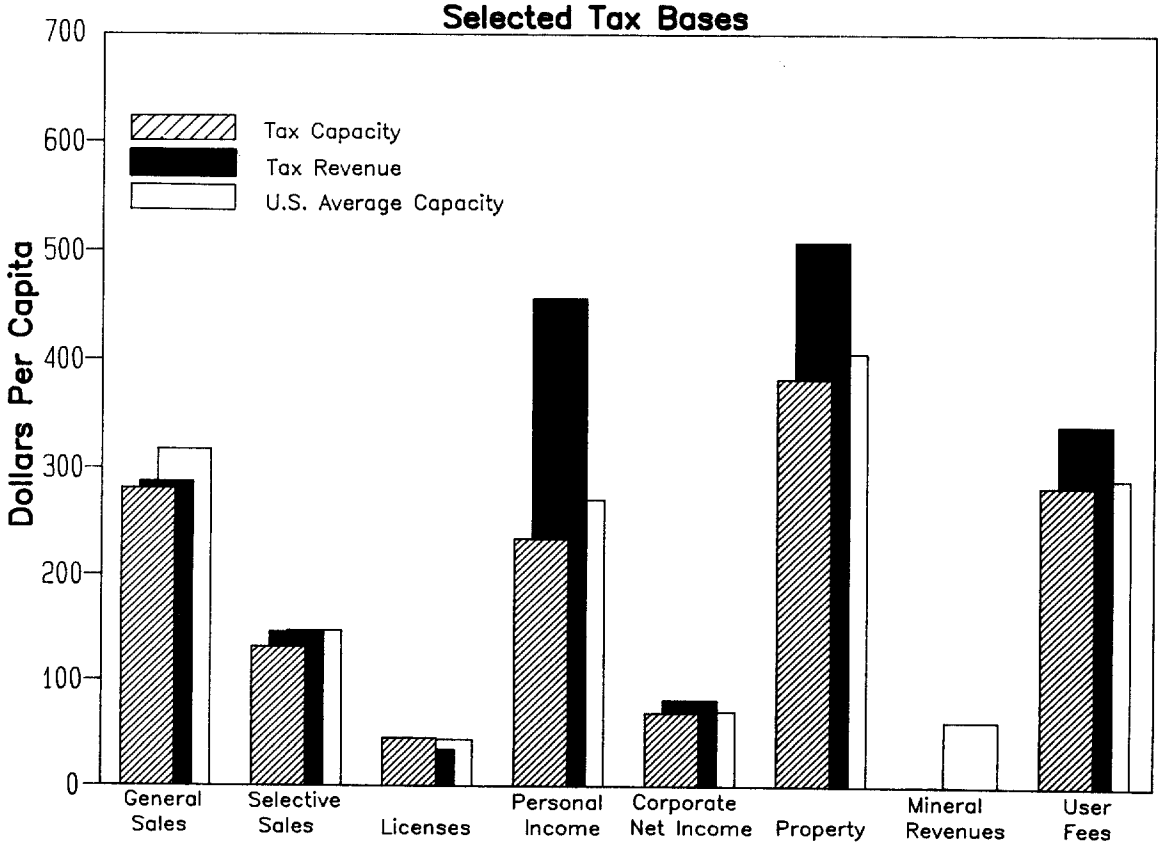
1984 RTS Capacity = 89 **1984 RTS Tax Effort = 133**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

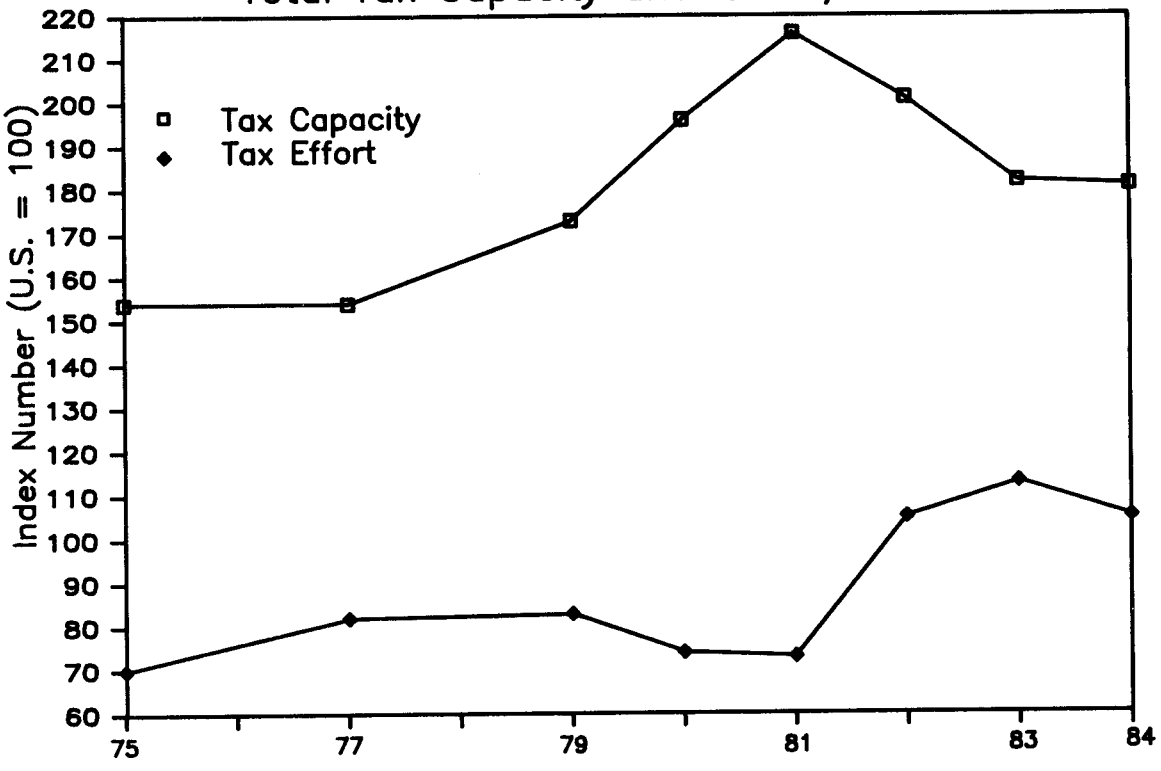
Selected Tax Bases



Wyoming

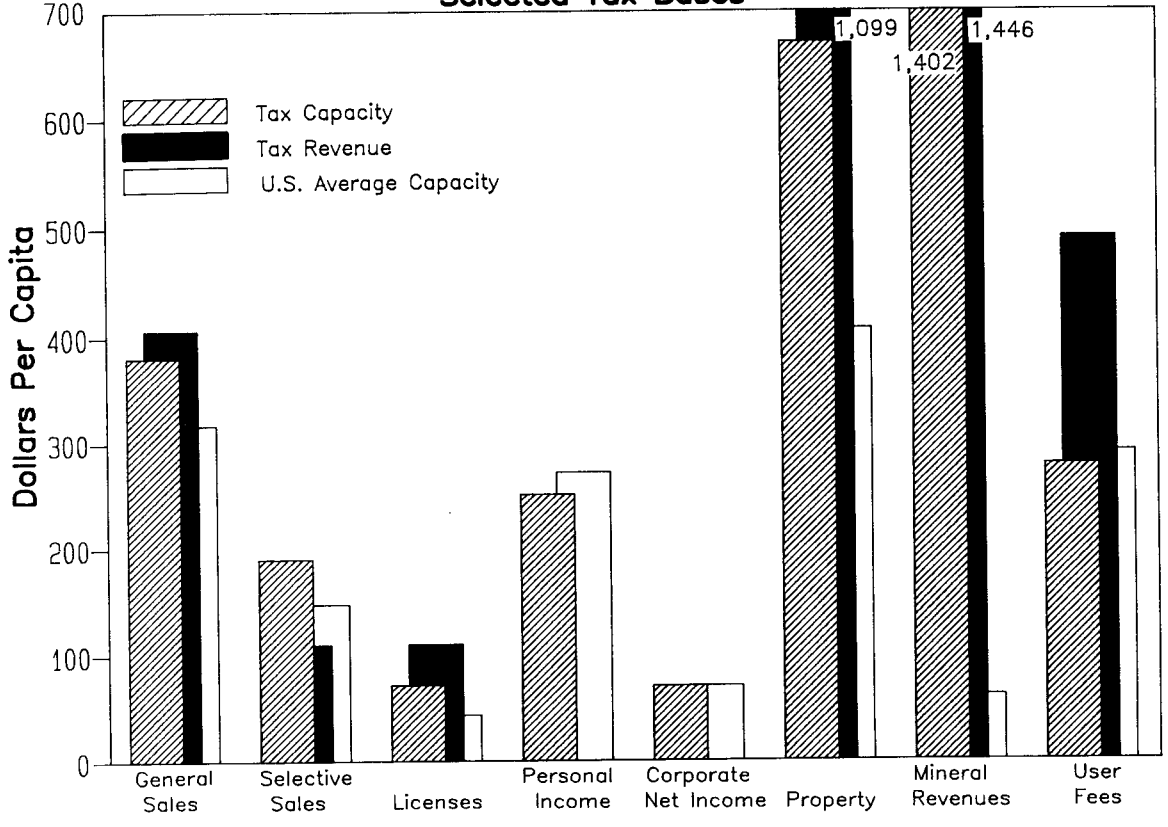
1984 RTS Capacity = 181 **1984 RTS Tax Effort = 105**

Total Tax Capacity and Effort, 1975–84



1984 Tax Capacity and Tax Revenue

Selected Tax Bases



Appendix B

TAX-BY-TAX TABLES

In this appendix, the 1984 Representative Tax System (RTS) and Representative Revenue System (RRS) tables are organized revenue base by revenue base. For each tax or nontax revenue base, states are compared in terms of:

tax base,
capacity per capita,
tax capacity index,
tax capacity,
tax revenue,
revenue per capita, and
tax effort index,

The tax base (revenue base) is an estimate of the resources available for taxation under a particular tax. A standard definition of tax or other revenue bases was used across all states.

Capacity per capita is the population divided into the revenue that could be collected (i.e., capacity) from the tax base when the representative (i.e., average) tax rate is applied.

The tax capacity index compares each state's capacity per capita to the average for all states. An index of 100 is the average.

Tax capacity is the yield for each state when the representative tax rate is applied to the standardized measure of tax base.

Tax revenue is the amount each state actually collected for that type of tax.

Revenue per capita is tax revenue divided by population.

The tax effort index is constructed first by dividing actual revenues by tax capacity in each state, and then multiplying by 100. An index above 100 means that the state, compared to all others, is above average in the extent to which it exploits the particular tax base.

These tables show, among other things, which states have the most (or least) capacity to use any particular tax. For example, those with oil and gas production and those without are evident. One can also see, for example, which states have the most per capita income tax or sales tax capacity.

The tax effort data show which states lean the most on any particular tax. Common practice is to compare statutory state tax rates (sales tax rates, for example), rather than effective rates. However, such comparisons may mislead because states have chosen different legal definitions of tax base--sometimes creating a broad base that allows for low statutory rates, but sometimes allowing many exemptions that necessitate use of a higher rate. Because the tax effort data reported here are based on standardized definitions of tax base, no such distortion exists. The RTS/RRS representative rate listed for individual tax bases is nationwide tax revenue divided by standard tax base.

Tables B-1 and B-2 summarize RTS and RRS, respectively. Next, Tables B-3 through B-32 provide information (including subtotal tables) for each of the 26 RTS tax bases. Tables B-33 through B-36 detail the four nontax RRS revenue bases that, added to the 26 RTS bases, constitute the Representative Revenue System.

Table B-1

THE REPRESENTATIVE TAX SYSTEM

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama		$954.10	73.2	$3,807	$3,437	$861.50	90.3
Alaska		3,257.48	249.8	1,629	2,291	4,581.86	140.7
Arizona		1,287.58	98.7	3,931	3,713	1,216.16	94.5
Arkansas		978.00	75.0	2,297	1,992	847.91	86.7
California		1,556.24	119.3	39,874	37,045	1,445.82	92.9
Colorado		1,582.54	121.3	5,029	4,126	1,298.37	82.0
Connecticut		1,621.00	124.3	5,113	5,073	1,608.29	99.2
Delaware		1,598.03	122.5	980	758	1,236.13	77.4
Washington, DC		1,561.94	119.8	973	1,353	2,171.72	139.0
Florida		1,364.11	104.6	14,972	11,023	1,004.30	73.6
Georgia		1,164.71	89.3	6,798	6,036	1,034.06	88.8
Hawaii		1,536.49	117.8	1,596	1,585	1,525.16	99.3
Idaho		1,016.53	77.9	1,018	927	925.68	91.1
Illinois		1,259.55	96.6	14,499	15,878	1,379.35	109.5
Indiana		1,139.65	87.4	6,266	5,963	1,084.57	95.2
Iowa		1,128.66	86.5	3,284	3,668	1,260.49	111.7
Kansas		1,307.44	100.2	3,188	3,024	1,240.40	94.9
Kentucky		1,005.39	77.1	3,743	3,315	890.32	88.6
Louisiana		1,334.13	102.3	5,953	4,846	1,086.00	81.4
Maine		1,148.06	88.0	1,327	1,398	1,209.47	105.3
Maryland		1,375.22	105.4	5,981	5,961	1,370.71	99.7
Massachusetts		1,447.58	111.0	8,393	8,845	1,525.50	105.4
Michigan		1,209.11	92.7	10,973	14,176	1,562.05	129.2
Minnesota		1,319.77	101.2	5,493	6,797	1,633.06	123.7
Mississippi		907.28	69.6	2,357	2,229	857.96	94.6
Missouri		1,165.13	89.3	5,835	4,965	991.38	85.1
Montana		1,242.25	95.2	1,024	1,032	1,252.84	100.9
Nebraska		1,214.84	93.1	1,951	1,926	1,199.25	98.7
Nevada		1,898.66	145.6	1,730	1,118	1,226.74	64.6
New Hampshire		1,437.64	110.2	1,405	968	990.70	68.9
New Jersey		1,487.87	114.1	11,181	12,132	1,614.40	108.5
New Mexico		1,348.65	103.4	1,920	1,631	1,145.23	84.9
New York		1,283.65	98.4	22,766	36,045	2,032.40	158.3
North Carolina		1,129.24	86.6	6,962	6,223	1,009.39	89.4
North Dakota		1,380.19	105.8	947	883	1,287.41	93.3
Ohio		1,172.14	89.9	12,603	13,185	1,226.27	104.6
Oklahoma		1,473.73	113.0	4,860	3,687	1,117.90	75.9
Oregon		1,220.85	93.6	3,265	3,355	1,254.63	102.8
Pennsylvania		1,151.80	88.3	13,708	14,408	1,210.62	105.1
Rhode Island		1,125.68	86.3	1,083	1,331	1,383.25	122.9
South Carolina		998.22	76.5	3,294	3,112	943.05	94.5
South Dakota		1,083.78	83.1	765	662	937.51	86.5
Tennessee		1,049.82	80.5	4,952	3,989	845.70	80.6
Texas		1,531.74	117.4	24,491	16,827	1,052.38	68.7
Utah		1,050.16	80.5	1,735	1,841	1,114.20	106.1
Vermont		1,243.75	95.4	659	618	1,165.11	93.7
Virginia		1,249.71	95.8	7,043	6,214	1,102.60	88.2
Washington		1,292.79	99.1	5,622	5,808	1,335.47	103.3
West Virginia		1,034.75	79.3	2,020	2,013	1,031.32	99.7
Wisconsin		1,157.49	88.7	5,516	7,317	1,535.47	132.7
Wyoming		2,365.38	181.4	1,209	1,274	2,493.15	105.4
U.S. TOTAL		$1,304.27	100.0	$308,018	$308,018	$1,304.27	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
*No combined tax base can be reported; see tables for particular taxes.
SOURCE: ACIR staff estimates.

Table B-2

THE REPRESENTATIVE REVENUE SYSTEM 1984

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama		$1,310.90	78.2	$5,230	$5,463	$1,369.10	104.4
Alaska		5,983.88	356.7	2,992	3,875	7,750.29	129.5
Arizona		1,612.46	96.1	4,923	4,627	1,515.40	94.0
Arkansas		1,242.32	74.1	2,918	2,580	1,098.14	88.4
California		1,971.53	117.5	50,514	47,506	1,854.10	94.0
Colorado		1,994.17	118.9	6,337	5,461	1,718.37	86.2
Connecticut		2,110.74	125.8	6,657	5,963	1,890.60	89.6
Delaware		2,123.46	126.6	1,302	1,224	1,996.68	94.0
Washington, DC		2,021.86	120.5	1,260	1,562	2,506.82	124.0
Florida		1,707.30	101.8	18,739	15,435	1,406.25	82.4
Georgia		1,476.10	88.0	8,616	8,484	1,453.46	98.5
Hawaii		1,896.64	113.1	1,971	1,920	1,847.79	97.4
Idaho		1,296.08	77.3	1,297	1,234	1,232.99	95.1
Illinois		1,642.66	97.9	18,909	18,638	1,619.13	98.6
Indiana		1,454.73	86.7	7,998	7,840	1,425.91	98.0
Iowa		1,459.90	87.0	4,248	4,745	1,630.72	111.7
Kansas		1,665.89	99.3	4,061	3,832	1,571.75	94.3
Kentucky		1,282.63	76.5	4,775	4,305	1,156.29	90.1
Louisiana		1,786.89	106.5	7,973	7,059	1,582.03	88.5
Maine		1,445.70	86.2	1,671	1,672	1,446.40	100.0
Maryland		1,764.13	105.2	7,672	7,723	1,775.73	100.7
Massachusetts		1,852.46	110.4	10,741	10,382	1,790.62	96.7
Michigan		1,562.58	93.2	14,180	17,685	1,948.73	124.7
Minnesota		1,677.05	100.0	6,980	8,765	2,106.00	125.6
Mississippi		1,148.22	68.5	2,983	3,224	1,240.79	108.1
Missouri		1,511.62	90.1	7,570	6,368	1,271.63	84.1
Montana		1,604.71	95.7	1,322	1,315	1,596.30	99.5
Nebraska		1,559.86	93.0	2,505	2,610	1,625.06	104.2
Nevada		2,283.70	136.1	2,080	1,656	1,817.45	79.6
New Hampshire		1,860.70	110.9	1,818	1,332	1,363.42	73.3
New Jersey		1,982.60	118.2	14,899	14,740	1,961.45	98.9
New Mexico		2,034.98	121.3	2,898	2,682	1,883.21	92.5
New York		1,681.59	100.3	29,823	43,245	2,438.39	145.0
North Carolina		1,427.15	85.1	8,798	7,891	1,280.04	89.7
North Dakota		1,783.66	106.3	1,224	1,287	1,876.53	105.2
Ohio		1,531.04	91.3	16,462	16,696	1,552.85	101.4
Oklahoma		1,814.57	108.2	5,984	4,987	1,512.22	83.3
Oregon		1,545.67	92.1	4,133	4,450	1,664.08	107.7
Pennsylvania		1,485.29	88.6	17,676	17,931	1,506.71	101.4
Rhode Island		1,517.65	90.5	1,460	1,630	1,693.98	111.6
South Carolina		1,270.56	75.7	4,193	4,204	1,273.87	100.3
South Dakota		1,388.83	82.8	981	872	1,235.35	88.9
Tennessee		1,329.92	79.3	6,273	5,447	1,154.71	86.8
Texas		1,904.54	113.5	30,452	22,676	1,418.21	74.5
Utah		1,356.07	80.8	2,240	2,396	1,450.64	107.0
Vermont		1,538.54	91.7	815	809	1,527.16	99.3
Virginia		1,607.57	95.8	9,060	8,481	1,504.71	93.6
Washington		1,639.30	97.7	7,129	7,615	1,751.06	106.8
West Virginia		1,296.39	77.3	2,531	2,672	1,368.72	105.6
Wisconsin		1,493.44	89.0	7,117	9,046	1,898.26	127.1
Wyoming		3,380.52	201.5	1,727	1,882	3,682.32	108.9
U.S. TOTAL		$1,677.34	100.0	$396,122	$396,122	$1,677.34	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
*No combined tax base can be reported; see tables for particular revenue sources.
SOURCE: ACIR staff estimates.

Table B-3

GENERAL SALES AND GROSS RECEIPTS TAXES

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama	$13,115	$224.14	70.5	$894	$1,039	$260.31	116.1
Alaska	3,494	476.57	149.9	238	59	117.07	24.6
Arizona	13,819	308.66	97.1	942	1,375	450.47	145.9
Arkansas	8,635	250.66	78.8	589	604	257.20	102.6
California	137,795	366.72	115.4	9,396	10,922	426.28	116.2
Colorado	17,477	374.99	118.0	1,192	1,342	422.22	112.6
Connecticut	16,398	354.52	111.5	1,118	1,339	424.58	119.8
Delaware	3,245	361.01	113.6	221	0	0.00	0.0
Washington, DC	3,199	350.19	110.2	218	297	476.65	136.1
Florida	61,482	381.96	120.1	4,192	3,981	362.71	95.0
Georgia	25,631	299.42	94.2	1,748	1,689	289.38	96.6
Hawaii	6,331	415.51	130.7	432	639	615.25	148.1
Idaho	3,463	235.91	74.2	236	242	241.58	102.4
Illinois	50,590	299.68	94.3	3,450	3,623	314.75	105.0
Indiana	24,343	301.91	95.0	1,660	1,970	358.23	118.7
Iowa	11,707	274.31	86.3	798	736	253.01	92.2
Kansas	10,914	305.27	96.0	744	604	247.79	81.2
Kentucky	13,609	249.25	78.4	928	754	202.61	81.3
Louisiana	18,490	282.57	88.9	1,261	1,835	411.36	145.6
Maine	5,231	308.57	97.1	357	315	272.81	88.4
Maryland	22,543	353.46	111.2	1,537	988	227.24	64.3
Massachusetts	32,582	383.19	120.5	2,222	1,248	215.25	56.2
Michigan	38,758	291.22	91.6	2,643	2,273	250.48	86.0
Minnesota	21,383	350.33	110.2	1,458	1,252	300.75	85.8
Mississippi	8,504	223.21	70.2	580	866	333.46	149.4
Missouri	23,845	324.68	102.1	1,626	1,708	341.03	105.0
Montana	3,560	294.57	92.7	243	0	0.00	0.0
Nebraska	7,030	298.47	93.9	479	429	267.15	89.5
Nevada	10,963	820.57	258.1	748	411	451.61	55.0
New Hampshire	5,659	394.96	124.2	386	0	0.00	0.0
New Jersey	38,981	353.70	111.3	2,658	2,054	273.33	77.3
New Mexico	6,135	293.78	92.4	418	661	464.39	158.1
New York	78,919	303.43	95.4	5,381	7,164	403.96	133.1
North Carolina	25,869	286.13	90.0	1,764	1,310	212.49	74.3
North Dakota	3,523	350.20	110.2	240	204	297.87	85.1
Ohio	44,798	284.11	89.4	3,055	2,845	264.65	93.1
Oklahoma	15,298	316.30	99.5	1,043	881	267.15	84.5
Oregon	12,014	306.36	96.4	819	0	0.00	0.0
Pennsylvania	49,489	283.56	89.2	3,375	2,721	228.60	80.6
Rhode Island	4,164	295.15	92.8	284	248	257.57	87.3
South Carolina	12,700	262.43	82.5	866	799	242.09	92.3
South Dakota	2,998	289.54	91.1	204	208	294.95	101.9
Tennessee	20,127	290.95	91.5	1,372	1,801	381.84	131.2
Texas	79,621	339.56	106.8	5,429	4,546	284.32	83.7
Utah	6,137	253.33	79.7	418	631	381.90	150.8
Vermont	2,839	365.24	114.9	194	81	153.01	41.9
Virginia	25,019	302.70	95.2	1,706	1,119	198.62	65.6
Washington	19,172	300.60	94.6	1,307	3,026	695.70	231.4
West Virginia	6,795	237.37	74.7	463	652	333.87	140.7
Wisconsin	19,746	282.53	88.9	1,346	1,375	288.44	102.1
Wyoming	2,868	382.75	120.4	196	208	407.35	106.4
U.S. TOTAL	$1,101,009	$317.90	100.0	$75,077	$75,077	$317.90	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate = 6.82%.
*Tax base is retail sales in millions of dollars.
SOURCE: ACIR staff estimates.

Table B-4

TOTAL SELECTIVE SALES TAXES

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama		$144.28	97.6	$576	$814	$204.11	141.5
Alaska		156.37	105.8	78	69	137.25	87.8
Arizona		145.80	98.6	445	394	129.16	88.6
Arkansas		149.84	101.4	352	326	138.92	92.7
California		153.54	103.9	3,934	2,977	116.19	75.7
Colorado		143.91	97.4	457	359	112.93	78.5
Connecticut		156.58	105.9	494	730	231.51	147.9
Delaware		170.14	115.1	104	96	156.51	92.0
Washington, DC		166.73	112.8	104	137	219.13	131.4
Florida		157.95	106.9	1,734	2,237	203.81	129.0
Georgia		155.04	104.9	905	790	135.37	87.3
Hawaii		114.15	77.2	119	182	174.72	153.1
Idaho		131.28	88.8	131	124	123.82	94.3
Illinois		149.51	101.1	1,721	2,089	181.50	121.4
Indiana		152.85	103.4	840	512	93.15	60.9
Iowa		142.15	96.2	414	330	113.50	79.8
Kansas		152.35	103.1	371	331	135.84	89.2
Kentucky		148.24	100.3	552	428	114.88	77.5
Louisiana		160.22	108.4	715	554	124.21	77.5
Maine		141.26	95.6	163	189	163.86	116.0
Maryland		141.67	95.8	616	627	144.08	101.7
Massachusetts		148.58	100.5	861	713	123.00	82.8
Michigan		150.20	101.6	1,363	982	108.21	72.0
Minnesota		140.94	95.3	587	644	154.79	109.8
Mississippi		134.17	90.8	349	265	101.82	75.9
Missouri		143.98	97.4	721	659	131.66	91.4
Montana		149.97	101.5	124	134	162.93	108.6
Nebraska		153.61	103.9	247	228	141.99	92.4
Nevada		208.86	141.3	190	391	429.27	205.5
New Hampshire		179.79	121.6	176	140	143.52	79.8
New Jersey		161.09	109.0	1,211	1,771	235.62	146.3
New Mexico		145.76	98.6	208	193	135.55	93.0
New York		136.45	92.3	2,420	2,835	159.86	117.2
North Carolina		143.96	97.4	888	981	159.16	110.6
North Dakota		152.04	102.9	104	97	141.20	92.9
Ohio		143.27	96.9	1,540	1,657	154.15	107.6
Oklahoma		156.01	105.5	515	427	129.33	82.9
Oregon		147.59	99.8	395	272	101.77	69.0
Pennsylvania		130.57	88.3	1,554	1,715	144.11	110.4
Rhode Island		138.84	93.9	134	163	169.72	122.2
South Carolina		144.62	97.8	477	479	145.23	100.4
South Dakota		145.00	98.1	102	97	136.88	94.4
Tennessee		151.61	102.6	715	616	130.58	86.1
Texas		163.20	110.4	2,609	2,139	133.77	82.0
Utah		115.92	78.4	191	170	102.83	88.7
Vermont		147.62	99.9	78	88	165.18	111.9
Virginia		134.59	91.0	759	858	152.27	113.1
Washington		136.52	92.4	594	871	200.19	146.6
West Virginia		124.83	84.4	244	272	139.36	111.6
Wisconsin		132.59	89.7	632	700	146.79	110.7
Wyoming		190.82	129.1	98	56	110.23	57.8
U.S. TOTAL		$147.82	100.0	$34,909	$34,909	$147.82	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
*No combined tax base can be reported; see tables for particular selective sales taxes.
SOURCE: ACIR staff estimates.

Table B-5

SELECTIVE SALES-PARIMUTUEL

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama	$217	$2.65	84.8	$11	$0	$0.00	0.0
Alaska	0	0.00	0.0	0	0	0.00	0.0
Arizona	214	3.43	109.7	10	11	3.47	101.0
Arkansas	313	6.53	208.4	15	21	8.77	134.3
California	2,202	4.20	134.3	108	135	5.27	125.4
Colorado	198	3.05	97.3	10	9	2.83	93.0
Connecticut	542	8.40	268.3	26	61	19.22	228.8
Delaware	39	3.14	100.4	2	0	0.11	3.6
Washington, DC	0	0.00	0.0	0	0	0.00	0.0
Florida	1,825	8.13	259.7	89	116	10.60	130.4
Georgia	0	0.00	0.0	0	0	0.00	0.0
Hawaii	0	0.00	0.0	0	0	0.00	0.0
Idaho	9	0.44	13.9	0	0	0.44	101.4
Illinois	1,018	4.33	138.2	50	63	5.45	125.9
Indiana	0	0.00	0.0	0	0	0.00	0.0
Iowa	0	0.00	0.0	0	0	0.00	0.0
Kansas	0	0.00	0.0	0	0	0.00	0.0
Kentucky	327	4.29	137.1	16	10	2.77	64.4
Louisiana	567	6.21	198.5	28	26	5.74	92.4
Maine	31	1.31	41.7	2	1	0.98	75.0
Maryland	430	4.83	154.4	21	16	3.57	73.8
Massachusetts	541	4.56	145.7	26	37	6.35	139.3
Michigan	348	1.87	59.8	17	22	2.46	131.1
Minnesota	0	0.00	0.0	0	0	0.00	0.0
Mississippi	0	0.00	0.0	0	0	0.00	0.0
Missouri	0	0.00	0.0	0	0	0.00	0.0
Montana	12	0.70	22.4	1	0	0.19	26.5
Nebraska	206	6.28	200.6	10	9	5.80	92.4
Nevada	2	0.10	3.2	0	0	0.06	61.3
New Hampshire	165	8.28	264.4	8	8	8.53	103.0
New Jersey	944	6.14	196.2	46	10	1.29	21.0
New Mexico	137	4.69	149.9	7	4	2.97	63.2
New York	3,155	8.70	277.9	154	106	6.00	68.9
North Carolina	0	0.00	0.0	0	0	0.00	0.0
North Dakota	0	0.00	0.0	0	0	0.00	0.0
Ohio	387	1.76	56.2	19	19	1.73	98.4
Oklahoma	16	0.23	7.5	1	0	0.00	0.0
Oregon	80	1.46	46.7	4	4	1.62	110.7
Pennsylvania	534	2.19	70.0	26	21	1.73	78.8
Rhode Island	153	7.76	247.7	7	5	5.71	73.7
South Carolina	0	0.00	0.0	0	0	0.00	0.0
South Dakota	33	2.32	74.1	2	2	3.40	146.7
Tennessee	0	0.00	0.0	0	0	0.00	0.0
Texas	0	0.00	0.0	0	0	0.00	0.0
Utah	0	0.00	0.0	0	0	0.00	0.0
Vermont	13	1.23	39.2	1	1	1.75	142.3
Virginia	0	0.00	0.0	0	0	0.00	0.0
Washington	213	2.39	76.4	10	11	2.45	102.4
West Virginia	247	6.18	197.4	12	11	5.71	92.5
Wisconsin	0	0.00	0.0	0	0	0.00	0.0
Wyoming	2	0.16	5.2	0	0	0.06	39.4
U.S. TOTAL	$15,117	$3.13	100.0	$739	$739	$3.13	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate = 4.89%
*Tax base is parimutuel handle in millions of dollars.
SOURCE: ACIR staff estimates.

Table B-6

SELECTIVE SALES-MOTOR FUELS

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama	2,257	$57.65	108.4	$230	$282	$70.58	122.4
Alaska	306	62.41	117.4	31	32	64.34	103.1
Arizona	1,725	57.60	108.3	176	193	63.31	109.9
Arkansas	1,486	64.50	121.3	152	140	59.61	92.4
California	12,843	51.09	96.1	1,309	1,213	47.34	92.7
Colorado	1,670	53.55	100.7	170	189	59.41	110.9
Connecticut	1,464	47.30	89.0	149	198	62.62	132.4
Delaware	368	61.12	115.0	37	37	61.00	99.8
Washington, DC	202	33.03	62.1	21	25	40.62	123.0
Florida	5,934	55.11	103.7	605	627	57.16	103.7
Georgia	3,717	64.90	122.1	379	373	63.86	98.4
Hawaii	351	34.40	64.7	36	55	52.84	153.6
Idaho	554	56.41	106.1	56	80	79.74	141.4
Illinois	5,131	45.43	85.5	523	579	50.27	110.7
Indiana	3,229	59.86	112.6	329	332	60.32	100.8
Iowa	1,720	60.24	113.3	175	196	67.40	111.9
Kansas	1,518	63.46	119.4	155	143	58.80	92.7
Kentucky	2,103	57.57	108.3	214	201	53.91	93.6
Louisiana	2,536	57.93	109.0	258	196	43.90	75.8
Maine	643	56.66	106.6	65	85	73.69	130.1
Maryland	2,200	51.57	97.0	224	290	66.74	129.4
Massachusetts	2,583	45.41	85.4	263	275	47.42	104.4
Michigan	4,459	50.09	94.2	455	565	62.26	124.3
Minnesota	2,377	58.22	109.5	242	333	79.92	137.3
Mississippi	1,443	56.60	106.5	147	125	48.22	85.2
Missouri	3,050	62.07	116.7	311	197	39.35	63.4
Montana	568	70.28	132.2	58	79	96.15	136.8
Nebraska	981	62.26	117.1	100	130	80.93	130.0
Nevada	582	65.15	122.5	59	88	97.09	149.0
New Hampshire	475	49.57	93.2	48	65	66.02	133.2
New Jersey	3,752	50.89	95.7	382	301	40.07	78.7
New Mexico	931	66.61	125.3	95	107	75.22	112.9
New York	5,471	31.44	59.1	558	424	23.93	76.1
North Carolina	3,548	58.67	110.3	362	399	64.66	110.2
North Dakota	482	71.64	134.8	49	54	78.36	109.4
Ohio	5,565	52.76	99.2	567	616	57.29	108.6
Oklahoma	2,229	68.89	129.6	227	145	44.10	64.0
Oregon	1,489	56.77	106.8	152	113	42.33	74.6
Pennsylvania	5,172	44.30	83.3	527	599	50.29	113.5
Rhode Island	403	42.67	80.3	41	45	47.20	110.6
South Carolina	1,898	58.63	110.3	193	237	71.95	122.7
South Dakota	487	70.31	132.2	50	58	81.54	116.0
Tennessee	3,001	64.85	122.0	306	290	61.51	94.9
Texas	10,048	64.05	120.5	1,024	515	32.24	50.3
Utah	838	51.70	97.2	85	88	53.24	103.0
Vermont	287	55.25	103.9	29	37	69.75	126.2
Virginia	3,096	56.00	105.3	316	325	57.66	103.0
Washington	2,240	52.50	98.8	228	339	77.86	148.3
West Virginia	923	48.22	90.7	94	160	81.77	169.6
Wisconsin	2,375	50.80	95.5	242	344	72.16	142.1
Wyoming	469	93.56	176.0	48	37	71.43	76.3
U.S. TOTAL	123,179	$53.16	100.0	$12,555	$12,555	$53.16	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate = $0.10 per gallon.
*Tax base is motor fuel sales in millions of gallons.
SOURCE: ACIR staff estimates.

Table B-7

SELECTIVE SALES-INSURANCE PREMIUMS

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama	$3,722	$15.29	90.5	$61	$81	$20.21	132.2
Alaska	699	22.90	135.5	11	16	32.34	141.3
Arizona	2,793	14.99	88.7	46	49	16.17	107.9
Arkansas	1,892	13.20	78.1	31	37	15.89	120.4
California	28,682	18.35	108.5	470	457	17.85	97.3
Colorado	3,221	16.61	98.3	53	40	12.63	76.0
Connecticut	3,753	19.50	115.4	62	82	26.08	133.8
Delaware	928	24.82	146.9	15	16	25.55	102.9
Washington, DC	949	24.97	147.7	16	18	28.94	115.9
Florida	11,278	16.84	99.6	185	150	13.64	81.0
Georgia	5,971	16.77	99.2	98	81	13.93	83.1
Hawaii	1,258	19.84	117.4	21	28	26.50	133.5
Idaho	799	13.09	77.4	13	18	17.88	136.6
Illinois	13,198	18.79	111.2	216	103	8.94	47.6
Indiana	5,468	16.30	96.4	90	66	12.05	73.9
Iowa	2,765	15.57	92.1	45	52	17.99	115.5
Kansas	2,312	15.54	91.9	38	47	19.09	122.9
Kentucky	2,522	11.10	65.7	41	95	25.65	231.0
Louisiana	4,509	16.56	98.0	74	121	27.20	164.2
Maine	1,190	16.87	99.8	19	18	15.17	89.9
Maryland	4,787	18.04	106.7	78	74	16.92	93.8
Massachusetts	6,240	17.64	104.4	102	135	23.27	131.9
Michigan	10,999	19.86	117.5	180	99	10.94	55.1
Minnesota	4,376	17.23	101.9	72	71	17.01	98.7
Mississippi	1,953	12.32	72.9	32	49	18.84	152.9
Missouri	5,241	17.15	101.5	86	89	17.76	103.5
Montana	702	13.96	82.6	12	20	23.68	169.6
Nebraska	1,874	19.12	113.1	31	28	17.63	92.2
Nevada	845	15.20	89.9	14	30	33.44	220.0
New Hampshire	1,231	20.65	122.1	20	17	17.50	84.8
New Jersey	7,794	17.00	100.6	128	113	15.00	88.2
New Mexico	1,202	13.84	81.9	20	31	21.48	155.3
New York	21,783	20.13	119.1	357	247	13.93	69.2
North Carolina	5,099	13.56	80.2	84	106	17.18	126.7
North Dakota	709	16.94	100.2	12	10	14.66	86.5
Ohio	10,501	16.01	94.7	172	159	14.82	92.6
Oklahoma	3,309	16.45	97.3	54	100	30.41	184.9
Oregon	3,100	19.00	112.4	51	37	13.71	72.1
Pennsylvania	11,890	16.37	96.9	195	187	15.72	96.0
Rhode Island	831	14.15	83.7	14	16	17.09	120.8
South Carolina	2,914	14.47	85.6	48	62	18.82	130.0
South Dakota	636	14.77	87.4	10	16	22.12	149.8
Tennessee	4,364	15.16	89.7	72	77	16.28	107.4
Texas	17,191	17.62	104.3	282	362	22.67	128.6
Utah	1,219	12.09	71.5	20	25	14.87	123.0
Vermont	542	16.76	99.2	9	8	15.42	92.0
Virginia	4,544	13.21	78.2	74	97	17.21	130.3
Washington	3,925	14.79	87.5	64	56	12.98	87.8
West Virginia	1,480	12.43	73.5	24	38	19.35	155.7
Wisconsin	3,933	13.53	80.0	64	49	10.34	76.5
Wyoming	427	13.69	81.0	7	8	15.04	109.8
U.S. TOTAL	$243,551	$16.90	100.0	$3,992	$3,992	$16.90	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate = 1.64%.
*Tax base is gross insurance premiums in millions of dollars.
SOURCE: ACIR staff estimates.

Table B-8

SELECTIVE SALES-TOBACCO PRODUCTS

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama	450.9	$17.18	93.8	$69	$82	$20.51	119.4
Alaska	66.8	20.31	110.9	10	5	10.85	53.4
Arizona	323.4	16.11	87.9	49	41	13.58	84.4
Arkansas	289.3	18.72	102.2	44	61	26.05	139.1
California	2,655.3	15.76	86.0	404	263	10.25	65.0
Colorado	381.1	18.23	99.5	58	48	14.95	82.0
Connecticut	352.4	16.99	92.7	54	88	27.91	164.3
Delaware	87.6	21.73	118.6	13	12	19.60	90.2
Washington, DC	77.0	18.79	102.6	12	10	15.59	83.0
Florida	1,348.9	18.68	102.0	205	278	25.32	135.5
Georgia	729.7	19.01	103.7	111	85	14.63	77.0
Hawaii	78.2	11.44	62.5	12	20	19.20	167.8
Idaho	104.0	15.80	86.2	16	10	10.22	64.7
Illinois	1,427.2	18.85	102.9	217	224	19.45	103.2
Indiana	761.7	21.06	115.0	116	77	14.06	66.7
Iowa	326.3	17.05	93.0	50	59	20.31	119.1
Kansas	295.7	18.44	100.6	45	46	18.80	102.0
Kentucky	687.4	28.07	153.2	105	19	5.23	18.6
Louisiana	576.3	19.64	107.2	88	58	12.92	65.8
Maine	156.4	20.57	112.3	24	29	24.74	120.3
Maryland	530.3	18.54	101.2	81	66	15.29	82.5
Massachusetts	668.7	17.54	95.7	102	170	29.32	167.2
Michigan	1,170.6	19.61	107.0	178	127	13.96	71.2
Minnesota	461.8	16.87	92.1	70	84	20.28	120.2
Mississippi	303.3	17.75	96.9	46	34	13.12	73.9
Missouri	648.9	19.70	107.5	99	103	20.53	104.2
Montana	90.6	16.72	91.2	14	13	15.32	91.6
Nebraska	172.6	16.34	89.2	26	29	18.21	111.5
Nevada	123.6	20.63	112.6	19	17	19.20	93.1
New Hampshire	209.6	32.62	178.0	32	33	33.88	103.9
New Jersey	881.7	17.84	97.4	134	217	28.90	162.0
New Mexico	126.0	13.45	73.4	19	15	10.27	76.3
New York	2,115.8	18.14	99.0	322	500	28.19	155.4
North Carolina	983.0	24.24	132.3	149	17	2.73	11.2
North Dakota	75.2	16.67	91.0	11	13	18.95	113.7
Ohio	1,369.0	19.36	105.6	208	182	16.96	87.6
Oklahoma	428.5	19.75	107.8	65	77	23.49	118.9
Oregon	315.7	17.95	98.0	48	55	20.65	115.1
Pennsylvania	1,374.3	17.56	95.8	209	243	20.39	116.2
Rhode Island	130.6	20.64	112.6	20	29	30.39	147.3
South Carolina	419.9	19.35	105.6	64	30	9.02	46.6
South Dakota	74.6	16.07	87.7	11	11	14.88	92.6
Tennessee	590.3	19.03	103.8	90	79	16.68	87.7
Texas	1,863.2	17.72	96.7	283	340	21.28	120.1
Utah	108.9	10.02	54.7	17	13	7.78	77.6
Vermont	76.3	21.89	119.5	12	13	24.03	109.8
Virginia	764.0	20.61	112.5	116	35	6.24	30.3
Washington	418.0	14.61	79.8	64	99	22.83	156.3
West Virginia	220.9	17.21	93.9	34	36	18.27	106.2
Wisconsin	503.5	16.06	87.7	77	127	26.59	165.5
Wyoming	66.7	19.85	108.3	10	5	9.90	49.9
U.S. TOTAL	28,461.7	18.32	100.0	$4,327	$4,327	$18.32	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate = $0.152 per package.
*Tax base is cigarette sales in millions of packs.
SOURCE: ACIR staff estimates.

Table B-9

SELECTIVE SALES-AMUSEMENTS

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama	$191	$0.49	23.3	$2	$0	$0.02	3.3
Alaska	43	0.87	41.4	0	0	0.44	50.9
Arizona	364	1.22	58.0	4	0	0.01	0.8
Arkansas	176	0.77	36.4	2	0	0.17	22.7
California	13,047	5.21	247.6	134	0	0.02	0.3
Colorado	683	2.20	104.5	7	1	0.20	9.0
Connecticut	400	1.30	61.7	4	13	4.12	316.7
Delaware	78	1.31	62.1	1	0	0.09	6.7
Washington, DC	217	3.56	169.1	2	0	0.00	0.0
Florida	2,680	2.50	118.7	27	3	0.28	11.1
Georgia	551	0.97	45.9	6	0	0.00	0.0
Hawaii	168	1.65	78.5	2	0	0.00	0.0
Idaho	73	0.75	35.5	1	0	0.00	0.0
Illinois	2,148	1.91	90.7	22	9	0.78	40.9
Indiana	448	0.83	39.6	5	0	0.02	2.9
Iowa	242	0.85	40.4	2	0	0.00	0.0
Kansas	191	0.80	38.1	2	1	0.34	42.7
Kentucky	281	0.77	36.6	3	1	0.22	29.0
Louisiana	464	1.06	50.5	5	0	0.07	6.4
Maine	86	0.76	36.1	1	0	0.19	24.5
Maryland	585	1.38	65.4	6	1	0.30	22.0
Massachusetts	822	1.45	68.9	8	13	2.19	150.9
Michigan	1,052	1.19	56.3	11	0	0.01	0.6
Minnesota	517	1.27	60.4	5	0	.00	0.2
Mississippi	112	0.44	20.9	1	0	0.14	31.9
Missouri	728	1.49	70.6	7	1	0.16	10.5
Montana	74	0.93	43.9	1	0	0.00	0.0
Nebraska	158	1.00	47.7	2	2	1.37	136.4
Nevada	3,544	39.83	1891.3	36	223	244.66	614.3
New Hampshire	156	1.64	77.7	2	0	0.14	8.8
New Jersey	2,937	4.00	190.0	30	196	26.01	650.3
New Mexico	140	1.01	47.9	1	0	0.14	13.5
New York	6,580	3.80	180.4	67	8	0.48	12.6
North Carolina	474	0.79	37.4	5	3	0.44	56.0
North Dakota	44	0.66	31.2	0	2	2.62	398.3
Ohio	1,435	1.37	64.9	15	0	0.00	0.0
Oklahoma	253	0.79	37.3	3	1	0.44	55.9
Oregon	265	1.01	48.2	3	2	0.83	82.3
Pennsylvania	1,283	1.10	52.4	13	0	0.02	1.7
Rhode Island	105	1.12	53.2	1	0	0.17	14.8
South Carolina	243	0.75	35.8	2	12	3.67	485.9
South Dakota	64	0.93	44.3	1	0	0.00	0.0
Tennessee	537	1.17	55.3	5	0	0.09	7.5
Texas	1,866	1.19	56.7	19	2	0.11	9.5
Utah	234	1.45	69.0	2	0	0.00	0.0
Vermont	142	2.75	130.6	1	0	0.46	16.7
Virginia	502	0.91	43.3	5	0	0.02	1.9
Washington	523	1.23	58.4	5	0	0.04	3.6
West Virginia	138	0.72	34.3	1	0	0.00	0.0
Wisconsin	491	1.05	50.1	5	0	0.01	0.5
Wyoming	42	0.83	39.5	0	0	0.00	0.0
U.S. TOTAL	$48,579	$2.11	100.0	$497	$497	$2.11	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate = 1.02%.
*Tax base is amusement receipts in millions of dollars.
SOURCE: ACIR staff estimates.

Table B-10

SELECTIVE SALES-PUBLIC UTILITIES

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama	$4,854	$41.46	101.5	$165	$242	$60.65	146.3
Alaska	458	31.25	76.5	16	2	3.30	10.6
Arizona	3,255	36.34	89.0	111	74	24.26	66.8
Arkansas	2,565	37.22	91.1	87	40	16.85	45.3
California	32,343	43.02	105.3	1,102	771	30.10	70.0
Colorado	3,260	34.96	85.6	111	48	15.08	43.1
Connecticut	4,413	47.69	116.7	150	258	81.68	171.3
Delaware	741	41.17	100.8	25	26	42.01	102.0
Washington, DC	1,014	55.49	135.8	35	76	122.36	220.5
Florida	12,892	40.03	98.0	439	667	60.78	151.8
Georgia	6,931	40.47	99.1	236	70	11.96	29.6
Hawaii	994	32.60	79.8	34	79	76.18	233.7
Idaho	996	33.90	83.0	34	8	8.01	23.6
Illinois	15,619	46.25	113.2	532	1,020	88.61	191.6
Indiana	7,103	44.03	107.8	242	0	0.03	0.1
Iowa	3,286	38.48	94.2	112	6	2.12	5.5
Kansas	3,184	44.52	109.0	109	53	21.56	48.4
Kentucky	4,051	37.09	90.8	138	52	14.00	37.7
Louisiana	6,031	46.07	112.8	206	94	21.16	45.9
Maine	1,075	31.70	77.6	37	26	22.32	70.4
Maryland	4,077	31.95	78.2	139	151	34.65	108.4
Massachusetts	7,744	45.52	111.4	264	0	0.00	0.0
Michigan	11,814	44.37	108.6	403	71	7.78	17.5
Minnesota	4,090	33.49	82.0	139	103	24.72	73.8
Mississippi	2,819	36.98	90.5	96	21	8.04	21.7
Missouri	4,810	32.73	80.1	164	245	48.97	149.6
Montana	805	33.31	81.5	27	8	9.68	29.0
Nebraska	1,740	36.92	90.4	59	15	9.60	26.0
Nevada	1,064	39.79	97.4	36	19	20.35	51.1
New Hampshire	1,142	39.85	97.5	39	8	7.94	19.9
New Jersey	11,082	50.26	123.0	378	875	116.44	231.7
New Mexico	1,449	34.68	84.9	49	20	13.70	39.5
New York	20,908	40.18	98.4	713	1,348	75.98	189.1
North Carolina	6,467	35.76	87.5	220	334	54.17	151.5
North Dakota	672	33.39	81.7	23	12	17.34	51.9
Ohio	13,037	41.33	101.2	444	610	56.74	137.3
Oklahoma	3,889	40.19	98.4	133	62	18.87	47.0
Oregon	3,030	38.62	94.5	103	50	18.65	48.3
Pennsylvania	13,235	37.90	92.8	451	534	44.83	118.3
Rhode Island	1,053	37.31	91.3	36	59	61.21	164.0
South Carolina	3,737	38.59	94.5	127	39	11.83	30.7
South Dakota	601	29.02	71.0	20	1	1.08	3.7
Tennessee	5,744	41.50	101.6	196	46	9.84	23.7
Texas	23,280	49.62	121.5	793	634	39.65	79.9
Utah	1,652	34.08	83.4	56	31	18.78	55.1
Vermont	525	33.79	82.7	18	14	26.73	79.1
Virginia	5,287	31.97	78.3	180	310	55.06	172.2
Washington	4,800	37.61	92.1	164	261	60.01	159.5
West Virginia	1,844	32.19	78.8	63	17	8.72	27.1
Wisconsin	4,878	34.89	85.4	166	135	28.26	81.0
Wyoming	736	49.09	120.1	25	6	10.90	22.2
U.S. TOTAL	$283,077	$40.85	100.0	$9,648	$9,648	$40.85	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate = 3.41%.
*Tax base is public utility sales in millions of dollars.
SOURCE: ACIR staff estimates.

Table B-11

SELECTIVE SALES-ALCOHOLIC BEVERAGES, TOTAL

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama		$9.55	71.6	$38	$128	$32.15	336.7
Alaska		18.63	139.7	9	13	25.97	139.4
Arizona		16.10	120.7	49	25	8.35	51.9
Arkansas		8.90	66.7	21	27	11.58	130.1
California		15.91	119.3	408	137	5.36	33.7
Colorado		15.30	114.7	49	25	7.84	51.2
Connecticut		15.39	115.4	49	31	9.87	64.1
Delaware		16.85	126.3	10	5	8.15	48.4
Washington, DC		30.88	231.5	19	7	11.61	37.6
Florida		16.65	124.9	183	396	36.03	216.4
Georgia		12.92	96.9	75	181	30.99	239.8
Hawaii		14.21	106.5	15	0	0.00	0.0
Idaho		10.91	81.8	11	8	7.52	69.0
Illinois		13.95	104.6	161	92	8.01	57.4
Indiana		10.76	80.7	59	37	6.67	62.0
Iowa		9.96	74.7	29	17	5.69	57.2
Kansas		9.59	71.9	23	42	17.24	179.6
Kentucky		9.34	70.1	35	49	13.12	140.4
Louisiana		12.74	95.5	57	59	13.22	103.7
Maine		13.40	100.4	15	31	26.77	199.9
Maryland		15.35	115.1	67	29	6.62	43.1
Massachusetts		16.46	123.5	95	84	14.45	87.7
Michigan		13.21	99.0	120	98	10.81	81.8
Minnesota		13.86	103.9	58	54	12.87	92.9
Mississippi		10.08	75.6	26	35	13.46	133.6
Missouri		10.84	81.3	54	25	4.89	45.2
Montana		14.07	105.5	12	15	17.91	127.3
Nebraska		11.69	87.6	19	14	8.44	72.2
Nevada		28.16	211.2	26	13	14.48	51.4
New Hampshire		27.19	203.9	27	9	9.52	35.0
New Jersey		14.96	112.1	112	59	7.89	52.8
New Mexico		11.47	86.0	16	17	11.78	102.7
New York		14.06	105.4	249	201	11.35	80.7
North Carolina		10.95	82.1	68	123	19.99	182.5
North Dakota		12.74	95.5	9	6	9.27	72.8
Ohio		10.69	80.2	115	71	6.62	61.9
Oklahoma		9.71	72.8	32	40	12.02	123.7
Oregon		12.77	95.8	34	11	3.96	31.0
Pennsylvania		11.14	83.5	133	132	11.12	99.9
Rhode Island		15.19	113.9	15	8	7.94	52.3
South Carolina		12.83	96.2	42	99	29.95	233.5
South Dakota		11.59	86.9	8	10	13.85	119.4
Tennessee		9.90	74.2	47	123	26.17	264.3
Texas		12.99	97.4	208	285	17.81	137.1
Utah		6.58	49.3	11	13	8.16	124.1
Vermont		15.95	119.6	8	14	27.05	169.6
Virginia		11.88	89.1	67	91	16.08	135.4
Washington		13.38	100.3	58	104	24.01	179.5
West Virginia		7.88	59.1	15	11	5.53	70.2
Wisconsin		16.26	121.9	77	45	9.43	58.0
Wyoming		13.63	102.2	7	1	2.90	21.3
U.S. TOTAL		$13.34	100.0	$3,150	$3,150	$13.34	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
*No combined tax base can be reported; see tables for distilled spirits, wine, and beer.
SOURCE: ACIR staff estimates.

Table B-12

ALCOHOLIC BEVERAGES-DISTILLED SPIRITS

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama	5,270	$5.01	73.2	$20	$66	$16.49	329.3
Alaska	1,397	10.59	154.8	5	7	13.32	125.7
Arizona	6,530	8.11	118.5	25	13	4.28	52.8
Arkansas	2,871	4.63	67.7	11	14	5.94	128.2
California	53,012	7.84	114.7	201	70	2.75	35.1
Colorado	6,845	8.17	119.4	26	13	4.02	49.2
Connecticut	7,617	9.16	133.8	29	16	5.07	55.3
Delaware	1,575	9.74	142.4	6	3	4.18	42.9
Washington, DC	3,350	20.39	298.0	13	4	5.96	29.2
Florida	25,756	8.90	130.0	98	203	18.49	207.8
Georgia	11,539	7.50	109.6	44	93	15.90	212.1
Hawaii	1,803	6.58	96.2	7	0	0.00	0.0
Idaho	1,281	4.85	70.9	5	4	3.86	79.5
Illinois	22,238	7.33	107.1	84	47	4.11	56.1
Indiana	7,654	5.28	77.2	29	19	3.42	64.8
Iowa	3,385	4.41	64.5	13	8	2.92	66.2
Kansas	2,958	4.60	67.2	11	22	8.84	192.2
Kentucky	4,830	4.92	71.9	18	25	6.73	136.8
Louisiana	7,786	6.62	96.7	30	30	6.78	102.5
Maine	2,277	7.47	109.2	9	16	13.73	183.9
Maryland	10,099	8.80	128.7	38	15	3.39	38.5
Massachusetts	14,240	9.31	136.1	54	43	7.41	79.6
Michigan	16,994	7.10	103.8	64	50	5.55	78.1
Minnesota	8,582	7.82	114.3	33	27	6.60	84.4
Mississippi	3,698	5.40	78.9	14	18	6.90	127.9
Missouri	6,367	4.82	70.5	24	13	2.51	52.1
Montana	1,441	6.63	96.9	5	8	9.19	138.6
Nebraska	2,334	5.51	80.5	9	7	4.33	78.6
Nevada	4,236	17.63	257.7	16	7	7.43	42.1
New Hampshire	4,472	17.36	253.7	17	5	4.88	28.1
New Jersey	16,414	8.28	121.0	62	30	4.05	48.9
New Mexico	1,610	4.29	62.7	6	9	6.04	140.9
New York	36,325	7.77	113.5	138	103	5.82	75.0
North Carolina	9,460	5.82	85.0	36	63	10.25	176.2
North Dakota	1,268	7.01	102.4	5	3	4.76	67.9
Ohio	12,621	4.45	65.1	48	36	3.39	76.2
Oklahoma	4,639	5.33	78.0	18	20	6.16	115.6
Oregon	4,237	6.01	87.8	16	5	2.03	33.8
Pennsylvania	15,600	4.97	72.6	59	68	5.71	114.8
Rhode Island	1,986	7.83	114.4	8	4	4.08	52.1
South Carolina	6,313	7.25	106.0	24	51	15.36	211.8
South Dakota	1,182	6.35	92.8	4	5	7.10	111.9
Tennessee	6,385	5.13	75.0	24	63	13.43	261.6
Texas	23,729	5.63	82.2	90	146	9.14	162.4
Utah	1,423	3.27	47.7	5	7	4.19	128.2
Vermont	1,189	8.51	124.3	5	7	13.88	163.1
Virginia	8,918	6.00	87.7	34	47	8.25	137.5
Washington	7,614	6.64	97.0	29	54	12.32	185.6
West Virginia	1,658	3.22	47.1	6	6	2.84	88.1
Wisconsin	10,151	8.08	118.0	38	23	4.84	59.9
Wyoming	974	7.23	105.6	4	1	1.49	20.6
U.S. TOTAL	426,133	$6.84	100.0	$1,616	$1,616	$6.84	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate = $3.79 per gallon.
*Tax base is distilled spirits in thousands of gallons.
SOURCE: ACIR staff estimates.

Table B-13

ALCOHOLIC BEVERAGES-BEER

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama	2,319	$3.86	75.2	$15	$49	$12.38	320.5
Alaska	458	6.08	118.5	3	5	10.00	164.4
Arizona	2,939	6.40	124.6	20	10	3.22	50.3
Arkansas	1,357	3.84	74.8	9	10	4.46	116.1
California	20,632	5.35	104.2	137	53	2.06	38.6
Colorado	2,633	5.51	107.2	17	10	3.02	54.8
Connecticut	2,063	4.35	84.7	14	12	3.80	87.4
Delaware	526	5.70	111.0	3	2	3.14	55.1
Washington, DC	587	6.26	121.9	4	3	4.47	71.5
Florida	10,283	6.23	121.2	68	152	13.87	222.8
Georgia	4,007	4.56	88.8	27	70	11.93	261.5
Hawaii	961	6.15	119.8	6	0	0.00	0.0
Idaho	748	4.97	96.8	5	3	2.90	58.3
Illinois	9,147	5.28	102.8	61	35	3.08	58.4
Indiana	3,908	4.72	92.0	26	14	2.57	54.4
Iowa	2,240	5.12	99.6	15	6	2.19	42.8
Kansas	1,632	4.45	86.6	11	16	6.64	149.2
Kentucky	2,222	3.97	77.3	15	19	5.05	127.3
Louisiana	3,429	5.11	99.5	23	23	5.09	99.7
Maine	826	4.75	92.5	5	12	10.31	217.1
Maryland	3,375	5.16	100.4	22	11	2.55	49.4
Massachusetts	4,560	5.23	101.8	30	32	5.56	106.4
Michigan	6,789	4.97	96.8	45	38	4.16	83.7
Minnesota	3,162	5.05	98.3	21	21	4.96	98.2
Mississippi	1,686	4.31	84.0	11	13	5.18	120.2
Missouri	3,837	5.09	99.1	25	9	1.88	37.0
Montana	781	6.30	122.7	5	6	6.90	109.4
Nebraska	1,315	5.44	106.0	9	5	3.25	59.7
Nevada	1,031	7.52	146.5	7	5	5.57	74.1
New Hampshire	1,123	7.64	148.8	7	4	3.66	48.0
New Jersey	5,224	4.62	90.0	35	23	3.04	65.8
New Mexico	1,300	6.06	118.1	9	6	4.53	74.8
New York	11,875	4.45	86.7	79	78	4.37	98.2
North Carolina	3,931	4.24	82.5	26	47	7.69	181.6
North Dakota	531	5.14	100.2	4	2	3.57	69.4
Ohio	8,630	5.33	103.9	57	27	2.55	47.8
Oklahoma	1,892	3.81	74.3	13	15	4.63	121.3
Oregon	1,947	4.84	94.2	13	4	1.53	31.5
Pennsylvania	9,573	5.35	104.1	64	51	4.28	80.1
Rhode Island	779	5.38	104.8	5	3	3.06	56.8
South Carolina	2,342	4.72	91.8	16	38	11.53	244.5
South Dakota	495	4.66	90.7	3	4	5.33	114.4
Tennessee	2,991	4.21	82.1	20	48	10.08	239.2
Texas	15,356	6.38	124.3	102	110	6.86	107.5
Utah	714	2.87	56.0	5	5	3.14	109.4
Vermont	450	5.64	109.8	3	6	10.41	184.7
Virginia	4,077	4.81	93.6	27	35	6.19	128.8
Washington	3,058	4.67	91.0	20	40	9.24	197.8
West Virginia	1,238	4.21	82.1	8	4	2.13	50.5
Wisconsin	5,064	7.06	137.5	34	17	3.63	51.4
Wyoming	434	5.64	109.8	3	1	1.12	19.8
U.S. TOTAL	182,474	$5.13	100.0	$1,213	$1,213	$5.13	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate = $6.65 per barrel.
*Tax base is beer sales in thousands of barrels.
SOURCE: ACIR staff estimates.

Table B-14

ALCOHOLIC BEVERAGES-WINE

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama	4,560	$0.68	49.8	$3	$13	$3.28	484.2
Alaska	1,652	1.96	143.9	1	1	2.65	135.3
Arizona	8,215	1.59	117.2	5	3	0.85	53.4
Arkansas	1,700	0.43	31.5	1	3	1.18	275.4
California	117,186	2.71	199.2	69	14	0.55	20.2
Colorado	8,747	1.63	119.9	5	3	0.80	49.0
Connecticut	10,059	1.89	138.9	6	3	1.01	53.3
Delaware	1,455	1.41	103.4	1	1	0.83	59.1
Washington, DC	4,451	4.23	311.2	3	1	1.18	28.0
Florida	28,345	1.53	112.5	17	40	3.68	240.2
Georgia	8,532	0.87	63.7	5	18	3.16	364.9
Hawaii	2,593	1.48	108.7	2	0	0.00	0.0
Idaho	1,836	1.09	79.9	1	1	0.77	70.6
Illinois	26,036	1.34	98.5	15	9	0.82	60.9
Indiana	6,991	0.75	55.4	4	4	0.68	90.3
Iowa	2,121	0.43	31.8	1	2	0.58	134.4
Kansas	2,248	0.55	40.2	1	4	1.76	321.7
Kentucky	2,877	0.46	33.7	2	5	1.34	292.1
Louisiana	7,669	1.02	74.9	5	6	1.35	132.4
Maine	2,302	1.18	86.7	1	3	2.73	231.4
Maryland	10,211	1.39	102.3	6	3	0.67	48.5
Massachusetts	18,848	1.93	141.6	11	9	1.47	76.5
Michigan	17,411	1.14	83.6	10	10	1.10	97.0
Minnesota	6,971	0.99	73.0	4	5	1.31	132.3
Mississippi	1,623	0.37	27.2	1	4	1.37	370.8
Missouri	7,841	0.93	68.2	5	3	0.50	53.8
Montana	1,579	1.14	83.5	1	2	1.83	160.9
Nebraska	1,994	0.74	54.1	1	1	0.86	117.0
Nevada	4,628	3.01	221.3	3	1	1.48	49.0
New Hampshire	3,623	2.20	161.5	2	1	0.97	44.2
New Jersey	26,063	2.06	151.1	15	6	0.81	39.2
New Mexico	2,684	1.12	82.1	2	2	1.20	107.5
New York	55,266	1.85	135.8	33	21	1.16	62.7
North Carolina	9,351	0.90	66.1	6	13	2.04	226.8
North Dakota	683	0.59	43.4	0	1	0.95	160.3
Ohio	16,482	0.91	66.8	10	7	0.67	74.3
Oklahoma	3,154	0.57	41.7	2	4	1.23	216.2
Oregon	8,692	1.93	141.6	5	1	0.40	21.0
Pennsylvania	16,514	0.82	60.4	10	14	1.13	138.0
Rhode Island	3,214	1.98	145.5	2	1	0.81	40.9
South Carolina	4,784	0.86	63.2	3	10	3.05	355.6
South Dakota	699	0.59	43.1	0	1	1.41	240.7
Tennessee	4,423	0.56	40.8	3	13	2.67	480.4
Texas	26,443	0.98	72.0	16	29	1.82	185.4
Utah	1,218	0.44	32.1	1	1	0.83	190.6
Vermont	1,612	1.80	132.5	1	1	2.76	153.1
Virginia	10,199	1.07	78.8	6	9	1.64	153.0
Washington	15,183	2.07	152.1	9	11	2.45	118.4
West Virginia	1,465	0.44	32.7	1	1	0.56	126.8
Wisconsin	9,015	1.12	82.4	5	5	0.96	85.8
Wyoming	661	0.77	56.4	0	0	0.30	38.6
U.S. TOTAL	542,109	$1.36	100.0	$321	$321	$1.36	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate = $0.59 per gallon.
*Tax base is wine sales in thousands of gallons.
SOURCE: ACIR staff estimates.

Table B-15

TOTAL LICENSE TAXES

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama		$45.78	104.7	$183	$128	$32.14	70.2
Alaska		58.39	133.5	29	28	55.15	94.5
Arizona		46.73	106.8	143	136	44.54	95.3
Arkansas		44.19	101.0	104	89	37.76	85.4
California		42.10	96.2	1,079	698	27.23	64.7
Colorado		57.07	130.5	181	118	37.09	65.0
Connecticut		41.39	94.6	131	107	33.82	81.7
Delaware		47.32	108.2	29	126	205.15	433.6
Washington, DC		26.41	60.4	16	24	38.10	144.3
Florida		51.90	118.6	570	362	32.96	63.5
Georgia		49.11	112.3	287	95	16.25	33.1
Hawaii		37.80	86.4	39	28	27.24	72.1
Idaho		65.91	150.7	66	48	47.68	72.3
Illinois		39.71	90.8	457	618	53.68	135.2
Indiana		43.39	99.2	239	133	24.23	55.8
Iowa		52.98	121.1	154	190	65.21	123.1
Kansas		53.53	122.4	131	97	39.68	74.1
Kentucky		42.59	97.4	159	132	35.52	83.4
Louisiana		45.61	104.3	204	201	45.16	99.0
Maine		44.68	102.1	52	55	47.49	106.3
Maryland		41.26	94.3	179	107	24.58	59.6
Massachusetts		38.24	87.4	222	142	24.54	64.2
Michigan		42.53	97.2	386	348	38.34	90.1
Minnesota		45.88	104.9	191	247	59.31	129.3
Mississippi		34.78	79.5	90	127	48.97	140.8
Missouri		47.25	108.0	237	197	39.27	83.1
Montana		74.47	170.2	61	57	68.72	92.3
Nebraska		53.94	123.3	87	72	44.91	83.3
Nevada		53.94	123.3	49	43	47.67	88.4
New Hampshire		49.19	112.4	48	47	48.45	98.5
New Jersey		41.10	94.0	309	430	57.24	139.3
New Mexico		52.39	119.8	75	68	47.50	90.7
New York		34.94	79.9	620	624	35.17	100.7
North Carolina		41.53	94.9	256	297	48.15	115.9
North Dakota		68.52	156.6	47	38	55.27	80.7
Ohio		40.66	92.9	437	505	46.98	115.5
Oklahoma		54.00	123.5	178	230	69.89	129.4
Oregon		54.41	124.4	145	160	59.76	109.8
Pennsylvania		35.46	81.1	422	842	70.72	199.4
Rhode Island		40.25	92.0	39	25	26.16	65.0
South Carolina		38.37	87.7	127	68	20.66	53.8
South Dakota		63.85	146.0	45	33	46.29	72.5
Tennessee		41.88	95.7	198	247	52.42	125.2
Texas		46.87	107.1	749	1,144	71.57	152.7
Utah		45.73	104.5	76	45	26.96	59.0
Vermont		50.23	114.8	27	33	61.68	122.8
Virginia		40.06	91.6	226	271	48.09	120.0
Washington		50.05	114.4	218	175	40.32	80.6
West Virginia		43.91	100.4	86	76	38.85	88.5
Wisconsin		45.39	103.8	216	166	34.79	76.6
Wyoming		72.26	165.2	37	57	110.68	153.2
U.S. TOTAL		$43.75	100.0	$10,331	$10,331	$43.75	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
*No combined tax base can be reported; see tables for particular licenses.
SOURCE: ACIR staff estimates.

Table B-16

LICENSE TAXES-MOTOR VEHICLE OPERATORS

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama	2,473	$2.27	94.2	$9	$9	$2.38	104.8
Alaska	305	2.23	92.7	1	0	0.93	41.7
Arizona	2,257	2.71	112.3	8	5	1.65	60.9
Arkansas	1,674	2.61	108.3	6	6	2.47	94.8
California	16,947	2.42	100.5	62	58	2.25	93.0
Colorado	2,269	2.61	108.5	8	5	1.59	60.9
Connecticut	2,337	2.71	112.6	9	14	4.41	162.4
Delaware	440	2.63	109.2	2	1	2.14	81.5
Washington, DC	374	2.20	91.3	1	2	2.44	111.1
Florida	8,186	2.73	113.3	30	30	2.71	99.3
Georgia	3,901	2.45	101.6	14	8	1.45	59.4
Hawaii	583	2.06	85.3	2	0	0.00	0.0
Idaho	669	2.45	101.6	2	3	2.92	119.5
Illinois	6,685	2.13	88.3	24	30	2.64	124.0
Indiana	3,574	2.38	98.8	13	0	0.00	0.0
Iowa	1,927	2.42	100.6	7	7	2.29	94.4
Kansas	1,692	2.54	105.4	6	4	1.81	71.2
Kentucky	2,249	2.21	91.8	8	5	1.22	55.0
Louisiana	2,830	2.32	96.4	10	9	2.13	91.6
Maine	791	2.50	103.9	3	5	4.30	171.8
Maryland	2,861	2.41	100.0	10	7	1.67	69.3
Massachusetts	3,832	2.42	100.4	14	27	4.67	193.2
Michigan	6,392	2.58	107.1	23	15	1.66	64.2
Minnesota	2,397	2.11	87.5	9	9	2.15	102.0
Mississippi	1,786	2.52	104.5	7	8	3.20	127.1
Missouri	3,354	2.45	101.8	12	7	1.31	53.5
Montana	474	2.10	87.3	2	1	1.61	76.7
Nebraska	1,108	2.52	104.8	4	3	1.62	64.2
Nevada	681	2.74	113.7	2	2	2.51	91.8
New Hampshire	716	2.68	111.3	3	4	3.95	147.2
New Jersey	5,680	2.77	114.9	21	22	2.88	104.2
New Mexico	810	2.08	86.4	3	3	2.12	101.7
New York	9,716	2.01	83.3	36	53	2.96	147.8
North Carolina	4,049	2.40	99.8	15	26	4.23	175.8
North Dakota	434	2.32	96.2	2	1	1.82	78.6
Ohio	7,389	2.52	104.4	27	10	0.97	38.6
Oklahoma	2,206	2.45	101.6	8	7	2.08	85.1
Oregon	2,079	2.85	118.2	8	10	3.72	130.6
Pennsylvania	7,470	2.30	95.4	27	43	3.65	158.7
Rhode Island	611	2.32	96.5	2	0	0.00	0.0
South Carolina	2,100	2.33	96.7	8	3	1.04	44.8
South Dakota	487	2.52	104.7	2	1	1.53	60.5
Tennessee	2,978	2.31	95.9	11	21	4.44	192.2
Texas	10,856	2.49	103.2	40	33	2.05	82.6
Utah	929	2.06	85.5	3	5	2.77	134.7
Vermont	371	2.56	106.4	1	2	4.39	171.2
Virginia	3,773	2.45	101.7	14	15	2.64	107.9
Washington	2,973	2.50	103.9	11	13	3.03	120.9
West Virginia	1,208	2.27	94.1	4	0	0.00	0.0
Wisconsin	3,148	2.42	100.4	12	15	3.09	127.8
Wyoming	360	2.58	107.1	1	1	0.98	38.0
U.S. TOTAL	155,391	$2.41	100.0	$569	$569	$2.41	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate = $3.66 per license.
*Tax base is number of motor vehicle operator licenses in thousands.
SOURCE: ACIR staff estimates.

Table B-17

LICENSE TAXES-CORPORATIONS

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama	34,220	$5.49	61.5	$22	$65	$16.30	297.1
Alaska	8,401	10.75	120.5	5	1	1.92	17.9
Arizona	45,735	9.58	107.4	29	3	0.93	9.7
Arkansas	25,226	6.87	77.0	16	4	1.53	22.3
California	334,750	8.36	93.7	214	7	0.28	3.3
Colorado	60,132	12.10	135.7	38	2	0.72	5.9
Connecticut	53,021	10.75	120.6	34	5	1.68	15.6
Delaware	11,864	12.38	138.8	8	92	150.52	1,215.9
Washington, DC	10,400	10.68	119.7	7	2	3.32	31.1
Florida	239,680	13.97	156.6	153	13	1.23	8.8
Georgia	70,606	7.74	86.8	45	13	2.30	29.7
Hawaii	18,592	11.45	128.3	12	1	0.88	7.7
Idaho	13,056	8.34	93.6	8	0	0.30	3.6
Illinois	149,688	8.32	93.3	96	64	5.56	66.9
Indiana	64,122	7.46	83.7	41	4	0.76	10.1
Iowa	40,113	8.82	98.9	26	25	8.48	96.1
Kansas	33,665	8.83	99.0	22	9	3.84	43.5
Kentucky	36,657	6.30	70.6	23	20	5.33	84.7
Louisiana	65,778	9.43	105.7	42	120	26.87	285.0
Maine	14,509	8.03	90.0	9	1	0.85	10.6
Maryland	57,161	8.41	94.3	37	4	0.85	10.1
Massachusetts	91,364	10.08	113.0	58	7	1.27	12.6
Michigan	111,880	7.89	88.4	72	6	0.70	8.9
Minnesota	59,829	9.19	103.1	38	2	0.48	5.3
Mississippi	22,176	5.46	61.2	14	58	22.16	405.9
Missouri	65,346	8.35	93.6	42	41	8.11	97.2
Montana	13,716	10.65	119.4	9	1	0.63	5.9
Nebraska	26,214	10.44	117.1	17	5	2.93	28.1
Nevada	16,329	11.46	128.6	10	4	4.14	36.1
New Hampshire	14,060	9.20	103.2	9	4	3.84	41.7
New Jersey	159,930	13.61	152.6	102	108	14.43	106.0
New Mexico	15,424	6.93	77.7	10	13	8.81	127.2
New York	348,240	12.56	140.8	223	15	0.87	7.0
North Carolina	71,504	7.42	83.2	46	79	12.82	172.8
North Dakota	8,866	8.27	92.7	6	1	0.87	10.5
Ohio	120,093	7.14	80.1	77	137	12.70	177.8
Oklahoma	46,642	9.05	101.4	30	31	9.31	102.9
Oregon	38,819	9.29	104.1	25	3	1.19	12.8
Pennsylvania	111,730	6.00	67.3	71	397	33.39	556.1
Rhode Island	17,733	11.79	132.2	11	2	2.13	18.1
South Carolina	34,717	6.73	75.5	22	9	2.66	39.6
South Dakota	8,445	7.65	85.8	5	1	1.18	15.4
Tennessee	42,692	5.79	64.9	27	72	15.16	262.0
Texas	212,624	8.51	95.4	136	630	39.41	463.3
Utah	22,501	8.71	97.7	14	0	0.00	0.0
Vermont	9,543	11.52	129.1	6	0	0.94	8.1
Virginia	68,010	7.72	86.6	43	9	1.53	19.8
Washington	59,709	8.78	98.5	38	8	1.79	20.3
West Virginia	17,875	5.86	65.7	11	3	1.62	27.6
Wisconsin	60,143	8.07	90.5	38	3	0.68	8.4
Wyoming	8,970	11.23	125.9	6	2	4.72	42.1
U.S. TOTAL	3,292,500	$8.92	100.0	$2,106	$2,106	$8.92	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate = $639.61 per corporation.
*Tax base is the number of corporations that filed federal tax returns.
SOURCE: ACIR staff estimates.

Table B-18

LICENSE TAXES-HUNTING AND FISHING

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama	976.8	$2.12	89.6	$8	$10	$2.42	113.7
Alaska	471.8	8.19	345.4	4	10	19.48	237.9
Arizona	991.7	2.82	118.9	9	9	2.88	102.0
Arkansas	1,210.4	4.47	188.6	11	11	4.85	108.4
California	6,141.0	2.08	87.7	53	44	1.70	81.9
Colorado	1,234.9	3.37	142.2	11	27	8.52	252.7
Connecticut	321.0	0.88	37.3	3	2	0.76	86.4
Delaware	64.1	0.91	38.3	1	1	0.87	95.8
Washington, DC	0.0	0.00	0.0	0	0	0.00	0.0
Florida	1,243.4	0.98	41.5	11	10	0.87	88.6
Georgia	1,754.1	2.61	110.0	15	11	1.85	71.1
Hawaii	21.7	0.18	7.7	0	0	0.14	79.0
Idaho	999.0	8.66	365.3	9	12	11.57	133.6
Illinois	1,502.8	1.13	47.8	13	13	1.11	97.7
Indiana	1,329.6	2.10	88.5	12	8	1.46	69.7
Iowa	1,214.5	3.62	152.8	11	5	1.73	47.9
Kansas	593.3	2.11	89.1	5	8	3.33	157.8
Kentucky	1,129.6	2.63	111.1	10	9	2.42	91.8
Louisiana	1,188.8	2.31	97.5	10	5	1.18	51.2
Maine	488.5	3.67	154.7	4	7	6.30	171.9
Maryland	580.6	1.16	48.9	5	5	1.10	94.9
Massachusetts	406.6	0.61	25.7	4	4	0.62	102.6
Michigan	2,953.7	2.82	119.1	26	23	2.52	89.1
Minnesota	2,201.6	4.59	193.6	19	23	5.52	120.2
Mississippi	771.6	2.58	108.7	7	7	2.64	102.5
Missouri	2,694.6	4.67	196.9	23	12	2.47	52.9
Montana	1,859.9	19.58	826.1	16	14	16.39	83.7
Nebraska	641.2	3.46	146.1	6	7	4.44	128.0
Nevada	261.3	2.49	105.0	2	3	3.44	138.3
New Hampshire	284.7	2.53	106.7	2	3	3.52	139.3
New Jersey	610.4	0.70	29.7	5	6	0.81	114.7
New Mexico	404.5	2.46	104.0	4	9	6.36	257.9
New York	2,345.2	1.15	48.4	20	22	1.22	106.0
North Carolina	960.7	1.35	57.0	8	10	1.60	118.2
North Dakota	554.1	7.01	295.6	5	3	4.09	58.4
Ohio	1,841.9	1.49	62.7	16	14	1.30	87.8
Oklahoma	1,035.0	2.72	114.9	9	9	2.80	102.7
Oregon	1,945.4	6.31	266.3	17	17	6.23	98.8
Pennsylvania	3,350.1	2.44	103.0	29	29	2.45	100.1
Rhode Island	54.5	0.49	20.7	0	1	0.72	146.1
South Carolina	724.4	1.90	80.3	6	6	1.96	103.0
South Dakota	747.8	9.19	387.7	6	7	9.46	102.9
Tennessee	1,713.9	3.15	133.0	15	10	2.15	68.2
Texas	3,229.4	1.75	73.9	28	25	1.54	87.6
Utah	984.7	5.17	218.2	9	10	6.16	119.0
Vermont	288.5	4.72	199.2	3	3	5.54	117.4
Virginia	1,676.0	2.58	108.8	15	10	1.83	71.1
Washington	1,787.3	3.57	150.4	16	19	4.28	119.9
West Virginia	1,123.5	4.99	210.7	10	8	3.92	78.6
Wisconsin	3,028.5	5.51	232.6	26	26	5.47	99.3
Wyoming	584.2	9.92	418.4	5	16	30.67	309.2
U.S. TOTAL	64,523.0	$2.37	100.0	$560	$560	$2.37	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate = $8.68 per license.
*Tax base is the number of hunting and fishing licenses in thousands.
SOURCE: ACIR staff estimates.

Table B-19

LICENSE TAXES-ALCOHOLIC BEVERAGE SALES

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama	2,508	$0.59	52.7	$2	$2	$0.46	79.0
Alaska	1,604	2.99	269.0	1	2	3.43	114.8
Arizona	4,367	1.33	120.0	4	1	0.26	19.3
Arkansas	1,302	0.52	46.5	1	1	0.41	78.8
California	26,394	0.96	86.4	25	29	1.15	119.6
Colorado	5,590	1.64	147.5	5	2	0.74	45.1
Connecticut	5,606	1.66	149.1	5	6	1.99	119.8
Delaware	927	1.41	126.8	1	1	0.91	64.5
Washington, DC	1,033	1.55	139.1	1	2	2.69	173.9
Florida	8,336	0.71	63.7	8	17	1.58	223.2
Georgia	3,720	0.59	53.4	3	2	0.33	56.1
Hawaii	1,931	1.73	155.9	2	0	0.00	0.0
Idaho	977	0.91	81.9	1	1	0.76	83.8
Illinois	20,587	1.67	150.0	19	2	0.16	9.7
Indiana	6,227	1.06	95.0	6	9	1.59	150.8
Iowa	4,761	1.53	137.2	4	5	1.77	115.9
Kansas	2,367	0.91	81.4	2	1	0.48	52.7
Kentucky	2,313	0.58	52.1	2	2	0.51	87.4
Louisiana	10,119	2.12	190.2	9	2	0.50	23.7
Maine	1,406	1.13	102.0	1	2	1.37	120.6
Maryland	4,959	1.06	95.6	5	0	0.07	6.5
Massachusetts	7,970	1.28	115.3	7	1	0.13	10.4
Michigan	13,310	1.37	123.0	12	20	2.22	162.5
Minnesota	3,432	0.77	69.2	3	0	0.11	14.8
Mississippi	1,266	0.45	40.9	1	2	0.96	210.7
Missouri	8,380	1.56	140.3	8	2	0.45	28.7
Montana	1,777	2.01	180.9	2	2	1.86	92.3
Nebraska	3,050	1.77	159.3	3	0	0.16	8.9
Nevada	2,328	2.38	214.3	2	0	0.03	1.2
New Hampshire	1,479	1.41	127.0	1	2	2.09	148.3
New Jersey	11,216	1.39	125.2	10	5	0.69	49.9
New Mexico	1,434	0.94	84.5	1	1	0.87	92.9
New York	27,770	1.46	131.3	26	63	3.55	242.8
North Carolina	1,632	0.25	22.2	2	2	0.34	137.9
North Dakota	1,571	2.14	192.1	1	0	0.37	17.1
Ohio	12,196	1.06	95.1	11	16	1.51	142.3
Oklahoma	848	0.24	21.6	1	2	0.66	276.3
Oregon	1,804	0.63	56.6	2	2	0.72	115.0
Pennsylvania	19,656	1.54	138.5	18	11	0.96	62.2
Rhode Island	1,755	1.70	153.0	2	0	0.17	9.7
South Carolina	2,966	0.84	75.4	3	4	1.14	135.9
South Dakota	1,478	1.95	175.6	1	0	0.29	14.8
Tennessee	1,592	0.31	28.3	1	1	0.29	91.9
Texas	11,790	0.69	61.8	11	21	1.31	190.6
Utah	454	0.26	23.0	0	0	0.17	64.5
Vermont	1,199	2.11	189.7	1	1	1.02	48.3
Virginia	2,123	0.35	31.6	2	3	0.61	172.6
Washington	2,986	0.64	57.6	3	8	1.75	272.8
West Virginia	1,449	0.69	62.3	1	2	1.10	158.9
Wisconsin	14,707	2.88	258.8	14	0	0.04	1.5
Wyoming	938	1.71	153.9	1	0	0.02	1.1
U.S. TOTAL	281,590	$1.11	100.0	$263	$263	$1.11	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate = $932.64 per license.
*Tax base is the number of licenses for the sale of distilled spirits.
SOURCE: ACIR staff estimates.

Table B-20

LICENSE TAXES-MOTOR VEHICLE REGISTRATIONS, TOTAL

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama		$35.32	122.0	$141	$42	$10.58	30.0
Alaska		34.23	118.3	17	15	29.39	85.9
Arizona		30.29	104.7	92	119	38.82	128.2
Arkansas		29.73	102.7	70	67	28.50	95.9
California		28.28	97.7	725	560	21.85	77.3
Colorado		37.34	129.0	119	81	25.52	68.3
Connecticut		25.38	87.7	80	79	24.99	98.4
Delaware		29.99	103.6	18	31	50.71	169.1
Washington, DC		11.99	41.4	7	18	29.64	247.3
Florida		33.51	115.8	368	292	26.57	79.3
Georgia		35.73	123.5	209	60	10.31	28.9
Hawaii		22.38	77.3	23	27	26.21	117.1
Idaho		45.55	157.4	46	32	32.12	70.5
Illinois		26.46	91.5	305	509	44.22	167.1
Indiana		30.40	105.1	167	112	20.42	67.2
Iowa		36.59	126.4	106	148	50.94	139.2
Kansas		39.14	135.3	95	74	30.22	77.2
Kentucky		30.87	106.7	115	97	26.05	84.4
Louisiana		29.43	101.7	131	65	14.47	49.2
Maine		29.35	101.4	34	40	34.66	118.1
Maryland		28.22	97.5	123	91	20.90	74.0
Massachusetts		23.85	82.4	138	103	17.84	74.8
Michigan		27.88	96.3	253	283	31.24	112.0
Minnesota		29.22	101.0	122	212	51.04	174.7
Mississippi		23.78	82.2	62	52	20.01	84.2
Missouri		30.22	104.4	151	135	26.93	89.1
Montana		40.13	138.7	33	40	48.23	120.2
Nebraska		35.74	123.5	57	57	35.77	100.1
Nevada		34.87	120.5	32	34	37.55	107.7
New Hampshire		33.36	115.3	33	34	35.05	105.0
New Jersey		22.62	78.2	170	289	38.43	169.8
New Mexico		39.98	138.2	57	42	29.34	73.4
New York		17.77	61.4	315	471	26.57	149.6
North Carolina		30.11	104.0	186	180	29.16	96.9
North Dakota		48.80	168.6	33	33	48.12	98.6
Ohio		28.46	98.3	306	328	30.49	107.2
Oklahoma		39.55	136.7	130	182	55.04	139.2
Oregon		35.33	122.1	94	128	47.89	135.5
Pennsylvania		23.18	80.1	276	360	30.27	130.6
Rhode Island		23.94	82.7	23	22	23.14	96.7
South Carolina		26.56	91.8	88	46	13.85	52.1
South Dakota		42.53	147.0	30	24	33.83	79.5
Tennessee		30.32	104.8	143	143	30.37	100.2
Texas		33.44	115.6	535	436	27.27	81.5
Utah		29.53	102.0	49	30	17.86	60.5
Vermont		29.32	101.3	16	26	49.79	169.8
Virginia		26.95	93.1	152	234	41.47	153.9
Washington		34.56	119.4	150	128	29.49	85.3
West Virginia		30.11	104.0	59	63	32.21	107.0
Wisconsin		26.51	91.6	126	122	25.50	96.2
Wyoming		46.82	161.8	24	38	74.29	158.7
U.S. TOTAL		$28.94	100.0	$6,834	$6,834	$28.94	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
*No combined tax base can be reported; see tables for automobile and truck registrations.
SOURCE: ACIR staff estimates.

Table B-21

LICENSE TAXES-MOTOR VEHICLE REGISTRATIONS, AUTOMOBILES

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama	2,255	$18.02	105.2	$72	$18	$4.41	24.5
Alaska	225	14.33	83.6	7	7	14.21	99.1
Arizona	1,490	15.57	90.9	48	53	17.52	112.5
Arkansas	976	13.25	77.3	31	34	14.28	107.7
California	13,962	17.38	101.4	445	395	15.40	88.6
Colorado	1,999	20.06	117.1	64	45	14.25	71.0
Connecticut	2,198	22.23	129.7	70	58	18.53	83.4
Delaware	362	18.81	109.8	12	18	29.09	154.6
Washington, DC	208	10.64	62.1	7	17	27.66	260.0
Florida	7,475	21.73	126.8	238	196	17.87	82.3
Georgia	2,880	15.74	91.8	92	26	4.51	28.7
Hawaii	551	16.91	98.7	18	22	21.29	125.9
Idaho	542	17.28	100.8	17	17	17.24	99.8
Illinois	6,007	16.65	97.1	192	283	24.56	147.6
Indiana	2,918	16.93	98.8	93	38	7.00	41.3
Iowa	1,736	19.02	111.0	55	89	30.50	160.3
Kansas	1,449	18.96	110.6	46	26	10.84	57.2
Kentucky	1,753	15.02	87.6	56	40	10.68	71.1
Louisiana	2,027	14.49	84.6	65	16	3.70	25.5
Maine	580	15.99	93.3	18	19	16.25	101.6
Maryland	2,659	19.50	113.8	85	65	14.93	76.5
Massachusetts	3,309	18.20	106.2	106	63	10.89	59.8
Michigan	5,031	17.69	103.2	160	175	19.23	108.7
Minnesota	2,264	17.35	101.2	72	148	35.46	204.4
Mississippi	1,048	12.87	75.1	33	21	8.12	63.1
Missouri	2,589	16.49	96.2	83	66	13.21	80.1
Montana	400	15.50	90.5	13	12	14.55	93.9
Nebraska	820	16.29	95.1	26	20	12.57	77.1
Nevada	526	18.41	107.4	17	24	26.14	142.0
New Hampshire	740	24.15	140.9	24	25	25.19	104.3
New Jersey	4,356	18.49	107.9	139	204	27.18	147.0
New Mexico	761	17.05	99.5	24	27	19.13	112.2
New York	7,508	13.50	78.8	239	366	20.65	152.9
North Carolina	3,164	16.37	95.5	101	84	13.57	82.9
North Dakota	411	19.13	111.6	13	14	20.22	105.7
Ohio	6,501	19.29	112.6	207	200	18.56	96.2
Oklahoma	1,750	16.93	98.8	56	136	41.18	243.3
Oregon	1,544	18.42	107.5	49	64	23.99	130.2
Pennsylvania	5,771	15.47	90.3	184	212	17.83	115.2
Rhode Island	536	17.77	103.7	17	15	15.81	89.0
South Carolina	1,619	15.65	91.3	52	19	5.80	37.1
South Dakota	404	18.23	106.4	13	9	13.29	72.9
Tennessee	2,808	18.99	110.8	90	62	13.12	69.1
Texas	8,294	16.55	96.6	265	228	14.25	86.1
Utah	741	14.30	83.5	24	11	6.86	48.0
Vermont	286	17.21	100.4	9	15	28.01	162.8
Virginia	3,425	19.39	113.1	109	150	26.55	137.0
Washington	2,403	17.63	102.9	77	80	18.50	104.9
West Virginia	948	15.50	90.4	30	36	18.56	119.8
Wisconsin	2,376	15.90	92.8	76	61	12.84	80.7
Wyoming	287	17.93	104.6	9	16	32.14	179.3
U.S. TOTAL	126,869	$17.14	100.0	$4,047	$4,047	$17.14	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate = $31.90 per registration.
*Tax base is automobile registrations in thousands.
SOURCE: ACIR staff estimates.

Table B-22

LICENSE TAXES-MOTOR VEHICLE REGISTRATIONS, TRUCKS

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama	905	$17.29	146.5	$69	$25	$6.17	35.7
Alaska	130	19.90	168.6	10	8	15.18	76.3
Arizona	589	14.72	124.8	45	65	21.31	144.7
Arkansas	507	16.47	139.6	39	33	14.22	86.3
California	3,661	10.90	92.3	279	165	6.44	59.1
Colorado	720	17.28	146.4	55	36	11.27	65.2
Connecticut	131	3.16	26.8	10	20	6.45	204.4
Delaware	90	11.18	94.7	7	13	21.62	193.5
Washington, DC	11	1.35	11.5	1	1	1.98	146.7
Florida	1,697	11.79	99.9	129	95	8.70	73.8
Georgia	1,530	19.99	169.4	117	34	5.80	29.0
Hawaii	75	5.47	46.4	6	5	4.92	90.0
Idaho	371	28.27	239.6	28	15	14.88	52.6
Illinois	1,482	9.82	83.2	113	226	19.66	200.2
Indiana	971	13.47	114.1	74	74	13.42	99.6
Iowa	670	17.56	148.8	51	60	20.45	116.4
Kansas	645	20.18	171.0	49	47	19.38	96.0
Kentucky	774	15.85	134.3	59	57	15.37	97.0
Louisiana	874	14.94	126.6	67	48	10.78	72.1
Maine	202	13.35	113.1	15	21	18.41	137.9
Maryland	497	8.72	73.9	38	26	5.97	68.5
Massachusetts	429	5.65	47.8	33	40	6.95	123.0
Michigan	1,213	10.19	86.4	92	109	12.00	117.8
Minnesota	648	11.87	100.6	49	65	15.58	131.2
Mississippi	372	10.91	92.4	28	31	11.89	109.0
Missouri	902	13.73	116.4	69	69	13.72	99.9
Montana	266	24.62	208.7	20	28	33.68	136.8
Nebraska	410	19.45	164.8	31	37	23.20	119.3
Nevada	197	16.46	139.5	15	10	11.41	69.3
New Hampshire	118	9.21	78.0	9	10	9.86	107.0
New Jersey	408	4.14	35.0	31	85	11.25	272.0
New Mexico	428	22.93	194.3	33	15	10.21	44.5
New York	991	4.26	36.1	76	105	5.92	138.8
North Carolina	1,111	13.74	116.4	85	96	15.60	113.5
North Dakota	267	29.67	251.4	20	19	27.91	94.1
Ohio	1,293	9.17	77.7	99	128	11.93	130.1
Oklahoma	978	22.62	191.7	75	46	13.87	61.3
Oregon	593	16.91	143.3	45	64	23.90	141.3
Pennsylvania	1,203	7.71	65.3	92	148	12.44	161.4
Rhode Island	78	6.18	52.3	6	7	7.33	118.8
South Carolina	472	10.91	92.5	36	27	8.05	73.8
South Dakota	225	24.30	205.9	17	14	20.54	84.5
Tennessee	700	11.32	95.9	53	81	17.26	152.4
Texas	3,542	16.89	143.1	270	208	13.02	77.1
Utah	330	15.23	129.0	25	18	11.00	72.3
Vermont	84	12.11	102.6	6	12	21.78	179.8
Virginia	559	7.57	64.1	43	84	14.92	197.1
Washington	966	16.94	143.5	74	48	10.99	64.9
West Virginia	374	14.61	123.8	29	27	13.65	93.4
Wisconsin	663	10.61	89.9	51	60	12.66	119.4
Wyoming	194	28.90	244.9	15	22	42.15	145.9
U.S. TOTAL	36,548	$11.80	100.0	$2,787	$2,787	$11.80	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate = $76.25 per registration.
*Tax base is truck registrations in thousands.
SOURCE: ACIR staff estimates.

Table B-23

PERSONAL INCOME TAXES

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama	$3,825	$180.31	66.0	$719	$661	$165.62	91.9
Alaska	1,218	458.14	167.7	229	1	2.30	0.5
Arizona	3,833	236.12	86.4	721	528	173.03	73.3
Arkansas	2,045	163.73	59.9	385	434	184.77	112.9
California	42,450	311.59	114.0	7,984	9,238	360.57	115.7
Colorado	4,960	293.51	107.4	933	764	240.29	81.9
Connecticut	6,908	411.94	150.8	1,299	279	88.36	21.4
Delaware	1,040	318.96	116.7	196	360	586.93	184.0
Washington, DC	1,355	408.90	149.6	255	387	620.60	151.8
Florida	16,548	283.55	103.8	3,112	1	0.05	.0
Georgia	7,250	233.59	85.5	1,363	1,466	251.12	107.5
Hawaii	1,362	246.57	90.2	256	403	387.70	157.2
Idaho	908	170.55	62.4	171	228	227.56	133.4
Illinois	18,306	299.08	109.5	3,443	2,961	257.24	86.0
Indiana	6,733	230.32	84.3	1,266	1,295	235.61	102.3
Iowa	3,204	207.05	75.8	603	788	270.79	130.8
Kansas	3,257	251.22	91.9	612	568	232.78	92.7
Kentucky	3,646	184.18	67.4	686	863	231.81	125.9
Louisiana	5,094	214.71	78.6	958	407	91.24	42.5
Maine	1,213	197.31	72.2	228	262	226.61	114.8
Maryland	8,426	364.39	133.4	1,585	2,357	542.01	148.7
Massachusetts	10,584	343.30	125.6	1,990	2,790	481.21	140.2
Michigan	13,364	276.95	101.4	2,513	3,697	407.35	147.1
Minnesota	5,859	264.77	96.9	1,102	2,316	556.55	210.2
Mississippi	2,007	145.30	53.2	377	260	100.10	68.9
Missouri	6,780	254.61	93.2	1,275	1,040	207.66	81.6
Montana	834	190.25	69.6	157	170	206.73	108.7
Nebraska	1,923	225.19	82.4	362	304	189.49	84.1
Nevada	1,509	311.55	114.0	284	0	0.00	0.0
New Hampshire	1,468	282.53	103.4	276	22	22.77	8.1
New Jersey	14,766	369.52	135.2	2,777	1,768	235.22	63.7
New Mexico	1,469	194.07	71.0	276	75	52.57	27.1
New York	32,816	347.99	127.4	6,172	10,925	616.03	177.0
North Carolina	6,909	210.76	77.1	1,299	1,785	289.54	137.4
North Dakota	754	206.73	75.7	142	74	107.80	52.1
Ohio	14,379	251.51	92.0	2,704	3,607	335.45	133.4
Oklahoma	4,163	237.37	86.9	783	658	199.46	84.0
Oregon	3,209	225.69	82.6	603	1,218	455.44	201.8
Pennsylvania	16,295	257.50	94.2	3,065	3,579	300.73	116.8
Rhode Island	1,277	249.73	91.4	240	285	296.40	118.7
South Carolina	3,230	184.09	67.4	607	795	241.05	130.9
South Dakota	607	161.63	59.2	114	0	.00	.0
Tennessee	5,174	206.29	75.5	973	55	11.60	5.6
Texas	24,867	292.49	107.0	4,677	0	0.00	0.0
Utah	1,577	179.50	65.7	297	386	233.69	130.2
Vermont	595	211.20	77.3	112	132	249.35	118.1
Virginia	8,515	284.14	104.0	1,601	1,761	312.41	109.9
Washington	6,180	267.23	97.8	1,162	0	0.00	0.0
West Virginia	1,766	170.17	62.3	332	395	202.20	118.8
Wisconsin	5,974	235.74	86.3	1,123	2,182	457.85	194.2
Wyoming	685	252.10	92.3	129	0	0.00	0.0
U.S. TOTAL	$343,114	$273.24	100.0	$64,529	$64,529	$273.24	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate = 18.8%.
*Tax base is federal income tax liability adjusted for deductibility in millions of dollars.
SOURCE: ACIR staff estimates.

Table B-24

CORPORATE NET INCOME TAXES

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama	$3,194	$57.37	80.3	$229	$224	$56.09	97.8
Alaska	699	100.19	140.2	50	40	79.04	78.9
Arizona	2,349	55.13	77.2	168	197	64.65	117.3
Arkansas	1,816	55.41	77.5	130	106	45.23	81.6
California	26,566	74.31	104.0	1,904	3,219	125.63	169.1
Colorado	3,154	71.12	99.5	226	88	27.60	38.8
Connecticut	3,544	80.54	112.7	254	402	127.39	158.2
Delaware	976	114.05	159.6	70	45	73.18	64.2
Washington, DC	1,218	140.16	196.1	87	94	150.59	107.4
Florida	8,674	56.64	79.3	622	365	33.30	58.8
Georgia	5,795	71.15	99.6	415	316	54.13	76.1
Hawaii	913	62.99	88.2	65	37	35.59	56.5
Idaho	728	52.10	72.9	52	25	25.35	48.7
Illinois	12,047	75.00	105.0	863	564	48.99	65.3
Indiana	5,439	70.90	99.2	390	130	23.63	33.3
Iowa	2,404	59.19	82.8	172	132	45.39	76.7
Kansas	2,320	68.19	95.4	166	137	56.06	82.2
Kentucky	3,364	64.75	90.6	241	238	64.06	98.9
Louisiana	4,328	69.51	97.3	310	262	58.74	84.5
Maine	1,008	62.47	87.4	72	52	44.99	72.0
Maryland	3,929	64.75	90.6	282	198	45.61	70.4
Massachusetts	6,179	76.37	106.9	443	730	125.84	164.8
Michigan	11,433	90.28	126.3	819	1,290	142.14	157.4
Minnesota	4,379	75.41	105.5	314	305	73.40	97.3
Mississippi	1,839	50.72	71.0	132	110	42.42	83.6
Missouri	4,955	70.90	99.2	355	166	33.08	46.7
Montana	654	56.90	79.6	47	35	42.96	75.5
Nebraska	1,346	60.08	84.1	96	67	41.66	69.3
Nevada	794	62.47	87.4	57	0	0.00	0.0
New Hampshire	932	68.33	95.6	67	96	97.92	143.3
New Jersey	9,148	87.24	122.1	656	830	110.46	126.6
New Mexico	1,149	57.85	81.0	82	53	37.50	64.8
New York	19,210	77.63	108.6	1,377	2,718	153.23	197.4
North Carolina	6,736	78.31	109.6	483	368	59.70	76.2
North Dakota	577	60.32	84.4	41	44	63.72	105.6
Ohio	11,092	73.93	103.5	795	525	48.82	66.0
Oklahoma	3,126	67.93	95.1	224	97	29.48	43.4
Oregon	2,294	61.47	86.0	164	144	53.88	87.6
Pennsylvania	11,608	69.90	97.8	832	1,168	98.10	140.3
Rhode Island	842	62.75	87.8	60	59	61.62	98.2
South Carolina	2,936	63.75	89.2	210	159	48.28	75.7
South Dakota	485	49.21	68.9	35	18	25.33	51.5
Tennessee	4,110	62.45	87.4	295	226	47.96	76.8
Texas	17,442	78.18	109.4	1,250	0	0.00	0.0
Utah	1,243	53.92	75.5	89	45	27.26	50.6
Vermont	419	56.62	79.2	30	23	42.65	75.3
Virginia	5,752	73.15	102.4	412	243	43.06	58.9
Washington	3,695	60.88	85.2	265	0	0.00	0.0
West Virginia	1,457	53.51	74.9	104	92	47.22	88.3
Wisconsin	4,669	70.21	98.3	335	393	82.57	117.6
Wyoming	509	71.34	99.8	36	0	0.00	0.0
U.S. TOTAL	$235,475	$71.46	100.0	$16,875	$16,875	$71.46	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate = 7.17%.
*Tax base is apportioned corporate profits in millions of dollars.
SOURCE: ACIR staff estimates.

Table B-25

1974

TOTAL PROPERTY TAXES

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama		$273.99	67.2	$1,093	$445	$111.41	40.7
Alaska		532.30	130.5	266	306	611.28	114.8
Arizona		479.47	117.6	1,464	1,069	350.20	73.0
Arkansas		284.97	69.9	669	400	170.44	59.8
California		569.04	139.5	14,580	9,870	385.23	67.7
Colorado		599.39	147.0	1,905	1,416	445.48	74.3
Connecticut		561.22	137.6	1,770	2,107	667.95	119.0
Delaware		572.80	140.4	351	121	197.03	34.4
Washington, DC		460.84	113.0	287	397	637.96	138.4
Florida		415.69	101.9	4,563	3,841	349.92	84.2
Georgia		348.81	85.5	2,036	1,666	285.46	81.8
Hawaii		643.42	157.7	669	289	278.26	43.2
Idaho		352.88	86.5	353	256	255.80	72.5
Illinois		376.59	92.3	4,335	5,917	514.05	136.5
Indiana		327.45	80.3	1,800	1,879	341.73	104.4
Iowa		383.68	94.1	1,117	1,434	492.81	128.4
Kansas		391.60	96.0	955	1,141	467.94	119.5
Kentucky		274.65	67.3	1,023	645	173.33	63.1
Louisiana		393.25	96.4	1,755	739	165.66	42.1
Maine		388.10	95.2	449	511	442.24	114.0
Maryland		401.14	98.3	1,745	1,652	379.85	94.7
Massachusetts		447.13	109.6	2,592	3,094	533.72	119.4
Michigan		341.27	83.7	3,097	5,451	600.69	176.0
Minnesota		429.94	105.4	1,789	1,940	466.15	108.4
Mississippi		279.56	68.5	726	492	189.34	67.7
Missouri		312.47	76.6	1,565	1,171	233.84	74.8
Montana		378.77	92.9	312	485	588.59	155.4
Nebraska		406.30	99.6	653	814	506.97	124.8
Nevada		417.89	102.5	381	272	298.10	71.3
New Hampshire		457.54	112.2	447	651	666.07	145.6
New Jersey		465.54	114.1	3,499	5,108	679.74	146.0
New Mexico		368.34	90.3	525	209	146.63	39.8
New York		366.03	89.7	6,492	11,520	649.54	177.5
North Carolina		362.03	88.8	2,232	1,410	228.74	63.2
North Dakota		372.72	91.4	256	224	326.97	87.7
Ohio		359.62	88.2	3,867	3,992	371.32	103.3
Oklahoma		430.07	105.4	1,418	658	199.59	46.4
Oregon		419.13	102.8	1,121	1,527	570.90	136.2
Pennsylvania		360.13	88.3	4,286	4,102	344.64	95.7
Rhode Island		331.87	81.4	319	540	561.30	169.1
South Carolina		299.23	73.4	987	792	240.06	80.2
South Dakota		364.43	89.3	257	287	406.38	111.5
Tennessee		288.46	70.7	1,361	1,003	212.73	73.7
Texas		442.10	108.4	7,069	6,681	417.85	94.5
Utah		340.92	83.6	563	523	316.41	92.8
Vermont		407.05	99.8	216	260	489.86	120.3
Virginia		400.83	98.3	2,259	1,936	343.48	85.7
Washington		471.09	115.5	2,049	1,716	394.61	83.8
West Virginia		323.07	79.2	631	373	191.30	59.2
Wisconsin		384.23	94.2	1,831	2,429	509.75	132.7
Wyoming		671.51	164.6	343	562	1,099.58	163.7
U.S. TOTAL		$407.88	100.0	$96,324	$96,324	$407.88	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
*No combined tax base can be reported; see tables for particular property taxes.
SOURCE: ACIR staff estimates.

Table B-26

PROPERTY TAXES--RESIDENTIAL & FARM

STATE	RESIDENTIAL TAX BASE*	RESIDENTIAL CAPACITY PER CAPITA	RESIDENTIAL TAX CAPACITY INDEX	RESIDENTIAL TAX CAPACITY	FARM TAX BASE*	FARM CAPACITY PER CAPITA	FARM TAX CAPACITY INDEX	FARM TAX CAPACITY
Alabama	$40,829	$150.65	61.0	$601	$9,309	$12.89	69.1	$51.4
Alaska	9,974	293.67	118.9	147	247	2.72	14.6	1.4
Arizona	73,676	355.27	143.9	1,085	11,054	20.00	107.2	61.1
Arkansas	19,927	124.89	50.6	293	15,023	35.33	189.4	83.0
California	728,337	418.49	169.5	10,722	63,294	13.65	73.1	349.7
Colorado	88,370	409.36	165.8	1,301	16,180	28.13	150.7	89.4
Connecticut	84,376	393.84	159.5	1,242	1,407	2.46	13.2	7.8
Delaware	14,402	345.88	140.1	212	1,231	11.10	59.5	6.8
Washington, DC	13,144	310.60	125.8	194	0	0.00	0.0	0.0
Florida	221,316	296.85	120.2	3,258	20,898	10.52	56.4	115.5
Georgia	80,290	202.50	82.0	1,182	12,291	11.63	62.3	67.9
Hawaii	37,675	533.83	216.2	555	3,339	17.75	95.1	18.4
Idaho	12,881	189.44	76.7	190	11,966	66.05	353.9	66.1
Illinois	155,378	198.72	80.5	2,287	51,667	24.80	132.9	285.5
Indiana	55,802	149.42	60.5	822	26,140	26.27	140.8	144.4
Iowa	33,553	169.75	68.8	494	50,358	95.61	512.4	278.2
Kansas	27,327	165.01	66.8	402	27,983	63.41	339.8	154.6
Kentucky	33,208	131.31	53.2	489	14,602	21.67	116.1	80.7
Louisiana	54,479	179.75	72.8	802	13,645	16.90	90.5	75.4
Maine	21,582	274.84	111.3	318	1,170	5.59	30.0	6.5
Maryland	82,020	277.64	112.5	1,207	5,899	7.49	40.2	32.6
Massachusetts	120,032	304.78	123.4	1,767	1,415	1.35	7.2	7.8
Michigan	115,636	187.59	76.0	1,702	13,942	8.49	45.5	77.0
Minnesota	70,400	249.02	100.9	1,036	32,937	43.72	234.3	182.0
Mississippi	25,932	146.95	59.5	382	13,330	28.35	151.9	73.6
Missouri	51,646	151.82	61.5	760	26,536	29.28	156.9	146.6
Montana	7,553	134.94	54.7	111	16,141	108.23	580.0	89.2
Nebraska	22,550	206.71	83.7	332	29,117	100.17	536.8	160.9
Nevada	16,956	274.01	111.0	250	2,260	13.71	73.5	12.5
New Hampshire	21,926	330.39	133.8	323	684	3.87	20.7	3.8
New Jersey	156,445	306.47	124.1	2,303	3,137	2.31	12.4	17.3
New Mexico	17,252	178.36	72.2	254	8,315	32.26	172.9	45.9
New York	269,106	223.38	90.5	3,962	7,910	2.46	13.2	43.7
North Carolina	88,574	211.51	85.7	1,304	15,177	13.60	72.9	83.9
North Dakota	5,272	113.14	45.8	78	17,999	144.96	776.9	99.4
Ohio	146,539	200.64	81.3	2,157	22,813	11.72	62.8	126.0
Oklahoma	40,608	181.27	73.4	598	23,067	38.64	207.1	127.4
Oregon	50,786	279.60	113.2	748	12,563	25.96	139.1	69.4
Pennsylvania	170,239	210.59	85.3	2,506	14,282	6.63	35.5	78.9
Rhode Island	14,589	223.25	90.4	215	214	1.23	6.6	1.2
South Carolina	38,065	169.81	68.8	560	5,192	8.69	46.6	28.7
South Dakota	7,880	164.32	66.6	116	15,021	117.55	630.0	83.0
Tennessee	54,506	170.11	68.9	802	13,995	16.39	87.8	77.3
Texas	216,694	199.52	80.8	3,190	81,117	28.03	150.2	448.2
Utah	23,278	207.44	84.0	343	6,740	22.54	120.8	37.2
Vermont	10,354	287.61	116.5	152	1,517	15.81	84.7	8.4
Virginia	102,941	268.89	108.9	1,515	10,803	10.59	56.8	59.7
Washington	101,387	343.21	139.0	1,493	15,472	19.66	105.3	85.5
West Virginia	18,389	138.68	56.2	271	2,536	7.18	38.5	14.0
Wisconsin	75,725	233.93	94.7	1,115	18,832	21.83	117.0	104.0
Wyoming	10,722	308.89	125.1	158	6,851	74.07	397.0	37.9
U.S. TOTAL	$3,960,526	$246.89	100.0	$58,306	$797,617	$18.66	100.0	$4,406.8

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rates = 1.47% and 0.55%.
*Tax bases are the estimated market value of residential property and farm property in millions of dollars.
SOURCE: ACIR staff estimates.

Table B-27

PROPERTY TAXES--COMMERCIAL/INDUSTRIAL & PUBLIC UTILITIES

STATE	COMMERCIAL/INDUSTRIAL TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	PUBLIC UTILITIES TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY
Alabama	$24,325	$75.18	69.5	$300	$9,336	$35.27	103.3	$140.7
Alaska	9,001	222.00	205.2	111	461	13.91	40.7	7.0
Arizona	19,484	78.70	72.8	240	5,163	25.49	74.6	77.8
Arkansas	14,982	78.65	72.7	185	7,184	46.10	135.0	108.3
California	232,245	111.78	103.3	2,864	42,713	25.13	73.6	643.9
Colorado	34,368	133.36	123.3	424	6,017	28.54	83.5	90.7
Connecticut	34,354	134.32	124.2	424	6,401	30.59	89.6	96.5
Delaware	8,669	174.40	161.2	107	1,685	41.42	121.3	25.4
Washington, DC	5,430	107.49	99.4	67	1,766	42.74	125.1	26.6
Florida	65,014	73.04	67.5	802	25,689	35.28	103.3	387.2
Georgia	44,775	94.60	87.5	552	15,520	40.08	117.3	233.9
Hawaii	5,691	67.54	62.4	70	1,675	24.29	71.1	25.2
Idaho	5,885	72.50	67.0	73	1,653	24.90	72.9	24.9
Illinois	106,340	113.92	105.3	1,311	29,893	39.15	114.6	450.6
Indiana	47,821	107.26	99.2	590	16,232	44.50	130.3	244.7
Iowa	18,960	80.35	74.3	234	7,331	37.98	111.2	110.5
Kansas	22,822	115.44	106.7	281	7,721	47.74	139.8	116.4
Kentucky	26,943	89.24	82.5	332	8,007	32.42	94.9	120.7
Louisiana	55,989	154.74	143.1	690	12,393	41.87	122.6	186.8
Maine	7,382	78.75	72.8	91	2,217	28.91	84.6	33.4
Maryland	28,492	80.79	74.7	351	10,159	35.21	103.1	153.1
Massachusetts	53,129	113.00	104.5	655	10,771	28.00	82.0	162.4
Michigan	80,312	109.13	100.9	990	21,708	36.06	105.6	327.2
Minnesota	35,889	106.34	98.3	443	8,522	30.87	90.4	128.5
Mississippi	15,399	73.09	67.6	190	5,372	31.17	91.3	81.0
Missouri	39,531	97.34	90.0	487	11,306	34.03	99.6	170.4
Montana	5,847	87.50	80.9	72	2,629	48.10	140.8	39.6
Nebraska	10,750	82.54	76.3	133	1,799	16.88	49.4	27.1
Nevada	5,657	76.57	70.8	70	3,239	53.60	156.9	48.8
New Hampshire	7,690	97.06	89.7	95	1,699	26.22	76.8	25.6
New Jersey	76,445	125.44	116.0	943	15,614	31.32	91.7	235.4
New Mexico	11,841	102.54	94.8	146	5,213	55.18	161.5	78.6
New York	163,008	113.35	104.8	2,010	31,575	26.84	78.6	476.0
North Carolina	48,543	97.10	89.8	599	16,285	39.82	116.6	245.5
North Dakota	5,122	92.07	85.1	63	1,026	22.54	66.0	15.5
Ohio	96,827	111.05	102.7	1,194	25,821	36.20	106.0	389.2
Oklahoma	43,499	162.65	150.4	536	10,395	47.51	139.1	156.7
Oregon	18,870	87.02	80.5	233	4,708	26.54	77.7	71.0
Pennsylvania	99,174	102.76	95.0	1,223	31,694	40.14	117.5	477.8
Rhode Island	7,238	92.78	85.8	89	932	14.60	42.7	14.0
South Carolina	21,354	79.80	73.8	263	8,961	40.93	119.8	135.1
South Dakota	3,415	59.65	55.1	42	1,073	22.90	67.1	16.2
Tennessee	34,140	89.25	82.5	421	3,974	12.70	37.2	59.9
Texas	222,085	171.29	158.4	2,739	45,887	43.26	126.6	691.7
Utah	11,043	82.43	76.2	136	3,124	28.50	83.4	47.1
Vermont	3,325	77.36	71.5	41	924	26.27	76.9	13.9
Virginia	41,437	90.67	83.8	511	11,471	30.68	89.8	172.9
Washington	31,212	88.50	81.8	385	5,691	19.72	57.7	85.8
West Virginia	14,253	90.05	83.2	176	11,287	87.16	255.2	170.1
Wisconsin	37,326	96.59	89.3	460	10,080	31.88	93.3	151.9
Wyoming	8,095	195.35	180.6	100	3,159	93.20	272.8	47.6
U.S. TOTAL	$2,071,428	$108.17	100.0	$25,544	$535,156	$34.16	100.0	$8,067.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate =1.23% and 1.51%.
*Tax bases are the net book value of commercial/industrial property and public utility property in millions of dollars.
SOURCE: ACIR staff estimates.

Table B-28

ESTATE AND GIFT TAXES

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama	$44.9	$4.57	48.0	$18	$9	$2.37	51.9
Alaska	3.2	2.63	27.7	1	1	1.38	52.7
Arizona	70.7	9.40	99.0	29	13	4.11	43.7
Arkansas	25.6	4.42	46.5	10	8	3.34	75.7
California	829.7	13.15	138.4	337	116	4.51	34.3
Colorado	74.5	9.52	100.2	30	11	3.33	34.9
Connecticut	113.2	14.58	153.4	46	109	34.68	238.0
Delaware	20.7	13.72	144.4	8	11	17.33	126.3
Washington, DC	13.4	8.71	91.7	5	18	28.69	329.2
Florida	339.7	12.57	132.3	138	79	7.17	57.1
Georgia	86.4	6.01	63.3	35	14	2.35	39.1
Hawaii	39.9	15.58	163.9	16	7	6.40	41.1
Idaho	9.6	3.91	41.1	4	3	2.80	71.8
Illinois	306.2	10.80	113.7	124	105	9.12	84.5
Indiana	83.4	6.16	64.8	34	42	7.72	125.3
Iowa	59.7	8.33	87.7	24	58	19.77	237.3
Kansas	60.8	10.13	106.6	25	30	12.33	121.8
Kentucky	52.4	5.72	60.2	21	43	11.50	201.1
Louisiana	74.8	6.80	71.6	30	40	8.97	131.8
Maine	15.2	5.35	56.4	6	13	11.48	214.4
Maryland	78.8	7.36	77.5	32	32	7.34	99.7
Massachusetts	151.2	10.59	111.5	61	127	21.93	207.1
Michigan	116.2	5.20	54.7	47	61	6.75	129.9
Minnesota	88.2	8.60	90.5	36	18	4.31	50.1
Mississippi	24.5	3.84	40.4	10	9	3.29	85.8
Missouri	109.7	8.89	93.6	45	24	4.86	54.6
Montana	12.8	6.30	66.3	5	6	7.23	114.8
Nebraska	36.8	9.30	97.9	15	7	4.25	45.7
Nevada	31.9	14.23	149.8	13	0	0.00	0.0
New Hampshire	12.2	5.07	53.4	5	12	11.98	236.0
New Jersey	175.3	9.47	99.7	71	171	22.80	240.8
New Mexico	21.3	6.08	64.0	9	3	2.08	34.1
New York	716.1	16.39	172.5	291	259	14.61	89.1
North Carolina	88.2	5.81	61.2	36	72	11.61	199.8
North Dakota	13.4	7.93	83.5	5	3	3.68	46.4
Ohio	250.8	9.47	99.7	102	46	4.28	45.1
Oklahoma	90.5	11.14	117.2	37	32	9.60	86.2
Oregon	36.8	5.58	58.7	15	34	12.90	231.1
Pennsylvania	151.1	5.15	54.2	61	282	23.72	460.1
Rhode Island	16.5	6.98	73.5	7	10	10.48	150.0
South Carolina	40.0	4.92	51.8	16	19	5.68	115.4
South Dakota	5.9	3.39	35.6	2	11	15.06	444.8
Tennessee	63.9	5.50	57.9	26	37	7.87	143.1
Texas	569.7	14.47	152.3	231	98	6.10	42.2
Utah	15.8	3.88	40.9	6	3	1.89	48.6
Vermont	6.5	4.97	52.3	3	2	3.38	68.0
Virginia	108.4	7.81	82.2	44	26	4.67	59.7
Washington	60.4	5.64	59.3	25	20	4.65	82.6
West Virginia	22.3	4.65	48.9	9	18	9.37	201.7
Wisconsin	76.6	6.52	68.7	31	72	15.11	231.6
Wyoming	10.4	8.28	87.1	4	3	5.42	65.5
U.S. TOTAL	$5,526.2	$9.50	100.0	$2,244	$2,244	$9.50	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate = 40.6%.
*Tax base is federal estate and gift tax liability in millions of dollars.
SOURCE: ACIR staff estimates.

Table B-29

TOTAL SEVERANCE TAXES

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama		$23.67	72.3	$94	$118	$29.46	124.4
Alaska		1,472.89	4500.4	736	1,789	3,578.38	242.9
Arizona		6.26	19.1	19	0	0.00	0.0
Arkansas		24.78	75.7	58	24	10.25	41.4
California		25.79	78.8	661	5	0.18	0.7
Colorado		33.02	100.9	105	30	9.44	28.6
Connecticut		0.24	0.7	1	0	0.00	0.0
Delaware		0.04	0.1	0	0	0.00	0.0
Washington, DC		0.00	0.0	0	0	0.00	0.0
Florida		3.85	11.8	42	158	14.38	373.5
Georgia		1.57	4.8	9	0	0.00	0.0
Hawaii		0.48	1.5	0	0	0.00	0.0
Idaho		3.98	12.2	4	1	1.10	27.7
Illinois		9.18	28.1	106	0	0.00	0.0
Indiana		6.66	20.4	37	2	0.28	4.2
Iowa		0.96	2.9	3	0	0.00	0.0
Kansas		75.15	229.6	183	117	47.99	63.9
Kentucky		36.01	110.0	134	211	56.60	157.1
Louisiana		161.46	493.4	720	806	180.67	111.9
Maine		0.32	1.0	0	0	0.00	0.0
Maryland		1.20	3.7	5	0	0.00	0.0
Massachusetts		0.18	0.5	1	0	0.00	0.0
Michigan		11.44	35.0	104	73	8.08	70.6
Minnesota		3.89	11.9	16	74	17.80	457.1
Mississippi		35.71	109.1	93	100	38.56	108.0
Missouri		2.35	7.2	12	0	0.00	0.0
Montana		91.02	278.1	75	145	175.68	193.0
Nebraska		7.94	24.2	13	5	2.83	35.6
Nevada		9.14	27.9	8	0	0.09	1.0
New Hampshire		0.23	0.7	0	0	0.00	0.0
New Jersey		0.20	0.6	2	0	0.00	0.0
New Mexico		230.38	703.9	328	369	259.02	112.4
New York		0.78	2.4	14	0	0.00	0.0
North Carolina		0.71	2.2	4	0	0.00	0.0
North Dakota		161.72	494.1	111	200	290.89	179.9
Ohio		9.56	29.2	103	7	0.62	6.4
Oklahoma		200.90	613.9	663	704	213.38	106.2
Oregon		0.62	1.9	2	0	0.00	0.0
Pennsylvania		9.53	29.1	113	0	0.00	0.0
Rhode Island		0.12	0.4	0	0	0.00	0.0
South Carolina		0.81	2.5	3	0	0.00	0.0
South Dakota		6.72	20.5	5	9	12.62	187.7
Tennessee		2.69	8.2	13	3	0.71	26.3
Texas		154.87	473.2	2,476	2,219	138.77	89.6
Utah		56.98	174.1	94	38	23.25	40.8
Vermont		0.82	2.5	0	0	0.00	0.0
Virginia		6.45	19.7	36	0	0.00	0.0
Washington		0.78	2.4	3	0	0.00	0.0
West Virginia		77.24	236.0	151	135	69.15	89.5
Wisconsin		0.26	0.8	1	1	0.18	70.0
Wyoming		716.32	2188.7	366	388	759.88	106.1
U.S. TOTAL		$32.73	100.0	$7,729	$7,729	$32.73	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
*No combined tax base can be reported; see tables for particular severance taxes.
SOURCE: ACIR staff estimates.

Table B-30

SEVERANCE TAXES-OIL AND GAS

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama	$962	$15.37	52.4	$61	$114	$28.59	186.0
Alaska	11,535	1,470.55	5012.1	735	1,789	3,578.38	243.3
Arizona	4	0.09	0.3	0	0	0.00	0.0
Arkansas	871	23.64	80.6	56	23	9.88	41.8
California	10,063	25.04	85.3	641	5	0.18	0.7
Colorado	1,405	28.19	96.1	90	19	5.92	21.0
Connecticut	0	0.00	0.0	0	0	0.00	0.0
Delaware	0	0.00	0.0	0	0	0.00	0.0
Washington, DC	0	0.00	0.0	0	0	0.00	0.0
Florida	434	2.52	8.6	28	72	6.52	258.9
Georgia	0	0.00	0.0	0	0	0.00	0.0
Hawaii	0	0.00	0.0	0	0	0.00	0.0
Idaho	0	0.00	0.0	0	0	0.00	0.0
Illinois	834	4.62	15.7	53	0	0.00	0.0
Indiana	160	1.86	6.3	10	2	0.28	14.9
Iowa	0	0.00	0.0	0	0	0.00	0.0
Kansas	2,813	73.55	250.7	179	117	47.82	65.0
Kentucky	324	5.55	18.9	21	13	3.62	65.1
Louisiana	11,225	160.35	546.5	716	803	180.01	112.3
Maine	0	0.00	0.0	0	0	0.00	0.0
Maryland	0	.00	.0	0	0	0.00	0.0
Massachusetts	0	0.00	0.0	0	0	0.00	0.0
Michigan	1,415	9.94	33.9	90	73	8.08	81.3
Minnesota	0	0.00	0.0	0	0	0.00	0.0
Mississippi	1,441	35.36	120.5	92	100	38.56	109.1
Missouri	8	0.10	0.4	1	0	0.00	0.0
Montana	962	74.42	253.6	61	57	68.82	92.5
Nebraska	185	7.33	25.0	12	5	2.83	38.6
Nevada	37	2.60	8.9	2	0	0.00	0.0
New Hampshire	0	0.00	0.0	0	0	0.00	0.0
New Jersey	0	0.00	0.0	0	0	0.00	0.0
New Mexico	4,875	218.23	743.8	311	340	238.67	109.4
New York	124	0.45	1.5	8	0	0.00	0.0
North Carolina	0	0.00	0.0	0	0	0.00	0.0
North Dakota	1,654	153.72	523.9	105	177	257.72	167.6
Ohio	1,017	6.03	20.6	65	4	0.41	6.8
Oklahoma	10,299	199.05	678.4	656	704	213.38	107.2
Oregon	8	0.18	0.6	0	0	0.00	0.0
Pennsylvania	659	3.53	12.0	42	0	0.00	0.0
Rhode Island	0	0.00	0.0	0	0	0.00	0.0
South Carolina	0	0.00	0.0	0	0	0.00	0.0
South Dakota	45	4.08	13.9	3	2	2.21	54.1
Tennessee	44	0.59	2.0	3	1	0.26	44.2
Texas	38,394	153.06	521.7	2,447	2,215	138.55	90.5
Utah	1,249	48.18	164.2	80	35	21.04	43.7
Vermont	0	0.00	0.0	0	0	0.00	0.0
Virginia	28	0.31	1.1	2	0	0.00	0.0
Washington	0	0.00	0.0	0	0	0.00	0.0
West Virginia	591	19.29	65.7	38	0	0.00	0.0
Wisconsin	0	0.00	0.0	0	0	0.00	0.0
Wyoming	5,036	628.13	2140.9	321	260	509.12	81.1
U.S. TOTAL	$108,703	$29.34	100.0	$6,929	$6,929	$29.34	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate = 6.37%.
*Tax base is the value of oil and gas production in millions of dollars.
SOURCE: ACIR staff estimates.

Table B-31

SEVERANCE TAXES-COAL

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama	$1,159	$7.31	301.5	$29	$3	$0.87	11.8
Alaska	12	0.63	25.9	0	0	0.00	0.0
Arizona	167	1.38	56.9	4	0	0.00	0.0
Arkansas	2	0.02	0.8	0	0	0.00	0.0
California	0	0.00	0.0	0	0	0.00	0.0
Colorado	414	3.28	135.2	10	10	3.27	99.6
Connecticut	0	0.00	0.0	0	0	0.00	0.0
Delaware	0	0.00	0.0	0	0	0.00	0.0
Washington, DC	0	0.00	0.0	0	0	0.00	0.0
Florida	0	0.00	0.0	0	0	0.00	0.0
Georgia	4	0.02	0.7	0	0	0.00	0.0
Hawaii	0	0.00	0.0	0	0	0.00	0.0
Idaho	0	0.00	0.0	0	0	0.00	0.0
Illinois	1,906	4.16	171.8	48	0	0.00	0.0
Indiana	938	4.29	177.0	24	0	0.00	0.0
Iowa	13	0.12	4.7	0	0	0.00	0.0
Kansas	36	0.37	15.2	1	0	0.13	34.0
Kentucky	4,409	29.80	1229.0	111	192	51.53	172.9
Louisiana	0	0.00	0.0	0	0	0.00	0.0
Maine	0	0.00	0.0	0	0	0.00	0.0
Maryland	114	0.66	27.1	3	0	0.00	0.0
Massachusetts	0	0.00	0.0	0	0	0.00	0.0
Michigan	0	0.00	0.0	0	0	0.00	0.0
Minnesota	0	0.00	0.0	0	0	0.00	0.0
Mississippi	0	0.00	0.0	0	0	0.00	0.0
Missouri	165	0.83	34.2	4	0	0.00	0.0
Montana	448	13.67	563.9	11	84	102.10	746.7
Nebraska	0	0.00	0.0	0	0	0.00	0.0
Nevada	0	0.00	0.0	0	0	0.00	0.0
New Hampshire	0	0.00	0.0	0	0	0.00	0.0
New Jersey	0	0.00	0.0	0	0	0.00	0.0
New Mexico	413	7.29	300.7	10	0	0.00	0.0
New York	0	0.00	0.0	0	0	0.00	0.0
North Carolina	0	0.00	0.0	0	0	0.00	0.0
North Dakota	210	7.69	317.0	5	23	33.18	431.7
Ohio	1,297	3.04	125.2	33	1	0.14	4.5
Oklahoma	148	1.13	46.5	4	0	0.00	0.0
Oregon	0	0.00	0.0	0	0	0.00	0.0
Pennsylvania	2,567	5.43	223.8	65	0	0.00	0.0
Rhode Island	0	0.00	0.0	0	0	0.00	0.0
South Carolina	0	0.00	0.0	0	0	0.00	0.0
South Dakota	0	0.00	0.0	0	0	0.00	0.0
Tennessee	209	1.11	46.0	5	2	0.44	39.9
Texas	458	0.72	29.7	12	0	0.00	0.0
Utah	360	5.48	226.0	9	0	0.00	0.0
Vermont	0	0.00	0.0	0	0	0.00	0.0
Virginia	1,244	5.55	229.0	31	0	0.00	0.0
Washington	56	0.32	13.4	1	0	0.00	0.0
West Virginia	4,453	57.40	2367.5	112	135	69.15	120.5
Wisconsin	0	0.00	0.0	0	0	0.00	0.0
Wyoming	1,557	76.63	3160.9	39	121	237.08	309.4
U.S. TOTAL	$22,758	$2.42	100.0	$573	$573	$2.42	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate = 2.52%.
*Tax base is the value of coal production in millions of dollars.
SOURCE: ACIR staff estimates.

Table B-32

SEVERANCE TAXES-NONFUEL MINERALS

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama	$410	$0.99	103.1	$4	$0	$0.00	0.0
Alaska	89	1.71	178.0	1	0	0.00	0.0
Arizona	1,512	4.79	497.0	15	0	0.00	0.0
Arkansas	273	1.12	116.5	3	1	0.37	32.9
California	2,003	0.76	78.5	19	0	0.00	0.0
Colorado	512	1.56	161.5	5	1	0.25	16.2
Connecticut	80	0.24	25.4	1	0	0.00	0.0
Delaware	3	0.04	4.6	0	0	0.00	0.0
Washington, DC	0	0.00	0.0	0	0	0.00	0.0
Florida	1,510	1.33	138.1	15	86	7.86	590.5
Georgia	940	1.56	161.7	9	0	0.00	0.0
Hawaii	51	0.48	49.5	0	0	0.00	0.0
Idaho	412	3.98	413.3	4	1	1.10	27.7
Illinois	472	0.40	41.1	5	0	0.00	0.0
Indiana	293	0.52	53.5	3	0	0.00	0.0
Iowa	253	0.84	87.4	2	0	0.00	0.0
Kansas	312	1.24	128.4	3	0	0.04	3.3
Kentucky	257	0.67	69.3	2	5	1.45	217.2
Louisiana	511	1.11	115.0	5	3	0.67	60.2
Maine	38	0.32	32.9	0	0	0.00	0.0
Maryland	242	0.54	55.8	2	0	0.00	0.0
Massachusetts	107	0.18	18.6	1	0	0.00	0.0
Michigan	1,409	1.50	155.7	14	0	0.00	0.0
Minnesota	1,676	3.89	404.1	16	74	17.80	457.1
Mississippi	94	0.35	36.4	1	0	0.00	0.0
Missouri	732	1.41	146.6	7	0	0.00	0.0
Montana	249	2.93	303.6	2	4	4.77	163.0
Nebraska	100	0.60	62.7	1	0	0.00	0.0
Nevada	616	6.53	678.2	6	0	0.09	1.4
New Hampshire	23	0.23	23.7	0	0	0.00	0.0
New Jersey	156	0.20	20.9	2	0	0.00	0.0
New Mexico	716	4.86	504.7	7	29	20.35	418.4
New York	612	0.33	34.7	6	0	0.00	0.0
North Carolina	451	0.71	73.5	4	0	0.00	0.0
North Dakota	22	0.31	31.9	0	0	0.00	0.0
Ohio	553	0.50	51.6	5	1	0.07	14.2
Oklahoma	246	0.72	74.8	2	0	0.00	0.0
Oregon	120	0.44	45.2	1	0	0.00	0.0
Pennsylvania	708	0.58	59.7	7	0	0.00	0.0
Rhode Island	12	0.12	12.1	0	0	0.00	0.0
South Carolina	276	0.81	83.9	3	0	0.00	0.0
South Dakota	193	2.65	274.9	2	7	10.42	393.2
Tennessee	478	0.98	101.7	5	0	0.00	0.0
Texas	1,803	1.09	113.1	17	3	0.21	19.4
Utah	566	3.31	344.0	5	4	2.21	66.7
Vermont	45	0.82	85.4	0	0	0.00	0.0
Virginia	342	0.59	60.8	3	0	0.00	0.0
Washington	203	0.45	46.7	2	0	0.00	0.0
West Virginia	112	0.56	57.7	1	0	0.00	0.0
Wisconsin	129	0.26	27.2	1	1	0.18	70.0
Wyoming	611	11.56	1199.4	6	7	13.68	118.4
U.S. TOTAL	$23,537	$0.96	100.0	$228	$228	$0.96	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate = 0.97%.
*Tax base is the value of nonfuel mineral production in millions of dollars.
SOURCE: ACIR staff estimates.

Table B-33

ALL OTHER TAXES

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama	$39,869	$40.28	78.1	$161	$216	$54.17	134.5
Alaska	8,739	70.46	136.7	35	61	122.26	173.5
Arizona	36,151	47.74	92.6	146	91	29.92	62.7
Arkansas	23,033	39.53	76.7	93	42	18.00	45.5
California	371,202	58.40	113.3	1,496	1,467	57.25	98.0
Colorado	44,004	55.82	108.3	177	130	40.88	73.2
Connecticut	52,221	66.75	129.5	211	149	47.20	70.7
Delaware	8,383	55.13	106.9	34	100	163.54	296.6
Washington, DC	10,658	68.97	133.8	43	80	128.39	186.2
Florida	140,082	51.45	99.8	565	749	68.26	132.7
Georgia	67,416	46.56	90.3	272	230	39.37	84.6
Hawaii	13,547	52.56	102.0	55	18	17.40	33.1
Idaho	10,099	40.67	78.9	41	28	27.75	68.2
Illinois	158,876	55.64	107.9	640	290	25.17	45.2
Indiana	64,418	47.23	91.6	260	46	8.33	17.6
Iowa	35,382	49.02	95.1	143	36	12.33	25.2
Kansas	32,300	53.41	103.6	130	48	19.63	36.8
Kentucky	38,347	41.52	80.5	155	240	64.36	155.0
Louisiana	48,233	43.58	84.5	194	126	28.30	64.9
Maine	12,505	43.61	84.6	50	22	19.36	44.4
Maryland	62,906	58.31	113.1	254	574	132.07	226.5
Massachusetts	85,709	59.59	115.6	346	139	23.92	40.1
Michigan	114,408	50.82	98.6	461	121	13.38	26.3
Minnesota	55,129	53.40	103.6	222	305	73.38	137.4
Mississippi	22,802	35.38	68.6	92	33	12.77	36.1
Missouri	60,847	48.98	95.0	245	105	21.06	43.0
Montana	8,690	42.51	82.5	35	18	21.78	51.2
Nebraska	19,962	50.11	97.2	80	53	32.82	65.5
Nevada	12,132	53.69	104.1	49	115	126.60	235.8
New Hampshire	12,885	53.17	103.1	52	99	101.63	191.2
New Jersey	116,029	62.24	120.7	468	170	22.60	36.3
New Mexico	14,610	41.36	80.2	59	69	48.51	117.3
New York	253,934	57.72	112.0	1,024	1,733	97.69	169.2
North Carolina	66,891	43.74	84.8	270	109	17.64	40.3
North Dakota	8,479	49.83	96.6	34	32	46.99	94.3
Ohio	132,842	49.81	96.6	536	213	19.79	39.7
Oklahoma	38,438	46.98	91.1	155	134	40.77	86.8
Oregon	31,052	46.81	90.8	125	177	66.04	141.1
Pennsylvania	146,545	49.64	96.3	591	1,166	97.94	197.3
Rhode Island	12,331	51.67	100.2	50	19	19.70	38.1
South Carolina	33,385	40.78	79.1	135	124	37.47	91.9
South Dakota	7,813	44.61	86.5	31	29	40.92	91.7
Tennessee	49,142	42.00	81.5	198	153	32.41	77.2
Texas	201,013	50.68	98.3	810	1,007	63.00	124.3
Utah	16,074	39.22	76.1	65	32	19.12	48.7
Vermont	5,723	43.53	84.4	23	56	106.37	244.4
Virginia	74,694	53.43	103.6	301	606	107.58	201.4
Washington	55,633	51.57	100.0	224	352	80.94	157.0
West Virginia	18,991	39.22	76.1	77	160	81.88	208.8
Wisconsin	59,453	50.29	97.5	240	97	20.38	40.5
Wyoming	6,252	49.32	95.7	25	6	11.11	22.5
U.S. TOTAL	$3,020,259	$51.56	100.0	$12,176	$12,176	$51.56	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate = 0.40%.
*Tax base is total personal income in millions of dollars.
SOURCE: ACIR staff estimates.

Table B-34

RENTS AND ROYALTIES

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama	$351.4	$88.07	337.2	$351.4	$351.4	$88.07	100.0
Alaska	1,108.5	2,216.99	8487.8	1,108.5	1,108.5	2,216.99	100.0
Arizona	16.1	5.26	20.2	16.1	16.1	5.26	100.0
Arkansas	0.7	0.28	1.1	0.7	0.7	0.28	100.0
California	603.4	23.55	90.2	603.4	603.4	23.55	100.0
Colorado	56.8	17.88	68.5	56.8	56.8	17.88	100.0
Connecticut	140.7	44.62	170.8	140.7	140.7	44.62	100.0
Delaware	96.7	157.78	604.1	96.7	96.7	157.78	100.0
Washington, DC	0.0	0.00	0.0	0.0	0.0	0.00	100.0
Florida	0.4	0.04	0.1	0.4	0.4	0.04	100.0
Georgia	5.1	0.88	3.4	5.1	5.1	0.88	100.0
Hawaii	10.0	9.61	36.8	10.0	10.0	9.61	100.0
Idaho	2.9	2.94	11.3	2.9	2.9	2.94	100.0
Illinois	138.6	12.04	46.1	138.6	138.6	12.04	100.0
Indiana	0.5	0.08	0.3	0.5	0.5	0.08	100.0
Iowa	12.7	4.37	16.7	12.7	12.7	4.37	100.0
Kansas	4.4	1.82	7.0	4.4	4.4	1.82	100.0
Kentucky	1.2	0.33	1.3	1.2	1.2	0.33	100.0
Louisiana	722.4	161.91	619.9	722.4	722.4	161.91	100.0
Maine	7.9	6.82	26.1	7.9	7.9	6.82	100.0
Maryland	0.2	0.04	0.2	0.2	0.2	0.04	100.0
Massachusetts	43.2	7.45	28.5	43.2	43.2	7.45	100.0
Michigan	131.8	14.52	55.6	131.8	131.8	14.52	100.0
Minnesota	4.9	1.18	4.5	4.9	4.9	1.18	100.0
Mississippi	12.4	4.77	18.3	12.4	12.4	4.77	100.0
Missouri	99.4	19.85	76.0	99.4	99.4	19.85	100.0
Montana	33.5	40.66	155.6	33.5	33.5	40.66	100.0
Nebraska	17.1	10.62	40.7	17.1	17.1	10.62	100.0
Nevada	11.1	12.16	46.6	11.1	11.1	12.16	100.0
New Hampshire	66.9	68.49	262.2	66.9	66.9	68.49	100.0
New Jersey	598.6	79.65	304.9	598.6	598.6	79.65	100.0
New Mexico	397.7	279.29	1069.2	397.7	397.7	279.29	100.0
New York	230.7	13.01	49.8	230.7	230.7	13.01	100.0
North Carolina	38.3	6.21	23.8	38.3	38.3	6.21	100.0
North Dakota	34.1	49.71	190.3	34.1	34.1	49.71	100.0
Ohio	287.5	26.74	102.4	287.5	287.5	26.74	100.0
Oklahoma	88.1	26.72	102.3	88.1	88.1	26.72	100.0
Oregon	30.2	11.28	43.2	30.2	30.2	11.28	100.0
Pennsylvania	29.1	2.44	9.3	29.1	29.1	2.44	100.0
Rhode Island	45.6	47.36	181.3	45.6	45.6	47.36	100.0
South Carolina	1.2	0.36	1.4	1.2	1.2	0.36	100.0
South Dakota	3.9	5.58	21.3	3.9	3.9	5.58	100.0
Tennessee	0.1	0.01	.0	0.1	0.1	0.01	100.0
Texas	556.6	34.81	133.3	556.6	556.6	34.81	100.0
Utah	27.1	16.39	62.7	27.1	27.1	16.39	100.0
Vermont	2.4	4.49	17.2	2.4	2.4	4.49	100.0
Virginia	8.8	1.56	6.0	8.8	8.8	1.56	100.0
Washington	10.3	2.37	9.1	10.3	10.3	2.37	100.0
West Virginia	0.2	0.09	0.3	0.2	0.2	0.09	100.0
Wisconsin	2.6	0.56	2.1	2.6	2.6	0.56	100.0
Wyoming	74.5	145.87	558.5	74.5	74.5	145.87	100.0
U.S. TOTAL	$6,168.5	$26.12	100.0	$6,168.5	$6,168.5	$26.12	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate = 100%.
*Tax base is actual receipts from rents and royalties in millions of dollars.
SOURCE: ACIR staff estimates.

Table B-35

PAYMENTS UNDER MINERAL LEASING ACT

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama	$0.4	$0.09	2.9	$0	$0	$0.09	100.0
Alaska	19.8	39.53	1265.6	20	20	39.53	100.0
Arizona	3.9	1.27	40.8	4	4	1.27	100.0
Arkansas	1.0	0.42	13.6	1	1	0.42	100.0
California	57.6	2.25	72.0	58	58	2.25	100.0
Colorado	68.3	21.49	688.2	68	68	21.49	100.0
Connecticut	0.0	0.00	0.0	0	0	0.00	0.0
Delaware	0.0	0.00	0.0	0	0	0.00	0.0
Washington, DC	0.0	0.00	0.0	0	0	0.00	0.0
Florida	0.4	0.04	1.2	0	0	0.04	100.0
Georgia	0.0	0.00	0.0	0	0	0.00	0.0
Hawaii	0.0	0.00	0.0	0	0	0.00	0.0
Idaho	5.4	5.37	172.1	5	5	5.37	100.0
Illinois	0.0	0.00	0.0	0	0	0.00	0.0
Indiana	0.0	0.00	0.0	0	0	0.00	0.0
Iowa	0.0	0.00	0.0	0	0	0.00	0.0
Kansas	1.1	0.45	14.4	1	1	0.45	100.0
Kentucky	0.0	0.00	0.0	0	0	0.00	0.0
Louisiana	1.1	0.25	8.0	1	1	0.25	100.0
Maine	0.0	0.00	0.0	0	0	0.00	0.0
Maryland	0.0	0.00	0.0	0	0	0.00	0.0
Massachusetts	0.0	0.00	0.0	0	0	0.00	0.0
Michigan	0.2	0.02	0.8	0	0	0.02	100.0
Minnesota	.0	.00	.0	0	0	.00	100.0
Mississippi	0.6	0.21	6.9	1	1	0.21	100.0
Missouri	0.0	0.00	0.0	0	0	0.00	0.0
Montana	31.5	38.27	1225.5	32	32	38.27	100.0
Nebraska	0.4	0.24	7.7	0	0	0.24	100.0
Nevada	13.5	14.85	475.5	14	14	14.85	100.0
New Hampshire	0.0	0.00	0.0	0	0	0.00	0.0
New Jersey	0.0	0.00	0.0	0	0	0.00	0.0
New Mexico	186.8	131.21	4201.1	187	187	131.21	100.0
New York	0.0	0.00	0.0	0	0	0.00	0.0
North Carolina	0.0	0.00	0.0	0	0	0.00	0.0
North Dakota	14.7	21.47	687.3	15	15	21.47	100.0
Ohio	.0	.00	.0	0	0	.00	100.0
Oklahoma	2.6	0.79	25.2	3	3	0.79	100.0
Oregon	3.6	1.34	42.9	4	4	1.34	100.0
Pennsylvania	0.0	0.00	0.0	0	0	0.00	0.0
Rhode Island	0.0	0.00	0.0	0	0	0.00	0.0
South Carolina	0.0	0.00	0.0	0	0	0.00	0.0
South Dakota	1.4	1.96	62.7	1	1	1.96	100.0
Tennessee	.0	.00	0.1	0	0	.00	100.0
Texas	.0	.00	.0	0	0	.00	100.0
Utah	46.1	27.93	894.3	46	46	27.93	100.0
Vermont	0.0	0.00	0.0	0	0	0.00	0.0
Virginia	0.0	0.00	0.0	0	0	0.00	0.0
Washington	1.0	0.24	7.6	1	1	0.24	100.0
West Virginia	0.0	0.00	0.0	0	0	0.00	0.0
Wisconsin	0.0	0.00	0.0	0	0	0.00	0.0
Wyoming	276.1	540.34	17300.5	276	276	540.34	100.0
U.S. TOTAL	$737.6	$3.12	100.0	$738	$738	$3.12	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate = 100%.
*Tax base is actual receipts in millions of dollars from payments under the Mineral Leasing Act.
SOURCE: ACIR staff estimates.

Table B-36

USER CHARGES

STATE	TAX BASE*	CAPACITY PER CAPITA	TAX CAPACITY INDEX	TAX CAPACITY	TAX REVENUE	REVENUE PER CAPITA	TAX EFFORT INDEX
Alabama	$39,869	$228.35	78.1	$911	$1,457	$365.26	160.0
Alaska	8,739	399.43	136.7	200	395	789.65	197.7
Arizona	36,151	270.61	92.6	826	802	262.77	97.1
Arkansas	23,033	224.08	76.7	526	544	231.52	103.3
California	371,202	331.09	113.3	8,483	8,333	325.23	98.2
Colorado	44,004	316.43	108.3	1,006	1,080	339.74	107.4
Connecticut	52,221	378.38	129.5	1,193	601	190.48	50.3
Delaware	8,383	312.52	106.9	192	269	439.23	140.5
Washington, DC	10,658	390.96	133.8	244	129	206.72	52.9
Florida	140,082	291.66	99.8	3,201	3,662	333.61	114.4
Georgia	67,416	263.95	90.3	1,541	2,213	379.15	143.6
Hawaii	13,547	297.97	102.0	310	307	295.61	99.2
Idaho	10,099	230.56	78.9	231	272	271.24	117.6
Illinois	158,876	315.42	107.9	3,631	2,332	202.56	64.2
Indiana	64,418	267.76	91.6	1,472	1,830	332.91	124.3
Iowa	35,382	277.86	95.1	809	1,029	353.53	127.2
Kansas	32,300	302.77	103.6	738	754	309.46	102.2
Kentucky	38,347	235.39	80.5	876	749	201.29	85.5
Louisiana	48,233	247.04	84.5	1,102	1,363	305.57	123.7
Maine	12,505	247.21	84.6	286	244	210.74	85.2
Maryland	62,906	330.56	113.1	1,438	1,187	272.91	82.6
Massachusetts	85,709	337.83	115.6	1,959	1,355	233.75	69.2
Michigan	114,408	288.11	98.6	2,615	3,256	358.76	124.5
Minnesota	55,129	302.71	103.6	1,260	1,658	398.39	131.6
Mississippi	22,802	200.58	68.6	521	948	365.09	182.0
Missouri	60,847	277.66	95.0	1,391	1,199	239.33	86.2
Montana	8,690	241.01	82.5	199	200	242.75	100.7
Nebraska	19,962	284.06	97.2	456	614	382.14	134.5
Nevada	12,132	304.34	104.1	277	398	437.09	143.6
New Hampshire	12,885	301.39	103.1	294	198	202.60	67.2
New Jersey	116,029	352.84	120.7	2,652	1,840	244.80	69.4
New Mexico	14,610	234.47	80.2	334	397	278.97	119.0
New York	253,934	327.22	112.0	5,803	5,237	295.29	90.2
North Carolina	66,891	247.96	84.8	1,529	1,522	246.80	99.5
North Dakota	8,479	282.47	96.6	194	323	470.96	166.7
Ohio	132,842	282.35	96.6	3,036	3,011	280.05	99.2
Oklahoma	38,438	266.35	91.1	878	1,075	326.05	122.4
Oregon	31,052	265.38	90.8	710	884	330.78	124.6
Pennsylvania	146,545	281.41	96.3	3,349	2,329	195.70	69.5
Rhode Island	12,331	292.93	100.2	282	234	243.68	83.2
South Carolina	33,385	231.20	79.1	763	967	292.99	126.7
South Dakota	7,813	252.91	86.5	179	176	249.38	98.6
Tennessee	49,142	238.08	81.5	1,123	1,305	276.58	116.2
Texas	201,013	287.31	98.3	4,594	4,285	268.02	93.3
Utah	16,074	222.36	76.1	367	451	273.00	122.8
Vermont	5,723	246.77	84.4	131	133	251.19	101.8
Virginia	74,694	302.87	103.6	1,707	1,651	292.97	96.7
Washington	55,633	292.34	100.0	1,271	1,444	332.04	113.6
West Virginia	18,991	222.34	76.1	434	499	255.43	114.9
Wisconsin	59,453	285.10	97.5	1,359	1,629	341.86	119.9
Wyoming	6,252	279.60	95.7	143	251	491.85	175.9
U.S. TOTAL	$3,020,259	$292.27	100.0	$69,022	$69,022	$292.27	100.0

NOTE: All per capita amounts are in dollars; total amounts are in millions of dollars.
Representative Rate = 2.29%.
*Tax base is total personal income in millions of dollars.
SOURCE: ACIR staff estimates.

Appendix C

TAX BASE DEFINITIONS, TAX BASES, AND SOURCES FOR THE 1984 RTS AND RRS TAX CAPACITY ESTIMATES

In this appendix, each tax is defined, the tax base or tax base proxy is described, and data sources are listed. The tax definitions are those used by the U.S. Department of Commerce, Bureau of the Census. With few exceptions, all the data on the states and local tax collections were supplied by publications of the Census Bureau: State Government Tax Collections in 1984, Governmental Finances in 1983-84, and State Government Finances in 1984. Some unpublished data on various tax components were provided by the Census Bureau and state revenue departments.

RTS BASES

1. General Sales or Gross Receipts Taxes

Definition: Sales or gross receipt taxes generally applicable to all types of goods and services.

Taxes imposed distinctively upon sales of selected commodities are reported separately under selective sales taxes. West Virginia's sales tax receipts (as reported by the Bureau of the Census) from a "business and occupations" tax on the coal industry were deleted from the sales tax and apportioned to the severance tax.

Tax Base: General retail sales of retail trade and selected service businesses.

All establishments engaged in selling merchandise for personal or household consumption are included. Service businesses included here are hotels and motels amusement and recreation services including motion pictures, and personal services such as laundries and beauty and barber shops.

Excluded from this base are sales of food and drugs which are commonly tax exempt. Because of data limitation, sales of gasoline have not been excluded, although they are usually taxed separately. In general, states have retail sales and gross receipts tax bases broader than the one defined here because they cover more transactions, such as public utility sales, wholesale trade or construction contractors. As a result, the rate used for the representative tax system is higher than the actual effective rate.

State-by-state sales of selected service industries for 1984 were estimated by allocating the 1984 national total according to the 1982 shares adjusted for the change in personal disposal income between 1982 and 1984.

Sources:

RETAIL SALES (1984): Sales and Marketing Management Magazine, 1985 Survey of Buying Power, New York, NY, 1985.

SERVICE SALES (1982): U.S. Department of Commerce, Bureau of the Census, Census of Business, Selected Services-Area Statistics (1982), Washington, DC, 1984.

SERVICE SALES (1984): U.S. Department of Commerce, Bureau of the Census, Current Business Reports, 1984 Service Annual Survey, Washington, DC, August 1985.

DISPOSABLE INCOME (1984): U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, Washington, DC, August 1985.

2. Selective Sales and Gross Receipts Taxes (Tax levies selectively imposed on particular kinds of commodities or business.)

2A. Motor Fuels

Definition: Selective sales and gross receipts taxes on gasoline, diesel oil, and other fuels used in motor vehicles, including aircraft fuel.

Tax Base: Total quantity of motor fuel consumed in gallons.

Source:

U.S. Department of Transportation, Federal Highway Administration, Selected Highway Statistics and Charts 1984, Motor Fuel Use-1984, Table 5584-1, Washington, DC, 1985.

2B. Alcoholic Beverages

Definition: Selective sales and gross receipts taxes on alcoholic beverages.

Tax Base: The overall tax base is based on three components of consumption (beer, wine, and distilled spirits), each of which was separately estimated. The tax burden on each of these categories of alcoholic beverages was estimated by using data supplied by the Distilled Spirits Council in conjunction with Census data for all alcoholic beverages.

Sources:

TAX BURDEN BY CLASS OF BEVERAGE: Distilled Spirits Council of the United States, 1984-1985 Public Revenues from Alcohol Beverages, Washington, DC, 1985.

DISTILLED SPIRITS CONSUMPTION: Distilled Spirits Council of the United States, Annual Statistical Review 1984, Washington, DC, 1985.

BEER CONSUMPTION (1984): United States Brewers Association, Brewers Almanac 1985, Washington, DC, 1985.

WINE CONSUMPTION (1984): Wine Institute, unpublished data, San Francisco, CA.

2C. Tobacco Products

Definition: Selective sales and gross receipts taxes on tobacco products, including related taxes on cigarette tubes and paper and synthetic cigars

and cigarettes.

Tax Base: Number of packages of cigarettes sold.

Source:

The Tobacco Institute, The Tax Burden on Tobacco, Volume 20, 1985, Washington, DC.

2D. Insurance

Definition: Taxes imposed distinctively on insurance companies and measured by gross premiums or adjusted gross premiums.

Tax Base: Direct written premiums or premium receipts by state for life, health, property, and liability insurance.

Sources:

LIFE INSURANCE: American Council of Life Insurance, Life Insurance Fact Book Update (1985), Washington, DC, 1985.

HEALTH INSURANCE: Health Insurance Association of America, unpublished data, New York, NY, 1985.

BLUE CROSS AND BLUE SHIELD INSURANCE: The National Underwriter Company, 1985, Argus Health Chart, 87th ed., Cincinnati, OH, 1985.

PROPERTY AND LIABILITY INSURANCE: Insurance Information Institute, 1985-86 Property/Casualty Fact Book, New York, NY, 1985.

2E. Public Utilities

Definition: Taxes imposed distinctively on public telephone, telegraph, power and light companies, and other public utilities, including local government-owned utilities. These taxes are levied on gross receipts, gross earnings, or units of service sold. Public utility license taxes are also included in this category.

Tax Base: Gross revenues of all electric, gas, and telephone companies. Electric and gas revenues are for all publicly owned and private companies. Because telephone revenues for the Bell System and the independent telephone companies are not available on a state-by-state basis, the national total of telephone revenues was allocated to the states according to a weighted average of the number of access lines and the number of toll calls.

Sources:

GAS UTILITY REVENUES: American Gas Association, Gas Facts--1984, Arlington, VA, 1985.

ELECTRIC UTILITY REVENUES: Edison Electric Institute, Advance Release of Data for the 1984 Statistical Yearbook of the Electric Utility Industry, Washington, DC, 1985.

TELEPHONE REVENUES AND NUMBER OF TELEPHONES: United States Independent Telephone Association, Telephone Statistics, 1985, Washington, DC, July 1985.

AT&T REVENUES: American Telephone and Telegraph Company, 1984 Annual Report, New York, NY, 1985.

NUMBER OF LOCAL CALLS AND TOLL CALLS: Federal Communications Commis-

sion, Statistics of Communications Common Carriers, 1984, Washington, DC, 1985.

2F. Parimutuels

Definition: Taxes measured by amounts wagered at race tracks, including "breakage" collected by the government.

Tax Base: Parimutuel turnover from horse and dog racing and jai alai.

Source:

National Association of State Racing Commissioners, Parimutuel Racing, 1984, Lexington, KY, 1985.

2G. Amusements

Definition: Selective sales and gross receipts taxes on admission tickets or admission charges and on gross receipts of all or specified types of amusement businesses (including gambling operations). License taxes on amusement business are also included.

Tax Base: Receipts of establishments that provide amusement and entertainment services. Movie theater receipts and casino revenues are included. Gambling receipts for hotels are classified in the general sales tax base.

State-by-state 1984 data for amusement receipts derived by allocating the 1984 national total according to the 1982 state shares adjusted for the change in disposable personal income between 1982 and 1984.

Sources:

AMUSEMENT RECEIPTS (1982): U.S. Department of Commerce, Bureau of the Census, Census of Business, Selected Services--Area Statistics (1982), Washington, DC, 1984.

AMUSEMENT RECEIPTS (1984): U.S. Department of Commerce, Bureau of the Census, Current Business Reports, 1984 Service Annual Survey, Washington, DC, August 1985.

DISPOSABLE INCOME (1984): U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, Washington, DC, August 1985.

3. License Taxes (Taxes levied at a flat rate for either raising revenue or regulation.)

3A. Motor Vehicles

Definition: License taxes imposed on owners or operators of motor vehicles for the right to use public highways, including charges for registration and inspection and vehicle mileage and weight taxes on motor carriers.

Tax Base: Number of registrations for private and commercial vehicles.

The base for this tax was allocated to the states according to (1) the number of automobiles and (2) the number of trucks registered. The total tax revenue reported by the Census Bureau was apportioned to these two classes of vehicles according to data supplied by the Federal Highway Administration.

Sources:

TAX BURDEN ON AUTOMOBILES AND TRUCKS, AND AUTOMOBILE AND TRUCK REGISTRATIONS: U.S. Department of Transportation, Federal Highway Administration, Highway Statistics 1984, State Motor-Vehicle and Motor-Carrier tax Receipts, 1984, Table MV-2; and State Motor Vehicle Registrations, 1984, Table MV-1, Washington, DC, October 1985.

3B. Motor Vehicle Operators

Definition: Licensing for the privilege of driving motor vehicles, including both private and commercial licenses.

Tax Base: Estimated number of licenses in force.

Source:

U.S. Department of Transportation, Federal Highway Administrations, Highway Statistics 1984, Estimated Licensed Drivers, by Sex, 1984, Table DL-1A, Washington, DC, October 1985.

3C. Corporations

Definition: Franchise license taxes, organization, filing and entrance fees, and all other license taxes which are applicable, with only specified exceptions, to all corporations.

Tax Base: Number of corporations within a state, including nonprofit corporations.

Source:

U.S. Department of the Treasury, Commissioner and Chief Counsel, Internal Revenue Service, Highlights of 1985, Washington, DC, 1986.

3D. Alcoholic Beverages

Definition: License taxes for manufacturing importing, wholesaling, and retailing alcoholic beverages other than those based on volume or value of transactions or assessed value of property.

Tax Base: Number of retail licenses issued for the sale of distilled spirits. The number does not include licenses for the exclusive sale of beer and wine.

Source:

Distilled Spirits Council of the United States, Annual Statistical Review 1984, Washington, DC, 1985.

3E. Hunting and Fishing Licenses

Definition: Commercial and noncommercial hunting and fishing licenses and shipping permits.

Tax Base: Total number of fishing and hunting licenses, tags, permits and stamps issued.

Source:

U.S. Department of Interior, Fish and Wildlife Service, 1984 Hunting and Fishing License Statistics, Washington, DC, 1985.

4. Individual Income Tax

Definition: Taxes on individuals measured by income and taxes distinctively imposed on special types of income (e.g., interest, dividends, intangibles, etc.).

Tax Base: Total federal income tax liability of state residents, adjusted for deductibility of state and local income, sales and property taxes. Federal income tax liability is essentially the total amount of federal income taxes paid by individuals after credits. Because it is prevailing state practice to allow income tax credits for taxes paid to states other than the state of residence, residency adjustments were made to account for both the income taxes collected from nonresidents and credits allowed to residents for taxes paid to other states. The federal income tax liability for each state was adjusted by the ratio of the BEA residency adjustment to resident personal income.

Sources:

INCOME TAX: U.S. Department of the Treasury, Internal Revenue Service, Statistics of Income Bulletin, 1984 Income Tax Returns, Preliminary Data, Washington, DC, Winter 1985-86.
RESIDENCY ADJUSTMENT: U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, Washington, DC.
DEDUCTIBILITY ADJUSTMENT: 1982 gross savings for deductibility from ACIR Discussion Draft, Federal Income Tax Deductibility of State and Local Taxes, June 1985. Growth in deductible taxes from Government Finances in 1981-82 and 1983-84; 1984 total deducted from President's Budget for FY 1986, Special Analysis G.

5. Corporation Income Tax

Definition: Taxes on corporations and unincorporated businesses measured by net income.

Tax Base: Total national net income for each 35 Standard Industrial Classification (SIC) industries was allocated to the states according to the following procedure:

Nationwide net corporate income (1984) was estimated for each of the 35 SIC industries by using profit data (BEA) for each industry. For each industry, the typical three factor formula--one-third payroll, one-third property, one-third sales by destination--should be used to allocate each industry's national income to the states. However, data for corporate property and sales by state are not available and proxies had to be used to estimate these factors in the formula for each industry. Payroll data by industry, by state, and retail sales data formed the basis for the proxies which were utilized.

For the property factor of the formula, property was assumed to by distributed identical to payroll. Hence the payroll factor was used as a proxy for property; thus payroll was double-weighted in the formula. State data on the manufacturing industries indicate that

there is a high correlation between the payroll and gross assets of industries across states.

Because corporate sales by destination are unlikely to mirror either payroll or retail sales, neither of these proxies was used to estimate the sales factor in the formula. Instead, through use of payroll breakdowns by industry by state and a national input-output table for 1977, a proxy for sales was derived according to the following procedure:

Let:

X(i,c) = The percentage of the dollar value of industry i's output that is commodity c.

Y(c,j) = The percentage of the total dollar value of commodity c used as an input in industry j. Where c is not used as an intermediate input, but is purchased by consumers, "personal consumption expenditures" constitute the 36th industry.

Then: $\sum_{c=1}^{36} [X(i,c) \star Y(c,j)] = A(i,j)$

Where A(i,j) = the percentage of industry i's output purchased by industry j. When j is personal consumption expenditures, A(i,j) is the amount of industry i's output that is sold as final goods.

Now let:

S(w,j) = the percentage of industry j's payroll located in state w. Where industry j is personal consumption expenditures, let j equal state w's share of total national retail sales.

Then: $\sum_{j=1}^{36} [S(w,j) \star A(i,j)] = K(w,i)$

Where K(w,i) = the share of industry i's output sold in state w.

Thus, K(w,i) is used as a proxy for the sales-by-destination factor in the three-factor formula.

The three-factor formula is applied to the estimated total income for each industry to determine each state's income apportionment and summed over all industries to derive each state's total corporate income tax base.

Let I(i) = Total income for industry i.

Then:

I(w,i) = I(i) x [(1/3) x K(w,i)] x [(2/3) x S(w,i)]

= The income of industry i apportioned to state w.

And: $I(w) = \sum_{i=1}^{35} I(w,i)$

= The total corporate income for all industries allocated to state w.

Sources:

CORPORATE PROFITS (1984) BY INDUSTRY: U.S. Department of Commerce, Bureau of Economic Analysis, unpublished data.

PAYROLL (1984): U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, Washington, DC, August 1985.

INPUT-OUTPUT TABLES (1977): U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, Washington, DC, May 1984, Tables 1 and 2.

6. Property Taxes. The property tax is separated into four different components--residential, commercial, farm, and public utility. Each is estimated individually. The allocation of total property taxes among the various classes of property are approximations based on assessed values for 1981, except for farm property taxes which are annually estimated by the Department of Agriculture. The Census Bureau does not provide a break-down of property tax payments by class of property.

6A. Residential Property

Definition: Taxes conditioned upon the ownership of single family houses not on farms and multifamily residences excluding motels and hotels. Residential property tax rates are applied to the combined value of buildings and land:

The residential share of the property tax burden was estimated by the residential share of assessed value of the property in 1981. This share was applied to the total of 1984 property tax collections, after deduction of farm property taxes to derive residential property tax receipts.

Tax Base: Estimated residential property values for single family and multifamily residences:

1984 property values were estimated by extrapolating the 1981 estimated market value of each state's residential property to 1984 based on the change in the average purchase prices of single family dwellings between 1981 and 1984.

To the estimated market value of existing residential property (1984), the value of newly constructed housing for 1984 was added. The value of newly constructed housing was inflated so as to reflect the value of the associated land.

Sources:

PROPERTY VALUES (1981): U.S. Department of Commerce, Bureau of the Census, 1982 Census of Governments, Taxable Property Values and Assessments-Sales Price Ratios, Washington, DC, February 1984.

SINGLE FAMILY HOME PURCHASE PRICES 1981-1984: Federal Home Loan Bank Board, Mortgage Interest Rate Survey, Characteristics of Conventional

Fully Amortized First Mortgage Loans Closed on Single Family Homes, unpublished, Washington, DC, 1985.

VALUE OF NEW RESIDENTIAL CONSTRUCTION CONTRACTS: U.S. Department of Commerce, Bureau of the Census, Statistical Abstract of the United States, 106th ed., Table No 1294, Construction Contracts--Value, by States, Washington, DC, 1985.

VALUE OF SITE RELATIVE TO TOTAL HOME VALUE: U.S. Department of Housing and Urban Development, Federal Housing Administration, FHA Homes 1984--Data for States and Selected Areas on Characteristics of FHA Operations Under Section 203, Washington, DC.

6B. Commercial and Industrial Property.

Definition: Taxes conditioned upon the ownership of commercial and industrial property (excluding public utilities) based on the value of land, buildings, equipment, inventories, and depletable assets such as the value of mineral property, oil and gas wells, other natural deposits, etc..

The tax burden on business property was derived by applying the percentage of 1981 gross assessed value of business property to the total of 1984 property tax collections.

Tax base: Estimated net book value of assets including inventories, depreciable assets, depletable assets, and land of corporations.

Property values for partnerships and other unincorporated businesses, farms, and public utilities is not included. Railroad property is included.

The national 1984 net book values for 35 SIC industry groupings were estimated by applying to the 1982 values the change between 1982 and 1984 in new book values of property assets. Because data are not available for transportation, finance, or service industries, their book values were inflated by the changes in their respective total payrolls between 1982 and 1984. The estimated corporate property values for each industry were allocated to the states according to each state's share of each industry's payroll. The sum of all the individual industry property values was used as an estimate of each state's commercial-industrial property tax base.

Sources:

BOOK VALUE OF ASSETS (1982): U.S. Department of Treasury, Internal Revenue Service, Corporation Source Book of Statistics of Income, Washington, DC, 1985.

BOOK VALUE OF ASSETS, SELECTED INDUSTRIES (1982-1984): U.S. Census Bureau, Quarterly Financial Report for Manufacturing, Mining and Trade Corporations, Washington, DC, 4th quarter, 1983, and 4th quarter, 1984.

PAYROLL BY INDUSTRY BY STATE: U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, Washington, DC, August 1985.

6C. Farm Real Estate

Definition: Taxes conditioned on the ownership of farm realty and farm personal property such as livestock, crop inventories, and farm equipment.

Tax Base: Estimated value of farm land and buildings.

Sources:

FARM VALUES: U.S. Department of Commerce, Bureau of the Census, Statistical Abstract of the United States, 106th ed., Table # 1135, Washington, DC, 1985.

FARM PROPERTY TAXES: U.S. Department of Agriculture, Economic Research Service, Washington, DC, unpublished data.

6D. Public Utilities

Definition: Taxes conditioned on investor ownership of public utilities such as gas, electric and telephone companies.

Public utility property tax rates are applied on the combined value of buildings, equipment, material, and land.

Tax Base: Because individual state data are not available, each state's public utility property tax base was based on a proxy measure consisting of the sum of gas, electric, and telephone company nonfinancial assets, estimated as follows:

1. Gas company net assets were allocated to each state according to its share of the total number of miles of gas pipeline.
2. Electric company net assets were allocated to each state according to its share of the total investor-owned electrical generating capacity.
3. Telephone company net assets were allocated to each state according to its share of the total number of access lines.

Sources:

GAS COMPANY NET ASSETS AND GAS PIPELINE MILEAGE: American Gas Association, Gas Facts, 1984, Arlington, VA, 1985.

ELECTRIC COMPANY NET ASSETS AND ELECTRICAL GENERATING CAPACITY: Edison Electric Institute, 1984 Statistical Yearbook of the Electric Utility Industry, Washington, DC, 1985.

BELL SYSTEM NET ASSETS: American Telephone and Telegraph Company, 1984 Annual Report, New York, NY 1985.

INDEPENDENT TELEPHONE COMPANY NET ASSETS AND NUMBER OF TELEPHONES: United States Independent Telephone Association, Telephone Statistics 1985 for the Year 1984, Washington, DC, July 1985.

7. Estate and Gift Taxes

Definition: Taxes imposed on the transfer of property at death, in contemplation of death, or as a gift.

Tax Base: Federal estate and gift tax liability.

Because the federal estate laws are applied uniformly over the states, a given state's liability should reflect the size of its base. This treatment can also be justified because many states limit their estate taxes to the amount of credit premitted by the federal government for the state taxes.

Source:

US Department of the Treasury, Commissioner and Chief Counsel, Internal Revenue Service, Highlights of 1985, Washington, DC, 1986.

8. Severance Taxes

Definition: Taxes imposed distinctively on the removal of natural products --e.g., oil, gas, and other minerals.

The Alaskan special tax on pipeline property and the state's unique oil and gas corporate income tax have been included, as well as New Mexico's property tax on oil and gas production equipment and West Virginia's business tax on coal companies. Taxes imposed on resources other than minerals such as water, timber, or fish, have been excluded.

Because oil and gas, coal, and nonfuel minerals are taxed at substantially different rates, they are each estimated individually--a separate representative tax rate and base were measured for each of the three severance categories.

Tax Base: For each category--oil and gas, coal, and nonfuel minerals--the base was estimated by the value of production.

Sources:

VALUE OF MINERAL PRODUCTION, EXCEPT FUELS: U.S. Department of Interior, Bureau of Mines, Preprint Proxy to the 1984 Minerals Yearbook, Washington, DC, 1985.

OIL PRODUCTION: U.S. Department of Energy, Energy Information Administration, Petroleum Supply Annual, 1984, Washington, DC, 1985.

OIL WELLHEAD PRICES BY STATE: U.S. Department of Energy, Energy Information Administration, Petroleum Marketing Monthly, December 1985.

VALUE OF GAS PRODUCTION: U.S. Department of Energy, Energy Information Administration, Natural Gas Annual, 1984, Washington, DC 1985.

COAL PRODUCTIONS AND PRICES: U.S. Department of Energy, Energy Information Administration, Coal Production--1984, Washington, DC, 1985.

VALUE OF URANIUM PRODUCTION: U.S. Department of Energy, Energy Information Administration, Uranium Industry Annual, 1984, Washington, DC, October, 1985.

ADDITIONAL BASES FOR THE RRS

9. All Other Taxes

Definition: A variety of minor taxes remaining after the RTS taxes are excluded from the total.

Tax Base: Total personal income, 1984.

Source:

U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, August 1985.

10. Rents and Royalties

Definition: Payments for state-owned mineral resources not included under severance taxation and excluding revenues received under the federal Mineral Leasing Act. Actual revenues used as the base, so the effort index is always 100.

Base: Actual rent and royalty revenues.

Source:

U.S. Department of Commerce, Bureau of the Census, State Government Finances in 1984.

11. Payments under Mineral Leasing Act

Definition: Payments from the federal government under the Mineral Leasing Act. As before, actual revenues were used as the base, so the effort index is always 100, when payments are made.

Base: Actual mineral leasing act revenues.

Source:

U.S. Department of Commerce, Bureau of the Census, Federal Expenditures by State for FY 1984.

12. User Charges

Definition: The Census category of "current charges," which comprises amounts received for the performance of specific services benefiting those charged and for sales of goods and services. State insurance, liquor, and utility receipts are excluded. Distinguished from license taxes, which relate to the granting of privileges and regulatory activities.

Base: Total personal income, 1984.

Source:

U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, August 1985.

Appendix D

SUMMARY TAX TABLES FOR PAST YEARS

This appendix provides the same detail on total RTS taxes for past years 1975, 1977, 1979, 1980, 1981, 1982 and 1983 as shown in Appendix B for 1984. Explanations of the data concepts appear in the introduction to Appendix B.

The data for 1979 and 1980 are the same as in the ACIR report, Tax Capacity of the Fifty States, Supplement: 1980 Estimates, released in mimeograph form in June 1982. The 1981 data are taken from 1981 Tax Capacity of the Fifty States, A-93, published in September 1983. That report also contains the revisions of the 1975 and 1977 data which are reprinted here. The 1982 data are taken from 1982 Tax Capacity of the Fifty States, M-142, published in May 1985, and the 1983 data from 1983 Tax Capacity of the States, M-148, published April 1986.

Table D–1

1975 ALL RTS TAXES

State	Capacity Per Capita	Tax Capacity Index	Tax Capacity	Tax Revenue	Revenue Per Capita	Tax Effort Index
Alabama	$490.08	77.1	$1,803,982	$1,424,116	$386.88	78.9
Alaska	$981.95	154.6	$363,323	$277,936	$751.18	76.5
Arizona	$585.52	92.2	$1,338,497	$1,443,212	$631.33	107.8
Arkansas	$497.30	78.3	$1,073,169	$840,383	$389.43	78.3
California	$699.02	110.0	$15,054,715	$17,969,933	$834.37	119.4
Colorado	$671.48	105.7	$1,736,440	$1,564,065	$604.82	90.1
Connecticut	$700.92	110.3	$2,162,327	$2,134,842	$692.01	98.7
Delaware	$790.76	124.5	$465,757	$389,532	$661.34	83.6
Washington D.C.	$747.40	117.6	$530,657	$496,991	$699.99	93.7
Florida	$650.27	102.4	$5,554,613	$4,107,125	$480.82	73.9
Georgia	$544.86	85.8	$2,756,450	$2,441,749	$482.65	88.6
Hawaii	$689.84	108.6	$609,814	$726,500	$821.83	119.1
Idaho	$564.82	88.9	$469,931	$421,477	$506.58	89.7
Illinois	$713.66	112.3	$8,068,641	$7,999,697	$707.56	99.1
Indiana	$622.39	98.0	$3,330,402	$3,064,328	$572.66	92.0
Iowa	$675.38	106.3	$1,945,765	$1,811,807	$628.88	93.1
Kansas	$690.28	108.7	$1,573,152	$1,335,591	$586.04	84.9
Kentucky	$540.05	85.0	$1,873,428	$1,581,159	$455.80	84.4
Louisiana	$617.71	97.2	$2,401,041	$2,080,583	$535.27	86.7
Maine	$536.30	84.4	$575,454	$596,499	$555.92	103.7
Maryland	$639.90	100.7	$2,660,067	$2,808,549	$675.62	105.6
Massachusetts	$623.06	98.1	$3,590,086	$4,616,687	$801.23	128.6
Michigan	$638.89	100.6	$5,818,967	$6,187,606	$679.36	106.3
Minnesota	$617.62	97.2	$2,424,761	$2,848,204	$725.47	117.5
Mississippi	$445.04	70.0	$1,068,098	$1,021,459	$425.61	95.6
Missouri	$608.52	95.8	$2,917,841	$2,440,224	$508.91	83.6
Montana	$652.69	102.7	$488,863	$449,477	$600.10	91.9
Nebraska	$670.52	105.5	$1,033,272	$876,035	$568.48	84.8
Nevada	$918.52	144.6	$569,481	$398,989	$643.53	70.1
New Hampshire	$651.19	102.5	$540,491	$406,020	$489.18	75.1
New Jersey	$690.15	108.6	$5,066,366	$5,206,910	$709.29	102.8
New Mexico	$613.19	96.5	$713,143	$605,877	$520.96	85.0
New York	$622.39	98.0	$11,223,009	$17,913,237	$993.41	159.6
North Carolina	$542.67	85.4	$3,003,668	$2,578,457	$465.85	85.8
North Dakota	$643.65	101.3	$410,649	$379,678	$595.11	92.5
Ohio	$659.55	103.8	$7,103,356	$5,647,583	$524.38	79.5
Oklahoma	$623.30	98.1	$1,727,796	$1,261,183	$454.97	73.0
Oregon	$634.59	99.9	$1,475,413	$1,415,956	$609.01	96.0
Pennsylvania	$625.29	98.4	$7,439,723	$6,918,119	$581.45	93.0
Rhode Island	$558.88	88.0	$528,699	$593,201	$627.06	112.2
South Carolina	$490.18	77.2	$1,421,530	$1,211,446	$417.74	85.2
South Dakota	$600.14	94.5	$408,698	$356,999	$524.23	87.4
Tennessee	$531.08	83.6	$2,262,941	$1,785,640	$419.07	78.9
Texas	$702.19	110.5	$8,825,148	$6,026,158	$479.48	68.3
Utah	$547.30	86.1	$675,369	$602,666	$488.38	89.2
Vermont	$598.21	94.2	$287,139	$310,179	$646.21	108.0
Virginia	$594.01	93.5	$3,003,289	$2,616,492	$517.50	87.1
Washington	$621.77	97.9	$2,250,187	$2,274,869	$628.59	101.1
West Virginia	$562.63	88.6	$1,035,804	$883,747	$480.04	85.3
Wisconsin	$625.01	98.4	$2,856,311	$3,281,113	$717.97	114.9
Wyoming	$976.33	153.7	$371,004	$258,467	$680.18	69.7
U.S. TOTALS	$635.32	100.0	$136,888,751	$136,888,752	$100.00	635.3

NOTE: All per capita amounts are in dollars; total amounts are in thousands of dollars.

Table D–2

1977 ALL RTS TAXES

State	Capacity Per Capita	Tax Capacity Index	Tax Capacity	Tax Revenue	Revenue Per Capita	Tax Effort Index
Alabama	$593.58	77.1	$2,245,529	$1,769,938	$467.87	78.8
Alaska	$1,219.08	158.3	$482,757	$627,876	$1,585.55	130.1
Arizona	$686.96	89.2	$1,667,258	$1,840,753	$758.45	110.4
Arkansas	$602.43	78.2	$1,329,568	$1,037,165	$469.94	78.0
California	$874.37	113.6	$19,542,166	$22,781,942	$1,019.33	116.6
Colorado	$825.29	107.2	$2,224,991	$2,113,575	$783.97	95.0
Connecticut	$859.16	111.6	$2,653,929	$2,725,909	$882.46	102.7
Delaware	$927.13	120.4	$551,643	$440,046	$739.57	79.8
Washington D.C.	$943.73	122.6	$643,625	$758,483	$1,112.15	117.8
Florida	$775.16	100.7	$6,890,430	$5,023,208	$565.10	72.9
Georgia	$647.45	84.1	$3,374,503	$3,003,345	$576.24	89.0
Hawaii	$821.47	106.7	$752,465	$861,744	$940.77	114.5
Idaho	$676.80	87.9	$597,611	$533,846	$604.58	89.3
Illinois	$864.20	112.2	$9,857,026	$9,502,926	$833.15	96.4
Indiana	$772.72	100.4	$4,176,534	$3,457,834	$639.75	82.8
Iowa	$806.36	104.7	$2,349,737	$2,123,162	$728.61	90.4
Kansas	$810.35	105.3	$1,878,395	$1,665,636	$718.57	88.7
Kentucky	$637.90	82.9	$2,280,502	$1,917,163	$536.27	84.1
Louisiana	$765.99	99.5	$3,076,226	$2,415,321	$601.42	78.5
Maine	$634.52	82.4	$701,139	$703,361	$636.53	100.3
Maryland	$777.52	101.0	$3,261,709	$3,435,116	$818.86	105.3
Massachusetts	$734.19	95.4	$4,217,186	$5,588,114	$972.86	132.5
Michigan	$793.08	103.0	$7,262,259	$7,929,331	$865.93	109.2
Minnesota	$772.76	100.4	$3,075,568	$3,448,180	$866.38	112.1
Mississippi	$538.48	69.9	$1,324,661	$1,239,532	$503.87	93.6
Missouri	$735.91	95.6	$3,565,494	$2,865,258	$591.38	80.4
Montana	$791.47	102.8	$610,223	$574,983	$745.76	94.2
Nebraska	$780.39	101.4	$1,212,729	$1,187,139	$763.92	97.9
Nevada	$1,137.08	147.7	$770,941	$475,982	$702.04	61.7
New Hampshire	$781.90	101.6	$681,819	$494,980	$567.64	72.6
New Jersey	$813.94	105.7	$5,975,958	$6,732,640	$917.00	112.7
New Mexico	$756.10	98.2	$926,222	$710,829	$580.27	76.7
New York	$721.72	93.7	$12,884,164	$21,655,653	$1,213.07	168.1
North Carolina	$638.39	82.9	$3,618,395	$3,162,884	$558.02	87.4
North Dakota	$758.62	98.5	$492,346	$432,129	$665.84	87.8
Ohio	$799.80	103.9	$8,614,618	$6,756,882	$627.32	78.4
Oklahoma	$779.33	101.2	$2,233,548	$1,617,975	$564.54	72.4
Oregon	$800.19	103.9	$1,951,653	$1,799,508	$737.81	92.2
Pennsylvania	$760.70	98.8	$9,038,590	$8,471,665	$712.98	93.7
Rhode Island	$672.19	87.3	$641,936	$728,774	$763.11	113.5
South Carolina	$589.70	76.6	$1,762,600	$1,519,733	$508.44	86.2
South Dakota	$697.84	90.6	$480,812	$415,949	$603.70	86.5
Tennessee	$637.57	82.8	$2,806,595	$2,311,205	$525.04	82.3
Texas	$860.02	111.7	$11,345,393	$7,747,713	$587.30	68.3
Utah	$680.01	88.3	$894,889	$815,133	$619.40	91.1
Vermont	$712.42	92.5	$350,512	$363,583	$738.99	103.7
Virginia	$703.88	91.4	$3,664,401	$3,211,306	$616.85	87.6
Washington	$773.24	100.4	$2,916,647	$2,737,202	$725.66	93.8
West Virginia	$690.64	89.7	$1,316,354	$1,054,923	$553.47	80.1
Wisconsin	$765.95	99.5	$3,533,317	$4,009,596	$869.19	113.5
Wyoming	$1,182.29	153.6	$487,104	$397,573	$964.98	81.6
U.S. TOTALS	$769.91	100.0	$169,194,702	$169,194,703	$769.91	100.0

NOTE: All per capita amounts are in dollars; total amounts are in thousands of dollars.

Table D–3

1979 ALL RTS TAXES

State	Capacity Per Capita	Tax Capacity Index	Tax Capacity	Tax Revenue	Revenue Per Capita	Tax Effort Index
Alabama	$659.55	76.1	$2,551,780	$2,186,816	$565.22	85.7
Alaska	$1,884.16	217.4	$757,431	$976,989	$2,430.32	129.0
Arizona	$787.61	90.9	$2,078,492	$2,382,420	$902.77	114.6
Arkansas	$670.86	77.4	$1,522,184	$1,239,775	$546.40	81.4
California	$1,004.21	115.9	$23,353,002	$22,107,852	$950.67	94.7
Colorado	$954.54	110.1	$2,719,478	$2,615,850	$918.16	96.2
Connecticut	$940.09	108.5	$2,914,284	$2,980,583	$961.48	102.3
Delaware	$948.81	109.5	$568,335	$542,545	$905.75	95.5
Washington D.C.	$952.06	109.9	$624,550	$826,071	$1,259.25	132.3
Florida	$865.82	99.9	$8,200,157	$6,414,356	$677.26	78.2
Georgia	$705.01	81.3	$3,800,688	$3,637,460	$674.73	95.7
Hawaii	$890.86	102.8	$846,320	$1,080,086	$1,136.93	127.6
Idaho	$791.09	91.3	$738,084	$671,013	$719.20	90.9
Illinois	$968.90	111.8	$11,067,718	$10,941,473	$957.85	98.9
Indiana	$848.82	97.9	$4,647,289	$3,913,805	$714.85	84.2
Iowa	$937.42	108.2	$2,734,451	$2,547,613	$873.37	93.2
Kansas	$947.68	109.4	$2,224,209	$1,937,041	$825.33	87.1
Kentucky	$735.80	84.9	$2,681,237	$2,324,210	$637.82	86.7
Louisiana	$896.79	103.5	$3,711,826	$3,050,210	$736.94	82.2
Maine	$694.49	80.1	$781,295	$856,575	$761.40	109.6
Maryland	$856.87	98.9	$3,618,552	$3,953,894	$936.28	109.3
Massachusetts	$809.86	93.4	$4,653,452	$6,720,404	$1,169.58	144.4
Michigan	$901.95	104.1	$8,342,109	$9,443,332	$1,021.01	113.2
Minnesota	$912.79	105.3	$3,685,855	$4,253,966	$1,053.48	115.4
Mississippi	$607.08	70.0	$1,522,548	$1,469,557	$585.95	96.5
Missouri	$842.49	97.2	$4,118,941	$3,380,172	$691.38	82.1
Montana	$982.07	113.3	$774,856	$678,141	$859.49	87.5
Nebraska	$863.25	99.6	$1,350,124	$1,317,718	$842.53	97.6
Nevada	$1,330.51	153.5	$1,017,838	$663,361	$867.14	65.2
New Hampshire	$834.63	96.3	$761,178	$596,428	$653.98	78.4
New Jersey	$885.96	102.2	$6,532,180	$7,691,389	$1,043.18	117.7
New Mexico	$894.22	103.2	$1,145,494	$974,144	$760.46	85.0
New York	$772.03	89.1	$13,614,036	$23,275,641	$1,319.93	171.0
North Carolina	$708.27	81.7	$4,109,391	$3,736,400	$643.98	90.9
North Dakota	$940.94	108.6	$613,490	$476,714	$731.16	77.7
Ohio	$872.80	100.7	$9,425,331	$8,125,205	$752.40	86.2
Oklahoma	$936.85	108.1	$2,782,445	$2,058,991	$693.26	74.0
Oregon	$922.22	106.4	$2,377,471	$2,202,689	$854.42	92.6
Pennsylvania	$806.49	93.1	$9,576,256	$10,096,094	$850.27	105.4
Rhode Island	$727.22	83.9	$695,951	$842,183	$880.03	121.0
South Carolina	$656.71	75.8	$2,027,258	$1,851,868	$599.89	91.3
South Dakota	$821.98	94.8	$566,344	$475,426	$690.02	83.9
Tennessee	$700.99	80.9	$3,177,571	$2,758,544	$608.55	86.8
Texas	$1,011.41	116.7	$14,045,386	$9,045,174	$651.34	64.4
Utah	$751.97	86.8	$1,064,785	$1,057,766	$747.01	99.3
Vermont	$740.13	85.4	$374,505	$410,027	$810.33	109.5
Virginia	$803.13	92.7	$4,276,688	$3,778,280	$709.54	88.3
Washington	$895.97	103.4	$3,595,515	$3,463,003	$862.95	96.3
West Virginia	$800.23	92.3	$1,551,655	$1,275,262	$657.69	82.2
Wisconsin	$862.24	99.5	$4,023,208	$4,755,064	$1,019.09	118.2
Wyoming	$1,500.69	173.2	$678,309	$562,055	$1,243.49	82.9
U.S. TOTALS	$866.65	100.0	$194,621,665	$194,621,667	$866.65	100.0

NOTE: All per capita amounts are in dollars; total amounts are in thousands of dollars.

Table D–4

1980 ALL RTS TAXES

State	Capacity Per Capita	Tax Capacity Index	Tax Capacity	Tax Revenue	Revenue Per Capita	Tax Effort Index
Alabama	$718.08	75.7	$2,799,780	$2,384,918	$611.67	85.2
Alaska	$2,463.42	259.7	$990,293	$1,646,202	$4,095.03	166.2
Arizona	$841.29	88.7	$2,291,663	$2,690,584	$987.73	117.4
Arkansas	$749.52	79.0	$1,717,155	$1,468,459	$640.97	85.5
California	$1,109.69	117.0	$26,331,802	$26,800,496	$1,129.44	101.8
Colorado	$1,068.51	112.6	$3,094,400	$2,797,433	$965.96	90.4
Connecticut	$1,058.49	111.6	$3,297,188	$3,291,924	$1,056.80	99.8
Delaware	$1,057.35	111.4	$631,239	$561,445	$940.45	88.9
Washington D.C.	$1,051.24	110.8	$672,793	$882,700	$1,379.22	131.2
Florida	$949.01	100.0	$9,355,327	$6,908,203	$700.77	73.8
Georgia	$778.09	82.0	$4,262,375	$4,100,241	$748.49	96.2
Hawaii	$1,010.60	106.5	$978,257	$1,217,877	$1,258.14	124.5
Idaho	$830.11	87.5	$786,111	$694,191	$733.04	88.3
Illinois	$1,021.05	107.6	$11,687,956	$11,977,864	$1,046.38	102.5
Indiana	$874.94	92.2	$4,814,798	$4,056,063	$737.06	84.2
Iowa	$997.94	105.2	$2,913,978	$2,789,467	$955.30	95.7
Kansas	$1,032.42	108.8	$2,445,803	$2,150,164	$907.63	87.9
Kentucky	$787.16	83.0	$2,888,891	$2,560,950	$697.81	88.6
Louisiana	$1,036.40	109.2	$4,368,436	$3,395,536	$805.58	77.7
Maine	$759.27	80.0	$856,451	$951,629	$843.64	111.1
Maryland	$941.01	99.2	$3,977,646	$4,320,412	$1,022.10	108.6
Massachusetts	$912.58	96.2	$5,248,268	$7,060,839	$1,227.76	134.5
Michigan	$919.94	97.0	$8,537,076	$9,867,747	$1,063.33	115.6
Minnesota	$969.33	102.2	$3,961,646	$4,402,580	$1,077.22	111.1
Mississippi	$657.81	69.3	$1,662,290	$1,603,620	$634.59	96.5
Missouri	$887.89	93.6	$4,376,434	$3,657,131	$741.96	83.6
Montana	$1,066.59	112.4	$841,538	$775,546	$982.95	92.2
Nebraska	$918.34	96.8	$1,445,462	$1,477,223	$938.52	102.2
Nevada	$1,465.23	154.4	$1,173,647	$698,404	$871.92	59.5
New Hampshire	$915.54	96.5	$845,046	$633,959	$686.85	75.0
New Jersey	$996.88	105.1	$7,365,925	$8,247,468	$1,116.18	112.0
New Mexico	$1,016.20	107.1	$1,324,114	$1,100,681	$844.73	83.1
New York	$855.25	90.1	$15,057,553	$25,201,545	$1,431.42	167.4
North Carolina	$754.34	79.5	$4,441,553	$4,303,975	$730.97	96.9
North Dakota	$1,027.74	108.3	$672,138	$529,354	$809.41	78.8
Ohio	$918.44	96.8	$9,940,257	$8,616,655	$796.14	86.7
Oklahoma	$1,107.97	116.8	$3,360,458	$2,404,433	$792.76	71.6
Oregon	$978.50	103.1	$2,582,257	$2,409,913	$913.19	93.3
Pennsylvania	$878.63	92.6	$10,451,293	$10,845,991	$911.81	103.8
Rhode Island	$794.81	83.8	$755,072	$929,754	$978.69	123.1
South Carolina	$713.86	75.2	$2,232,948	$2,131,822	$681.53	95.5
South Dakota	$855.62	90.2	$592,945	$523,256	$755.06	88.2
Tennessee	$749.36	79.0	$3,448,535	$2,902,564	$630.72	84.2
Texas	$1,172.51	123.6	$16,723,511	$10,858,746	$761.32	64.9
Utah	$815.73	86.0	$1,195,045	$1,208,944	$825.22	101.2
Vermont	$801.49	84.5	$411,164	$428,281	$834.86	104.2
Virginia	$899.06	94.8	$4,818,051	$4,256,031	$794.18	88.3
Washington	$976.17	102.9	$4,041,326	$3,788,027	$914.98	93.7
West Virginia	$888.77	93.7	$1,736,662	$1,426,263	$729.92	82.1
Wisconsin	$898.66	94.7	$4,238,961	$4,931,821	$1,045.54	116.3
Wyoming	$1,861.55	196.2	$880,512	$654,657	$1,384.05	74.3
U.S. TOTALS	$948.73	100.0	$215,524,055	$215,524,055	$948.73	100.0

NOTE: All per capita amounts are in dollars; total amounts are in thousands of dollars.

Table D-5

1981 ALL RTS TAXES

State	Capacity Per Capita	Tax Capacity Index	Tax Capacity	Tax Revenue	Revenue Per Capita	Tax Effort Index
Alabama	$766.74	74.5	$3,003,307	$2,720,058	$694.42	90.6
Alaska	$3333.35	323.8	$1,373,339	$2,533,290	$6148.76	184.5
Arizona	$913.45	88.7	$2,552,170	$2,702,681	$967.32	105.9
Arkansas	$839.75	81.6	$1,928,064	$1,522,070	$662.92	78.9
California	$1186.14	115.2	$28,699,946	$28,795,873	$1190.11	100.3
Colorado	$1160.97	112.8	$3,442,285	$2,877,328	$970.43	83.6
Connecticut	$1131.92	109.9	$3,547,437	$3,643,861	$1162.69	102.7
Delaware	$1143.38	111.1	$683,739	$593,579	$992.61	86.8
Washington D.C.	$1142.80	111.0	$721,108	$1,049,103	$1662.60	145.5
Florida	$1040.65	101.1	$10,596,964	$7,762,573	$762.31	73.3
Georgia	$838.18	81.4	$4,672,010	$4,545,647	$815.51	97.3
Hawaii	$1076.52	104.6	$1,056,069	$1,327,453	$1353.16	125.7
Idaho	$891.21	86.6	$854,666	$743,224	$775.00	87.0
Illinois	$1070.10	103.9	$12,265,499	$12,883,547	$1124.02	105.0
Indiana	$932.45	90.6	$5,098,620	$4,510,288	$824.85	88.5
Iowa	$1053.56	102.3	$3,054,275	$2,999,988	$1034.84	98.2
Kansas	$1125.09	109.3	$2,681,082	$2,332,740	$978.91	87.0
Kentucky	$843.99	82.0	$3,090,679	$2,732,962	$746.30	88.4
Louisiana	$1200.46	116.6	$5,171,597	$3,968,957	$921.30	76.7
Maine	$815.84	79.2	$924,350	$1,046,896	$924.00	113.3
Maryland	$1009.37	98.0	$4,302,930	$4,621,140	$1084.01	107.4
Massachusetts	$988.64	96.0	$5,707,408	$7,649,132	$1324.98	134.0
Michigan	$990.53	96.2	$9,116,811	$10,584,723	$1150.01	116.1
Minnesota	$1030.88	100.1	$4,220,423	$4,591,076	$1121.42	108.8
Mississippi	$737.47	71.6	$1,866,537	$1,766,352	$697.89	94.6
Missouri	$947.69	92.1	$4,682,535	$3,803,382	$769.76	81.2
Montana	$1168.94	113.5	$926,971	$856,475	$1080.05	92.4
Nebraska	$996.91	96.8	$1,572,120	$1,490,766	$945.32	94.8
Nevada	$1523.84	148.0	$1,287,640	$793,614	$939.19	61.6
New Hampshire	$982.72	95.5	$919,823	$679,850	$726.34	73.9
New Jersey	$1077.82	104.7	$7,980,165	$8,913,238	$1203.84	111.7
New Mexico	$1170.00	113.6	$1,553,764	$1,383,998	$1042.17	89.1
New York	$916.42	89.0	$16,130,756	$27,586,527	$1567.24	171.0
North Carolina	$818.77	79.5	$4,874,160	$4,644,360	$780.17	95.3
North Dakota	$1271.12	123.5	$836,394	$619,109	$940.90	74.0
Ohio	$971.91	94.4	$10,478,129	$9,292,758	$861.96	88.7
Oklahoma	$1310.98	127.3	$4,064,042	$2,950,586	$951.80	72.6
Oregon	$1019.42	99.0	$2,702,486	$2,734,563	$1031.52	101.2
Pennsylvania	$931.14	90.4	$11,053,593	$11,580,833	$975.56	104.8
Rhode Island	$827.46	80.4	$788,572	$1,024,150	$1074.66	129.9
South Carolina	$774.19	75.2	$2,451,857	$2,335,778	$737.54	95.3
South Dakota	$888.98	86.3	$609,842	$566,624	$825.98	92.9
Tennessee	$812.85	79.0	$3,748,859	$3,262,599	$707.42	87.0
Texas	$1359.95	132.1	$20,081,016	$12,969,436	$878.33	64.6
Utah	$890.37	86.5	$1,351,578	$1,310,878	$863.56	97.0
Vermont	$864.76	84.0	$446,218	$469,170	$909.25	105.1
Virginia	$969.08	94.1	$5,262,084	$4,709,596	$867.33	89.5
Washington	$1020.67	99.1	$4,304,161	$3,962,131	$939.56	92.1
West Virginia	$926.36	90.0	$1,808,250	$1,503,005	$769.98	83.1
Wisconsin	$935.97	90.9	$4,438,392	$5,337,943	$1125.67	120.3
Wyoming	$2227.54	216.4	$1,095,948	$794,757	$1615.36	72.5
U.S. TOTALS	$1029.52	100.0	$236,080,697	$236,080,697	$1029.52	100.0

NOTE: All per capita amounts are in dollars; total amounts are in thousands of dollars.

Table D-6

1982 ALL RTS TAXES

State	Capacity Per Capita	Tax Capacity Index	Tax Capacity	Tax Revenue	Revenue Per Capita	Tax Effort Index
Alabama	$819.38	73.8	$3,229,191	$2,812,678	$713.70	87.1
Alaska	3,471.05	312.4	1,541,145	2,768,954	6,236.38	179.7
Arizona	1,062.80	95.7	3,073,607	2,821,799	975.73	91.8
Arkansas	871.79	78.5	2,011,224	1,633,901	708.24	81.2
California	1,287.97	115.9	31,808,920	31,422,611	1,272.33	98.8
Colorado	1,347.38	121.3	4,137,816	3,343,639	1088.78	80.8
Connecticut	1,303.52	117.3	4,074,790	4,035,020	1,290.79	99.0
Delaware	1,276.96	114.9	766,178	643,354	1072.26	84.0
Washington, DC	1,273.57	114.6	797,256	1,155,296	1,845.52	144.9
Florida	1,152.69	103.8	12,064,076	8,696,462	830.93	72.1
Georgia	929.71	83.7	5,252,011	5,031,029	890.76	95.8
Hawaii	1301.73	117.2	1,297,825	1,366,673	1370.79	105.3
Idaho	955.85	86.0	933,864	789,307	807.89	84.5
Illinois	1,094.41	98.5	12,548,523	13,432,790	1,171.53	107.0
Indiana	987.14	88.9	5,411,526	4,775.085	871.05	88.2
Iowa	1,065.98	96.0	3,097,751	3,264,237	1,123.27	105.4
Kansas	1,180.99	106.3	2,843,829	2,489,664	1,033.91	87.5
Kentucky	909.00	81.8	3,356,039	2,969,282	804.25	88.5
Louisiana	1,255.94	113.1	5,504,786	4,503,309	1,027.45	81.3
Maine	935.14	84.2	1,062,317	1,134,415	998.60	106.8
Maryland	1,106.11	99.6	4,723,100	5,017,092	1,174.96	106.2
Massachusetts	1,116.52	100.5	6,420,008	7,662,459	1,332.60	119.4
Michigan	1,031.25	92.8	9,400,836	11,313,150	1,241.02	120.3
Minnesota	1,100.08	99.0	4,546,619	5,059,809	1,224.25	111.3
Mississippi	785.53	70.7	2,018,030	1,864,137	725.63	92.4
Missouri	1,004.92	90.5	4,966,333	4,051,447	819.80	81.6
Montana	1,219.27	109.8	981,515	953,677	1,184.69	97.2
Nebraska	1,078.94	97.1	1,714,431	1,602,660	1,008.60	93.5
Nevada	1,674.31	150.7	1,466,691	920,801	1,051.14	62.8
New Hampshire	1,110.01	99.9	1,052,285	788,250	831.49	74.9
New Jersey	1,171.82	105.5	8,703,095	9,817,921	1,321.92	112.8
New Mexico	1,272.99	114.6	1,740,172	1,435,035	1,049.77	82.5
New York	1,019.29	91.8	17,905,923	30,421,002	1,731.71	169.9
North Carolina	905.50	81.5	5,450,199	5,104,468	848.06	93.7
North Dakota	1,278.22	115.1	858,962	709,800	1,056.25	82.6
Ohio	1,016.93	91.5	10,954,378	10,338,998	959.80	94.4
Oklahoma	1,399.38	126.0	4,514,415	3,534,924	1,095.76	78.3
Oregon	1.093.78	98.5	2,918,196	2,776,277	1,040.58	95.1
Pennsylvania	986.34	88.8	11,716,695	12,418,822	1,045.44	106.0
Rhode Island	903.65	81.3	861.181	1,143,165	1199.54	132.7
South Carolina	822.05	74.0	2,652,751	2,541,409	787.55	95.8
South Dakota	970.50	87.4	673,524	611,371	880.94	90.8
Tennessee	859.31	77.4	4,000,956	3,421,304	734.82	85.5
Texas	1,447.54	130.3	22,189,306	14,560,652	949.88	65,6
Utah	957.14	86.2	1,503,675	1,456,748	927.27	96.9
Vermont	982.66	88.5	510,981	523,796	1,007.30	102.5
Virginia	1,039.23	93.5	5,700,169	5,117,989	933.09	89.8
Washington	1,128.04	101.5	5,823,492	4,475,083	1,046.56	92.8
West Virginia	1,020.79	91.9	2,001,772	1,720,750	877.49	86.0
Wisconsin	964.30	86.8	4,575,594	5,850,842	1,233.05	127.9
Wyoming	2,234.37	201.1	1,137,295	1,190,912	2,339.71	104.7
U.S. TOTAL	$1,110.91	100.0	$257,494,256	$257,494,256	$1,110.91	100.0

NOTE: All per capita amounts are in dollars; total amounts are in thousands of dollars.

Table D-7

1983 ALL RTS TAXES

State	Capacity Per Capita	Tax Capacity Index	Tax Capacity	Tax Revenue	Revenue Per Capita	Tax Effort Index
Alabama	$879.52	74.8	$3,482,021	$3,017,055	$762.08	86.6
Alaska	3,197.91	271.9	1,531,798	2,541,654	5,306.17	165.9
Arizona	1,140.97	97.0	3,380,689	3,084,752	1,041.09	91.2
Arkansas	913.16	77.7	2,125,825	1,757,452	754.92	82.7
California	1,395.97	118.7	35,142,023	32,470,874	1,289.86	92.4
Colorado	1,436.96	122.2	4,510,614	3,561,238	1,134.51	79.0
Connecticut	1,456.06	123.8	4,569,103	4,400,895	1,402.45	96.3
Delaware	1,388.72	118.1	841,566	686,973	1,133.62	81.6
Washington, DC	1,371.74	116.6	854,592	1,250,422	2,007.10	146.3
Florida	1,216.52	103.4	12,992,425	9,757,580	913.63	75.1
Georgia	1,022.21	86.9	5,859,329	5,425,387	946.51	92.6
Hawaii	1,336.93	113.7	1,367,684	1,476,751	1,443.55	108.0
Idaho	979.56	83.3	968,781	838,297	847.62	86.5
Illinois	1,153.28	98.1	13,246,549	14,165,434	1,233.28	106.9
Indiana	1,012.50	86.1	5,547,509	4,925,277	898.94	88.8
Iowa	1,068.27	90.8	3,103,327	3,369,598	1,159.93	108.6
Kansas	1,203.23	102.3	2,917,845	2,696,629	1,112.01	92.4
Kentucky	926.60	78.8	3,441,397	3,124,179	841.19	90.8
Louisiana	1,254.58	106.7	5,567,839	4,526,268	1,019.89	81.3
Maine	1,060.84	90.2	1,215,723	1,220,161	1,064.71	100.4
Maryland	1,164.45	99.0	5,011,778	5,373,517	1,248.49	107.2
Massachusetts	1,252.91	106.5	7,225,509	8,102,892	1,405.04	112.1
Michigan	1,060.65	90.2	9,618,997	12,327,940	1,359.35	128.2
Minnesota	1,141.14	97.0	4,728,880	5,877,765	1,418.38	124.3
Mississippi	801.88	68.2	2,074,460	1,963,166	758.86	94.6
Missouri	1,049.01	89.2	5,213,579	4,531,320	911.73	86.9
Montana	1,237.53	105.2	1,011,065	946,827	1,158.91	93.6
Nebraska	1,184.30	100.7	1,891,333	1,785,338	1,117.93	94.4
Nevada	1,731.12	147.2	1,542,425	982,086	1,102.23	63.7
New Hampshire	1,265.42	107.6	1,213,537	836,787	872.56	69.0
New Jersey	1,319.26	112.2	9,852,207	10,741,709	1,438.36	109.0
New Mexico	1,268.10	107.8	1,774,076	1,401,341	1,001.67	79.0
New York	1,122.22	95.4	19,826,188	32,366,659	1,832.04	163.3
North Carolina	1,020.22	86.8	6,205,000	5,447,843	895.73	87.8
North Dakota	1,302.78	110.8	885,890	719,685	1,058.36	81.2
Ohio	1,051.31	89.4	11,297,348	11,621,122	1,081.44	102.9
Oklahoma	1,350.65	114.9	4,454,446	3,578,197	1,084.96	80.3
Oregon	1,122.84	95.5	2,988,989	3,092,487	1,161.72	103.5
Pennsylvania	1,037.73	88.2	12,343,767	12,935,494	1,087.47	104.8
Rhode Island	1,009.34	85.8	963,919	1,218,572	1,275.99	126.4
South Carolina	888.27	75.5	2,899,298	2,769,045	848.36	95.5
South Dakota	1,028.03	87.4	719,619	614,295	877.56	85.4
Tennessee	943.95	80.3	4,422,427	3,625,078	773.76	82.0
Texas	1,453.84	123.6	22,860,140	15,335,713	975.31	67.1
Utah	965.02	82.1	1,562,367	1,533,100	946.94	98.1
Vermont	1,102.49	93.8	578,805	551,372	1,050.23	95.3
Virginia	1,123.96	95.6	6,237,986	5,566,579	1,002.99	89.2
Washington	1,184.55	100.7	5,093,560	5,305,601	1,233.86	104.2
West Virginia	1,024.13	87.1	2,012,423	1,765,134	898.29	87.7
Wisconsin	1,024.99	87.2	4,869,737	6,685,192	1,407.11	137.3
Wyoming	2,144.92	182.4	1,102,487	1,250,212	2,432.32	113.4
U.S. TOTAL	$1,175.95	100.0	$275,148,881	$275,148,881	$1,175.95	100.0

NOTE: All per capita amounts are in dollars; total amounts are in thousands of dollars.

Appendix E

MEASURING THE FISCAL CAPACITY OF U.S. CITIES

Helen F. Ladd and John Yinger

In a recent study completed for the Department of Housing and Urban Development, we examine the revenue-raising capacity of all major U.S. central cities. Our approach to fiscal capacity is quite different from ACIR's representative-tax-system approach. We define fiscal capacity as the amount of revenue a city can raise from broad-based taxes at a given tax burden on its residents. As explained more fully below, our measure of fiscal capacity varies with resident income and the ability of a city to export tax burdens to nonresidents. By controlling for resident tax burden, this approach provides a clear basis for comparing fiscal capacity across cities. In addition, it can easily incorporate political institutions, and, hence, can be used to sort out the relative contributions of economic and institutional factors to the observed variation in fiscal capacity across cities.

The results reported here are for 78 major U.S. central cities. This set includes all cities for which complete information is available that fall into either of the following two categories: large cities, that is, cities with a population over 300,000, and central cities located in one of the 50 largest SMSAs in either 1970 or 1980. We focus here on the cross sectional variation in 1982. The full report also examines changes during the 1972-82 period.

BASIC APPROACH

Our measure of fiscal capacity starts with the idea that if all city workers, property owners, and consumers of city services lived inside the city, all taxes levied by the city would ultimately be paid out of the income of city residents, regardless of the particular taxes actually used. Thus, in this closed economy, the sum of individual taxpayers' abilities to pay, typically measured by income, would represent the basic constraint on the ability of the jurisdiction to raise revenue for public spending, and resident income would serve as a reasonable index of a city's fiscal capacity.

The situation is more complex in an open economy because some tax burdens may be borne by nonresidents. The precise mix of taxes available to a jurisdiction in this situation affects the fiscal capacity of the jurisdiction through the contribution of each tax base to the exportability of tax burdens. Thus, in an open city economy, local income is augmented by the resources of nonresidents, to the degree the city can tap them.

The study focuses on three broad-based taxes, the property tax, a local sales tax, and an earnings tax (with the base defined to include all earnings in the city). The potential or standard base for each tax is defined identically across cities and can be calculated for each city independent of whether

the city is legally allowed to tax the particular tax base. For a standardized tax effort by local residents, defined as a percentage (K*) of their per capita money income (Y), we define per capita potential fiscal capacity (FC) as:

$$FC = K^*Y(1+e)$$

In this formula, e is the amount of revenue that can be raised from nonresidents per dollar from residents from the three taxes, assuming that similar tax rates are used for resident and nonresident taxpayers. Thus, revenues from residents (K*Y) are augmented by revenue from nonresidents equal to eK*Y.

Two thorny technical issues arise at this point: How to estimate export ratios for each of the taxes and how to weight the export ratios for the three tax bases to calculate the overall export ratio e. The former problem requires assumptions about tax incidence, that is, who ultimately bears the burden of each tax, and information on whether the ultimate taxpayers are residents or nonresidents. The generation of these estimates is fully described in the study. Here, we simply point out that the ability of cities to export tax burdens to nonresidents is typically large, especially for the standard property and earnings tax bases, and that it varies substantially from one city to another. Cities with large residential shares of the property tax base, for example, typically have less ability to export property tax burdens than cities with large proportions of business property. Similarly, large variation across cities in the proportions of city earnings accruing to nonresident commuters into the city leads to large variation in the portion of an earnings tax that would be borne by nonresidents. To combine the export ratios for the three tax bases into a single export ratio for each city, we use uniform weights derived from actual revenue data. These weights are intended to roughly approximate the relative rates that cities would use if they had access to all three tax bases.

Finally, we set K* equal to 3% which is roughly the average fraction of resident income actually devoted to city taxes in our sample of cities. Setting a uniform K* is an important part of our approach; instead of achieving comparability across cities by using a uniform set of tax rates as done by the ACIR, we achieve comparability by imposing a constant burden on residents' incomes. The specific value of K* affects the numerical estimates of fiscal capacity, but has no impact on one city's capacity relative to another.

PER CAPITA INCOME VERSUS POTENTIAL FISCAL CAPACITY

The first two columns of Table E-1 show how per capita money income of city residents varies across seven illustrative cities and across all cities in the study. The second two columns contain our measure of potential fiscal capacity. For both measures, the results are presented first in dollars per capita and then in index form relative to the average of all cities. A comparison of the index values for the two measures indicates how the potential for tax exporting affects the relative position of particular cities and the overall variation across cities.

Tax exporting matters. In Atlanta and Boston, for example, above-average exporting potential more than offsets below-average income of city residents. In San Antonio, in contrast, below-average exporting reinforces below-average income of city residents to produce a revenue-raising capacity that is only 65% of that of the average city. In addition to its impact on the relative position of individual cities, tax exporting affects the overall variation across all study cities; compared to resident income alone, potential fiscal capacity exhibits a somewhat larger range and a substantially greater standard deviation

relative to the mean. Thus, per capita resident income--the measure of city capacity most commonly used in distribution formulas for federal aid--provides a misleading indication of city fiscal capacity.

ROLE OF FISCAL INSTITUTIONS

Potential fiscal capacity measures how the level of a city's economic activity would translate into revenue-raising capacity assuming the city were to

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Table E-1

MEASURES OF CITY FISCAL CAPACITY

Illustrative Cities	Per Capita Money Income (1981)		Potential Fiscal Capacity (K*=3%)		Actual Fiscal Capacity Per Unit of Service Responsibility	Actual Fiscal Capacity Plus Aid Per Unit of Service Responsibility
	Dollars Per Capita	Index	Dollars Per Capita	Index	Index	Index
Atlanta, GA	7,809	0.92	507	1.22	1.20	1.08
Baltimore, MD	7,076	0.83	329	0.79	0.62	1.25
Boston, MA	7,783	0.91	480	1.16	1.17	1.36
Denver, CO	10,319	1.21	523	1.26	1.09	1.10
Detroit, MI	7,090	0.8	[illegible]0	0.80	0.64	1.28
Oakland, CA	9,171	1.08	464	1.12	0.99	0.89
San Antonio, TX	6,936	0.81	270	0.65	0.73	0.56
All Cities in Study						
Average	8,609	1.00	414	1.00	1.00	1.00
Median	8,629	1.01	404	0.97	0.95	.95
Minimum	5,292	0.62	216	0.52	0.26	.47
Maximum	12,099	1.42	700	1.69	1.91	1.79
10th Percentile	7,090	0.83	314	0.76	0.62	.72
90th Percentile	10,330	1.21	525	1.27	1.45	1.35
Standard	1,232	0.14*	90	0.22*	0.32*	0.26*

*This number can be interpreted as the coefficient of variation, that is, the standard deviation divided by the mean.

SOURCE: Helen F. Ladd, John Yinger, Katherine L. Bradbury, Ronald Ferguson, and Avis Vidal, The Changing Economic and Fiscal Conditions of Cities, final report to the Department of Housing and Urban Development, 1986.

use the three standard tax bases. As such, it highlights how the local city economy affects fiscal capacity. But institutional factors are an important additional determinant of the revenue-raising capacity of cities. Decisions about which taxes to use or which services to provide typically are made by state governments and, hence, are often outside the direct control of city officials. Consequently, we develop additional measures of fiscal capacity that explicitly incorporate the fiscal constraints under which cities operate.

We incorporate four types of fiscal institutions. The first relates to tax bases. Within our 78 city sample, all use the property tax, but only half use a local sales tax, and only one out of five uses some form of income or earnings tax. Cities not using a sales or earnings tax are typically prohibited by state law from doing so. In addition, states often impose restrictions on the form of the base and how it can be taxed. States may require, for example, that the local sales tax base conform to the state base or that homesteads be exempt from the local property tax. Similarly, some states prohibit their local governments from fully taxing the earnings of nonresidents; Baltimore, for example, cannot tax nonresidents' earnings at all and Detroit can tax nonresidents at only half the resident rate. These restrictions reduce fiscal capacity to the extent that they reduce a city's ability to shift burdens to nonresidents. Thus, the first adjustment to our measure of fiscal capacity is to use actual, rather than standard bases, in calculating export ratios.

Second, we account for the fact that overlying governments also tax the economic base in the geographic area defined by city boundaries and hence compete with municipal governments for the available fiscal capacity. We deal with this by defining a city-specific proportion of resident income available for city taxes to replace the uniform K* in the measure of potential capacity. This new proportion represents a uniform burden of total state and local taxes on city residents adjusted downward for each city to account for the capacity "used up" by overlying governments.

The other side of the coin is the tremendous variation across cities in the services for which they are responsible. Some cities provide only traditional services such as police and fire, but others also provide county services and special services such as education and hospitals. In addition, state and county governments play a larger role in the provision of city services in some states than in others. We account for these differences by deflating each city's fiscal capacity by a measure of its service responsibilities constructed from state level data on 17 different services. A complete analysis of city spending responsibilities would also recognize that city specific demographic and physical characteristics make the cost of providing a given level of police, fire, and other services higher in some cities than in others. This consideration is ignored in our calculation of service responsibilities but is considered at length in our report to HUD.

To an extent, the adjustment on the capacity side for overlying governments offsets the adjustment for service responsibilities; higher service responsibilities are typically associated with a smaller role for overlying governments. But the offset is often not complete, leaving a fiscal mismatch in some cities between the city's available capacity and the set of services it must provide.

The adjustments described so far yield a measure of each city's relative ability to finance its assigned services out of its own taxes. We refer to this measure as "actual" capacity to distinguish it from the measure of potential capacity that ignores fiscal institutions. The final step is to add state aid, appropriately adjusted to make it comparable to own-source fiscal capacity, to produce a measure of each city's relative ability to finance services out of the sum of local taxes and state aid. The resulting measure provides a complete mea-

sure of city capacity, ignoring federal aid, that fully incorporates the state or city-specific fiscal institutions and rules under which each city operates.

The final two columns of the table indicate the variation across cities in actual capacity and in actual capacity plus aid, both expressed per unit of service responsibilities. The next to last column represents capacity from own sources. The large variation across cities in this measure is damped somewhat by state aid as shown in the final column. In other words, state aid (appropriately adjusted) tends to be somewhat negatively correlated with a city's capacity to meet its service responsibilities out of its own resources.

By all the measures of variation at the bottom of the table, these actual capacity measures exhibit more variation than the potential capacity measure which reflects economic forces alone. This means that existing state fiscal institutions contribute to the fiscal problems of some cities. At the same time, we emphasize that the major determinant of the total observed variation across cities is variation in local economies as measured by resident income and exportability of tax burdens.

SUMMARY

In sum, a city's ability to deliver public services to its residents depends on a wide range of factors, including both economic factors and political institutions. Our report combines these factors into a measure of a city's revenue-raising capacity per unit of service responsibility. All the factors influence this measure, with variation in city income, ability to export tax burdens, and state assignments of service responsibility being the key determinants of the observed variation across cities.

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