AN INFORMATION REPORT

STATE AND LOCAL FINANCES

Significant Features 1966 to 1969

A C I R

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS
WASHINGTON, D.C. 20575
NOVEMBER 1968
M—43

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(November 1968)

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PREFACE

This volume represents both a continuation and expanded presentation of previous information reports on State and local finances. It includes a substantial body of current information set forth in nearly 70 tables--an effort to "package" in one place expenditure, taxation, debt, and administrative data. The material presented reflects tax legislation enacted through mid-November 1968.

In keeping with the subtitle of this report, the text attempts to pick out the significant features that characterized the State and local fiscal scene in the recent past. Quite obviously, much additional information is presented in the tabular data than could be discussed in the text.

Beyond the factual information, the characteristics of a "high quality" State and local tax system are presented to provide a set of criteria for judging a particular State-local tax structure. These qualitative standards have emerged from policy recommendations enunciated by the Advisory Commission in a series of previous studies. "Model" tax legislation for implementing these proposals is carried in the Appendix.

Although previous recommendations and legislative proposals of the Commission are referred to in several places, this report contains no new suggestions of a policy character and is issued strictly as an informational and reference document.

Farris Bryant
Chairman

ACKNOWLEDGMENTS

This report represents the joint efforts of Frank Tippett, who prepared the tabulations, Jacob M. Jaffe and L. R. Gabler, all of the Commission staff. Mary Hamrick prepared the manuscript for publication, with the assistance of Jennifer Deel and Gloria Thorn. Data on the provisions of State and local tax laws were derived largely from the Commerce Clearing House, State Tax Reporter. The Commission also wishes to acknowledge the cooperation of the Governments Division of the Census Bureau.

John Shannon
Assistant Director, Public
Finance Section

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Executive Director

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MORE PRODUCTIVE AND EQUITABLE STATE AND LOCAL TAX SYSTEMS--RESEARCH FINDINGS

Perhaps as significant as the actual legislative enactments is the growing evidence that the State and local tax system is becoming increasingly productive due both to economic growth and legislative actions. Of special interest are research findings in three specific areas:

1. Sources of increased State tax collections: economic growth versus political choice.

2. Far greater uniformity in local property tax assessments.

3. The effectiveness of Wisconsin's circuit-breaker plan for shielding low income families from property tax overload situations.

1968 Tax Actions

Faced with unrelenting expenditure demands, State governments were forced to further tap their own tax resources during 1968. Although there was but one new adoption--the addition of the gift tax in South Carolina--rate increases on existing tax sources were unusually heavy for an "even-numbered" legislative year. Despite the fact that the revenue magnitudes associated with the 1968 tax actions are not yet available, it appears likely that they will be relatively substantial.

Sources of Increased State Tax Collections: Economic Growth vs. Political Choice

A study made by the Advisory Commission[1/] measured the respective contribution to revenue growth of these political and economic forces for the fifty State governments as a group over the 1950-1967 time span. A more detailed breakdown of the sources of revenue growth, made possible by the cooperation of State tax officials, is undertaken for fiscal years 1966 and 1967 for individual States. In addition, the overall responsiveness of State government tax structures to economic growth is presented for 1967.

1/ Sources of Increased State Tax Collections: Economic Growth Vs. Political Choice, M-41, Advisory Commission on Intergovernmental Relations, Washington, D. C. 20575, October 1968.

STATE TAX CHANGES--1968

State	Sales	Personal income	Corporate income	Motor fuel	Cigarettes	Alcoholic beverages
Alaska				x		
Florida	x				x	x
Kentucky	x					
Maryland			x			
Mississippi	x	x	x			
New Jersey		x 1/	x	x	x	
New Mexico		x	x		x	
New York		x	x	x	x	x
Oklahoma					x	
Rhode Island			x	x	x	
South Carolina						x
Texas	x					
Vermont				x		
Virginia						x
West Virginia					x	
District of Columbia	x	x	x			

1/ Taxes only commuter income.

The principal findings of this study were:

(1) Over the long period (1950-1967), an estimated 53 percent of the growth in the major State government tax sources resulted from political or legislative initiative (including that stemming from the subsequent economic growth) and 47 percent directly from the automatic response of existing State taxes to economic growth. Had the major 1950 State tax sources--individual and corporate income as well as general and selected sales--remained unchanged through 1967, they would have yielded only $15.3 billion or $10.4 billion less than the actual 1967 collections of $25.7 billion from these four major revenue sources.

(2) For the two-year period 1966 and 1967, economic growth was the predominant source of the State government tax advance--accounting for two-thirds of the total increase from the major taxes. Had these State taxes remained unchanged from their 1965 bases, they would have yielded some $24.1 billion or $1.6 billion less than actual 1967 collections (see table 24).

(3) Aside from any legislative tax action, most State tax systems can be expected to produce an increase in revenue roughly proportional to the percentage increase in State personal income. That is, for every one percent change in income, there is approximately a one percent change in tax revenue. Nonetheless, as of 1967, this automatic response varied from a low of 0.7 percent (Nebraska) to a high of 1.4 percent (Oregon) for each one percent change in State personal income. The main reason for this varying response is the absence or presence of an individual income tax; those States with the income tax have, by and large, built a greater degree of "automatic response" into their tax system (see table 26).

Improvement in Property Tax Assessment Practices

Widespread gains in the quality of property tax assessment are indicated by the new Census of Governments report, Taxable Property Values, which includes measures of the uniformity of valuations for nonfarm houses. The figures are based on a sample representing nearly 200,000 sales of nonfarm houses during a six-month period in 1966.

More than three-fifths of the reported assessing areas of 50,000 inhabitants or more show a "coefficient of dispersion" of less than 20 percent for their assessments of nonfarm houses. The previous Census of Governments found only one-third of the assessing areas of 50,000-plus doing this well in 1961. Five years earlier, in 1956, the proportion was only a little over one-fifth (see table 44).

The coefficient of dispersion is a measure, in percentage terms, of the average departure of individual assessments from the typical or median level of valuation for the kind of property involved in a particular assessing area. Thus, a low percentage denotes uniform assessments and a high percentage reflects variations. A 20 percent dispersion figure has often been cited as a rule-of-thumb "outside limit" for acceptable assessment.

Major progress appears also in terms of the more demanding test of a dispersion index of under 15 (rather than 20) percent: one in three of these major assessing areas is so reported for 1966, as compared with only one in nine in 1961 and one in twenty in 1956.

Smaller assessing areas covered in the Census survey show similar improvement during the past decade, though they still lag behind the areas of 50,000-plus. In 1966, nearly half of the smaller areas sampled had a dispersion index for nonfarm house assessments of under 20 percent, as compared with only one in five of such areas ten years earlier.

While important gains can be observed, it is also clear that much more action toward improved administration of the property tax is still urgently needed.[1/] Nationwide, the average over-all level of realty assessment has risen only from about 29 percent in 1961 to about 31 percent in 1966. In a majority of States, at least half of the local assessing areas covered in the latest Census still had a dispersion index for one-family house assessments of over 20 percent. The Census also showed once more a marked divergence in most parts of the country in the assessment level for various kinds of realty, usually including a much lower assessment-sales ratio for vacant lots than for improved urban property. Thus there is still a long way to go to make the property tax--now yielding over $29 billion a year, twice as much as in 1958--a better instrument for governmental financing.

Protecting Low Income Families From Property Tax Overload Situations--The "Circuit-Breaker" Plan

It really works--Wisconsin's "circuit-breaker" system for shielding low income elderly householders and renters from property tax overload situations (see table 45).

1/ See, The Role of the States in Strengthening the Property Tax, 2 Vols., A-17, Advisory Commission on Intergovernmental Relations, Washington, D. C.

The efficiency of this device is reflected in the remarkable transformation of a highly regressive tax into an essentially proportional levy at relatively modest cost to the State treasury. In 1966 approximately 60,000 beneficiaries were granted property tax relief at the cost of about $5 million--less than one percent of the total property tax take.

Property tax relief is granted by the State to all elderly homeowners on that part of their tax load deemed to be excessive in relation to total household income. The elderly renter is also given relief on the assumption that 25 percent of his rental payment to the landlord is in effect payment for property taxes.

Under the Wisconsin procedure, the applicant for homestead tax relief files a statement as a supplement to the Wisconsin State income tax return. After audit by the Wisconsin State Income Tax Department, the eligible beneficiary receives compensation for that part of his property tax payment deemed extraordinary under Wisconsin law. The compensation takes the form of either a direct cash refund or a credit against his State income tax liability. The vast majority of applicants have such low income that they have no State income tax liability--a "negative" tax credit situation--necessitating direct cash refund in about 98 percent of the cases.

The point must be emphasized that this type of highly selective aid does no violence to the local fisc. Because this relief program is financed from State appropriations and administered by the State Tax Department, it neither erodes the local tax base nor interferes in any way with either the local assessment or tax collection process.

To insure that only the truly needy persons would receive property tax relief, the applicants must list all forms of money income, including such sacrosanct items as social security and veterans benefits and railroad retirement payments. In view of this fact, the stark picture of regressivity depicted by the data in table 45 becomes even more shocking.

Wisconsin's pioneering effort conclusively demonstrates that it is not necessary to force low income households through the property tax wringer in order to finance public services.

The Advisory Commission on Intergovernmental Relations has recently urged all States to follow Wisconsin's lead. To hasten implementation of its recommendation, the Commission has drafted a "model" bill to provide property tax relief for low income families that draws heavily on the Wisconsin statute. (See Appendix).

CHARACTERISTICS OF A HIGH QUALITY STATE-LOCAL TAX SYSTEM

In a comprehensive study of intergovernmental fiscal problems, the Advisory Commission found a "definite State move in the direction of a more balanced reliance on both forms of taxation" (general sales and personal income taxes).[1/] The ever-growing demands for additional revenue to provide the new and expanding public services at the State and local government levels make it abundantly clear that States need to make effective use of both consumer and income taxes. As noted earlier, 30 States now impose both levies.

With this fiscal reality in mind, and in the light of previous Commission reports, it is possible to identify the characteristics of a "high quality" State-local tax system. The following should be emphasized.[2/]

State personal income tax.--A State can make effective and equitable use of the personal income tax if it meets at least three critical tests:

--To insure fairness, provides for personal exemptions at least as generous as those under the Federal income tax;

--To promote taxpayer convenience and administrative simplicity, employs withholding at the source and conforms the technical provisions of its law to Federal provisions; and

--To insure productivity, makes effective use of the income tax as evidenced by State tax collections equal to at least 20 percent of the Federal personal income tax collections in that State.[3/]

Income tax "musts," it should be noted, do not include graduated rates because a broad-based flat rate tax can pack both a heavy revenue punch and provide a substantial degree of progression when combined with personal exemptions. Personal exemptions protect the very poor from the exactions of the tax collector and they automatically adjust tax liability for size of family. The policy on graduated tax rates is best resolved by each State legislature in light of locally prevailing circumstances.

1/ Fiscal Balance in the American Federal System, Vol. 1, Chapter 4.

2/ Ibid.

3/ A more technical but precise test of effective income tax utilization-collection in an amount equal to at least 2 percent of adjusted gross income as reported by State residents for Federal income tax purposes.

It should be noted, however, that graduated rates provide an additional element of responsiveness to income tax collections as individuals move into the higher tax brackets.

State sales and use tax.--States can make effective and fairly equitable use of a sales tax if three prime conditions are met:

--To insure productivity, the tax base employed covers most personal services as well as retail sale of tangible items;

--To insure fairness, some provision is made for "pulling the regressive stinger"--either an outright exemption of food and drug purchases or a system of income tax credits and cash refunds to shield subsistence income from the sales tax collector's reach; and

--To promote taxpayer convenience and administrative simplicity, States must credit their taxpayers for sales and use taxes paid to other States; eliminate charges for audit of multistate firms; exchange audit and other information with one another; and permit local governments to "piggy-back" their levy on the State sales tax.

Local Nonproperty Taxes

General sales taxes are authorized for local use in 17 States and in most of these there has been widespread adoption by the localities. Unless a State is willing to allow its localities to "piggy-back" a local supplement onto the State tax, it should be wary of extending this type of nonproperty taxing power to localities. States would be well advised to:

--Limit local nonproperty taxing powers to as large taxing areas as possible, ideally coinciding with the boundaries of trading and economic areas;

--Prescribe rules governing taxpayers, tax base, and rates, etc., uniformly applicable to all local taxing jurisdictions; and

--Provide technical assistance in administering and enforcing nonproperty taxes.

Local Property Tax

To facilitate more uniform assessment of property, the Advisory Commission in a report on The Role of the States in Strengthening the Property Tax offered a detailed prescription for reducing the inequities caused by faulty assessment practices. Underpinning the 29 policy recommendations are the following major assumptions:

1. That the prevailing joint State-local system for administering the property tax can work with a reasonable degree of effectiveness only if the State tax department is given sufficient executive support, legal authority, and professional stature to insure local compliance with State law calling for uniformity of tax treatment.

2. That professionalization of the assessment function can be achieved only if the assessor is removed from the elective process and selected on the basis of demonstrated ability to appraise property.

3. That the perennial conflict between State law calling for full value assessment and the local practice of fractional assessment can be resolved most expeditiously by permitting local assessment officials to assess at any uniform percentage of current market value above a specified minimum level provided this policy is reinforced with two important safeguards:

   a. A full disclosure policy, requiring the State tax department to make annual county assessment ratio studies and to give property owners a full report on the fractional valuation policy adopted by county assessors, and,

   b. An appeal provision to specifically authorize the introduction of State assessment ratio data by the taxpayer as evidence in appeals to review agencies on the issue of whether his assessment is inequitable.

Achieving greater property tax assessment uniformity is not enough, it is also necessary for the State to construct and finance a tax relief plan that can both shield low income families from property tax overload situations while minimizing the drawdown on scarce resources. As previously noted, Wisconsin's "circuit-breaker" plan accomplishes both objectives. (Table 45 and appendix for suggested legislative language).

STATE TAX LEGISLATION SUGGESTED BY THE ADVISORY COMMISSION

In the course of its studies, the Advisory Commission has made numerous recommendations for improving State and local tax structures. Those recommendations have been converted to a series of policy statements and legislative language for the consideration of State tax policymakers. These are published in the annual State Legislative Program of the Advisory Commission on Intergovernmental Relations.

Policy statements and State legislative proposals relating to State and local taxes appear in the Appendix. Copies of these and of any other policy statements and pieces of legislation that appear in the State Legislative Program may be obtained in "slip bill" form on request from the Commission.

TABLE 1.--STATE AND LOCAL TAX REVENUE AS A PERCENT OF STATE PERSONAL INCOME, BY STATE, 1957, 1962 and 1967

State and Region	1967		1962		1957	
	Percent	Rank	Percent	Rank	Percent	Rank
United States	9.80	---	9.44	---	8.27	---
New England	(9.58)	(5)	(9.62)	(4)	(8.46)	(4)
Maine	9.96	24	10.47	9	8.89	23
New Hampshire	8.42	45	8.66	34	7.90	33
Vermont	10.88	13	11.84	1	10.48	4
Massachusetts	10.41	19	10.23	16	9.19	17
Rhode Island	8.91	34	8.92	30	7.65	36
Connecticut	8.37	46	8.52	39	7.22	43
Mideast	(10.37)	(3)	(9.52)	(5)	(8.10)	(6)
New York	12.18	3	10.76	5	9.12	18
New Jersey	8.59	43	8.17	48	6.81	47
Pennsylvania	8.79	40	8.69	33	7.59	38
Delaware	9.33	32	8.36	43	5.23	50
Maryland	9.50	30	8.55	37	7.30	42
Dist. of Col.	8.24	49	7.22	50	5.66	49
Great Lakes	(8.77)	(8)	(8.89)	(8)	(7.48)	(8)
Michigan	9.50	29	9.81	22	8.28	32
Ohio	7.75	51	8.20	47	6.70	48
Indiana	9.64	26	8.53	38	6.95	45
Illinois	7.95	50	8.49	40	7.20	44
Wisconsin	11.23	8	10.39	11	9.39	11
Plains	(10.06)	(4)	(9.72)	(3)	(8.74)	(3)
Minnesota	11.46	5	11.03	3	9.78	7
Iowa	10.55	18	10.63	6	9.64	9
Missouri	8.70	42	8.28	45	6.87	46
North Dakota	10.72	15	9.84	21	11.91	1
South Dakota	11.11	10	10.82	4	10.56	3
Nebraska	8.83	39	8.26	46	7.70	35
Kansas	10.29	21	10.02	17	9.20	16
Southeast	(9.24)	(6)	(9.00)	(7)	(8.43)	(5)
Virginia	8.53	44	7.38	49	7.74	34
West Virginia	9.58	28	9.90	19	7.42	41
Kentucky	8.78	41	8.60	36	7.57	39
Tennessee	8.85	37	8.44	42	8.30	31
North Carolina	9.18	33	9.03	29	8.41	30
South Carolina	8.90	35	8.81	31	8.74	25
Georgia	8.85	38	8.60	35	8.50	29
Florida	9.63	27	9.60	26	8.63	27
Alabama	8.88	36	8.29	44	9.51	40
Mississippi	10.37	20	10.63	7	10.79	2
Louisiana	10.62	17	11.12	2	9.91	6
Arkansas	9.47	31	8.79	32	8.54	28
Southwest	(9.07)	(7)	(9.30)	(6)	(8.07)	(7)
Oklahoma	9.77	25	9.77	23	9.25	14
Texas	8.34	47	9.02	28	7.61	37
New Mexico	11.13	9	9.50	27	8.88	24
Arizona	11.71	4	10.31	14	9.03	21
Rocky Mountain	(11.15)	(1)	(10.18)	(2)	(9.35)	(1)
Montana	10.83	14	10.25	15	9.71	8
Idaho	11.42	6	9.65	25	9.09	19
Wyoming	12.20	2	10.35	12	9.40	10
Colorado	11.06	11	10.42	10	9.34	12
Utah	11.04	12	9.90	20	9.23	15

TABLE 1.--STATE AND LOCAL TAX REVENUE AS A PERCENT OF STATE PERSONAL INCOME, BY STATE, 1957, 1962 and 1967 (Concl'd)

State and Region	1967		1962		1957	
	Percent	Rank	Percent	Rank	Percent	Rank
United States	9.80	---	9.44	---	8.27	---
Far West 1/	(11.08)	(2)	(10.33)	(1)	(9.31)	(2)
Washington	10.10	23	9.95	18	8.69	26
Oregon	10.25	22	9.69	24	10.23	5
Nevada	10.63	16	8.46	41	8.96	22
California	11.31	7	10.48	8	9.33	13
Alaska	8.26	48	3.12	51	2.68	51
Hawaii	12.45	1	10.35	13	9.07	20

Note - Personal income is on a calendar year basis, and tax revenue for the fiscal year ending within the respective calendar year. In ranking States with the same percentage, the percentage was recomputed and carried out one additional place.

1/ Excluding Alaska and Hawaii.

Source: U. S. Bureau of the Census, Governmental Finances in 1966-67; and U. S. Department of Commerce, Office of Business Economics, Survey of Current Business, August 1968.

TABLE 2.--ESTIMATED STATE PERSONAL INCOME AND GENERAL SALES TAX BURDEN, BY STATE

State and Region	State Personal Income Tax, 1967[1]	State General Sales Tax, 1/1/67[2]	Index (State Amounts Related to U.S. Average): State Personal Income Tax	Index (State Amounts Related to U.S. Average): State General Sales Tax
United States	1.8%[3]	$ 96[4]	100	100
New England				
Maine	-	94	-	98
New Hampshire	-	-	-	-
Vermont	3.1	-	172	-
Massachusetts	1.9	26	106	27
Rhode Island	-	100	-	104
Connecticut	-	68	-	71
Mideast				
New York	2.9	57[5]	161	59
New Jersey	-	44	-	46
Pennsylvania	-	84	-	88
Delaware	3.7	-	206	-
Maryland	1.6	69	89	72
District of Columbia	2.3	77	128	80
Great Lakes				
Michigan	-	155	-	161
Ohio	-	60	-	63
Indiana	1.3	81	72	84
Illinois	-	126[5]	-	131
Wisconsin	3.7	37	206	39
Plains				
Minnesota	3.1	-	172	-
Iowa	1.7	81	94	84
Missouri	0.9	115	50	120
North Dakota	1.0	77	56	80
South Dakota	-	119	-	124
Nebraska	-	-	-	-
Kansas	1.5	113	83	118
Southeast				
Virginia	2.0	66[5]	111	69
West Virginia	0.9	108	50	113
Kentucky	1.5	110	83	115
Tennessee	-	112[5]	-	117
North Carolina	2.2	102	122	106
South Carolina	1.5	114	83	119
Georgia	1.2	119	67	124
Florida	-	70	-	73
Alabama	1.0	136[5]	56	142
Mississippi	0.4	143[5]	22	149
Louisiana	0.6	72[5]	33	75
Arkansas	1.1	109	61	114
Southwest				
Oklahoma	0.7	72[5]	39	75
Texas	-	46	-	48
New Mexico	0.7	135[5]	39	141
Arizona	0.8	110[5]	44	115
Rocky Mountain				
Montana	1.8	-	100	-
Idaho	2.3	108	128	113
Wyoming	-	93[5]	-	97
Colorado	1.7	111[5]	94	116
Utah	2.0	121[5]	111	126

See footnotes at the end of table.

TABLE 2.--ESTIMATED STATE PERSONAL INCOME AND GENERAL SALES TAX BURDEN, BY STATE (Concl'd)

State and Region	State Personal Income Tax, 1967 1/	State General Sales Tax, 1/1/67 2/	Index (State Amounts Related to U.S. Average)	
			State Personal Income Tax	State General Sales Tax
United States	1.8% 3/	$ 96 4/	100	100
Far West				
Washington	-	158	-	165
Oregon	3.3	-	183	-
Nevada	-	67	-	70
California	1.0	66 5/	56	69
Alaska	3.6	- 6/	200	-
Hawaii	3.6	177	200	184

n.a. = Data not available.

1/ State personal income tax collections in 1967 as a percent of Federal adjusted gross income in 1966.

2/ Estimated average State general sales tax liability for a family of four with AGI between $7,500 and $8,000, January 1, 1967.

3/ Weighted mean of the 33 States, and the District of Columbia imposing a personal income tax as of 1/1/67. Excluded from this tabulation are the New Hampshire and Tennessee flat rate taxes on interest and dividends, and the New Jersey "commuters tax," which applies only to income earned in New Jersey by residents of New York. Michigan and Nebraska became personal income tax States during 1967.

4/ Arithmetic mean of the 42 States and the District of Columbia imposing a general sales tax as of 1/1/67. Minnesota and Nebraska became sales tax States during 1967.

5/ In addition but not reflected in these data, local sales taxes are authorized and imposed by numerous local governments at rates ranging between 1/2 percent and 3 percent. For additional detail see, Table 31.

6/ Local sales taxes are levied by a number of municipalities.

Source: U. S. Bureau of the Census, State Tax Collections in 1967; U. S. Treasury Department, Internal Revenue Service, Statistics of Income, Individual Income Tax Returns, 1965, and 1966 State Sales Tax Tables, Document No. 5622.

TABLE 3 .--STATE AND LOCAL GENERAL REVENUE AS A PERCENT OF STATE PERSONAL INCOME, BY STATE, 1957, 1962 and 1967

State and Region	1967		1962		1957	
	Percent	Rank	Percent	Rank	Percent	Rank
United States	14.66	---	13.23	---	10.96	---
New England	(13.16)	(7)	(12.54)	(6)	(10.31)	(6)
Maine	14.80	32	14.18	24	11.53	30
New Hampshire	12.27	47	12.46	38	10.19	38
Vermont	17.28	17	18.83	3	13.53	11
Massachusetts	13.84	38	12.96	37	11.00	33
Rhode Island	13.10	44	11.53	45	9.69	40
Connecticut	11.44	50	11.09	49	8.70	49
Mideast	(14.23)	(6)	(12.34)	(7)	(10.02)	(7)
New York	16.39	21	13.61	30	11.21	31
New Jersey	11.60	49	10.52	51	8.34	50
Pennsylvania	12.39	46	11.52	46	9.27	44
Delaware	14.87	30	11.63	43	7.97	51
Maryland	13.19	43	11.72	42	9.53	42
Dist. of Columbia	13.82	39	11.50	47	9.45	43
Great Lakes	(12.58)	(8)	(12.04)	(8)	(9.50)	(8)
Michigan	14.06	35	13.39	33	10.72	34
Ohio	11.62	48	11.59	44	8.82	47
Indiana	13.59	40	11.84	41	9.01	45
Illinois	11.01	51	11.02	50	8.75	48
Wisconsin	15.39	27	13.83	26	11.67	28
Plains	(15.46)	(3)	(13.95)	(4)	(11.92)	(5)
Minnesota	17.39	16	15.53	12	13.22	14
Iowa	15.58	26	14.59	20	12.49	20
Missouri	13.25	42	11.87	40	9.54	41
North Dakota	21.79	4	16.55	8	18.47	1
South Dakota	18.50	11	17.71	5	15.61	6
Nebraska	14.22	34	12.51	39	10.71	35
Kansas	15.17	28	13.96	25	12.34	21
Southeast	(15.22)	(4)	(13.91)	(5)	(12.18)	(3)
Virginia	12.91	45	11.18	48	10.46	37
West Virginia	16.36	22	14.61	19	9.98	39
Kentucky	16.03	23	13.41	32	10.69	36
Tennessee	14.76	33	13.01	36	11.58	29
North Carolina	13.96	37	13.09	35	12.11	25
South Carolina	14.01	36	13.56	31	12.55	19
Georgia	14.81	31	13.79	27	12.30	23
Florida	15.01	29	13.78	28	11.95	27
Alabama	15.90	24	14.44	23	12.00	26
Mississippi	18.79	8	17.17	7	15.94	4
Louisiana	18.17	13	18.26	4	15.81	5
Arkansas	16.63	20	14.49	22	12.84	18
Southwest	(15.15)	(5)	(14.22)	(3)	(12.05)	(4)
Oklahoma	17.54	14	16.06	10	14.04	9
Texas	13.40	41	13.30	34	11.08	32
New Mexico	23.14	3	17.49	6	16.71	3
Arizona	18.93	7	15.44	14	12.96	16
Rocky Mountain	(18.58)	(1)	(15.81)	(1)	(13.73)	(1)
Montana	18.57	10	16.02	11	14.27	7
Idaho	18.27	12	15.37	15	13.32	13
Wyoming	24.61	2	20.50	1	16.77	2
Colorado	17.59	15	15.46	13	13.42	12
Utah	18.97	6	14.94	18	12.97	15

TABLE 3 .--STATE AND LOCAL GENERAL REVENUE AS A PERCENT OF STATE PERSONAL INCOME, BY STATE, 1957, 1962 and 1967 (Concl'd)

State and Region	1967		1962		1957	
	Percent	Rank	Percent	Rank	Percent	Rank
United States	14.66	---	13.23	---	10.96	---
Far West[1/]	(16.93)	(2)	(14.63)	(2)	(12.47)	(2)
Washington	15.70	25	15.01	17	12.25	24
Oregon	16.85	19	15.33	16	14.16	8
Nevada	18.60	9	13.62	29	13.97	10
California	17.09	18	14.53	21	12.32	22
Alaska	28.54	1	20.37	2	8.98	46
Hawaii	19.49	5	16.14	9	12.94	17

Note - "General revenue" includes taxes, charges and Federal aid.
Personal income is on a calendar year basis, and general revenue for the fiscal year ending within the respective calendar year. Differs from data in table 4 which were computed on the basis of personal income for the previous calendar year.

1/ Excluding Alaska and Hawaii.

Source: U. S. Bureau of the Census, Governmental Finances in 1966-67; and U. S. Department of Commerce, Office of Business Economics, Survey of Current Business, August 1968.

TABLE 4.--RELATION OF SELECTED ITEMS OF STATE AND LOCAL GOVERNMENT FINANCES TO PERSONAL INCOME: 1966-67

State	General revenue per $1,000 of personal income						General expenditure per $1,000 of personal income					
	Total	From Federal Government	All State and local general revenue sources	Taxes		Charges and miscellaneous general revenue	All general expenditure	Education		Highways	Public welfare	Health and hospitals
				Total	Property only			Total	Local schools only			
UNITED STATES AVERAGE.	157.84	26.71	131.13	105.50	45.27	25.63	161.54	65.86	48.35	24.04	14.21	11.45
MEDIAN STATE	166.51	30.29	135.54	105.67	44.26	27.60	175.21	71.14	49.59	31.13	12.31	10.56
ALABAMA	167.81	41.80	126.01	93.72	16.65	32.29	175.59	77.16	51.50	31.13	17.91	10.56
ALASKA	320.10	166.25	153.85	93.52	25.64	60.33	359.24	96.68	72.54	31.44	10.53	9.82
ARIZONA	206.31	44.62	161.69	127.62	57.46	34.06	209.38	95.98	59.95	40.29	9.55	8.41
ARKANSAS	174.71	47.94	126.77	99.52	25.65	27.24	169.64	68.34	46.23	33.97	21.13	11.29
CALIFORNIA	184.55	35.34	149.21	122.14	63.53	27.06	191.84	71.29	53.01	20.57	24.84	12.03
COLORADO	190.98	35.37	155.61	120.16	55.92	35.45	186.92	86.42	54.07	25.93	18.76	11.94
CONNECTICUT	125.02	17.26	107.76	91.47	47.10	16.29	130.11	48.95	39.72	19.00	10.32	7.54
DELAWARE	156.41	20.87	135.54	98.17	19.47	37.37	175.21	68.22	44.17	38.59	8.36	8.20
DISTRICT OF COLUMBIA	144.83	46.01	98.82	86.40	29.23	12.42	150.69	37.41	36.66	16.22	12.51	20.80
FLORIDA	166.51	24.00	142.51	106.82	44.02	35.68	169.30	63.04	47.91	28.50	9.67	16.32
GEORGIA	160.43	33.84	126.59	95.81	29.33	30.77	159.84	66.01	49.21	24.57	13.08	16.99
HAWAII	211.10	49.44	161.66	134.79	27.43	26.87	220.91	80.50	55.11	25.41	10.70	13.79
IDAHO	192.94	35.50	157.44	120.59	44.26	36.85	185.66	75.50	51.76	36.77	13.58	12.94
ILLINOIS	118.11	15.95	102.16	85.29	41.62	16.87	119.40	48.88	36.83	15.41	10.91	9.88
INDIANA	142.61	16.81	125.80	101.14	51.34	24.66	135.22	71.98	50.15	19.67	6.30	9.85
IOWA	161.49	24.52	136.96	109.36	54.29	27.60	159.14	70.40	48.71	36.02	10.79	9.21
KANSAS	162.19	24.39	137.80	109.97	55.11	27.82	153.91	68.65	49.07	28.11	11.30	10.61
KENTUCKY	173.57	46.38	127.19	95.13	25.56	32.05	183.18	71.48	44.92	38.23	17.83	10.56
LOUISIANA	198.47	42.61	155.86	116.00	23.35	39.84	215.47	82.48	58.33	38.81	26.12	12.99
MAINE	157.91	29.43	128.48	106.27	52.35	22.21	166.24	66.96	47.20	36.27	14.21	7.87
MARYLAND	143.52	18.10	125.42	103.35	43.56	22.06	150.52	62.85	50.00	18.27	10.52	11.25
MASSACHUSETTS	150.30	21.36	128.94	113.03	58.44	15.90	142.97	47.22	39.13	15.51	17.17	12.17
MICHIGAN	147.98	21.29	126.69	100.05	44.89	26.64	158.05	74.97	50.42	18.29	11.75	12.95
MINNESOTA	187.13	30.29	156.84	123.27	62.16	33.56	188.75	83.67	62.17	33.11	16.01	11.45
MISSISSIPPI	201.41	51.02	150.39	111.23	30.73	39.15	195.86	75.05	50.11	39.11	20.69	15.21
MISSOURI	141.95	26.05	115.90	93.18	37.38	22.71	144.65	60.51	44.88	21.69	13.59	10.88
MONTANA	195.41	48.72	146.69	114.02	63.61	32.66	193.79	76.22	53.24	52.06	10.86	7.91
NEBRASKA	150.35	27.87	122.48	93.32	67.17	29.16	150.66	62.14	42.56	32.83	8.90	10.03
NEVADA	196.38	46.78	149.60	112.26	44.69	37.33	206.32	64.81	48.01	44.16	8.96	15.92
NEW HAMPSHIRE	135.18	22.66	112.52	92.77	57.97	19.75	146.67	62.80	42.85	30.03	10.02	8.06
NEW JERSEY	125.37	14.59	110.78	92.83	52.85	17.95	122.82	47.22	40.46	16.74	7.40	8.70
NEW MEXICO	240.46	72.04	168.41	115.61	27.20	52.80	235.17	116.89	77.17	39.71	16.69	10.99
NEW YORK	177.36	20.55	156.81	131.85	51.68	24.95	177.00	64.39	50.33	16.63	17.07	17.71
NORTH CAROLINA	151.23	27.57	123.66	99.41	26.04	24.24	152.29	71.14	49.98	24.47	10.96	10.11
NORTH DAKOTA	225.86	45.31	180.55	111.10	54.77	69.44	243.38	98.82	67.19	51.68	15.68	7.03
OHIO	123.25	17.78	105.47	82.23	42.46	23.23	129.78	55.61	42.21	22.31	11.11	7.54
OKLAHOMA	189.59	46.66	142.93	105.67	36.07	37.25	190.45	76.88	49.80	29.19	34.12	10.68
OREGON	179.77	34.44	145.33	109.38	51.75	35.94	187.40	85.95	58.01	32.01	11.09	9.00
PENNSYLVANIA	133.36	20.14	113.22	94.57	32.64	18.64	138.92	59.26	47.26	20.86	10.55	8.17
RHODE ISLAND	143.64	29.00	114.64	97.72	44.45	16.91	163.13	57.01	39.92	28.57	17.37	10.42
SOUTH CAROLINA	151.74	29.41	122.33	96.43	20.69	25.90	149.28	69.96	49.59	24.02	7.42	12.47
SOUTH DAKOTA	196.49	43.90	152.59	117.98	63.35	34.61	202.29	90.22	62.14	53.01	12.99	6.08
TENNESSEE	159.70	37.94	121.76	95.72	28.46	26.04	174.50	67.41	46.66	33.22	12.31	15.22
TEXAS	146.23	26.21	120.02	91.08	41.74	28.93	153.27	68.52	51.64	28.75	10.61	8.16
UTAH	202.19	53.07	149.12	117.65	47.13	31.46	211.53	113.83	71.53	35.25	12.75	8.65
VERMONT	190.92	48.14	142.78	120.25	45.50	22.53	205.93	74.72	41.67	62.72	16.16	7.88
VIRGINIA	141.04	25.61	115.43	93.15	28.91	22.28	147.89	64.39	49.41	31.23	5.85	9.68
WASHINGTON	174.23	29.34	144.89	112.12	34.71	32.76	175.56	73.86	49.39	31.91	13.75	7.68
WEST VIRGINIA	174.39	46.48	127.91	102.11	27.16	25.80	182.90	73.64	51.54	46.54	16.57	9.63
WISCONSIN	164.21	20.40	143.80	119.84	48.43	23.95	175.82	74.84	46.08	29.12	14.36	11.13
WYOMING	266.31	84.63	181.68	131.97	74.54	49.70	269.89	115.28	70.97	78.85	10.43	16.05

Note: Because of rounding, detail may not add to totals. These data are estimates subject to sampling variation.

Source: U. S. Bureau of the Census, Governmental Finances in 1966-67.

TABLE 5.--PER CAPITA AMOUNTS OF SELECTED ITEMS OF STATE AND LOCAL GOVERNMENT FINANCES, BY STATE, 1967

State	General Revenue				General Expenditures					
	Total	From Federal Government	Taxes	Charges and Miscellaneous	Total[1/]	Education: Total	Education: Local Schools	Highways	Public Welfare	Health and Hospitals
United States Average	$ 463.08	$ 78.34	$309.51	$ 75.19	$ 473.82	$193.19	$141.81	$ 70.51	$ 41.68	$33.58
Median State	463.46	85.67	296.42	75.11	472.44	185.49	137.31	80.15	33.65	28.42
Alabama	343.89	85.67	192.05	66.16	359.82	158.13	105.54	63.80	36.70	21.65
Alaska	1,067.44	554.39	311.85	201.19	1,197.93	322.39	241.90	438.30	35.11	32.76
Arizona	514.91	113.38	318.52	85.01	522.57	239.55	149.62	100.55	23.85	20.99
Arkansas	348.98	95.76	198.79	54.42	338.85	136.50	92.36	67.86	42.21	22.55
California	626.35	119.94	414.55	91.86	651.08	241.95	179.91	69.83	84.30	40.85
Colorado	551.21	102.09	346.80	102.32	539.46	249.43	156.05	74.85	54.16	34.48
Connecticut	453.99	62.69	332.14	59.15	472.44	177.75	144.22	68.99	37.49	27.40
Delaware	541.64	72.28	339.94	129.42	606.71	236.25	152.95	133.63	28.96	28.42
District of Columbia	569.69	180.97	339.83	48.88	592.73	147.16	144.21	63.81	49.23	81.83
Florida	428.04	61.71	274.59	91.73	435.19	162.06	123.17	73.25	24.87	41.97
Georgia	376.42	79.41	224.81	72.20	375.03	154.87	115.47	57.66	30.70	39.87
Hawaii	637.03	149.19	406.75	81.08	666.64	242.93	166.32	76.68	32.29	41.63
Idaho	470.38	86.56	293.97	89.84	452.61	184.07	126.20	89.65	33.12	31.56
Illinois	413.01	55.77	298.24	58.99	417.50	170.92	128.81	53.89	38.16	34.55
Indiana	434.39	51.21	308.07	75.11	411.89	219.26	152.76	59.93	19.21	30.02
Iowa	484.42	73.57	328.04	82.79	477.38	211.19	146.12	108.04	32.37	27.63
Kansas	464.19	69.81	314.75	79.63	440.48	196.50	140.45	80.45	32.34	30.38
Kentucky	388.80	103.90	213.09	71.80	410.31	160.11	100.63	85.65	39.94	23.66
Louisiana	446.31	95.82	260.87	89.60	484.55	185.49	131.17	87.29	58.73	29.21
Maine	393.09	73.26	264.54	55.29	413.82	166.67	117.49	90.30	35.37	19.60
Maryland	451.12	56.91	324.87	69.33	473.11	197.57	157.16	57.44	33.09	35.37
Massachusetts	490.06	69.64	368.55	51.86	466.17	153.97	127.59	50.58	56.01	39.70
Michigan	477.31	68.69	322.70	85.92	509.76	241.80	162.63	59.00	37.91	41.79
Minnesota	541.93	87.74	356.99	97.19	546.62	242.32	180.03	95.88	46.36	33.16
Mississippi	356.24	90.24	196.74	69.26	346.43	132.74	88.63	69.17	36.60	26.91
Missouri	396.49	72.77	260.27	63.45	404.01	169.02	125.35	60.58	37.97	30.39
Montana	513.51	128.04	299.63	85.84	509.22	200.30	139.91	136.80	28.53	20.79
Nebraska	438.08	81.21	271.39	84.97	438.98	181.05	124.02	95.68	25.93	29.24
Nevada	666.57	158.79	381.04	126.73	700.28	220.00	162.95	149.90	30.42	54.06
New Hampshire	374.62	62.80	257.08	54.74	406.46	174.04	118.74	83.22	27.78	22.34
New Jersey	425.51	49.53	315.07	60.92	416.84	160.26	137.31	56.83	25.13	29.55
New Mexico	572.98	171.67	275.47	125.83	560.39	278.53	183.89	94.63	39.78	26.20
New York	615.88	71.38	457.84	86.65	614.62	223.59	174.76	57.75	59.28	61.52
North Carolina	340.46	62.08	223.80	54.57	342.84	160.15	112.52	55.08	24.68	22.76

See footnote at the end of table.

TABLE 5.--PER CAPITA AMOUNTS OF SELECTED ITEMS OF STATE AND LOCAL GOVERNMENT FINANCES, BY STATE (concl'd)

State	General Revenue				General Expenditures					
	Total	From Federal Government	Taxes	Charges and Miscellaneous	Total 1/	Education: Total	Education: Local Schools	Highways	Public Welfare	Health and Hospitals
United States average	$ 463.08	$ 78.34	$309.51	$ 75.19	$ 473.82	$193.19	$141.81	$ 70.51	$ 41.68	$33.58
Median State	463.46	85.67	296.42	75.11	472.44	185.49	137.31	80.15	33.65	28.42
North Dakota	541.87	108.72	266.55	166.60	583.89	237.08	161.21	124.00	37.63	16.88
Ohio	373.24	53.84	249.04	70.36	393.03	168.41	127.84	67.57	33.65	22.85
Oklahoma	463.46	114.07	258.32	91.06	465.57	187.94	121.75	71.36	83.41	26.12
Oregon	516.04	98.87	313.98	103.18	537.94	246.74	166.52	91.90	31.83	25.84
Pennsylvania	394.89	59.64	280.04	55.21	411.36	175.49	139.96	61.77	31.26	24.19
Rhode Island	435.72	87.98	296.42	51.31	494.85	172.94	121.12	86.66	52.70	31.61
South Carolina	310.03	60.09	197.01	52.92	305.01	142.94	101.32	49.07	15.16	25.48
South Dakota	479.01	107.03	287.60	84.37	493.13	219.94	151.47	129.22	31.67	14.82
Tennessee	353.34	83.95	211.78	57.61	386.09	149.14	103.24	73.50	27.23	33.68
Texas	367.54	65.88	228.93	72.73	385.24	172.24	129.80	72.26	26.67	20.52
Utah	494.01	129.66	287.47	76.87	516.85	278.15	174.78	86.15	31.15	21.14
Vermont	488.07	123.07	307.40	57.60	526.44	191.03	106.53	160.34	41.33	20.16
Virginia	361.97	65.72	239.07	57.18	379.55	165.25	126.81	80.15	15.03	24.84
Washington	552.96	93.12	355.84	103.99	557.17	234.42	156.77	101.29	43.65	24.39
West Virginia	381.89	101.79	223.58	56.51	400.50	161.25	112.85	101.90	36.29	21.09
Wisconsin	485.68	60.34	354.45	70.86	520.04	221.38	136.31	86.15	42.50	32.93
Wyoming	738.92	234.82	366.19	137.91	748.83	319.85	196.91	218.77	28.96	44.53

1/ Includes amounts for categories not shown separately.

Source: U. S. Bureau of the Census, Governmental Finance in 1966-67.

TABLE 6.--GOVERNMENTAL REVENUE, BY SOURCE, BY LEVEL OF GOVERNMENT: 1966-67

Source	Amount (millions of dollars)					Per capita		
	All governments	Federal Government	State and local governments			Total	Federal Government	State and local governments
			Total	State	Local			
Total revenue	[1]253,125	161,351	[1]107,279	61,082	[1]65,377	[1]1,279.29	815.47	[1]542.18
Total general revenue	[1]206,990	130,869	[1]91,626	52,071	[1]58,735	[1]1,046.12	661.41	[1]463.07
Intergovernmental revenue	(1)	-	15,505	14,289	20,396	(1)	-	78.36
From Federal Government	(1)	-	15,505	13,616	1,889	(1)	-	78.36
From States	(1)	-	(1)	-	18,507	(1)	-	(1)
From local governments	(1)	-	(1)	673	(1)	(1)	-	(1)
Revenue from own sources	253,125	161,351	91,774	46,793	44,981	1,279.29	815.47	463.82
General revenue from own sources	206,990	130,869	76,122	37,782	38,340	1,046.13	661.41	384.72
Taxes	176,362	115,121	61,241	31,926	29,315	891.33	581.82	309.51
Property	26,280	-	26,280	862	25,418	132.81	-	132.81
Individual income	67,361	61,526	5,835	4,909	926	340.44	310.95	29.49
Corporation income	36,198	33,971	2,227	2,227	(2)	182.94	171.69	11.25
Sales and gross receipts	36,360	15,806	20,554	18,575	1,979	183.76	79.88	103.87
Customs duties	1,901	1,901	-	-	-	9.61	9.61	-
General sales and gross receipts	10,143	-	10,143	8,923	1,220	51.26	-	51.26
Selective sales and gross receipts	24,316	13,905	10,411	9,652	759	122.89	70.28	52.61
Motor fuel	8,051	3,178	4,873	4,837	36	40.68	16.06	24.62
Alcoholic beverages	5,039	3,958	1,081	1,041	40	25.46	20.00	5.46
Tobacco products	3,808	2,077	1,731	1,615	116	19.24	10.50	8.75
Public utilities	2,277	1,272	1,005	600	405	11.50	6.43	5.07
Other	5,141	3,420	1,721	1,559	162	25.98	17.28	8.69
Motor vehicle and operators licenses	2,289	-	2,289	2,146	143	11.56	-	11.56
Death and gift	3,773	2,978	795	795	(3)	19.06	15.05	4.01
All other	4,102	840	3,262	2,413	849	20.73	4.25	16.48
Charges and miscellaneous general revenue	30,629	15,748	14,881	5,856	9,025	154.79	79.59	75.20
Current charges	21,117	10,602	10,515	4,197	6,318	106.72	53.58	53.14
National defense and international relations	705	705	-	-	-	3.56	3.56	-
Postal service	4,866	4,866	-	-	-	24.59	24.59	-
Education	4,149	16	4,133	2,342	1,791	20.96	0.08	20.88
School lunch sales	1,119	-	1,119	-	1,119	5.65	-	5.65
Institutions of higher education	2,507	-	2,507	2,313	194	12.67	-	12.67
Other	523	16	507	29	478	2.64	0.08	2.56
Hospitals	1,841	35	1,806	528	1,278	9.30	0.18	9.12
Sewerage	574	-	574	-	574	2.90	-	2.90
Sanitation other than sewerage	173	-	173	-	173	0.87	-	0.87
Local parks and recreation	191	-	191	-	191	0.96	-	0.96
Natural resources	3,508	3,277	231	164	67	17.72	16.56	1.16
Housing and urban renewal	1,147	652	495	6	489	5.79	3.30	2.50
Air transportation	325	5	320	21	299	1.64	0.03	1.61
Water transport and terminals	603	388	215	60	155	3.04	1.96	1.08
Parking facilities	144	-	144	-	144	0.72	-	0.72
Other	2,891	657	2,234	1,077	1,157	14.61	3.32	11.29
Miscellaneous general revenue	9,512	5,146	4,366	1,659	2,707	48.07	26.01	22.06
Special assessments	461	-	461	15	446	2.32	-	2.32
Sale of property	432	162	270	40	230	2.18	0.82	1.36
Interest earnings	3,106	1,364	1,742	826	916	15.69	6.89	8.80
Other	5,512	3,619	1,893	778	1,115	27.85	18.29	9.56
Utility revenue	5,505	-	5,505	-	5,505	27.86	-	27.82
Liquor stores revenue	1,675	-	1,675	1,470	205	8.46	-	8.46
Insurance trust revenue	38,955	30,482	8,473	7,541	932	196.87	154.06	42.82

Note: Because of rounding, detail may not add to totals. Local government amounts are estimates subject to sampling variation.

- Represents zero or rounds to zero.
[1]Duplicative transactions between levels of government are excluded.
[2]Minor amount included in individual income tax figure.
[3]Minor amount included in "All other" taxes.

Source: U. S. Bureau of the Census, Governmental Finances in 1966-67.

TABLE 7.--GENERAL REVENUE OF STATE AND LOCAL GOVERNMENTS BY SOURCE, BY LEVEL OF GOVERNMENT: 1966-67

(Millions of dollars)

State and level of government	Total general revenue	Intergovernmental revenue		All general revenue from own sources	Taxes			Charges and miscella-neous general revenue
		From Federal Government	Other (local-State and State-local)		Total	Property	Other	
UNITED STATES, TOTAL	91 626.3	15 504.9	(1)	76 121.4	61 240.7	26 279.1	34 961.7	14 880.6
STATE GOVERNMENTS.	52 071.0	13 616.3	672.8	37 781.9	31 926.1	861.5	31 064.6	5 855.7
LOCAL GOVERNMENTS.	58 734.6	1 888.6	18 506.5	38 339.5	29 314.6	25 417.6	3 897.1	9 024.9
ALABAMA.	1 217.4	303.3	(1)	914.1	679.9	120.8	559.1	234.2
STATE GOVERNMENT . . .	855.7	280.1	6.0	569.5	483.1	20.1	462.9	86.5
LOCAL GOVERNMENTS. . .	655.0	23.2	287.3	344.6	196.8	100.7	96.1	147.8
ALASKA	290.3	150.8	(1)	139.6	84.8	23.3	61.6	54.7
STATE GOVERNMENT . . .	243.3	147.1	0.2	95.9	58.2	-	58.2	37.8
LOCAL GOVERNMENTS. . .	73.0	3.7	25.6	43.6	26.7	23.3	3.4	17.0
ARIZONA.	841.4	182.0	(1)	659.4	520.5	234.3	286.1	138.9
STATE GOVERNMENT . . .	534.5	163.4	3.1	368.0	298.5	43.3	255.2	69.5
LOCAL GOVERNMENTS. . .	465.0	18.6	155.1	291.4	221.9	191.0	30.9	69.4
ARKANSAS	686.8	188.5	(1)	498.4	391.2	100.8	290.4	107.1
STATE GOVERNMENT . . .	499.6	179.1	0.2	320.4	283.9	0.6	283.3	36.5
LOCAL GOVERNMENTS. . .	311.0	9.4	123.6	178.0	107.3	100.3	7.1	70.7
CALIFORNIA	11 996.8	2 297.4	(1)	9 699.4	7 940.0	4 129.9	3 810.1	1 759.4
STATE GOVERNMENT . . .	6 177.7	2 062.1	117.0	3 998.6	3 485.1	194.3	3 290.9	513.5
LOCAL GOVERNMENTS. . .	8 775.4	235.3	2 839.3	5 700.8	4 454.9	3 935.6	519.2	1 245.9
COLORADO	1 088.7	201.6	(1)	887.0	684.9	318.8	366.2	202.1
STATE GOVERNMENT . . .	611.7	180.9	1.3	429.5	335.7	1.1	334.7	93.8
LOCAL GOVERNMENTS. . .	680.0	20.7	201.8	457.5	349.2	317.7	31.5	108.3
CONNECTICUT.	1 327.9	183.4	(1)	1 144.6	971.5	500.3	471.2	173.0
STATE GOVERNMENT . . .	708.1	146.0	4.4	557.8	468.2	-	468.2	89.6
LOCAL GOVERNMENTS. . .	757.9	37.4	133.7	586.8	503.4	500.3	3.0	83.4
DELAWARE	283.3	37.8	(1)	245.5	177.8	35.3	142.5	67.7
STATE GOVERNMENT . . .	213.2	34.1	2.7	176.4	140.1	0.3	139.9	36.3
LOCAL GOVERNMENTS. . .	136.2	3.7	63.4	69.1	37.7	35.0	2.6	31.4
DISTRICT OF COLUMBIA (LOCAL)	460.9	146.4	-	314.5	274.9	93.0	181.9	39.5
FLORIDA.	2 566.1	370.0	(1)	2 196.1	1 646.2	678.4	967.9	549.9
STATE GOVERNMENT . . .	1 325.1	319.6	12.4	993.1	876.8	23.6	853.2	116.3
LOCAL GOVERNMENTS. . .	1 666.4	50.4	413.0	1 203.0	769.4	654.8	114.6	433.6
GEORGIA.	1 697.3	358.1	(1)	1 339.3	1 013.7	310.3	703.4	325.6
STATE GOVERNMENT . . .	1 092.0	326.6	8.0	757.4	667.8	2.1	665.7	89.6
LOCAL GOVERNMENTS. . .	986.1	31.5	372.8	581.9	345.8	308.1	37.7	236.0
HAWAII	470.8	110.3	(1)	360.5	300.6	61.2	239.4	59.9
STATE GOVERNMENT . . .	371.0	104.3	4.2	262.5	220.1	-	220.1	42.4
LOCAL GOVERNMENTS. . .	137.7	5.9	33.7	98.0	80.5	61.2	19.3	17.5
IDAHO.	328.8	60.5	(1)	268.3	205.5	75.4	130.1	62.8
STATE GOVERNMENT . . .	212.2	57.4	1.7	153.1	128.5	0.6	127.9	24.6
LOCAL GOVERNMENTS. . .	168.0	3.1	49.8	115.2	77.0	74.8	2.1	38.2
ILLINOIS	4 499.0	607.6	(1)	3 891.4	3 248.8	1 585.3	1 663.5	642.6
STATE GOVERNMENT . . .	2 175.1	516.6	10.7	1 647.7	1 450.3	2.0	1 448.3	197.4
LOCAL GOVERNMENTS. . .	3 008.2	91.0	673.6	2 243.7	1 798.5	1 583.3	215.2	445.2
INDIANA.	2 172.0	256.1	(1)	1 915.9	1 540.4	782.0	758.3	375.6
STATE GOVERNMENT . . .	1 210.5	240.9	5.4	964.3	771.3	15.8	755.5	193.0
LOCAL GOVERNMENTS. . .	1 398.0	15.2	431.1	951.7	769.1	766.2	2.8	182.6
IOWA	1 333.6	202.6	(1)	1 131.0	903.1	448.3	454.7	227.9
STATE GOVERNMENT . . .	765.7	190.5	29.9	545.4	452.8	3.6	449.1	92.6
LOCAL GOVERNMENTS. . .	775.9	12.1	178.2	585.6	450.3	444.7	5.6	135.3
KANSAS	1 056.1	158.8	(1)	897.2	716.1	358.9	357.2	181.2
STATE GOVERNMENT . . .	580.4	139.0	11.7	429.7	355.2	8.6	346.6	74.5
LOCAL GOVERNMENTS. . .	686.8	19.8	199.5	467.5	360.9	350.2	10.6	106.6

See footnotes at end of table.

TABLE 7.--GENERAL REVENUE OF STATE AND LOCAL GOVERNMENTS BY SOURCE, BY LEVEL OF GOVERNMENT: 1966-67 (Cont'd)

(Millions of dollars)

State and level of government	Total general revenue	Intergovernmental revenue		All general revenue from own sources	Taxes			Charges and miscellaneous general revenue
		From Federal Government	Other (local-State and State-local)		Total	Property	Other	
KENTUCKY	1 239.9	331.4	(1)	908.6	679.6	182.6	497.0	229.0
STATE GOVERNMENT . . .	862.3	298.0	1.5	562.8	465.7	22.8	442.9	97.1
LOCAL GOVERNMENTS. . .	573.9	33.3	194.9	345.7	213.9	159.8	54.1	131.9
LOUISIANA.	1 634.4	350.9	(1)	1 283.5	955.3	192.3	763.0	328.1
STATE GOVERNMENT . . .	1 236.5	327.7	9.6	899.2	690.4	19.2	671.2	208.7
LOCAL GOVERNMENTS. . .	772.6	23.2	365.0	384.3	264.9	173.1	91.8	119.4
MAINE.	382.5	71.3	(1)	311.2	257.4	126.8	130.6	53.8
STATE GOVERNMENT . . .	235.7	65.3	3.8	166.6	132.5	3.2	129.3	34.1
LOCAL GOVERNMENTS. . .	188.3	6.0	37.7	144.6	124.9	123.6	1.3	19.7
MARYLAND	1 661.1	209.6	(1)	1 451.5	1 196.2	504.1	692.1	255.3
STATE GOVERNMENT . . .	923.8	174.6	9.4	739.8	641.4	21.3	620.1	98.4
LOCAL GOVERNMENTS. . .	1 152.5	35.0	405.8	711.6	554.8	482.8	71.9	156.9
MASSACHUSETTS.	2 656.7	377.6	(1)	2 279.1	1 997.9	1 033.0	964.9	281.2
STATE GOVERNMENT . . .	1 455.5	320.9	56.0	1 078.6	953.7	0.3	953.3	124.9
LOCAL GOVERNMENTS. . .	1 777.5	56.6	520.3	1 200.6	1 044.3	1 032.7	11.6	156.3
MICHIGAN	4 097.3	589.7	(1)	3 507.7	2 770.1	1 242.8	1 527.3	737.6
STATE GOVERNMENT . . .	2 403.8	536.5	31.9	1 835.4	1 530.8	81.0	1 449.8	304.6
LOCAL GOVERNMENTS. . .	2 712.4	53.2	987.0	1 672.3	1 239.3	1 161.8	77.5	433.0
MINNESOTA.	1 941.2	314.3	(1)	1 626.9	1 278.8	644.9	633.9	348.2
STATE GOVERNMENT . . .	1 128.2	297.1	19.2	811.9	660.1	41.2	618.9	151.8
LOCAL GOVERNMENTS. . .	1 244.3	17.2	412.0	815.0	618.7	603.7	15.0	196.4
MISSISSIPPI.	836.5	211.9	(1)	624.6	461.9	127.7	334.3	162.6
STATE GOVERNMENT . . .	577.9	201.1	6.4	370.5	307.9	3.5	304.4	62.5
LOCAL GOVERNMENTS. . .	439.8	10.8	174.8	254.1	154.0	124.2	29.9	100.1
MISSOURI	1 825.1	335.0	(1)	1 490.1	1 198.0	480.6	717.5	292.1
STATE GOVERNMENT . . .	1 012.3	306.7	3.5	702.1	615.1	5.6	609.4	87.0
LOCAL GOVERNMENTS. . .	1 073.2	28.3	256.9	788.0	583.0	474.9	108.0	205.1
MONTANA.	360.0	89.8	(1)	270.2	210.0	117.2	92.9	60.2
STATE GOVERNMENT . . .	210.9	84.9	2.1	123.9	92.8	5.1	87.7	31.1
LOCAL GOVERNMENTS. . .	184.1	4.9	32.9	146.3	117.2	112.0	5.2	29.1
NEBRASKA	628.7	116.5	(1)	512.1	390.2	280.8	109.3	121.9
STATE GOVERNMENT . . .	301.8	106.4	14.1	181.2	136.5	44.7	91.8	44.8
LOCAL GOVERNMENTS. . .	412.9	10.2	71.8	330.9	253.7	236.2	17.5	77.2
NEVADA	296.0	70.5	(1)	225.5	169.2	67.4	101.8	56.3
STATE GOVERNMENT . . .	166.7	64.4	0.4	101.9	87.2	2.4	84.8	14.6
LOCAL GOVERNMENTS. . .	176.0	6.1	46.3	123.6	82.0	64.9	17.0	41.7
NEW HAMPSHIRE.	257.0	43.1	(1)	213.9	176.4	110.2	66.2	37.6
STATE GOVERNMENT . . .	133.1	39.0	4.5	89.6	66.2	2.7	63.5	23.4
LOCAL GOVERNMENTS. . .	141.8	4.1	13.4	124.3	110.2	107.5	2.7	14.2
NEW JERSEY	2 979.9	346.9	(1)	2 633.1	2 206.5	1 256.3	950.2	426.6
STATE GOVERNMENT . . .	1 347.8	287.6	42.0	1 018.1	834.0	-	834.0	184.2
LOCAL GOVERNMENTS. . .	2 084.0	59.2	409.8	1 615.0	1 372.5	1 256.3	116.2	242.5
NEW MEXICO	574.7	172.2	(1)	402.5	276.3	65.0	211.3	126.2
STATE GOVERNMENT . . .	434.8	147.4	2.4	284.9	205.8	12.7	193.1	79.1
LOCAL GOVERNMENTS. . .	273.1	24.8	130.7	117.6	70.5	52.3	18.2	47.1
NEW YORK	11 292.9	1 308.9	(1)	9 984.0	8 395.1	3 290.5	5 104.6	1 588.9
STATE GOVERNMENT . . .	5 747.4	1 039.2	47.3	4 660.9	4 056.3	7.4	4 048.9	604.7
LOCAL GOVERNMENTS. . .	8 878.4	269.7	3 285.6	5 323.1	4 338.8	3 283.1	1 055.8	984.2
NORTH CAROLINA	1 712.2	312.2	(1)	1 400.0	1 125.5	294.8	830.7	274.5
STATE GOVERNMENT . . .	1 244.7	280.6	6.6	957.4	840.7	17.9	822.8	116.7
LOCAL GOVERNMENTS. . .	981.2	31.6	507.0	442.6	284.8	276.9	7.9	157.7

See footnotes at end of table.

TABLE 7.--GENERAL REVENUE OF STATE AND LOCAL GOVERNMENTS BY SOURCE, BY LEVEL OF GOVERNMENT: 1966-67 (Concl'd)

(Millions of dollars)

State and level of government	Total general revenue	Intergovernmental revenue: From Federal Government	Intergovernmental revenue: Other (local-State and State-local)	All general revenue from own sources	Taxes: Total	Taxes: Property	Taxes: Other	Charges and miscellaneous general revenue
NORTH DAKOTA	346.3	69.5	(1)	276.8	170.3	84.0	86.4	106.5
STATE GOVERNMENT . . .	227.5	62.3	4.9	160.3	86.6	2.3	84.3	73.7
LOCAL GOVERNMENTS. . .	166.8	7.2	43.1	116.5	83.7	81.7	2.0	32.8
OHIO	3 903.5	563.2	(1)	3 340.3	2 604.5	1 344.8	1 259.7	735.8
STATE GOVERNMENT . . .	1 922.3	496.9	20.7	1 404.6	1 157.8	53.4	1 104.4	246.8
LOCAL GOVERNMENTS. . .	2 674.3	66.2	672.4	1 935.7	1 446.7	1 291.3	155.3	489.0
OKLAHOMA	1 156.4	284.6	(1)	871.7	644.5	220.0	424.5	227.2
STATE GOVERNMENT . . .	793.8	264.1	3.9	525.8	401.0	-	401.0	124.8
LOCAL GOVERNMENTS. . .	544.7	20.5	178.3	345.9	243.5	220.0	23.5	102.4
OREGON	1 031.6	197.6	(1)	833.9	627.7	296.9	330.7	206.3
STATE GOVERNMENT . . .	601.6	171.5	10.1	420.0	322.7	1.5	321.2	97.2
LOCAL GOVERNMENTS. . .	606.7	26.1	166.7	414.0	304.9	295.4	9.5	109.0
PENNSYLVANIA	4 592.4	693.7	(1)	3 898.7	3 256.6	1 124.0	2 132.6	642.1
STATE GOVERNMENT . . .	2 597.0	558.2	48.8	1 990.0	1 769.3	1.9	1 767.4	220.7
LOCAL GOVERNMENTS. . .	2 686.2	135.5	642.0	1 908.7	1 487.3	1 122.1	365.2	421.4
RHODE ISLAND	392.2	79.2	(1)	313.0	266.8	121.4	145.4	46.2
STATE GOVERNMENT . . .	237.0	64.8	1.3	170.9	143.4	-	143.4	27.4
LOCAL GOVERNMENTS. . .	203.1	14.4	46.7	142.1	123.3	121.4	2.0	18.8
SOUTH CAROLINA	805.8	156.2	(1)	649.6	512.1	109.9	402.1	137.6
STATE GOVERNMENT . . .	611.9	143.1	5.8	463.0	395.8	1.3	394.5	67.2
LOCAL GOVERNMENTS. . .	388.0	13.1	188.3	186.6	116.3	108.6	7.7	70.4
SOUTH DAKOTA	322.9	72.1	(1)	250.7	193.8	104.1	89.8	56.9
STATE GOVERNMENT . . .	190.9	68.1	3.0	119.8	83.6	-	83.6	36.1
LOCAL GOVERNMENTS. . .	159.5	4.0	24.6	130.9	110.2	104.1	6.1	20.7
TENNESSEE.	1 375.2	326.7	(1)	1 048.5	824.3	245.1	579.2	224.2
STATE GOVERNMENT . . .	889.4	293.2	21.7	574.5	514.4	-	514.4	60.1
LOCAL GOVERNMENTS. . .	797.1	33.5	289.6	474.0	309.8	245.1	64.8	164.2
TEXAS.	3 994.9	716.1	(1)	3 278.8	2 488.3	1 140.3	1 348.0	790.5
STATE GOVERNMENT . . .	2 308.2	650.1	10.7	1 647.4	1 335.8	56.9	1 279.0	311.5
LOCAL GOVERNMENTS. . .	2 369.0	66.0	671.6	1 631.4	1 152.5	1 083.4	69.0	479.0
UTAH	505.9	132.8	(1)	373.1	294.4	117.9	176.4	78.7
STATE GOVERNMENT . . .	347.5	122.5	0.8	224.2	175.4	11.6	163.9	48.8
LOCAL GOVERNMENTS. . .	257.5	10.3	98.4	148.9	118.9	106.4	12.6	30.0
VERMONT.	203.5	51.3	(1)	152.2	128.2	48.5	79.7	24.0
STATE GOVERNMENT . . .	148.4	50.0	2.0	96.4	78.7	0.3	78.4	17.7
LOCAL GOVERNMENTS. . .	73.0	1.3	15.9	55.8	49.5	48.2	1.3	6.3
VIRGINIA	1 642.0	298.1	(1)	1 343.8	1 084.5	336.6	747.8	259.4
STATE GOVERNMENT . . .	1 031.9	254.3	9.4	768.3	634.9	10.7	624.3	133.3
LOCAL GOVERNMENTS. . .	931.3	43.9	311.9	575.6	449.5	325.9	123.6	126.1
WASHINGTON	1 707.0	287.5	(1)	1 419.5	1 098.5	340.1	758.4	321.0
STATE GOVERNMENT . . .	1 162.9	262.6	8.7	891.6	775.6	58.8	716.8	115.9
LOCAL GOVERNMENTS. . .	896.9	24.9	344.1	528.0	322.9	281.3	41.6	205.1
WEST VIRGINIA.	686.6	183.0	(1)	503.6	402.0	106.9	295.1	101.6
STATE GOVERNMENT . . .	507.4	175.3	1.0	331.1	281.7	0.3	281.4	49.4
LOCAL GOVERNMENTS. . .	295.9	7.7	115.7	172.5	120.4	106.6	13.7	52.2
WISCONSIN.	2 034.5	252.8	(1)	1 781.7	1 484.8	600.1	884.7	296.9
STATE GOVERNMENT . . .	1 343.5	244.1	39.7	1 059.8	921.1	46.1	875.0	138.7
LOCAL GOVERNMENTS. . .	1 358.9	8.7	628.4	721.9	563.7	554.0	9.7	158.1
WYOMING.	232.8	74.0	(1)	158.8	115.4	65.1	50.2	43.4
STATE GOVERNMENT . . .	150.9	70.1	0.8	80.0	55.3	9.3	46.0	24.8
LOCAL GOVERNMENTS. . .	118.2	3.9	35.5	78.8	60.1	55.9	4.2	18.7

Note: Because of rounding, detail may not add to totals. Local government amounts are estimates subject to sampling variation.
-Represents zero or rounds to zero.
[1]Duplicative transactions between levels of government are excluded.

Source: U. S. Bureau of the Census, Governmental Finances in 1966-67.

TABLE 8.--STATE TAX REVENUE, BY SOURCE, BY STATE, 1967

(Millions of dollars)

State	Total	General sales or gross receipts	Individual Income	Corporation net income	Selective sales and gross receipts				
					Total	Motor fuels	Alcoholic beverages	Tobacco products	Other
United States	31,909.9	8,924.4	4,909.1	2,226.6	9,626.9	4,839.0	1,041.1	1,601.6	2,145.3
Alabama	483.1	170.8	58.1	29.9	167.9	98.3	26.0	23.1	20.5
Alaska	58.2	---	22.7	3.5	16.2	7.1	3.4	3.7	2.1
Arizona	298.1	103.7	26.5	14.4	82.7	50.4	6.1	12.4	13.8
Arkansas	283.9	88.6	31.2	25.1	96.8	63.3	8.1	15.0	10.4
California	3,485.1	1,061.5	499.5	452.6	888.5	549.1	73.2	75.5	190.7
Colorado	335.7	98.8	78.4	25.8	85.6	52.4	8.7	11.5	13.0
Connecticut	457.2	145.6	---	80.1	154.8	64.3	17.5	32.4	40.6
Delaware	140.1	---	54.3	12.7	33.2	15.6	2.4	5.5	9.7
Florida	876.8	300.9	---	---	357.1	177.4	77.3	19.7	82.7
Georgia	667.8	241.8	100.6	64.6	217.4	122.7	40.8	37.6	16.2
Hawaii	220.1	104.3	63.5	10.5	36.9	13.5	5.8	4.7	12.9
Idaho	128.5	32.8	31.2	9.6	31.6	19.3	3.0	4.5	4.8
Illinois	1,450.3	712.9	---	---	511.5	185.9	49.7	103.0	173.0
Indiana	771.3	300.0	158.5	14.5	203.6	130.1	17.5	37.7	18.4
Iowa	450.6	113.6	106.1	12.0	131.2	85.4	8.7	24.1	12.9
Kansas	355.2	118.2	71.0	23.9	87.0	51.9	8.4	17.5	9.2
Kentucky	465.7	135.3	80.6	40.5	146.9	86.6	19.2	10.5	30.6
Louisiana	694.9	146.0	35.8	34.4	181.4	82.4	27.7	32.9	38.5
Maine	132.5	54.7	---	---	51.0	28.0	3.9	10.4	8.7
Maryland	641.4	136.0	181.8	35.7	201.7	90.5	12.8	25.0	73.4
Massachusetts	942.5	128.1	268.1	56.1[1/]	278.6	115.8	40.9	53.2	68.7
Michigan	1,530.8	680.4	---	---	379.2	190.8	58.4	77.9	52.0
Minnesota	660.1	---	247.9	69.6	193.7	88.9	24.7	32.7	47.4
Mississippi	307.9	128.7	10.4	17.0	111.0	69.4	8.1	18.6	14.8
Missouri	615.1	256.1	95.5	15.1	152.1	97.3	10.8	24.4	19.6
Montana	92.8	---	24.2	7.6	37.7	21.8	4.5	6.3	5.2
Nebraska	136.5	---	---	---	76.4	51.3	5.6	12.2	7.3
Nevada	84.8	23.4	---	---	44.7	17.9	3.4	5.4	18.0
New Hampshire	66.2	---	2.7	---	40.9	18.7	1.8	9.2	11.1
New Jersey	834.0	208.3	10.8	48.5	357.1	148.3	32.1	97.1	79.6
New Mexico	205.8	68.0	11.6	6.5	51.2	30.7	3.5	7.5	9.6
New York	4,056.3	604.3	1,527.1	443.7	896.3	275.8	68.2	218.5	333.8
North Carolina	840.8	201.6	188.6	98.5	237.3	140.7	33.2	---	63.4
North Dakota	90.8	23.2	11.1	3.3	27.0	15.0	3.9	4.9	3.2
Ohio	1,157.8	367.3	---	---	504.0	274.0	42.7	68.1	119.2
Oklahoma	401.0	75.8	32.4	21.5	147.3	77.9	15.0	24.4	29.9
Oregon	322.7	---	153.3	32.2	77.1	50.9	1.7	12.1	12.5
Pennsylvania	1,769.3	637.4	---	244.5	555.3	287.5	68.3	112.8	86.6
Rhode Island	143.4	49.0	---	17.5	55.2	21.0	3.8	10.0	20.3
South Carolina	395.5	113.8	62.7	43.4	143.0	70.9	32.2	13.6	26.3
South Dakota	83.6	30.9	---	.6	36.9	18.7	3.8	5.3	9.2
Tennessee	514.4	188.4	9.0	43.3	178.9	110.7	14.5	30.6	23.1
Texas	1,335.8	259.4	---	---	560.1	246.9	47.7	133.4	132.1
Utah	175.4	55.8	39.9	11.0	38.8	26.8	2.0	5.1	4.9
Vermont	78.7	---	25.1	4.9	32.9	11.0	6.7	5.2	9.9
Virginia	634.9	87.1	192.7	49.3	210.1	123.5	27.3	13.2	46.1
Washington	775.6	425.8	---	---	208.6	99.1	30.2	33.8	45.4
West Virginia	281.7	127.3	27.1	---	91.5	43.7	3.9	13.5	30.3
Wisconsin	921.1	97.7	369.2	102.8	205.5	108.4	21.1	44.0	32.0
Wyoming	57.8	20.2	---	---	15.6	11.5	.7	1.7	1.7

See footnotes at the end of table.

TABLE 8.--STATE TAX REVENUE, BY SOURCE, BY STATE, 1967 (Concl'd)

(Millions of dollars)

State	License taxes: Total	License taxes: Motor vehicle & operators	License taxes: Alcoholic beverages	License taxes: Other	Property	Death and gift	Document and stock transfers	All other taxes
United States	3,631.5	2,315.9	138.4	1,177.2	861.5	795.5	218.4	715.8
Alabama	30.7	9.1	1.5	20.1	20.1	2.2	1.6	1.8
Alaska	10.7	4.5	.7	5.5	---	.1	---	5.0
Arizona	25.8	18.8	.8	6.2	43.3	1.7	---	---
Arkansas	35.0	26.7	.4	7.9	.6	.7	---	5.8
California	273.2	216.8	14.9	41.5	194.3	114.2	---	1.5
Colorado	35.0	22.3	1.1	11.6	1.1	10.0	---	1.2
Connecticut	38.8	30.3	4.0	4.5	---	37.9	---	---
Delaware	31.3	8.8	.3	22.2	.3	6.6	1.8	---
Florida	155.9	106.7	2.0	47.2	23.6	11.3	27.8	.2
Georgia	38.1	27.7	.4	10.0	2.1	3.2	---	---
Hawaii	3.2	.1	---	3.1	---	1.6	.1	---
Idaho	20.7	13.0	.5	7.2	.6	1.8	---	.2
Illinois	176.5	152.4	1.1	23.0	2.0	47.3	---	---
Indiana	64.9	51.1	4.4	9.4	15.8	12.9	---	.3
Iowa	72.1	66.1	*	6.0	3.6	12.1	---	---
Kansas	39.5	31.0	.4	8.1	8.6	6.4	---	.5
Kentucky	29.5	18.2	.8	10.5	22.8	8.9	.9	.2
Louisiana	57.2	16.4	1.2	39.6	19.2	5.5	---	215.3
Maine	18.8	12.3	.6	5.9	3.2	4.9	---	*
Maryland	45.3	37.1	.2	8.0	21.3	17.9	.1	1.7
Massachusetts	171.4	39.2	.4	131.8 1/	.3	38.1	1.8	---
Michigan	240.3	107.5	5.4	127.4	81.0	20.7	---	129.2
Minnesota	71.1	56.9	.2	14.0	41.2	14.2	1.3	21.0
Missippi	24.6	10.8	.1	13.7	3.5	1.6	---	11.2
Missouri	80.8	59.4	1.5	19.9	5.6	9.7	---	*
Montana	11.8	5.9	1.2	4.7	5.1	2.8	---	3.5
Nebraska	14.3	8.3	.1	5.9	44.7	.4	---	.7
Nevada	13.9	9.0	*	4.9	2.4	---	---	.3
New Hampshire	14.8	11.0	.3	3.5	2.7	3.5	---	1.5
New Jersey	154.8	97.9	1.0	55.9	---	54.5	---	---
New Mexico	23.5	17.8	*	5.7	12.7	1.0	---	31.3
New York	315.0	210.2	65.1	39.7	7.4	116.0	146.5	---
North Carolina	83.5	46.1	.2	37.2	17.9	13.2	---	.1
North Dakota	19.8	16.5	.2	3.1	2.3	.5	---	3.5
Ohio	216.0	127.2	9.9	78.9	53.4	17.1	---	---
Oklahoma	65.3	53.4	.8	11.1	---	13.3	---	45.5
Oregon	49.4	36.1	.6	12.7	1.5	8.3	---	.8
Pennsylvania	243.0	117.2	8.1	117.7	1.9	63.0	24.3	---
Rhode Island	16.0	12.0	.1	3.9	---	5.8	---	---
South Carolina	26.3	14.7	.9	10.7	1.3	2.8	2.2	---
South Dakota	13.2	10.0	.7	2.5	---	1.8	---	.2
Tennessee	79.3	44.0	.3	35.0	---	11.6	2.5	1.4
Texas	207.3	129.9	2.4	75.0	56.9	27.3	.1	224.7
Utah	12.7	8.7	*	4.0	11.6	2.3	---	3.3
Vermont	12.7	10.3	.2	2.2	.3	2.1	---	.8
Virginia	69.7	53.6	.4	15.7	10.7	8.1	5.6	1.7
Washington	59.6	39.8	2.3	17.5	58.8	21.7	1.1	---
West Virginia	29.8	24.3	.4	5.1	.3	4.2	.8	.7
Wisconsin	77.2	60.5	.1	16.6	46.1	22.1	---	.3
Wyoming	12.2	8.4	*	3.8	9.3	.5	---	.1

* Less than $500 thousand. 1/ Amount for licenses includes $105,811,000 corporation taxes measured in part by net income.

Source: U. S. Bureau of the Census, State Tax Collections in 1967.

TABLE 9.--SUMMARY OF GENERAL EXPENDITURE (DIRECT AND INTERGOVERNMENTAL), BY FUNCTION, BY LEVEL OF GOVERNMENT: 1966-67

Function	Amount (millions of dollars)				Percent			
	All governments	Federal Government	State governments	Local governments	All governments	Federal Government	State governments	Local governments
All functions	217,308	138,566	53,305	59,897	100.0	100.0	100.0	100.0
Direct	217,308	123,538	34,249	59,522	100.0	89.2	64.3	99.2
Intergovernmental	(1)	2 15,027	19,056	375	(1)	10.8	35.7	0.6
National defense and international relations[3]	74,638	74,638	-	-	34.3	53.9	-	-
Postal service[3]	6,227	6,227	-	-	2.9	4.5	-	-
Space research and technology[3]	5,359	5,359	-	-	2.5	3.9	-	-
Education	40,528	6,214	21,229	28,867	18.66	4.5	39.8	48.2
Direct	40,528	2,295	9,384	28,849	18.66	1.7	17.6	48.2
Intergovernmental	(1)	3,920	11,845	18	(1)	2.8	22.2	-
Highways	14,056	4,159	11,284	4,571	6.5	3.0	21.2	7.6
Direct	14,056	100	9,423	4,533	6.5	0.1	17.7	7.6
Intergovernmental	(1)	4,059	1,861	38	(1)	2.9	3.5	-
Public welfare	9,623	5,608	7,188	4,052	4.4	4.0	13.5	6.8
Direct	9,623	1,374	4,291	3,958	4.4	1.0	8.0	6.6
Intergovernmental	(1)	4,234	2,897	94	(1)	3.1	5.4	-
Health and hospitals	9,464	3,226	3,659	3,380	4.4	2.3	6.9	5.6
Direct	9,464	2,817	3,358	3,289	4.4	2.0	6.3	5.5
Intergovernmental	(1)	409	301	91	(1)	0.3	0.6	-
Natural resources	10,137	8,038	1,847	541	4.7	5.8	3.5	0.9
Direct	10,137	7,801	1,801	535	4.7	5.6	3.4	0.9
Intergovernmental	(1)	238	46	6	(1)	0.2	-	-
Housing and urban renewal	2,477	1,614	95	1,505	1.1	1.2	0.2	2.5
Direct	2,477	944	28	1,505	1.1	0.7	-	2.5
Intergovernmental	(1)	670	67	-	(1)	0.5	0.1	-
Air transportation	1,328	921	88	403	0.6	0.7	0.2	0.7
Direct	1,328	860	65	403	0.6	0.6	0.1	0.7
Intergovernmental	(1)	61	23	-	(1)	-	-	-
Social insurance administration	1,208	1,227	545	-	0.6	0.9	1.0	-
Direct	1,208	663	545	-	0.6	0.5	1.0	-
Intergovernmental	(1)	564	-	-	(1)	0.4	-	-
Interest on general debt[3]	13,398	10,373	1,026	1,999	6.2	7.5	1.9	3.3
Other and combined	28,866	10,959	6,344	14,579	13.3	7.9	11.9	24.3
Direct	28,866	10,087	4,328	14,451	13.3	7.3	8.1	24.1
Intergovernmental	(1)	872	2,016	128	(1)	0.6	3.8	0.2

Note: Because of rounding, detail may not add to totals. Local government amounts are estimates subject to sampling variation.

- Represents zero or rounds to zero.
[1]Duplicative transactions between levels of government are excluded.
[2]Entirely to States except for $1,739 million paid direct to local governments, including $580 million for education, $666 million for housing and urban renewal, $38 million for airports, $97 million for waste treatment facilities, and $58 million Federal lump-sum contribution to the District of Columbia.
[3]Entirely direct expenditure.

Source: U. S. Bureau of the Census, Governmental Finances in 1966-67.

TABLE 10.--DIRECT GENERAL EXPENDITURE OF STATE AND LOCAL GOVERNMENTS FOR SELECTED FUNCTIONS, BY LEVEL OF GOVERNMENT, BY STATE, 1967

(Millions of dollars)

State and level of government	Total direct general expenditure[1/]	Education		Highways	Public Welfare	Health and hospitals
		Total	Local schools			
United States, total	93,770.4	38,233.2	28,065.8	13,955.6	8,248.6	6,646.6
State governments	34,248.9	9,384.5	299.8	9,422.6	4,290.7	3,357.8
Local governments	59,521.5	28,848.7	27,766.0	4,533.0	3,957.9	3,288.8
Alabama	1,273.8	559.8	373.6	225.9	129.9	76.7
State government	629.6	212.8	26.7	155.9	127.6	36.7
Local governments	644.2	347.0	347.0	70.0	2.3	39.9
Alaska	325.8	87.7	65.8	119.2	9.6	8.9
State government	235.8	34.5	12.6	116.1	9.5	7.7
Local governments	90.0	53.2	53.2	3.1	--	1.2
Arizona	853.9	391.4	244.5	164.3	39.0	34.3
State government	382.4	127.0	--	134.1	37.3	14.0
Local governments	471.5	264.5	244.5	30.2	1.7	20.3
Arkansas	666.9	268.6	181.8	133.5	83.1	44.4
State government	347.1	88.0	1.1	101.9	82.4	25.9
Local governments	319.7	180.7	180.7	31.7	0.7	18.5
California	12,470.2	4,634.1	3,445.9	1,337.5	1,614.7	782.6
State government	3,994.9	876.5	17.6	831.2	516.6	282.4
Local governments	8,475.3	3,757.6	3,428.3	506.3	1,098.1	500.2
Colorado	1,065.5	492.6	308.2	147.8	107.0	68.1
State government	403.6	167.5	--	96.6	23.0	45.9
Local governments	661.9	325.2	308.2	51.3	84.0	22.2
Connecticut	1,381.9	519.9	421.9	201.8	109.7	80.2
State government	564.4	98.1	--	149.2	98.7	67.3
Local governments	817.5	421.9	421.9	52.6	11.0	12.8
Delaware	317.3	123.6	80.0	69.9	15.1	14.9
State government	168.8	46.0	2.4	38.5	15.1	14.2
Local governments	148.5	77.6	77.6	31.4	--	0.7
District of Columbia	479.5	119.1	116.7	51.6	39.8	66.2
State government	--	0.0	--	0.0	--	--
Local governments	479.5	119.1	116.7	51.6	39.8	66.2
Florida	2,609.0	971.6	738.4	439.2	149.1	251.6
State government	882.5	189.7	6.6	269.7	128.8	92.4
Local governments	1,726.5	781.9	731.8	169.5	20.4	159.3
Georgia	1,691.0	698.3	520.7	260.0	138.4	179.8
State government	689.9	189.4	11.7	179.4	124.3	59.3
Local governments	1,001.1	509.0	509.0	80.7	14.1	120.5
Hawaii	492.7	179.5	122.9	56.7	23.9	30.8
State government	365.3	168.9	112.3	41.2	23.8	22.4
Local governments	127.3	10.6	10.6	15.5	0.1	8.3
Idaho	316.4	128.7	88.2	62.7	23.2	22.1
State government	148.9	32.9	--	44.9	20.8	10.2
Local governments	167.5	95.8	88.2	17.8	2.4	11.8
Illinois	4,547.9	1,861.9	1,403.2	587.0	415.7	376.4
State government	1,587.3	431.3	4.9	329.6	313.8	223.4
Local governments	2,960.6	1,430.7	1,398.3	257.4	101.9	153.0

See footnotes at the end of table.

TABLE 10.--DIRECT GENERAL EXPENDITURE OF STATE AND LOCAL GOVERNMENTS FOR SELECTED FUNCTIONS, BY LEVEL OF GOVERNMENT, BY STATE, 1967 (cont'd)

(Millions of dollars)

State and level of government	Total direct general expenditure[1/]	Education		Highways	Public Welfare	Health and hospitals
		Total	Local schools			
United States, total	93,770.4	38,233.2	28,065.8	13,955.6	8,248.6	6,646.6
State governments	34,248.9	9,384.5	299.8	9,422.6	4,290.7	3,357.8
Local governments	59,521.5	28,848.7	27,766.0	4,533.0	3,957.9	3,288.8
Indiana	2,059.5	1,096.3	763.8	299.7	96.1	150.1
State government	739.7	332.5	--	199.6	7.5	79.5
Local governments	1,319.8	763.8	763.8	100.1	88.6	70.6
Iowa	1,314.2	581.4	402.3	297.5	89.1	76.1
State government	538.3	172.6	--	169.7	72.9	42.8
Local governments	776.0	408.8	402.3	127.8	16.2	33.3
Kansas	1,002.1	447.0	319.5	183.0	73.6	69.1
State government	346.8	122.0	--	108.3	6.1	41.0
Local governments	655.3	325.0	319.5	74.7	67.4	28.2
Kentucky	1,308.5	510.6	320.9	273.1	127.4	75.5
State government	708.7	165.2	2.4	253.5	122.5	42.5
Local governments	599.8	345.4	318.5	19.7	4.9	33.0
Louisiana	1,774.4	679.3	480.4	319.7	215.1	107.0
State government	914.7	205.0	7.9	253.8	214.0	85.2
Local governments	859.7	474.3	472.5	65.8	1.1	21.8
Maine	402.7	162.2	114.3	87.9	34.4	19.1
State government	205.1	48.8	1.0	63.1	31.4	16.3
Local governments	197.5	113.3	113.3	24.8	3.0	2.8
Maryland	1,742.0	727.5	578.7	211.5	121.8	130.3
State government	529.3	123.3	--	133.6	39.2	84.8
Local governments	1,212.7	604.1	578.7	77.9	82.6	45.4
Massachusetts	2,527.2	834.7	691.7	274.2	303.6	215.2
State government	757.3	142.2	--	164.7	29.5	144.2
Local governments	1,769.9	692.5	691.7	109.4	274.1	71.0
Michigan	4,375.8	2,075.7	1,396.1	506.5	325.5	358.8
State government	1,552.7	612.4	--	285.6	234.7	168.1
Local governments	2,823.1	1,463.3	1,396.1	220.9	90.8	190.7
Minnesota	1,958.0	868.0	644.9	343.5	166.1	118.8
State government	604.0	223.0	--	202.3	6.0	69.5
Local governments	1,354.0	645.0	644.9	141.1	160.1	49.3
Mississippi	813.4	311.7	208.1	162.4	85.9	63.2
State government	367.5	88.3	2.0	106.9	84.0	23.9
Local governments	445.9	223.4	206.2	55.5	1.9	39.3
Missouri	1,859.7	778.0	577.0	278.9	174.8	139.9
State government	716.5	164.5	--	210.7	168.8	69.0
Local governments	1,143.2	613.5	577.0	68.2	6.0	70.9
Montana	357.0	140.4	98.1	95.9	20.0	14.6
State government	176.3	42.3	--	77.5	15.5	8.6
Local governments	180.7	98.1	98.1	18.4	4.6	6.0
Nebraska	629.9	259.8	178.0	137.3	37.2	42.0
State government	231.4	72.8	--	88.1	3.5	24.5
Local governments	398.6	187.0	178.0	49.2	33.7	17.5

See footnotes at the end of table.

TABLE 10.--DIRECT GENERAL EXPENDITURE OF STATE AND LOCAL GOVERNMENTS FOR SELECTED FUNCTIONS, BY LEVEL OF GOVERNMENT, BY STATE, 1967 (cont'd)

(Millions of dollars)

State and level of government	Total direct general expenditure1/	Education		Highways	Public Welfare	Health and hospitals
		Total	Local schools			
United States, total	93,770.4	38,233.2	28,065.8	13,955.6	8,248.6	6,646.6
State governments	34,248.9	9,384.5	299.8	9,422.6	4,290.7	3,357.8
Local governments	59,521.5	28,848.7	27,766.0	4,533.0	3,957.9	3,288.8
Nevada	310.9	97.7	72.4	66.6	13.5	24.0
State government	122.8	25.3	--	48.8	11.1	4.9
Local governments	188.1	72.4	72.4	17.8	2.4	19.1
New Hampshire	278.8	119.4	81.5	57.1	19.1	15.3
State government	135.3	37.9	--	45.0	13.3	12.8
Local governments	143.5	81.5	81.5	12.1	5.8	2.5
New Jersey	2,919.1	1,122.3	961.6	398.0	176.0	207.0
State government	757.2	159.1	--	243.7	21.5	98.4
Local governments	2,162.0	963.3	961.6	154.3	154.6	108.6
New Mexico	562.1	279.4	184.5	94.9	39.9	26.3
State government	284.0	97.7	2.8	82.3	39.8	13.3
Local governments	278.1	181.6	181.6	12.6	0.2	13.0
New York	11,269.7	4,099.9	3,204.5	1,059.0	1,087.1	1,128.1
State government	2,772.4	697.7	--	617.1	49.6	464.2
Local governments	8,497.2	3,402.3	3,204.5	441.9	1,037.5	664.0
North Carolina	1,724.2	805.4	565.9	277.0	124.2	114.5
State government	696.2	220.4	10.1	242.2	16.2	68.3
Local governments	1,027.9	585.1	555.8	34.8	108.0	46.2
North Dakota	373.1	151.5	103.0	79.2	24.0	10.8
State government	190.4	48.1	--	51.3	20.7	9.7
Local governments	182.7	103.4	103.0	27.9	3.3	1.1
Ohio	4,110.4	1,761.3	1,337.1	706.7	352.0	239.1
State government	1,318.4	347.4	--	457.4	202.3	111.3
Local governments	2,791.9	1,413.9	1,337.1	249.3	149.7	127.8
Oklahoma	1,161.6	468.9	303.8	178.1	208.1	65.2
State government	621.7	167.7	2.7	116.7	206.4	35.9
Local governments	539.9	301.2	301.1	61.3	1.7	29.2
Oregon	1,075.3	493.2	332.9	183.7	63.6	51.7
State government	473.1	151.8	--	122.5	59.9	33.2
Local governments	602.2	341.4	332.9	61.2	3.7	18.4
Pennsylvania	4,783.8	2,040.8	1,627.6	718.3	363.5	281.3
State government	1,887.3	414.5	26.4	570.4	295.7	215.7
Local governments	2,896.5	1,626.3	1,601.2	147.9	67.8	65.6
Rhode Island	445.4	155.6	109.0	78.0	47.4	28.5
State government	242.0	46.6	--	65.4	42.6	26.7
Local governments	203.4	109.0	109.0	12.6	4.8	1.7
South Carolina	792.7	371.5	263.4	127.6	39.4	66.2
State government	393.5	121.1	12.9	108.2	37.4	32.5
Local governments	399.2	250.4	250.4	19.3	2.0	33.7
South Dakota	332.4	148.2	102.1	87.1	21.4	10.0
State government	166.6	46.1	--	63.7	19.6	7.7
Local governments	165.7	102.1	102.1	23.4	1.8	2.3

See footnotes at the end of table.

TABLE 10.--DIRECT GENERAL EXPENDITURE OF STATE AND LOCAL GOVERNMENTS FOR SELECTED FUNCTIONS, BY LEVEL OF GOVERNMENT, BY STATE, 1967 (concl'd)

(Millions of dollars)

State and level of government	Total direct general expenditure[1/]	Education		Highways	Public Welfare	Health and hospitals
		Total	Local schools			
United States, total	93,770.4	38,233.2	28,065.8	13,955.6	8,248.6	6,646.6
State governments	34,248.9	9,384.5	299.8	9,422.6	4,290.7	3,357.8
Local governments	59,521.5	28,848.7	27,766.0	4,533.0	3,957.9	3,288.8
Tennessee	1,502.7	580.5	401.8	286.1	106.0	131.1
State government	618.8	178.5	--	190.5	99.1	55.3
Local governments	883.9	402.0	401.8	95.6	6.9	75.8
Texas	4,187.2	1,872.2	1,410.9	785.5	290.0	223.1
State government	1,583.1	432.0	16.7	570.4	278.5	113.3
Local governments	2,604.1	1,440.1	1,394.2	215.1	11.5	109.7
Utah	529.3	284.8	179.0	88.2	31.9	21.6
State government	265.7	105.9	--	75.4	31.4	14.3
Local governments	263.6	179.0	179.0	12.9	0.5	7.4
Vermont	219.5	79.7	44.4	66.9	17.2	8.4
State government	142.5	35.2	--	55.6	15.6	8.2
Local governments	77.1	44.4	44.4	11.3	1.7	0.2
Virginia	1,721.7	749.6	575.2	363.6	68.2	112.7
State government	730.4	174.3	--	304.0	9.8	96.5
Local governments	991.3	575.2	575.2	59.6	58.4	16.2
Washington	1,720.0	723.7	484.0	312.7	134.8	75.3
State government	779.6	226.0	19.1	230.9	134.4	45.4
Local governments	940.4	497.6	464.9	81.8	0.4	29.9
West Virginia	720.1	289.9	202.9	183.2	65.3	37.9
State government	423.2	87.0	--	176.6	61.4	26.3
Local governments	296.9	202.9	202.9	6.6	3.8	11.6
Wisconsin	2,178.5	927.4	571.0	360.9	178.0	138.0
State government	733.5	353.7	--	116.9	66.2	56.2
Local governments	1,444.9	573.6	571.0	244.0	111.9	81.8
Wyoming	235.9	100.8	62.0	68.9	9.1	14.0
State government	122.0	33.0	--	62.0	1.0	5.7
Local governments	113.9	67.8	62.0	6.9	8.1	8.4

1/ Includes amounts for categories not shown separately.

Source: U. S. Bureau of the Census, Governmental Finances in 1966-67.

TABLE 11.--CAPITAL OUTLAY OF STATE AND LOCAL GOVERNMENTS IN TOTAL AND FOR SELECTED FUNCTIONS: 1966-67

(Millions of dollars)

State	Total	General expenditure for capital outlay								Local utilities	
		All general govern- ment functions[1]	Education			High- ways	Health and hospitals	Sewer- age		Water supply systems	Other (elec- tric, gas supply, transit systems)
			Total[1]	Local schools	Insti- tutions of higher education						
UNITED STATES	24 504.7	22 460.7	6 679.2	4 085.8	2 405.7	9 528.9	625.7	1 092.7		1 073.1	971.0
ALABAMA	351.7	324.4	119.3	67.6	46.9	145.1	5.0	7.8		17.1	10.3
ALASKA	167.8	157.8	18.7	16.6	1.6	106.8	0.4	0.7		4.9	5.0
ARIZONA	269.7	243.2	66.6	22.3	42.1	135.0	3.1	13.2		9.4	17.2
ARKANSAS	175.7	169.7	48.9	23.4	21.1	78.6	5.6	9.6		5.4	0.6
CALIFORNIA	3 217.3	2 696.4	679.4	455.3	223.2	969.9	57.5	100.1		220.5	300.5
COLORADO	263.5	222.9	68.8	27.1	41.1	96.5	4.8	8.8		35.6	5.0
CONNECTICUT	345.3	336.6	88.1	66.0	20.0	124.0	3.5	29.7		7.7	1.0
DELAWARE	121.8	120.0	31.8	17.8	13.7	54.4	2.0	4.3		0.7	1.1
DISTRICT OF COLUMBIA	98.3	96.7	17.3	17.3	-	38.1	3.4	8.4		1.5	-
FLORIDA	766.3	677.2	155.2	94.8	58.9	334.7	28.9	22.5		53.0	36.3
GEORGIA	437.5	414.7	114.1	66.3	45.2	183.5	17.2	9.3		18.3	4.5
HAWAII	129.9	120.2	26.6	21.1	5.3	39.0	1.9	6.3		9.6	-
IDAHO	78.9	75.5	22.9	11.7	11.2	41.1	1.9	0.2		2.9	0.6
ILLINOIS	987.9	935.0	307.4	195.2	111.7	389.1	37.4	34.1		37.7	15.3
INDIANA	489.5	466.3	162.5	96.6	65.3	198.1	27.4	18.9		7.2	16.0
IOWA	347.0	326.6	70.5	41.1	28.7	196.2	4.2	10.6		8.8	11.6
KANSAS	227.7	206.9	42.7	26.4	15.5	110.2	7.0	6.4		8.5	12.3
KENTUCKY	407.1	395.1	103.7	42.9	58.7	195.7	7.3	9.9		9.9	2.1
LOUISIANA	534.6	504.8	150.2	90.2	59.3	231.8	15.8	17.6		21.3	8.4
MAINE	91.4	86.9	26.6	13.6	11.0	45.3	0.9	4.0		4.2	0.3
MARYLAND	478.5	440.7	146.7	116.4	30.1	148.5	9.5	45.3		37.5	0.2
MASSACHUSETTS	466.2	427.4	126.0	86.4	39.4	122.6	22.5	12.2		23.8	14.9
MICHIGAN	1 069.6	972.1	375.1	220.5	153.0	354.9	27.7	54.9		82.6	15.0
MINNESOTA	556.9	540.1	181.7	134.3	46.9	227.8	6.7	52.3		13.0	3.8
MISSISSIPPI	210.4	199.6	39.9	25.6	12.9	98.1	6.9	12.4		9.2	1.8
MISSOURI	502.9	483.4	156.8	90.4	66.2	192.3	5.2	45.6		6.3	13.2
MONTANA	114.5	112.6	22.7	12.0	10.5	73.6	0.5	4.7		1.9	-
NEBRASKA	231.0	168.7	36.9	16.7	17.7	91.6	10.8	6.7		15.9	46.3
NEVADA	94.4	91.5	19.4	12.2	7.2	52.4	1.2	4.1		2.1	0.7
NEW HAMPSHIRE	72.3	70.9	27.6	16.6	10.9	33.8	0.9	0.4		1.4	-
NEW JERSEY	598.3	585.0	124.4	100.1	23.9	254.3	28.0	41.3		11.9	1.3
NEW MEXICO	149.7	142.9	49.3	28.8	20.2	68.3	3.1	6.1		5.4	1.4
NEW YORK	2 393.4	2 194.9	715.9	391.7	250.0	665.0	103.1	101.0		65.3	133.2
NORTH CAROLINA	472.0	438.7	146.8	80.5	53.6	197.8	16.4	15.6		25.4	7.9
NORTH DAKOTA	113.0	110.0	40.2	30.7	9.4	56.7	0.8	1.9		2.9	-
OHIO	1 145.1	1 089.1	349.8	220.7	129.1	485.6	15.4	71.6		35.0	21.1
OKLAHOMA	257.0	239.3	74.0	34.4	38.7	110.7	8.0	9.5		15.0	2.7
OREGON	262.7	243.4	68.8	40.6	28.2	119.4	3.2	10.7		12.6	6.8
PENNSYLVANIA	1 215.5	1 182.5	368.1	245.8	79.4	467.2	45.5	51.2		28.6	4.4
RHODE ISLAND	109.2	107.2	24.1	16.4	7.5	59.6	0.8	3.1		2.0	-
SOUTH CAROLINA	190.4	178.0	51.0	30.7	15.4	86.8	6.0	9.4		9.7	2.8
SOUTH DAKOTA	91.7	88.5	23.4	16.3	7.1	55.9	0.6	4.4		2.7	0.4
TENNESSEE	565.4	490.7	145.3	70.9	66.6	207.3	19.9	35.9		24.3	50.2
TEXAS	1 382.4	1 247.8	401.5	267.9	132.5	597.0	17.5	50.6		92.4	42.2
UTAH	155.0	151.4	63.8	37.0	23.7	67.3	1.8	4.0		3.3	0.2
VERMONT	70.5	69.0	13.0	3.6	8.9	47.6	0.3	4.6		1.2	0.3
VIRGINIA	519.1	494.1	145.5	103.3	40.6	264.6	10.8	27.2		19.1	5.9
WASHINGTON	628.5	468.0	115.3	72.7	42.1	229.7	2.8	28.3		17.1	143.6
WEST VIRGINIA	178.9	178.5	41.2	21.6	17.9	115.4	0.9	1.9		0.4	-
WISCONSIN	621.0	601.6	248.8	121.8	126.6	210.7	11.5	51.9		16.4	2.9
WYOMING	80.4	75.7	15.1	5.8	9.2	53.3	2.3	1.5		4.7	-

Note: Because of rounding, detail may not add to totals. These amounts are based on estimates subject to sampling variation.
-Represents zero or rounds to zero.
[1]Including amounts for categories not shown separately.

Source: U. S. Bureau of the Census, Governmental Finances in 1966-67.

TABLE 12.--STATE FINANCING OF STATE AND LOCAL EXPENDITURE FOR EDUCATION FROM OWN SOURCES, BY STATE, 1942, 1957, and 1966

(Dollar amounts in millions)

State and region	Total, 1966		Total, excluding higher education					
	Amount	% State financed	Amount			Percent State financed		
			1966	1957	1942	1966	1957	1942
United States	$30,161.2	49.9	$23,938.2	$11,628.1	$2,157.9	40.4	37.8	34.9
New England	1,445.6	33.8	1,230.1	654.3	149.0	22.3	17.9	11.1
Maine	103.4	49.4	80.3	47.2	11.4	34.9	21.2	23.7
New Hampshire	83.8	28.8	66.2	32.7	6.9	9.8	6.4	7.2
Vermont	58.8	57.7	38.7	23.9	5.5	35.7	25.9	25.5
Massachusetts	665.6	24.3	580.6	318.9	76.9	13.3	16.7	10.4
Rhode Island	122.1	46.8	98.4	43.1	13.5	33.9	19.7	9.6
Connecticut	411.9	39.0	365.9	188.5	34.8	31.3	19.7	7.5
Mideast	6,703.1	48.3	5,845.7	2,685.0	615.2	43.7	37.5	32.9
New York	3,367.6	56.2	2,894.5	1,301.9	303.4	54.3	37.7	40.5
New Jersey	938.5	24.3	842.9	405.0	96.4	15.7	19.9	22.9
Pennsylvania	1,653.1	48.8	1,479.6	715.1	175.5	43.2	49.8	27.5
Delaware	110.6	73.1	87.1	35.0	4.3	65.8	82.9	97.7
Maryland	552.7	41.9	462.5	191.3	22.6	33.0	26.5	23.0
Dist. of Columbia	80.6	--	79.1	36.7	13.0	--	--	--
Great Lakes	6,394.0	43.1	4,907.0	2,417.1	476.0	28.9	27.1	29.6
Michigan	1,584.3	56.2	1,154.2	602.5	96.3	44.0	44.9	48.3
Ohio	1,502.8	32.5	1,195.1	628.5	120.2	20.6	22.8	41.0
Indiana	889.0	50.0	679.5	297.3	54.0	34.6	28.1	34.4
Illinois	1,618.3	37.2	1,288.6	642.0	149.6	22.9	18.3	11.6
Wisconsin	799.6	41.5	589.6	246.8	55.9	22.8	16.4	16.3
Plains	2,513.9	45.2	1,924.7	1,018.5	212.1	30.5	25.6	24.9
Minnesota	647.3	54.1	501.9	264.7	47.5	40.8	33.4	37.5
Iowa	482.7	35.6	372.0	199.8	44.4	17.8	18.4	2.0
Missouri	600.9	46.5	476.9	242.3	51.1	36.3	32.0	42.5
North Dakota	110.4	47.0	78.4	39.3	10.9	26.7	28.2	30.3
South Dakota	112.3	41.1	82.6	44.1	11.6	19.9	12.2	22.4
Nebraska	217.4	26.4	161.6	85.0	19.0	5.4	7.9	6.3
Kansas	342.9	52.5	251.3	143.3	27.6	38.4	24.1	19.2
Southeast	4,970.0	66.5	3,801.0	1,925.5	298.0	59.0	56.0	52.1
Virginia	589.4	44.8	489.2	185.1	28.7	33.5	36.4	37.3
West Virginia	213.6	66.9	159.5	100.3	29.1	55.6	58.9	53.6
Kentucky	341.3	65.5	239.2	132.4	26.3	59.1	36.2	39.2
Tennessee	408.2	64.4	308.2	164.1	27.8	52.8	48.7	37.4
North Carolina	601.0	79.4	447.4	241.2	36.5	76.3	64.2	82.5
South Carolina	260.7	69.2	210.4	133.0	18.2	61.8	62.6	53.3
Georgia	503.2	72.6	393.1	217.0	29.0	65.5	66.4	52.1
Florida	771.5	55.3	614.2	245.6	24.6	52.2	48.3	52.8
Alabama	381.8	80.6	280.6	141.0	22.4	73.6	67.5	47.8
Mississippi	229.4	69.7	159.6	81.9	14.9	66.4	64.0	41.6
Louisiana	472.6	77.4	355.3	214.8	27.9	70.3	67.4	59.1
Arkansas	197.3	64.5	144.3	69.1	12.6	51.4	44.4	55.6
Southwest	2,281.7	59.9	1,728.7	900.8	126.1	50.2	44.6	57.1
Oklahoma	355.3	62.2	249.5	144.9	31.8	46.3	41.1	45.0
Texas	1,438.4	57.1	1,134.5	596.8	77.3	49.4	44.3	58.6
New Mexico	196.8	81.1	140.0	64.3	7.6	73.5	78.8	75.0
Arizona	291.2	56.7	204.7	94.8	9.4	44.0	28.2	71.3
Rocky Mountain	942.8	52.3	681.7	312.1	35.8	36.7	27.3	21.9
Montana	121.0	48.8	88.7	52.6	11.6	30.7	24.3	25.0
Idaho	102.1	55.4	75.5	41.7	9.3	44.9	25.2	29.0
Wyoming	80.4	54.0	54.3	29.3	5.3	40.5	43.3	20.8
Colorado	410.3	44.3	301.3	121.8	19.6	27.0	21.7	10.7
Utah	229.0	66.7	161.9	66.7	10.0	52.9	34.3	34.0

See footnotes at the end of table.

TABLE 12.--STATE FINANCING OF STATE AND LOCAL EXPENDITURE FOR EDUCATION FROM OWN SOURCES, BY STATE, 1942, 1957, and 1966 (Concl'd)

(Dollar amounts in millions)

State and region	Total, 1966		Total, excluding higher education					
	Amount	% State financed	Amount			Percent State financed		
			1966	1957	1942	1966	1957	1942
United States	$30,161.2	49.9	$23,938.2	$11,628.1	$2,157.9	40.4	37.8	34.9
Far West 1/	$4,766.7	44.3	$3,711.3	$1,655.8	$225.7	36.9	45.2	44.8
Washington	547.3	65.3	394.8	227.2	34.2	57.4	54.2	56.1
Oregon	389.3	45.5	296.3	146.9	16.9	31.0	28.1	0.6
Nevada	86.4	52.2	71.9	19.1	2.8	42.6	52.4	25.0
California	3,743.7	40.9	2,948.3	1,262.6	171.8	34.6	45.5	47.2
Alaska	44.4	75.0	33.5	15.7	n.a.	66.9	74.5	n.a.
Hawaii	99.0	100.0	74.5	43.3	n.a.	100.0	81.1	n.a.

n.a. - Data not available.

1/ Excluding Alaska and Hawaii.

Source: Advisory Commission on Intergovernmental Relations, Fiscal Balance in the American Federal System. A-31.

TABLE 13.--STATE AND LOCAL EXPENDITURE FOR EDUCATION, BY GOVERNMENTAL SOURCE OF FINANCING, BY STATE, 1966

State and region	Amount		Percent financed from--			Estimated per pupil public school expenditure, 1966 1/
	Total (millions)	Per capita	Federal aid	State funds	Local funds	
United States	$33,286.9	$170	9.4	45.2	45.4	$532
New England	1,567.9	140	7.8	31.2	61.0	544
Maine	118.9	121	13.0	43.0	44.0	410
New Hampshire	92.7	136	9.6	26.0	64.4	479
Vermont	67.4	166	12.8	50.3	36.9	507
Massachusetts	717.7	133	7.3	22.6	70.2	530
Rhode Island	137.4	153	11.1	41.6	47.3	576
Connecticut	433.8	151	5.0	37.0	57.9	637
Mideast	7,071.6	170	5.2	45.8	49.0	709
New York	3,466.5	190	2.9	54.6	42.5	876
New Jersey	1,016.4	147	7.7	22.4	69.9	662
Pennsylvania	1,750.6	151	5.6	46.1	48.3	565
Delaware	116.8	228	5.4	69.2	25.5	580
Maryland	624.3	173	11.5	37.1	51.4	552
Dist. of Columbia	97.0	120	16.9	--	83.1	578
Great Lakes	6,913.4	180	7.5	39.9	52.6	538
Michigan	1,728.4	206	8.3	51.6	40.1	523
Ohio	1,613.7	157	6.9	30.3	62.9	503
Indiana	961.6	196	7.5	46.2	46.2	512
Illinois	1,739.6	162	7.0	34.6	58.5	591
Wisconsin	870.1	209	8.1	38.2	53.7	523
Plains	2,789.9	176	9.9	40.7	49.4	515
Minnesota	707.3	198	8.5	49.5	42.0	577
Iowa	545.6	199	11.5	31.5	57.0	549
Missouri	657.6	146	8.6	42.5	48.9	485
North Dakota	124.1	191	11.1	41.8	47.1	460
South Dakota	128.4	188	12.5	35.9	51.6	504
Nebraska	240.9	165	9.7	23.9	66.4	419
Kansas	386.0	172	11.2	46.6	42.2	511
Southeast	5,766.2	135	13.8	57.3	28.9	390
Virginia	660.3	147	10.7	40.0	49.2	424
West Virginia	249.1	139	14.3	57.3	28.4	367
Kentucky	413.3	130	17.4	54.1	28.5	375
Tennessee	472.1	122	13.6	55.7	30.8	361
North Carolina	685.6	137	12.3	69.6	18.0	379
South Carolina	305.2	118	14.6	59.1	26.3	349
Georgia	590.2	132	14.7	61.9	23.4	384
Florida	867.2	146	11.0	49.2	39.7	439
Alabama	473.0	134	19.3	65.1	15.7	355
Mississippi	274.2	118	16.3	58.4	25.3	317
Louisiana	536.0	149	11.8	68.2	20.0	481
Arkansas	240.0	123	17.8	53.0	29.2	376
Southwest	2,613.4	165	12.7	52.3	35.0	471
Oklahoma	413.2	168	14.0	53.5	32.5	481
Texas	1,617.5	150	11.1	50.8	38.2	449 2/
New Mexico	242.6	237	18.9	65.8	15.3	578
Arizona	340.1	210	14.4	48.5	37.1	514
Rocky Mountain	1,058.0	225	10.9	46.6	42.5	494
Montana	133.7	190	9.6	44.1	46.4	567
Idaho	112.6	162	9.3	50.3	40.4	400
Wyoming	90.6	275	11.3	47.9	40.8	551
Colorado	463.4	234	11.4	39.2	49.4	513
Utah	257.7	256	11.1	59.3	29.6	459

See footnotes at the end of table.

TABLE 13.--STATE AND LOCAL EXPENDITURE FOR EDUCATION, BY GOVERNMENTAL SOURCE OF FINANCING, BY STATE, 1966 (Concl'd)

State and region	Amount		Percent financed from--			Estimated per pupil public school expenditure, 1966 1/
	Total (millions)	Per capita	Federal aid	State funds	Local funds	
United States	$33,286.9	$170	9.4	45.2	45.4	$532
Far West 3/	5,296.4	218	10.0	39.9	50.1	580
Washington	618.1	207	11.5	57.8	30.7	556
Oregon	436.5	223	10.8	40.6	48.6	612
Nevada	96.7	213	10.7	46.6	42.7	528
California	4,145.1	219	9.7	36.9	53.4	582
Alaska	75.1	276	40.9	44.3	14.8	775
Hawaii	134.7	188	25.4	74.6	--	515

1/ Average current expenditure per pupil in average daily attendance.

2/ Excludes kindergarten and nursery schools.

3/ Excluding Alaska and Hawaii.

Source: Advisory Commission on Intergovernmental Relations, Fiscal Balance in the American Federal System. A-31.

TABLE 14.--STATE FINANCING OF STATE AND LOCAL EXPENDITURE FOR PUBLIC WELFARE FROM OWN SOURCES, BY STATE, 1942, 1957, and 1966

State and region	Amount			Percent State financed		
	1966	1957	1942	1966	1957	1942
United States	$3,169.7	$1,940.0	$865.4	75.7	71.8	61.4
New England	270.9	168.7	75.8	83.4	65.9	52.2
Maine	14.4	10.0	5.3	77.8	76.0	77.4
New Hampshire	13.4	7.7	4.1	38.8	46.8	26.8
Vermont	7.5	4.4	1.8	62.7	70.5	55.6
Massachusetts	153.0	100.7	48.0	84.2	53.3	52.5
Rhode Island	25.6	13.2	4.1	98.0	93.2	73.2
Connecticut	57.0	32.7	12.5	89.5	94.5	41.6
Mideast	808.8	419.4	269.8	73.2	56.1	52.1
New York	496.8	242.0	168.8	75.7	52.9	37.0
New Jersey	85.4	39.0	17.9	53.7	46.2	55.3
Pennsylvania	165.8	111.9	73.5	80.5	69.3	86.1
Delaware	7.4	3.5	1.0	67.6	77.1	70.0
Maryland	32.8	15.9	6.3	95.7	57.2	69.8
Dist. of Columbia	20.6	7.1	2.3	--	--	--
Great Lakes	565.1	390.3	204.0	75.3	73.1	68.1
Michigan	101.2	78.4	41.1	97.6	75.8	57.9
Ohio	155.0	112.6	45.2	74.3	78.2	92.0
Indiana	40.2	31.5	24.1	37.1	24.8	35.3
Illinois	187.7	120.2	72.9	80.3	92.5	77.8
Wisconsin	81.0	47.6	20.7	56.7	39.5	40.1
Plains	243.5	181.2	84.1	61.1	62.4	64.8
Minnesota	72.9	45.3	20.9	30.3	16.1	56.9
Iowa	49.0	34.7	17.0	52.7	64.0	58.2
Missouri	58.8	53.7	19.8	91.8	95.0	90.4
North Dakota	9.4	7.4	3.5	70.2	73.0	54.3
South Dakota	9.1	4.6	3.8	78.0	63.0	68.4
Nebraska	15.5	10.1	6.9	78.7	87.1	78.3
Kansas	28.8	25.4	12.2	72.6	60.6	40.2
Southeast	378.1	248.4	72.1	76.6	84.8	73.1
Virginia	32.3	11.6	4.8	51.8	55.2	50.0
West Virginia	21.2	13.1	9.0	90.1	85.5	87.8
Kentucky	40.5	17.0	6.5	89.4	79.4	64.6
Tennessee	26.7	16.2	7.1	70.4	72.8	63.4
North Carolina	32.0	15.1	5.9	29.4	41.1	40.7
South Carolina	14.2	8.8	2.7	74.6	87.5	85.2
Georgia	34.0	29.0	6.9	78.2	85.5	66.7
Florida	44.5	26.6	6.9	76.6	77.4	79.7
Alabama	33.1	25.0	4.9	93.7	97.2	61.2
Mississippi	21.8	12.7	2.9	95.2	93.7	72.4
Louisiana	61.0	61.9	11.5	99.0	99.2	95.7
Arkansas	16.8	11.4	3.0	95.8	94.7	93.3
Southwest	162.8	119.0	36.1	90.8	93.5	87.3
Oklahoma	60.1	53.2	15.3	97.1	97.4	88.2
Texas	73.1	50.1	15.4	85.6	88.6	83.1
New Mexico	13.0	7.3	1.5	99.2	98.6	98.2
Arizona	16.6	8.4	3.9	83.7	97.6	94.9
Rocky Mountain	90.5	70.9	29.5	73.8	90.3	79.7
Montana	11.0	8.0	5.0	38.2	65.0	42.0
Idaho	9.6	5.3	3.2	74.0	83.0	71.9
Wyoming	4.9	3.2	1.2	49.0	65.6	75.0
Colorado	51.1	45.4	14.3	78.5	96.5	88.1
Utah	13.9	9.0	5.8	93.5	94.4	96.6

See footnotes at the end of table.

TABLE 14.--STATE FINANCING OF STATE AND LOCAL EXPENDITURE FOR PUBLIC WELFARE FROM OWN SOURCES, BY STATE, 1942, 1957, and 1966 (Concl'd)

State and region	Amount			Percent State financed		
	1966	1957	1942	1966	1957	1942
United States	$3,169.7	$1,940.0	$865.4	75.7	71.8	61.4
Far West 1/	634.3	334.5	93.9	76.9	76.4	53.0
Washington	53.2	62.2	19.3	100.0	100.0	100.0
Oregon	31.7	25.7	7.0	71.6	75.9	61.4
Nevada	5.4	2.4	0.9	72.2	66.7	33.3
California	544.0	244.2	66.7	74.9	67.5	37.9
Alaska	4.5	2.7	n.a.	100.0	99.0	n.a.
Hawaii	11.7	4.9	n.a.	100.0	83.7	n.a.

n.a. Data not available.
1/ Excluding Alaska and Hawaii.

Source: Advisory Commission on Intergovernmental Relations, Fiscal Balance in the American Federal System. A-31.

TABLE 15.--STATE AND LOCAL EXPENDITURE FOR PUBLIC WELFARE, BY GOVERNMENTAL SOURCE OF FINANCING, BY STATE, 1966

State and region	Total (millions)	Per capita	Percent financed from-- Federal aid	State funds	Local funds	Average monthly benefit payments, July 1966 A.F.D.C.[1/]	O.A.A.[2/]
United States	$6,757.4	$35	53.1	35.5	11.4	$36.40	$73.57
New England	472.9	42	42.7	47.8	9.5	45.25	87.87
Maine	32.0	33	55.0	35.0	10.0	29.70	51.05
New Hampshire	19.0	28	29.5	27.4	43.2	48.21	120.58
Vermont	14.9	37	49.7	31.5	18.8	29.05	57.73
Massachusetts	265.1	49	42.3	48.6	9.1	50.10	101.31
Rhode Island	43.6	49	41.3	57.6	1.1	38.93	54.57
Connecticut	98.3	34	42.0	51.9	6.0	45.43	67.44
Mideast	1,446.9	35	44.1	40.9	15.0	44.72	73.53
New York	843.9	46	41.1	44.6	14.3	50.83	75.60
New Jersey	146.9	21	41.9	31.2	26.9	51.47	74.19
Pennsylvania	332.2	29	50.1	40.2	9.7	32.00	72.12
Delaware	12.7	25	41.7	39.4	18.9	30.31	73.96
Maryland	76.1	21	56.9	41.3	1.8	36.02	57.28
Dist. of Columbia	35.1	43	41.3	--	58.7	33.57	94.57
Great Lakes	1,039.7	27	45.6	40.9	13.4	37.05	72.82
Michigan	215.2	26	53.0	45.9	1.1	35.58	84.58
Ohio	275.9	27	43.8	41.7	14.5	33.14	78.59
Indiana	77.6	16	48.2	19.2	32.6	33.11	102.50
Illinois	346.0	32	45.8	43.6	10.7	40.64	55.57
Wisconsin	125.0	30	35.2	36.7	28.1	42.77	40.72
Plains	545.3	34	55.4	27.3	17.4	34.91	75.25
Minnesota	147.5	41	50.6	15.0	34.4	46.89	52.62
Iowa	88.7	32	44.8	29.1	26.2	41.03	100.25
Missouri	167.9	37	65.0	32.2	2.9	25.27	74.55
North Dakota	21.4	33	56.1	30.8	12.6	41.23	65.64
South Dakota	19.7	29	53.8	36.0	10.2	33.95	78.58
Nebraska	35.8	25	56.7	34.1	9.2	28.61	46.47
Kansas	64.3	29	55.2	32.5	12.1	40.16	99.63
Southeast	1,220.8	29	69.0	23.7	7.2	21.00	62.28
Virginia	62.3	14	48.2	20.4	31.5	26.24	76.44
West Virginia	64.9	36	67.3	29.4	3.2	24.44	44.91
Kentucky	107.8	34	62.4	33.6	3.9	27.83	56.23
Tennessee	89.5	23	70.2	21.0	8.8	27.30	70.45
North Carolina	116.9	23	72.6	8.0	19.3	26.31	64.41
South Carolina	41.4	16	65.7	25.6	8.7	16.04	53.48
Georgia	126.8	28	73.2	21.0	5.9	24.07	60.17
Florida	130.4	22	65.9	22.2	11.9	16.06	64.64
Alabama	128.3	36	74.2	24.2	1.6	12.70	72.25
Mississippi	73.6	32	70.4	26.9	2.6	7.90	39.68
Louisiana	208.5	58	70.7	29.0	0.3	23.78	65.74
Arkansas	70.4	36	76.3	22.9	1.0	17.91	66.69
Southwest	510.4	32	68.1	29.0	2.9	30.44	74.09
Oklahoma	172.8	70	65.2	33.8	1.0	34.00	76.17
Texas	262.7	24	72.2	23.8	4.0	26.88	73.84
New Mexico	36.7	36	64.6	35.1	0.3	35.25	79.15
Arizona	38.2	24	56.5	36.4	7.1	28.47	62.18
Rocky Mountain	182.6	39	50.5	36.6	12.9	38.98	83.22
Montana	20.2	29	45.5	20.8	33.2	36.74	77.72
Idaho	19.9	29	51.8	35.7	12.6	39.23	61.26
Wyoming	8.5	26	42.4	28.2	29.4	40.35	89.46
Colorado	103.9	53	50.8	38.6	10.5	40.32	88.86
Utah	30.1	30	53.8	43.2	3.0	36.38	53.32

See footnotes at the end of table.

TABLE 15.--STATE AND LOCAL EXPENDITURE FOR PUBLIC WELFARE, BY GOVERNMENTAL SOURCE OF FINANCING, BY STATE, 1966 (Concl'd)

State and region	Total (millions)	Per capita	Percent financed from-- Federal aid	State funds	Local funds	Average monthly benefit payments, July 1966 A.F.D.C.[1/]	O.A.A.[2/]
United States	6,757.4	$35	53.1	35.5	11.4	$36.40	$73.57
Far West[3/]	$1,311.6	54	51.6	37.2	11.2	42.96	93.16
Washington	112.7	38	52.8	47.2	--	41.96	63.34
Oregon	61.2	31	48.2	37.1	14.9	40.62	63.59
Nevada	9.1	20	40.7	42.9	16.5	32.52	82.82
California	1,128.6	60	51.8	36.1	12.1	43.25	97.46
Alaska	7.4	27	39.2	60.8	--	35.18	90.19
Hawaii	20.0	28	41.5	58.5	--	43.22	71.64

1/ Aid to Families with Dependent Children - Average payment per recipient (including vendor payments for medical care).

2/ Old-Age Assistance - Average payment per recipient (including vendor payments for medical care).

3/ Excluding Alaska and Hawaii.

Source: Advisory Commission on Intergovernmental Relations, Fiscal Balance in the American Federal System. A-31.

TABLE 16.--STATE FINANCING OF STATE AND LOCAL EXPENDITURE FOR HEALTH AND HOSPITALS FROM OWN SOURCES, BY STATE, 1942, 1957, and 1966

(Dollar amounts in millions)

State and region	Amount			Percent State financed		
	1966	1957	1942	1966	1957	1942
United States	$5,638.4	$3,023.4	$566.4	51.0	51.3	50.0
New England	328.9	227.7	52.6	72.5	64.5	62.0
Maine	16.4	10.3	2.7	84.1	81.6	85.2
New Hampshire	13.7	9.2	2.6	86.1	68.5	80.8
Vermont	7.9	5.3	1.1	88.6	84.9	81.8
Massachusetts	202.5	144.2	33.2	63.8	54.4	52.1
Rhode Island	18.7	12.8	3.3	89.8	85.2	69.7
Connecticut	69.7	45.9	9.7	85.8	83.4	79.4
Mideast	1,583.8	866.8	206.4	52.5	56.0	46.5
New York	980.5	521.6	122.4	47.3	52.7	45.4
New Jersey	165.8	102.0	33.5	39.6	32.7	29.3
Pennsylvania	233.3	151.8	34.0	85.3	85.9	71.5
Delaware	13.2	7.1	1.5	93.9	95.8	86.7
Maryland	128.5	56.6	8.6	71.3	69.4	57.0
Dist. of Columbia	62.6	27.7	6.4	--	--	--
Great Lakes	1,072.2	595.2	115.9	50.5	48.8	46.2
Michigan	306.4	181.8	33.1	44.5	49.5	51.1
Ohio	212.8	132.5	23.9	45.3	46.0	35.1
Indiana	126.5	69.4	11.1	48.0	51.2	45.0
Illinois	306.3	139.5	32.3	59.7	52.3	54.2
Wisconsin	119.9	72.0	15.5	53.7	43.1	36.8
Plains	402.3	228.4	42.7	48.4	42.8	53.6
Minnesota	113.6	72.2	10.7	49.4	40.0	54.2
Iowa	71.1	34.4	10.0	35.3	24.4	51.0
Missouri	113.4	55.5	12.8	47.2	40.9	35.2
North Dakota	9.3	5.7	1.3	90.3	80.7	100.0
South Dakota	6.9	5.3	1.5	73.9	47.2	66.7
Nebraska	32.6	19.8	2.8	29.8	41.4	78.6
Kansas	55.4	35.5	3.6	66.6	63.1	83.3
Southeast	1,029.6	476.4	68.6	49.1	51.9	62.7
Virginia	87.6	50.3	8.0	84.1	76.9	75.0
West Virginia	29.8	15.6	5.5	69.5	47.4	76.4
Kentucky	58.8	28.2	4.4	59.5	50.4	61.4
Tennessee	105.3	45.2	7.4	34.9	37.2	41.9
North Carolina	102.8	50.8	6.5	60.1	57.3	50.8
South Carolina	50.5	29.3	5.1	48.9	44.0	49.0
Georgia	154.5	66.4	6.4	31.7	39.9	46.9
Florida	195.2	78.6	7.1	33.4	37.8	46.5
Alabama	72.5	29.0	3.2	45.4	48.6	65.6
Mississippi	58.6	20.5	2.7	33.4	45.9	85.2
Louisiana	81.0	46.2	9.7	83.3	85.1	85.6
Arkansas	33.0	16.3	2.6	57.6	57.1	84.6
Southwest	304.8	146.6	17.5	44.7	49.8	60.0
Oklahoma	56.5	24.3	4.2	54.7	69.1	81.0
Texas	197.1	99.2	11.0	43.5	46.2	52.7
New Mexico	24.8	10.8	0.9	35.5	48.1	77.8
Arizona	26.4	12.3	1.4	41.3	42.3	42.9
Rocky Mountain	116.4	60.8	9.6	59.1	49.7	59.4
Montana	12.1	8.1	1.5	53.7	65.4	66.7
Idaho	15.1	9.2	0.8	45.7	41.3	62.5
Wyoming	13.0	7.3	0.9	36.2	24.7	55.6
Colorado	58.9	26.7	4.8	68.4	57.3	60.4
Utah	17.1	9.5	1.6	60.8	42.1	50.0

See footnotes at the end of table.

TABLE 16.--STATE FINANCING OF STATE AND LOCAL EXPENDITURE FOR HEALTH AND HOSPITALS FROM OWN SOURCES, BY STATE, 1942, 1957, and 1966 (Concl'd)

(Dollar amounts in millions)

State and region	Amount			Percent State financed		
	1966	1957	1942	1966	1957	1942
United States	$5,638.4	$3,023.4	$566.4	51.0	51.3	50.0
Far West 1/	$767.6	$405.0	53.1	43.1	41.7	36.3
Washington	60.8	43.8	6.9	59.9	48.6	42.0
Oregon	42.9	22.4	3.5	66.2	65.2	62.9
Nevada	20.9	7.5	1.0	19.1	17.3	20.0
California	643.1	331.3	41.7	40.7	39.7	33.6
Alaska	6.7	1.4	n.a.	89.6	85.7	n.a.
Hawaii	26.4	15.1	n.a.	75.8	72.2	n.a.

n.a. Data not available.

1/ Excluding Alaska and Hawaii.

Source: Advisory Commission on Intergovernmental Relations, Fiscal Balance in the American Federal System. A-31.

TABLE 17.--STATE AND LOCAL EXPENDITURE FOR HEALTH AND HOSPITALS, BY GOVERNMENTAL SOURCE OF FINANCING, BY STATE, 1966

State and region	Total (millions)	Per capita	Percent financed from--		
			Federal aid	State funds	Local funds
United States	$5,910.6	$30	4.6	48.6	46.8
New England	344.3	31	4.5	69.2	26.3
Maine	17.4	18	5.7	79.3	14.9
New Hampshire	14.5	21	5.5	81.4	13.1
Vermont	9.0	22	12.2	77.8	10.0
Massachusetts	207.3	39	2.3	62.3	35.4
Rhode Island	22.6	25	17.3	74.3	8.4
Connecticut	73.5	26	5.2	81.4	13.5
Mideast	1,616.9	39	2.0	51.5	46.5
New York	990.5	54	1.0	46.8	52.2
New Jersey	171.5	25	3.3	38.3	58.4
Pennsylvania	242.9	21	4.0	81.9	14.1
Delaware	14.6	28	9.6	84.9	5.5
Maryland	132.5	37	3.0	69.1	27.8
Dist. of Columbia	64.9	80	3.5	--	96.5
Great Lakes	1,110.1	29	3.4	48.7	47.8
Michigan	318.4	38	3.8	42.9	53.4
Ohio	221.6	22	4.0	43.5	52.5
Indiana	130.3	26	2.9	46.6	50.6
Illinois	316.0	29	3.1	57.9	39.0
Wisconsin	123.8	30	3.2	52.0	44.9
Plains	422.0	27	4.7	46.2	49.2
Minnesota	118.4	33	4.1	47.4	48.6
Iowa	73.9	27	3.8	34.0	62.2
Missouri	118.8	26	4.5	45.0	50.4
North Dakota	10.3	16	9.7	81.6	8.7
South Dakota	7.7	11	10.4	66.2	23.4
Nebraska	34.2	23	4.7	28.4	67.0
Kansas	58.7	26	5.6	62.9	31.5
Southeast	1,125.5	26	8.5	44.9	46.6
Virginia	94.2	21	7.0	78.2	14.8
West Virginia	32.6	18	8.6	63.5	28.2
Kentucky	67.6	21	13.0	51.8	35.1
Tennessee	113.1	29	6.9	32.4	60.7
North Carolina	113.3	23	9.3	54.5	36.2
South Carolina	59.3	23	14.8	41.7	43.5
Georgia	164.3	37	6.0	29.8	64.3
Florida	208.8	35	6.5	31.1	62.4
Alabama	81.0	23	10.5	40.6	48.9
Mississippi	64.6	28	9.3	30.3	60.4
Louisiana	88.5	25	8.5	76.3	15.3
Arkansas	38.2	20	13.6	49.7	36.4
Southwest	329.6	21	7.5	41.4	51.1
Oklahoma	59.8	24	5.5	51.7	42.8
Texas	214.7	20	8.2	39.9	51.9
New Mexico	27.3	27	9.2	32.2	58.6
Arizona	27.8	17	5.0	39.2	55.8
Rocky Mountain	126.8	27	8.3	54.2	37.5
Montana	13.7	20	11.7	47.4	41.6
Idaho	17.7	26	14.7	39.0	46.3
Wyoming	14.1	43	7.8	33.3	58.9
Colorado	62.3	32	5.5	64.7	30.0
Utah	19.0	19	10.0	54.7	35.3

See footnotes at the end of table.

TABLE 17.--STATE AND LOCAL EXPENDITURE FOR HEALTH AND HOSPITALS, BY GOVERNMENTAL SOURCE OF FINANCING, BY STATE, 1966 (Concl'd)

State and region	Total (millions)	Per capita	Percent financed from-- Federal aid	State funds	Local funds
United States 1/	$5,910.6	$30	4.6	48.6	46.8
Far West	798.3	33	3.8	41.4	54.7
Washington	64.5	22	5.7	56.4	37.7
Oregon	46.0	24	6.7	61.7	31.5
Nevada	22.6	50	7.5	17.7	74.8
California	665.2	35	3.3	39.4	57.3
Alaska	7.7	28	13.0	77.9	9.1
Hawaii	29.4	41	10.2	68.0	22.1

1/ Excluding Alaska and Hawaii.

Source: Advisory Commission on Intergovernmental Relations, Fiscal Balance in the American Federal System. A-31.

TABLE 18.--STATE FINANCING OF STATE AND LOCAL EXPENDITURE FOR HIGHWAYS FROM OWN SOURCES, BY STATE, 1942, 1957, and 1966

(Dollar amounts in millions)

State and region	Amount			Percent State financed		
	1966	1957	1942	1966	1957	1942
United States	$8,777.9	$6,869.9	$1,319.5	70.9	71.2	72.7*
New England	536.4	652.9	97.8	66.6	77.9	65.6
Maine	54.8	45.9	13.5	62.6	67.8	57.0
New Hampshire	45.9	38.6	9.0	61.9	73.1	57.8
Vermont	26.2	23.5	5.7	78.2	68.5	77.2
Massachusetts	205.0	280.7	35.3	57.3	73.7	59.8
Rhode Island	45.3	26.0	6.2	74.4	68.1	40.3
Connecticut	159.3	238.2	28.1	77.3	87.6	82.9
Mideast	1,662.4	1,337.1	298.5	64.4	63.1	60.6
New York	731.7	604.4	128.5	55.0	50.1	38.9
New Jersey	265.1	208.4	36.0	57.4	58.8	65.8
Pennsylvania	433.3	339.0	104.5	82.8	78.8	81.7
Delaware	49.5	19.6	2.7	42.6	93.9	100.0
Maryland	161.1	151.9	21.7	84.3	87.0	88.5
Dist. of Columbia	21.8	13.8	5.1	--	--	--
Great Lakes	1,611.2	1,424.8	277.3	73.6	71.0	80.7
Michigan	315.1	326.5	59.4	79.0	80.0	83.7
Ohio	463.4	375.6	74.9	82.3	79.8	94.3
Indiana	198.3	153.4	38.5	85.0	86.2	96.4
Illinois	363.5	380.9	59.2	71.7	59.0	67.9
Wisconsin	270.9	188.4	45.3	46.8	49.2	57.6
Plains	898.1	717.4	155.5	62.1	62.0	64.8
Minnesota	208.7	152.5	40.7	58.0	54.0	64.6
Iowa	209.7	161.7	36.0	69.1	70.7	75.3
Missouri	148.9	118.5	25.8	67.6	58.9	55.8
North Dakota	44.8	37.1	7.4	55.6	53.9	70.3
South Dakota	55.1	40.5	8.2	57.5	54.8	51.2
Nebraska	90.3	57.3	15.1	62.7	60.0	64.9
Kansas	140.5	149.8	22.3	55.5	67.9	61.4
Southeast	1,806.8	1,224.4	240.1	79.7	79.5	85.8
Virginia	210.7	163.2	28.7	86.5	80.5	90.9
West Virginia	98.5	55.1	21.0	93.7	90.9	90.5
Kentucky	156.1	91.2	22.5	88.7	86.4	79.6
Tennessee	187.9	103.0	22.5	82.2	80.1	82.2
North Carolina	171.8	100.9	24.2	84.9	86.0	86.4
South Carolina	79.7	50.8	16.3	89.7	86.0	100.0
Georgia	144.9	106.9	20.1	67.2	72.9	87.1
Florida	255.5	184.8	21.1	69.3	80.5	95.7
Alabama	135.9	113.5	19.6	73.2	71.5	87.8
Mississippi	113.2	68.8	15.7	68.6	68.2	77.1
Louisiana	181.1	135.8	21.1	73.9	77.1	64.5
Arkansas	71.4	50.4	7.3	98.6	80.6	80.1
Southwest	737.8	511.7	91.9	64.8	68.8	71.7
Oklahoma	124.1	101.7	18.7	88.5	91.8	90.9
Texas	498.2	332.7	60.2	56.6	59.0	61.3
New Mexico	49.7	33.7	6.5	77.5	88.7	92.3
Arizona	65.9	43.6	6.5	72.5	73.6	92.3
Rocky Mountain	260.6	179.2	39.1	70.5	69.1	67.5
Montana	51.3	34.7	9.5	54.4	51.6	53.7
Idaho	41.2	29.6	7.6	74.5	74.3	63.2
Wyoming	37.5	18.4	4.0	81.9	79.9	80.0
Colorado	91.0	71.3	12.0	70.8	72.2	74.2
Utah	39.6	25.2	6.0	76.0	70.6	73.3

See footnotes at the end of table.

TABLE 18.--STATE FINANCING OF STATE AND LOCAL EXPENDITURE FOR HIGHWAYS FROM OWN SOURCES, BY STATE, 1942, 1957, and 1966 (Concl'd)

(Dollar amounts in millions)

State and region	Amount			Percent State financed		
	1966	1957	1942	1966	1957	1942
United States	$8,777.9	$6,869.9	$1,319.5	70.9	71.2	72.7*
Far West[1/]	1,219.0	794.4	119.6	75.6	77.5	75.7
Washington	151.1	143.2	19.2	71.7	73.7	86.5
Oregon	95.8	81.6	19.8	78.3	74.6	72.2
Nevada	30.3	13.5	2.5	70.3	84.4	68.0
California	941.8	556.1	78.1	76.1	78.7	74.1
Alaska	23.4	4.2	n.a.	78.2	59.5	n.a.
Hawaii	22.4	23.7	n.a.	39.7	67.9	n.a.

n.a. Data not available.

1/ Excluding Alaska and Hawaii.

Source: Advisory Commission on Intergovernmental Relations, Fiscal Balance in the American Federal System. A-31.

* Revised from percentage reported in Fiscal Balance in the American Federal System, Vol. 1, Table A-15.

TABLE 19.--STATE AND LOCAL EXPENDITURE FOR HIGHWAYS, BY GOVERNMENTAL SOURCE OF FINANCING, BY STATE, 1966

State and region	Total (millions)	Per capita	Percentage financed from-- Federal aid	State funds	Local funds
United States	$12,770.0	$65	31.3	48.7	20.0
New England	757.7	68	29.2	47.2	23.6
Maine	83.4	85	34.3	41.1	24.6
New Hampshire	63.3	93	27.5	44.9	27.6
Vermont	54.8	135	52.2	37.4	10.4
Massachusetts	284.0	53	27.8	41.3	30.8
Rhode Island	58.9	66	23.1	57.2	19.7
Connecticut	213.3	74	25.3	57.8	16.9
Mideast	2,194.8	53	24.3	48.8	27.0
New York	929.2	51	21.3	43.3	35.4
New Jersey	330.1	48	19.7	46.1	34.2
Pennsylvania	624.1	54	30.6	57.5	12.0
Delaware	71.6	140	30.9	29.5	39.7
Maryland	197.9	55	18.6	68.6	12.7
Dist. of Columbia	41.9	52	48.0	--	52.0
Great Lakes	2,240.5	58	28.1	52.9	19.0
Michigan	442.1	53	28.7	56.3	15.0
Ohio	676.1	66	31.5	56.4	12.1
Indiana	288.0	59	31.1	58.5	10.4
Illinois	511.0	48	28.9	51.0	20.2
Wisconsin	323.3	78	16.2	39.3	44.5
Plains	1,322.3	83	31.8	42.2	25.7
Minnesota	312.1	87	33.1	38.8	28.1
Iowa	263.1	96	20.3	55.1	24.6
Missouri	280.3	62	46.9	35.9	17.2
North Dakota	67.8	104	33.9	36.7	29.4
South Dakota	87.3	128	36.9	36.3	26.9
Nebraska	123.8	85	27.1	45.7	27.2
Kansas	187.9	84	25.2	41.5	33.3
Southeast	2,759.1	65	34.5	52.2	13.3
Virginia	360.2	80	41.5	50.6	7.9
West Virginia	167.7	93	41.3	55.0	3.7
Kentucky	224.2	70	30.4	61.8	7.9
Tennessee	289.8	75	35.2	53.2	11.5
North Carolina	226.4	45	24.1	64.4	11.4
South Carolina	120.9	47	34.1	59.1	6.9
Georgia	232.0	52	37.5	42.0	20.5
Florida	342.3	58	25.4	51.7	22.9
Alabama	236.6	67	42.6	42.1	15.3
Mississippi	167.2	72	32.3	46.4	21.3
Louisiana	266.6	74	32.1	50.2	17.7
Arkansas	125.2	64	43.0	56.2	0.8
Southwest	1,096.0	69	32.7	43.6	23.7
Oklahoma	173.0	70	28.3	63.5	8.3
Texas	681.8	63	26.9	41.4	31.7
New Mexico	110.6	108	55.1	34.8	10.1
Arizona	130.6	81	49.5	36.6	13.8
Rocky Mountain	490.7	104	46.9	37.5	15.7
Montana	102.2	146	49.8	27.4	23.0
Idaho	70.9	102	41.9	43.3	14.8
Wyoming	75.3	229	50.2	40.8	8.9
Colorado	145.8	74	37.6	44.2	18.2
Utah	96.5	96	59.0	31.2	9.8

See footnotes at the end of table.

9.--STATE AND LOCAL EXPENDITURE FOR HIGHWAYS, BY GOVERNMENTAL SOURCE OF FINANCING, BY STATE, 1966 (Concl'd)

State and region	Total (millions)	Per capita	Percentage financed from-- Federal aid	State funds	Local funds
United States	$12,770.0	$65	31.3	48.7	20.0
West 1/	1,794.6	74	32.1	51.3	16.6
Washington	243.2	82	37.9	44.5	17.6
Oregon	183.2	94	47.7	40.9	11.4
Nevada	65.8	145	54.0	32.4	13.7
California	1,302.4	69	27.7	55.0	17.3
Alaska	74.2	273	68.3	24.7	6.9
Hawaii	40.5	56	44.4	22.0	33.3

1/ Excluding Alaska and Hawaii.

Source: Advisory Commission on Intergovernmental Relations, Fiscal Balance in the American Federal System. A-31.

TABLE 20.-- NATIONAL SUMMARY OF STATE TAX REVENUE, BY TYPE OF TAX: 1966 TO 1968

Tax source	Amounts (in millions)			Percent increase or decrease (–)		Percent distribution, 1968	Per capita, 1968
	1968 (prelim.)	1967	1966	1967 to 1968	1966 to 1967		
Total collections	36,414	31,929	29,388	14.0	8.6	100.0	182.94
Sales and gross receipts	20,976	18,575	17,042	12.9	9.0	57.6	105.38
General	10,440	8,923	7,873	17.0	13.3	28.7	52.45
Selective	10,536	9,652	9,169	9.2	5.3	28.9	52.93
Motor fuels	5,178	4,837	4,627	7.0	4.5	14.2	26.01
Alcoholic beverages	1,138	1,041	985	9.3	5.7	3.1	5.72
Tobacco products	1,886	1,615	1,542	16.8	4.7	5.2	9.47
Insurance	924	877	813	5.3	8.0	2.5	4.64
Public utilities	664	600	552	10.8	8.7	1.8	3.34
Other	745	682	651	9.3	4.6	2.0	3.74
Licenses	3,852	3,628	3,496	6.2	3.8	10.6	19.35
Motor vehicles	2,296	2,148	2,079	6.9	3.3	6.3	11.53
Motor vehicle operators	188	165	157	13.8	5.0	0.5	0.94
Corporations in general	575	610	561	-5.7	8.8	1.6	2.89
Alcoholic beverages	143	141	135	1.5	4.3	0.4	0.72
Other	650	563	564	15.4	(Z)	1.8	3.27
Individual income	6,249	4,909	4,303	27.3	14.1	17.2	31.40
Corporations net income	2,519	2,227	2,038	13.1	9.3	6.9	12.65
Property	912	862	833	5.9	3.4	2.5	4.58
Death and gift	872	795	808	9.6	-1.6	2.4	4.38
Severance	618	577	545	7.2	5.8	1.7	3.11
Other	416	357	323	16.6	10.5	1.1	2.09

Note: Because of rounding, detail may not add to totals. Per capita and percent figures are computed on the basis of amounts rounded to the nearest thousand. Estimates of population as of July 1, 1968 were used to calculate per capita amounts.
Z Less than 0.05 percent.

Source: U. S. Bureau of the Census, Governments Division, State Tax Collections in 1968.

TABLE 21.--STATES INCREASING TAX RATES AND ENACTING NEW TAXES, SELECTED TAXES
(January 1, 1959 through January 1, 1969)

State	Sales	Personal income	Corporation income	Motor fuel	Cigarette	Alcoholic beverage
Alabama......	x	....	x	....	xxx	x
Alaska.......	....	x	....	xx	x	x
Arizona......	xx	xx	xx	xx	xx	xx
Arkansas.....	....	....	....	x	x	....
California...	x	xx	xx	x	Nx1/	xx
Colorado.....	x	x	x	x	Nx	x
Connecticut..	x	....	x	....	xxx	x
Delaware.....	....	x	....	xx	xx	x
Florida......	x	....	....	....	xx	xxx
Georgia......	....	....	x	....	x	x
Hawaii.......	x	x	x	....	x	x
Idaho........	N	xx	xx	x	xxx	xxx
Illinois.....	xxx	....	....	x	xxx	x
Indiana......	N2/	N2/	N2/	....	xx	....
Iowa.........	x	xx	xx	x	xxxx	xx
Kansas.......	x	x	x	....	xx	xx
Kentucky.....	Nx	....	....	....	....	....
Louisiana....	....	....	....	....	....	....
Maine........	xx	....	....	....	xxxx	x
Maryland.....	....	x	xx	x	x	....
Massachusetts	N	x	x	x	x	x
Michigan.....	x	N	N	x	x	x
Minnesota....	N	xxx	xxx	xx	xxx	x
Mississippi..	xx	x	x	x4/	xx	N
Missouri.....	x	....	....	x	x	x
Montana......	....	xxx	xx	x	....	x
Nebraska.....	N	N	N	x	xx	x
Nevada.......	x	....	....	....	x	x
N. Hampshire.	....	....	....	x	xx	....
New Jersey...	N	N3/	xx	xx	xxxx	x
N. Mexico....	x	x	x	xx	xx	xx
New York.....	N	xx	x	xx	xxx	xx
N. Carolina..	....	....	....	....	....	x
N. Dakota....	xx	....	....	....	x	x
Ohio.........	x	....	....	x	xx	x
Oklahoma.....	....	....	....	....	xxx	N
Oregon.......	....	....	....	x	N	....
Pennsylvania.	xxx	....	x	x	xxx	x
Rhode Island.	xxx	....	xx	xx	xxx	....
S. Carolina..	....	x	....	....	x	xx
S. Dakota....	x	....	....	....	xxx	x
Tennessee....	....	....	xx	x4/	xx	xxx
Texas........	Nx	....	....	....	xx	x
Utah.........	xx	x	x	....	x	....
Vermont......	....	....	....	x	xxx	....
Virginia.....	N	....	....	x	N	xx
Washington...	xxx	....	....	xxx	xxx	x
W. Virginia..	x	N	N	x	xx	....
Wisconsin....	N	xxxx		x	xxx	xx
Wyoming......	xx	....	....	x	xx	x5/
Dist. of Col.	xx	xx	x	x	x	xx

Note: Each x indicates a tax increase enactment, and each N indicates a new tax; 1968 enactments are underlined.

1/ California enacted a two-step cigarette tax increase, from 3¢ to 7¢ a package eff. 8/1/67 and a further increase from 7¢ to 10¢ eff. 10/1/67.

2/ Partly replaces the gross income tax.

3/ "Commuter Income" tax.

4/ Increase in diesel fuel tax rate only.

5/ Beer tax increase declared unconstitutional (1963).

TABLE 22.--DATES OF ADOPTION OF MAJOR STATE TAXES[1]

INDIVIDUAL INCOME

Before 1911	1911-20	1921-30	1931-40	Since 1941
Hawaii, 1901; total, 1.	Wisconsin, 1911; Mississippi, 1912; Oklahoma, 1915; Massachusetts, 1916; Virginia, 1916 Delaware, 1917; Missouri, 1917 New York, 1919; N. Dakota, 1919 total 9.	North Carolina, 1921; South Carolina, 1922; New Hampshire, 1923[2] Arkansas, 1929 Georgia, 1929; Oregon, 1930; total, 6.	Idaho, 1931; Tennessee, 1931[2] Utah, 1931; Vermont, 1931; Alabama, 1933; Arizona, 1933; Kansas, 1933; Minnesota, 1933; Montana, 1933; N. Mexico, 1933; Iowa, 1934; Louisiana, 1934; California, 1935; Kentucky, 1936; Colorado, 1937 Maryland, 1937; total 16.	Alaska, 1949; N. Jersey, 1961[3]; W. Virginia, 1961; Indiana, 1963; Michigan, 1967; Nebraska, 1967; total, 6. Grand total 38

CORPORATION INCOME [4]

Before 1911	1911-20	1921-30	1931-40	Since 1941
Hawaii, 1901 total, 1.	Wisconsin, 1911 Connecticut,1915; Virginia, 1915; Missouri, 1917; Montana, 1917; New York, 1917; Massachusetts, 1919; N. Dakota, 1919; total, 8.	Mississippi, 1921; N. Carolina, 1921; S. Carolina, 1922; Tennessee, 1923; Arkansas, 1929; California, 1929; Georgia, 1929 Oregon, 1929; total, 8.	Idaho, 1931; Oklahoma,1931; Utah, 1931; Vermont, 1931; Alabama, 1933; Arizona, 1933 Kansas, 1933 Minnesota,1933; N. Mexico,1933; Iowa, 1934; Louisiana,1934; Pennsylvania, 1935; Kentucky, 1936; Colorado, 1937; Maryland, 1937; total, 15.	Rhode Island, 1947; Alaska, 1949 Delaware, 1957; N. Jersey, 1958; Indiana, 1963; Michigan, 1967; Nebraska, 1967; W. Virginia, 1967; total 8. Grand total 40.

See footnotes at the end of table.

TABLE 22.--DATES OF ADOPTION OF MAJOR STATE TAXES[1] (Cont'd)

DEATH

Before 1900	1901-10	1911-20	1921-30	Since 1931
California, Connecticut, Delaware, Hawaii, Illinois, Iowa, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, New Jersey, New York, North Carolina, Ohio Pennsylvania, Tennessee, Vermont, Virginia, West Virginia; total, 23.	Arkansas, 1901; Colorado, 1901; Utah, 1901; Washinton, 1901; N. Dakota, 1903; Oregon, 1903; Wisconsin, 1903; Wyoming, 1903; New Hampshire, 1905; S. Dakota, 1905; Kentucky, 1906; Idaho, 1907; Oklahoma, 1907; Texas, 1907; Kansas, 1909; total, 15.	Arizona, 1912; Georgia, 1913; Indiana, 1913; Rhode Island, 1916; Mississippi, 1918; Alaska, 1919; New Mexico, 1919; total, 7.	Nebraska, 1921; South Carolina, 1922; total, 2.	Alabama, 1931; Florida, 1931; total, 2. Grand total, 49.

GIFT

1931-40	Since 1941
Oregon, 1933; Wisconsin, 1933, Virginia, 1934; Minnesota, 1937; North Carolina, 1937; California, 1939; Colorado, 1939; Tennessee, 1939; Louisiana, 1940; total 9.	Oklahoma, 1941; Washington, 1941; Rhode Island, 1942; South Carolina, 1968; total, 4. Grand total, 13.

GENERAL SALES

1931-40	1941-50	Since 1951
Mississippi, 1932; Arizona, 1933, California, 1933; Illinois, 1933; Indiana, 1933[5] Iowa, 1933; Michigan, 1933; New Mexico, 1933; North Carolina, 1933, Oklahoma, 1933; South Dakota, 1933; Utah, 1933, Washington, 1933, West Virginia, 1933, Missouri, 1934; Ohio, 1934; Arkansas, 1935; Colorado, 1935; Hawaii, 1935; North Dakota, 1935; Wyoming, 1935; Alabama, 1936; Kansas, 1937; Louisiana, 1938; total, 24.	Connecticut, 1947; Maryland, 1947; Rhode Island, 1947; Tennessee, 1947; Florida, 1949; total, 5.	Georgia, 1951; Maine, 1951; S. Carolina, 1951; Pennsylvania, 1953; Nevada, 1955; Kentucky, 1960; Texas, 1961; Wisconsin, 1961; Idaho, 1965; New York, 1965; Massachusetts, 1966; New Jersey, 1966; Virginia, 1966; Minnesota, 1967; Nebraska, 1967. total, 15. Grand total, 44.

DISTILLED SPIRITS[6]

1931-40	Since 1941
Arizona, 1933; Colorado, 1933; Delaware, 1933; Indiana, 1933; Maryland 1933,; Massachusetts, 1933; New Jersey, 1933; New York, 1933; Rhode Island, 1933; Illinois, 1934; Kentucky, 1934; Louisiana, 1934; Minnesota, 1934; Missouri, 1934; New Mexico, 1934; Wisconsin, 1934; Arkansas, 1935; California, 1935; Florida, 1935; Nebraska, 1935; Nevada, 1935; S. Carolina, 1935; S. Dakota, 1935, Texas, 1935; N. Dakota, 1936; Connecticut, 1937; Georgia, 1937; Hawaii, 1939; Tennessee, 1939; total, 29.	Alaska, 1945, Kansas, 1948; Oklahoma, 1959; Mississippi, 1966; total, 4. Grand total, 33.

See footnotes at the end of table.

TABLE 22.--DATES OF ADOPTION OF MAJOR STATE TAXES[1] (Concl'd)

CIGARETTES

1921-30	1931-40	1941-50	Since 1951
Iowa, 1921; S. Carolina, 1923; S. Dakota, 1923; Utah, 1923; Tennessee, 1925; Kansas, 1927; N. Dakota, 1927; Arkansas, 1929; total, 8.	Ohio, 1931, Texas, 1931; Louisiana, 1932; Mississippi, 1932, Oklahoma, 1933; Alabama, 1935; Arizona, 1935; Connecticut, 1935; Washington, 1935; Kentucky, 1936; Georgia, 1937; Pennsylvania, 1937; Vermont, 1937; Hawaii, 1939; Massachusetts, 1939; New Hampshire, 1939; New York, 1939; Rhode Island, 1939; Wisconsin, 1939; total, 19.	Illinois, 1941; Maine, 1941; Delaware, 1943; Florida, 1943; New Mexico, 1943; Idaho, 1945; Indiana, 1947; Michigan, 1947; Minnesota, 1947; Montana, 1947; Nebraska, 1947; Nevada, 1947; West Virginia, 1947; New Jersey, 1948; Alaska, 1949; total, 15.	Wyoming, 1951; Missouri, 1955; Maryland, 1958; California, 1959; Virginia, 1960; Colorado, 1964; Oregon, 1965; total, 7. Grand total, 49.

GASOLINE

1911-20	1921-30	Since 1931
Colorado, 1919; New Mexico, 1919, North Dakota, 1919; Oregon, 1919; Kentucky, 1920; total, 5.	Arizona, 1921; Arkansas, 1921; Connecticut, 1921; Florida, 1921; Georgia, 1921; Louisiana, 1921; Montana, 1921; North Carolina, 1921; Pennsylvania, 1921; Washington, 1921; Maryland, 1922; Mississippi, 1922; S. Carolina, 1922; S. Dakota, 1922; Alabama, 1923; California, 1923; Delaware, 1923; Idaho, 1923; Indiana, 1923; Maine, 1923; Nevada, 1923; New Hampshire, 1923; Oklahoma, 1923; Tennessee, 1923; Texas, 1923; Utah, 1923; Vermont, 1923; Virginia, 1923; West Virginia, 1923; Wyoming, 1923; Iowa, 1925; Kansas, 1925; Michigan, 1925; Minnesota, 1925; Missouri, 1925; Nebraska, 1925; Ohio, 1925; Rhode Island, 1925; Wisconsin, 1925; Illinois, 1927; New Jersey, 1927; Massachusetts, 1929; New York, 1929; total, 43.	Hawaii, 1932; Alaska, 1946; total, 2. Grand total, 50.

AUTOMOBILE REGISTRATION

1901-10	1[illegible] 20
New York, 1901; Connecticut, 1903; Massachusetts, 1903; Minnesota, 1903; Missouri, 1903; New Jersey, 1903; Pennsylvania, 1903; Iowa, 1904; Maryland, 1904; Rhode Island, 1904; Vermont, 1904; California, 1905; Delaware, 1905; Indiana, 1905; Maine, 1905; Michigan, 1905; New Hampshire, 1905; Oregon, 1905; South Dakota, 1905; Tennessee, 1905; Washington, 1905; W. Virginia, 1905; Wisconsin, 1905; Ohio, 1906; South Carolina, 1906; Illinois, 1907; Nebraska, 1907; Texas, 1907; North Carolina, 1909; Utah, 1909; Georgia, 1910; Kentucky, 1910; Virginia, 1910; total, 33.	Alabama, 1911; Arkansas, 1911; Florida, 1911; N. Dakota, 1911; Oklahoma, 1911; Arizona, 1912; Mississippi, 1912; New Mexico, 1912; Colorado, 1913; Idaho, 1913; Kansas, 1913; Montana, 1913; Nevada, 1913; Wyoming, 1913; Louisiana, 1914; Alaska, 1915; total, 16. Grand total, 49.

1/ Includes only States that used the tax as of January 1, 1969. Excludes the District of Columbia, where the dates of adoption were: Individual income, 1939; corporation income, 1939; death, 1937; general sales, 1947; distilled spirits, 1934; cigarettes, 1949; gasoline, 1924; and automobile registration, 1909.

2/ Income from stocks and bonds only.

3/ In effect applies only to New York residents who derive income from New Jersey sources.

4/ Exclusive of South Dakota's tax applicable to financial institutions only.

5/ Gross income tax; in 1963 Indiana enacted a 2 percent retail sales and use tax.

6/ Exclusive of the excises by the 16 States that own and operate liquor stores, and exclusive of North Carolina where county stores operate under State supervision.

TABLE 23.--DATES OF ADOPTION OF MAJOR STATE TAXES, FREQUENCY DISTRIBUTION 1/

Year	Individual income	Corporation income	Death	Gift	General sales	Distilled spirits	Cigarettes	Gasoline	Automobile registration
Pre-1901...	......	......	23	....	....	....	....	....	....
1901.......	1	1	4	....	....	....	....	....	1
1902.......	......	......	.....	....	....	....	....	....	....
1903.......	......	......	4	....	....	....	....	....	6
1904.......	......	......	.....	....	....	....	....	....	4
1905.......	......	......	2	....	....	....	....	....	12
1906.......	......	......	1	....	....	....	....	....	2
1907.......	......	......	3	....	....	....	....	....	3
1908.......	......	......	.....	....	....	....	....	....	....
1909.......	......	......	1	....	....	....	....	....	2
1910.......	......	......	.....	....	....	....	....	....	3
1911.......	1	1	.....	....	....	....	....	....	5
1912.......	1	......	1	....	....	....	....	....	3
1913.......	......	......	2	....	....	....	....	....	6
1914.......	......	......	.....	....	....	....	....	....	1
1915.......	1	2	.....	....	....	....	....	....	1
1916.......	2	......	1	....	....	....	....	....	....
1917.......	2	3	.....	....	....	....	....	....	....
1918.......	......	......	1	....	....	....	....	....	....
1919.......	2	2	2	....	....	....	....	4	....
1920.......	......	......	.....	....	....	....	....	1	....
1921.......	1	2	1	....	....	....	1	10	....
1922.......	1	1	1	....	....	....	....	4	....
1923.......	......	1	.....	....	....	....	3	16	....
1924.......	......	......	.....	....	....	....	....	....	....
1925.......	......	......	.....	....	....	....	1	9	....
1926.......	......	......	.....	....	....	....	....	....	....
1927.......	......	......	.....	....	....	....	2	2	....
1928.......	......	......	.....	....	....	....	....	....	....
1929.......	2	4	.....	....	....	....	1	2	....
1930.......	......	......	.....	....	....	....	....	....	....
1931.......	4	4	2	....	....	....	2	....	....
1932.......	......	......	.....	....	1	....	2	1	....
1933.......	6	5	.....	2	13	9	1	....	....
1934.......	2	2	.....	1	2	7	....	....	....
1935.......	1	1	.....	....	5	8	4	....	....
1936.......	[illegible]	1	.....	....	1	1	1	....	....
1937.......	[illegible]	2	.....	2	1	2	3	....	....
1938.......	......	......	.....	....	1	....	....	....	....
1939.......	[illegible]	......	.....	3	....	2	6	....	....
1940.......	[illegible]	......	.....	1	....	....	....	....	....
1941.......	[illegible]	......	.....	2	....	....	2	....	....
1942.......	[illegible]	......	.....	1	....	....	....	....	....
1943.......	......	......	.....	....	....	....	3	....	....
1944.......	......	......	.....	....	....	....	....	....	....
1945.......	......	......	.....	....	....	1	1	....	....
1946.......	......	......	.....	....	....	....	....	1	....
1947.......	......	1	.....	....	4	....	7	....	....
1948.......	......	......	.....	....	....	1	1	....	....
1949.......	1	1	.....	....	1	....	1	....	....
1950.......	......	......	.....	....	....	....	....	....	....
1951.......	......	......	.....	....	3	....	1	....	....
1952.......	......	......	.....	....	....	....	....	....	....
1953.......	......	......	.....	....	1	....	....	....	....
1954.......	......	......	.....	....	....	....	....	....	....
1955.......	......	......	.....	....	1	....	1	....	....
1956.......	......	......	.....	....	....	....	....	....	....
1957.......	......	1	.....	....	....	....	....	....	....
1958.......	......	1	.....	....	....	....	1	....	....
1959.......	......	......	.....	....	....	1	1	....	....
1960.......	......	......	.....	....	1	....	1	....	....

See footnotes on following page.

TABLE 23. --DATES OF ADOPTION OF MAJOR STATE TAXES, FREQUENCY DISTRIBUTION 1/

Year	Individual income	Corporation income	Death	Gift	General sales	Distilled spirits	Cigarettes	Gasoline	Automobile registration
1961.......	1	......	.....	....	2	....	....	....	....
1962.......	......	......	.....	....	....	....	....	....	....
1963.......	1	1	.....	....	....	....	....	....	....
1964.......	......	......	.....	....	....	....	1	....	....
1965.......	......	......	.....	....	2	....	1	....	....
1966.......	......	......	.....	....	3	1	....	....	....
1967.......	2	3	.....	....	2	....	....	....	....
1968.......	......	......	.....	1	....	....	....	....	....
Total...	2/ 35	3/ 40	49	13	44	4/ 33	49	50	49

1/ Includes only States that used the tax as of January 1, 1969.

2/ Exclusive of New Jersey "Commuters'" tax and the New Hampshire and Tennessee taxes on interest and dividends.

3/ Exclusive of South Dakota's tax applicable to financial institutions.

4/ Exclusive of the excises levied by the 16 States that own and operate liquor stores, and the North Carolina county stores system operated under State supervision.

TABLE 24.--LEGISLATIVE AND ECONOMIC CONTRIBUTIONS TO STATE GOVERNMENT REVENUE GROWTH, SELECTED TAXES, FISCAL YEARS 1966 AND 1967

Item		Amount (millions of dollars)			Percent	
		Total Increase	Economic Growth	All Legislative	Economic Growth	All Legislative
General Sales	1966	1,145.5	596.2	549.2	52.0	48.0
	1967	1,039.7	360.3	679.4	34.7	65.3
Total		2,185.2	956.5	1,228.6	43.8	56.2
Individual Income	1966	623.6	495.1	128.3	79.4	20.6
	1967	644.5	589.4	55.1	91.5	8.5
Total		1,268.1	1,084.5	183.4	85.5	14.5
Corporate Income	1966	110.2	233.1	-122.9	211.5	-111.5
	1967	182.1	184.0	-1.9	101.0	-1.0
Total		292.3	417.1	-124.8	142.7	-42.7
Selected Sales	1966	800.6	503.1	297.5	62.8	37.2
	1967	470.2	403.1	67.1	85.7	14.3
Total		1,270.8	906.2	364.6	71.3	28.7
Total Above Taxes	1966	2,679.9	1,827.5	852.1	68.2	31.8
Total Above Taxes	1967	2,336.5	1,536.8	799.7	65.8	34.2
Total Above Taxes	1966 & 1967	5,016.4	3,364.3	1,651.8	67.1	32.9

Source: Advisory Commission on Intergovernmental Relations, Sources of State Tax Collections: Economic Growth Versus Political Choice, October 1968.

TABLE 25.--LEGISLATIVE ACTIONS AFFECTING STATE GOVERNMENT REVENUE GROWTH, SELECTED TAXES, FISCAL YEARS 1966 AND 1967

(In millions of dollars)

Item		All Legislative	Rate Increase	Rate Decrease	New Tax	Base Extension	Base Exemption	Other Administrative
General Sales	1966	549.2	82.8	-0.4	351.0	24.2	-16.8	108.4
	1967	679.4	380.3	-1.3	300.1	7.7	-15.0	7.6
Total		1,228.6	463.1	-1.7	651.1	31.9	-31.8	116.0
Individual Income	1966	128.3	74.8	-5.0	---	---	-6.8	65.3
	1967	55.1	27.6	---	---	7.5	---	20.0
Total		183.4	102.4	-5.0	---	7.5	-6.8	85.3
Corporate Income	1966	-122.9	15.1	---	---	2.4	-0.1	-140.3
	1967	-1.9	2.0	---	---	10.3	-0.3	-13.9
Total		-124.8	17.1	---	---	12.7	-0.4	-154.2
Selected Sales	1966	297.5	300.6	-0.2	---	0.8	-0.2	-3.4
	1967	67.1	66.8	-9.9	12.1	0.9	---	-2.7
Total		364.6	367.4	-10.1	12.1	1.7	-0.2	-6.1
Total Selected Taxes	1966	852.1	473.3	-5.6	351.0	27.4	-23.9	30.0
Total Selected Taxes	1967	799.7	476.7	-11.2	312.2	26.4	-15.3	11.0
Total Selected Taxes	1966 & 1967	1,651.8	950.0	-16.8	663.2	53.8	-39.2	41.0

Source: Advisory Commission on Intergovernmental Relations, Sources of State Tax Collections: Economic Growth Versus Political Choice, October 1968.

TABLE 26.--RESPONSE OF STATE TAX STRUCTURES 1/ TO ONE PERCENT CHANGE IN PERSONAL INCOME, 1967

State	Low to medium elasticity (0.70 to 0.89)		State	Medium to high elasticity (0.90 to 1.19)		State	High elasticity (1.20 and above)	
	Weighted elasticity	Percent of tax collections included		Weighted elasticity	Percent of tax collections included		Weighted elasticity	Percent of tax collections included
Nebraska	0.70	56.0	Tennessee	0.90 2/	71.4 2/	Hawaii	1.21	93.0
Ohio	0.77	75.2	N. H.	0.90 2/	61.8 2/	Iowa	1.21	77.9
Texas	0.80	61.4	New Mexico	0.91	63.6	Utah	1.21	76.7
Maine	0.81	79.8	Wyoming	0.91	61.9	Wisconsin	1.21	73.0
New Jersey	0.81 2/	67.8 2/	Illinois	0.92 3/	84.4 3/	Arkansas	1.25	76.3
Florida	0.84	75.0	Mississippi	0.93	81.2	Montana	1.25	66.7
South Dakota	0.84	81.1	Washington	0.93	81.8	Minnesota	1.27	66.9
Connecticut	0.85	65.7	Maryland	0.95	81.0	Virginia	1.27	77.1
Pennsylvania	0.86	67.4	Rhode I.	0.95	72.6	New York	1.29	74.6
Michigan	0.89	69.2	Delaware	0.97	62.4	Idaho	1.39 3/	74.4 3/
West Virginia	0.89	87.3	Louisiana	0.98	52.3	Oregon	1.40	71.4
			Arizona	1.00	71.4			
			Kansas	1.00	77.8			
			Nevada	1.00 3/	80.4 3/			
			N. Dakota	1.02	67.5			
			Oklahoma	1.04 3/	63.7			
			Alabama	1.05	82.1			
			Georgia	1.06	83.8			
			S. Carolina	1.06	80.8			
			California	1.07	70.3			
			Colorado	1.08	78.3			
			Missouri	1.09	51.9			
			Alaska	1.10 2/ 3/	27.8 2/ 3/			
			Indiana	1.11	85.9			
			Kentucky	1.14	77.9			
			N. Carolina	1.14	74.6			
			Vermont	1.15	73.6			
			Massachusetts	1.19	71.6			

1/ Includes individual income, general sales and selected sales taxes.

2/ Excludes individual income tax receipts due to lack of elasticity estimate.

3/ Elasticity may be slightly overstated since rate increases were not totally excluded from selected sales tax elasticity estimate.

Source: Advisory Commission on Intergovernmental Relations, Sources of Increased State Tax Collections: Economic Growth Versus Political Choice, October 1968.

TABLE 27.--STATE AND LOCAL SALES TAXES, 1966--SUMMARY TABLE

(Percentage Rate)

State	State Rate	Local Rate (Max.)	Food Exempt	Income Tax Credit	State	State Rate	Local Rate (Max.)	Food Exempt	Income Tax Credit
Ala.	4	2a			Mo.	3			
Alaska		5bc			Neb.	2			X
Ariz.	3	1c			Nev.	2	1*e		
Ark.	3	1			N.J.	3		X	
Calif.	4	1&2*d	X		N.M.	3	1*f		
Colo.	3	2a		X	N.Y.	2	3*	X	
Conn.	3.5		X		N.C.	3	1*g		
Fla.	4		X		N.D.	3			
Ga.	3				Ohio	4	0.5h	X	
Hawaii	4			X	Okla.	2	1*		
Idaho	3				Pa.	6		X	
Ill.	4.25	0.75			R.I.	5		X	
Ind.	2			X	S.C.	3			
Iowa	3			X	S.D.	3			
Kans.	3				Tenn.	3	1.5*		
Ky.	5				Texas	3	1*	X	
La.	2	2c			Utah	3	0.5*		
Me.	4.5		X		Va.	3	1*		
Md.	3		X		Wash.	4.5			
Mass.	3		X	X	W.Va.	3			
Mich.	4				Wis.	3		X	
Minn.	3		X		Wyo.	3			
Miss.	5				D.C.	4		Xi	

* Uniform State-collection of local sales taxes.
a-Locally-collected in some jurisdictions, State-collected in others.
b-In Fairbanks, the combined city-borough rate is five percent.
c-All local taxes self-administered.
d-Local governments impose State-collected one percent taxes; Los Angeles now imposes an additional self-administered one percent tax.
e-A one percent county tax is mandatory.
f-Predominantly State-collected, although cities are authorized to administer their own taxes, and a few do so.
g-Imposed in Mecklenburg County only.
h-State-collected county sales taxes authorized in 1967; none imposed yet.
i-Food is taxed at one percent.

Source: Federation of Tax Administrators, Tax Administrators News, Vol. 32, No. 10 (updated).

TABLE 28.--STATE GENERAL SALES TAX RATES AS OF JANUARY 1--1953 THROUGH 1969

State	Rate on tangible personal property at retail (percent)																
	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
Alabama	3	....	....	....	....	....	....	....	....	....	....	4	....	....	....	....	4
Alaska	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Arizona	2	....	....	....	....	....	....	3	....	....	....	....	....	....	....	....	3
Arkansas	2	....	....	....	....	3	....	....	....	....	....	....	....	....	....	....	3
California	3	....	....	....	....	....	....	....	....	....	....	....	....	....	....	4	4
Colorado	2	....	....	....	....	....	....	....	....	....	....	....	....	3	....	....	3
Connecticut	2	3	....	3½	3	....	....	....	....	3½	....	....	....	....	....	....	3½
Delaware	—	—	—	—	—	-	—	—	—	—	—	—	—	—	—	—	—
Dist. of Col.	2	....	....	....	....	....	....	....	....	....	3	....	....	....	....	....	4
Florida	3	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	4 1/
Georgia	3	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	3
Hawaii	2½	....	....	....	....	3½	....	....	....	....	....	....	....	4	....	....	4
Idaho	—	—	—	—	—	—	—	—	—	—	—	—	—	3	....	....	3
Illinois	2	....	....	2½	....	....	....	3	....	3½	....	....	....	....	....	4¼	4¼ 1/
Indiana 2/	½	....	....	....	....	3/8	....	....	....	....	....	2	....	....	....	....	2
Iowa	2	....	....	2½	....	2	....	....	....	....	....	....	....	....	....	3	3
Kansas	2	....	....	....	....	....	2½	....	....	....	....	....	....	3	....	....	3
Kentucky	—	—	—	—	—	—		—	3	....	....	....	....	....	....	....	5
Louisiana	2	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	2
Maine	2	....	....	....	....	3	....	....	....	....	....	4	....	....	....	4½	4½
Maryland	2	....	....	....	....	....	3	....	....	....	....	....	....	....	....	....	3
Massachusetts	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3	....	3
Michigan	3	....	....	....	....	....	....	....	4	....	....	....	....	....	....	....	4
Minnesota	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3	3
Mississippi	2	....	....	3	....	....	....	....	....	....	....	....	3½	....	....	....	5
Missouri	2	....	....	....	....	....	....	....	....	....	....	3	....	....	....	....	3
Montana	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Nebraska	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2½	2
Nevada	—	—	—	2	....	....	....	....	....	....	....	....	....	....	....	3	3
New Hampshire	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
New Jersey	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3	....	3
New Mexico	2	....	....	....	....	....	....	....	....	....	....	3	....	....	....	....	3

See footnotes at the end of table.

TABLE 28.--STATE GENERAL SALES TAX RATES AS OF JANUARY 1--1953 THROUGH 1969 (Concl'd)

State	Rate on tangible personal property at retail (percent)																
	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
New York	—	—	—	—	—	—	—	—	—	—	—	—	—	2	....	....	2
North Carolina	3	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	3
North Dakota	2	....	....	....	....	....	....	....	....	....	....	2¼	....	....	....	3	3
Ohio	3	....	....	....	....	....	....	....	....	....	....	....	....	....	....	4	4
Oklahoma	2	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	2
Oregon	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Pennsylvania	—	1	....	3/	3	....	....	4	....	....	....	5	....	....	....	6	6 1/
Rhode Island	2	....	....	....	....	3	....	....	....	....	....	....	3½	4	....	5	5
South Carolina	3	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	3
South Dakota	2	....	....	....	....	....	....	....	....	....	....	....	....	3	....	....	3
Tennessee	2	....	....	3	....	....	....	....	....	....	....	....	....	....	....	....	3
Texas	—	—	—	—	—	—	—	—	—	2	....	....	....	....	....	....	3
Utah	2	....	....	....	....	....	....	....	....	2½	....	3	....	....	....	....	3
Vermont	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Virginia	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2	....	3
Washington	3	....	....	3 1/3	....	....	....	4	....	....	....	....	....	4 1/5	....	4½	4½
W. Virginia	2	....	....	....	....	....	....	....	....	3	....	....	....	....	....	....	3
Wisconsin	—	—	—	—	—	—	—	—	—	3 4/	....	....	....	....	....	....	3
Wyoming	2	....	....	....	....	....	....	....	....	....	....	....	....	2½	....	3	3
Number of States with tax 5/	33	34	34	34	35	35	35	35	36	38	38	38	38	40	43	45	45

Note: Dots (....) indicate no rate change since previous rate shown. A dash (—) indicates no sales tax in effect as of January 1.
1/ Includes a temporary 1% additional tax through June 30, 1969.
2/ Prior to 1964 the rates shown are for the "gross income" tax, included because of its many sales tax features. On April 20, 1963, the Governor approved Indiana's new 2% sales and use tax bill which, after being declared unconstitutional by a lower court, was upheld by the State Supreme Court and went into effect October 23, 1963.
3/ Previous tax expired in 1955 and was reinstated in revised form by the Act of March 6, 1956, effective March 7, 1956, at the rate of 3%.
4/ Effective December 31, 1961. However, the tax was operative only on sales made on and after February 1, 1962.
5/ Includes District of Columbia; also includes Hawaii for the period prior to attaining statehood.

TABLE 29.--STATE SALES TAXES: TYPES AND RATES, JANUARY 1, 1969
(Percent)

State	Type of tax 1/	Rate on tangible personal property at retail	Rates on selected services subject to tax							Rates on other services and businesses subject to tax (including retail sales subject to special rates)
			Admissions	Restaurant meals	Transient lodging	Telephone and telegraph	Gas and electricity	Water	Transportation of persons and property	
Alabama	Retail sales	4 2/	4	4	4	....	....	....	....	Agricultural machinery and equipment, and mining and manufacturing machinery, 1-1/2%; gross receipts of amusement operators, 4%.
Arizona	do	3	3	3	3	3	3	3	3 3/	Lease or rental of real and tangible personal property, advertising, printing, publishing, contracting, storage, and amusement operators, 3%; extracting and processing minerals, 2%; timbering, 1-1/2% meat-packing and wholesale sales of feed to poultrymen and stockmen, 3/8%.
Arkansas	do	3	3	3	3	3	3	3	....	Printing, photography, and receipts from coin-operated devices, 3%.
California	do	4	....	4	....	....	....	....	....	Renting, leasing, producing, fabrication, processing, printing or imprinting of tangible personal property, 4%.
Colorado	do	3	....	3	3	3	3	....	....	Selling, leasing or delivering in Colorado of tangible personal property by a retail sale for use, storage, distribution or consumption within the State, 3%.
Connecticut	do	3-1/2	....	3-1/2 4/	3-1/2	....	....	....	....	Storing for use or consumption of any article or item of tangible personal property, 3-1/2%.
Florida 5/	do	4 2/	4	4	4	4	4 6/	....	....	Fishing, hunting, camping, swimming and diving equipment, 5% of wholesale price or cost. Rental, storage or furnishing of taxable things or services, altering, remodeling or repairing tangible personal property, lease or rental of commercial offices or buildings, the rental of privately owned parking and docking facilities, and rental income of amusement machines, 4%; specified industrial machinery, ships and equipment designed for use exclusively by commercial fisheries, 3%.

See footnotes at the end of table.

TABLE 29.--STATE SALES TAXES: TYPES AND RATES, JANUARY 1, 1969 (Cont'd)

(Percent)

State	Type of tax 1/	Rate on tangible personal property at retail	Rates on selected services subject to tax							Rates on other services and businesses subject to tax (including retail sales subject to special rates)
			Admissions	Restaurant meals	Transient lodging	Telephone and telegraph	Gas and electricity	Water	Transportation of persons and property	
Georgia	Retail sales	3	3	3	3	3	3	....	3 3/	Lease or rental of tangible personal property, and charges on amusements and amusement devices, 3%.
Hawaii	Multiple stage sales	4	4	4	4	....	....	....	....	Manufacturers, producers, wholesalers, and selected service businesses, 1/2%; sugar processors and pineapple canners, 1/2% insurance solicitors, 2%; contractors, sales representatives, professions, radio broadcasting stations, service businesses and other businesses (not otherwise specified), including amusement business, 4%.
Idaho	Retail sales	3	3	3	3	....	....	....	....	Renting, leasing, producing, fabricating, processing, printing or imprinting of tangible personal property, and gross receipts of amusement operators, 3%. (5% of the gross receipts from sales of tickets to closed circuit telecasts of boxing, sparring and wrestling matches).
Illinois 5/	do	4-1/4	....	4-1/4	....	....	....	....	....	Property sold in connection with a sale of service, 4-1/4%; remodeling, repairing and reconditioning of tangible personal property, 4-1/4%. Hotel operators are subject to a hotel occupancy tax of 3% of 97% of the gross receipts from the rental of rooms to transients.
Indiana	do	2	....	2	2	2 6/	2 6/	2 6/	....	Lease or rental of tangible personal property, 2%.
Iowa	do	3	3	3	3	3	3	3	....	Laundry, drycleaning, automobile and cold storage, printing, repair service to tangible personal property, and gross receipts derived from operation of amusement devices and commercial amusement enterprises, 3%.

See footnotes at the end of table.

TABLE 29.--STATE SALES TAXES: TYPES AND RATES, JANUARY 1, 1969 (Cont'd)
(Percent)

State	Type of tax[1]	Rate on tangible personal property at retail	Rates on selected services subject to tax: Admissions	Restaurant meals	Transient lodging	Telephone and telegraph	Gas and electricity	Water	Transportation of persons and property	Rates on other services and businesses subject to tax (including retail sales subject to special rates)
Kansas	Retail Sales	3	3	3	3	3	3[6]	3[6]	....	Gross receipts from the operation of any coin-operated device, and lease or rental of tangible personal property, 3%.
Kentucky	do	5	5[7]	5	5	5	5[6]	5	....	Storage, use or other consumption of tangible personal property, sewer services, photography and photo finishing, 5%.
Louisiana	do	2	2	2	2	....	....	....	....	Laundry, drycleaning, automobile and cold storage, printing, repairing, renting or leasing of tangible personal property, 2%.
Maine	do	4½	....	4½	4½	4½	4½	4½	....	Renting, storing, fabricating or printing of tangible personal property, 4½%.
Maryland	do	3[2]	....	3[4]	3	....	3[6]	....	....	Lease or rental of tangible personal property, production, fabrication, or printing on special order, 3%; farm equipment, manufacturing machinery and equipment, 2%.
Massachusetts	do	3	....	[4]	....	....	....	....	....	Renting, leasing, producing, fabricating, processing, printing or imprinting of tangible personal property, 3%. Transient lodging is subject to a 5% room occupancy excise tax.
Michigan	do	4	....	4	4	4	4	....	....	Lease or rental of tangible personal property, 4%.
Minnesota	do	3	3	3	3	3	3	3	....	Renting, leasing, processing, producing, fabricating or printing tangible personal property, 3%.
Mississippi[8]	Multiple stage sales	5[2]	....	5	5	5	5[6]	5	5[3]	Wholesaling, 1/8% (with following exceptions: sales of meat for human consumption, ½%; alcoholic beverages, motor fuel, soft drinks and syrups, 5%); extracting or mining of minerals, 5%; specified miscellaneous businesses (including bowling alleys, pool parlors, laundry and dry cleaning, photo finishing, storage, certain repair services), 5%, except cotton ginning, 15¢ per bale; sales of railroad track material (to a railroad whose rates are fixed) 3%; contracting (contracts exceeding $10,000), 2½%; farm tractors, 1%; electric power associations; renting or leasing manufacturing or processing machinery.

See footnotes at the end of table.

TABLE 29.--STATE SALES TAXES: TYPES AND RATES, JANUARY 1, 1969 (Cont'd)
(Percent)

State	Type of tax[1/]	Rate on tangible personal property at retail	Rates on selected services subject to tax							Rates on other services and businesses subject to tax (including retail sales subject to special rates)
			Admissions	Restaurant meals	Transient lodging	Telephone and telegraph	Gas and electricity	Water	Transportation of persons and property	
Mississippi (Cont'd)										and sales of manufacturing machinery and manufacturing machine parts over $500, 1%.
Missouri	Retail sales	3	3	3	3	3	3[6/]	3	3[3/]	Trailer camp rentals, and lease or rental of tangible personal property, 3%.
Nebraska	do	2	2	2	2	2	2	2	....	Renting, leasing, producing, fabricating, processing, printing or imprinting of tangible personal property, 2%.
Nevada	do	3	....	3	....	....	....	....	....	Renting, leasing, producing, fabricating, processing, and printing, or imprinting of tangible personal property, 3%.
New Jersey	do	3	3[9/]	3	3	....	....	....	....	Renting, leasing, producing, fabricating, processing, printing or imprinting, and installation or maintenance of tangible personal property, 3%.
New Mexico	do	3[2/]	3	3	3	3	3	3	3	Leasing or storing tangible personal property, and sales of services, 3%; contracting, and sales of farm implements, 1½%; receipts from originating and servicing real property loans, 3/4%.
New York	do	2	2[9/]	2[4/]	2	2	2	....	....	Renting, leasing, producing, fabricating, processing, printing or imprinting, and installation or maintenance of tangible personal property, 2%.
North Carolina	do	3[2/]	....	3	3	....	....	....	....	Leasing or renting of tangible personal property, laundry and drycleaning, 3%; airplanes, boats, railway locomotives and cars, 1½% (with a maximum tax of $120 per item); sales of horses or mules, sales of fuel to farmers, manufacturing industries and plants other than for residential heating purposes, and to

See footnotes at the end of table.

TABLE 29.--STATE SALES TAXES: TYPES AND RATES, JANUARY 1, 1969 (Cont'd)
(Percent)

State	Type of tax 1/	Rate on tangible personal property at retail	Rates on selected services subject to tax							Rates on other services and businesses subject to tax (including retail sales subject to special rates)
			Admissions	Restaurant meals	Transient lodging	Telephone and telegraph	Gas and electricity	Water	Transportation of persons and property	
North Carolina (Cont'd)										commercial laundries or to pressing and drycleaning establishments, sales of machinery to farmers, manufacturing industries, laundry and drycleaning establishments, and other selected items, 1% (maximum tax is $80 per article for several items).
North Dakota	Retail sales	3 2/	3	3	3	3	3	3	....	Leasing, renting, fabricating, and storing of tangible personal property, proceeds from coin-operated amusement or entertainment machinery, and the severance of sand or gravel from the soil, 3%.
Ohio	do	4	....	4	4	....	....	....	....	Printing, processing, and reproducing, 4%.
Oklahoma	do	2 2/	2	2	2	2	2	....	2 3/	Advertising (limited), gross proceeds from amusement devices, printing, automobile storage, 2%.
Pennsylvania 5/	do	6	....	6	6	6	6	....	....	Repairing, altering, cleaning and lease or rental of tangible personal property, cleaning, polishing, lubricating, and inspecting of motor vehicles, and rental income of coin-operated amusement machines, 6%.

See footnotes at the end of table.

TABLE 29.--STATE SALES TAXES: TYPES AND RATES, JANUARY 1, 1969 (Cont'd)
(Percent)

State	Type of tax 1/	Rate on tangible personal property at retail	Rates on selected services subject to tax: Admissions	Restaurant meals	Transient lodging	Telephone and telegraph	Gas and electricity	Water	Transportation of persons and property	Rates on other services and businesses subject to tax (including retail sales subject to special rates)
Rhode Island	Retail sales	5	....	5	5	5	5	5	....	Renting, leasing, producing, fabricating, processing, and printing or imprinting of tangible personal property, 5%.
South Carolina	do	3	....	3	3	3	3 6/	....	....	Renting or leasing of tangible personal property, and laundry and drycleaning, 3%.
South Dakota	do	3 2/	3	3	3	3	3	3	....	Farm machinery, and agricultural irrigation equipment sold by licensed retailers, 2%; contractors, gross receipts from engaging in the practice of any profession or business in which the service rendered is of a professional, technical, or scientific nature, but not including persons engaged in the healing arts or veterinarians, and gross receipts from amusement devices, 3%.
Tennessee	do	3	....	3	3	3	3 6/	3 6/	....	Vending machine operators may pay a $2 registration fee plus $1 per machine, and 1 1/2% of gross receipts from such machines in lieu of privilege and sales taxes, except that the tax on gross receipts from machines dispensing tobacco items is 2 1/2%; parking lots and storage of motor vehicles, repair services, installation, lease or rental of tangible personal property, laundry and drycleaning, 3%; machinery for "new and expanded" industry, air & water pollution control equipment used in fabricating or producing tangible personal property, & farm machinery and equipment, 1%.

See footnotes at the end of table.

TABLE 29.--STATE SALES TAXES: TYPES AND RATES, JANUARY 1, 1969 (Cont'd)
(Percent)

State	Type of tax 1/	Rate on tangible personal property at retail	Rates on selected services subject to tax							Rates on other services and businesses subject to tax (including retail sales subject to special rates)
			Admissions	Restaurant meals	Transient lodging	Telephone and telegraph	Gas and electricity	Water	Transportation of persons and property	
Texas	Retail sales	3 2/	....	3	....	....	3 6/	....	....	Producing, processing, and lease or rental of tangible personal property, 3%.
Utah	do	3	3	3	3	3	3	....	3 3/	Laundry, and drycleaning, repairing, renovating, installing, fabricating, and lease or rental of tangible personal property, 3%.
Virginia	do	3 2/	....	3	3	....	....	....	....	Fabricating, storage, lease or rental of tangible personal property, 3%.
Washington	do	4½	4½	4½	4½	....	....	....	....	Charges for certain specified services, 4½%; selected amusement and recreation activities, 4½% (unless subject to county or city admission taxes, in which case they remain taxable under the State business and occupation tax, 1%).
West Virginia	do	3 2/	3	3	3	....	....	....	....	All services (including services rendered in amusement places), except public utilities and personal and professional services, 3%.
Wisconsin	do	3	3 9/	3	3	3	3 6/	....	....	Laundry, drycleaning, photographic services, the repair, service, maintenance, lease or rental of all items of taxable tangible personal property, 3%.
Wyoming	do	3 10/	3	3	3	3	3 6/	....	3	Laundry, drycleaning, producing, fabricating, repairing, altering, printing, lease or rental (with exceptions) of tangible personal property, plus numerous other service businesses, 3%.
Dist. of Col.	do	4 2/	....	4	5	....	4 6/	4	....	Producing, fabricating, printing, lease or rental (with exceptions) of tangible personal property, 4%.

See footnotes on the following page.

1/ All but a few States levy sales taxes of the single-stage retail type. Hawaii and Mississippi levy multiple-stage sales taxes (although the Arizona and New Mexico taxes are applicable to some nonretail businesses, they are essentially retail sales taxes). Washington and West Virginia levy a gross receipts tax on all businesses, distinct from their sales taxes. Alaska also levies a gross receipts tax on businesses, and New Jersey levies a retail gross receipts tax plus an unincorporated business tax (which includes, unincorporated retail stores). The rates applicable to retailers (with exceptions) under these gross receipts taxes are as follows: Alaska ½% on gross receipts of $20,000 - $100,000, and ¼% on gross receipts in excess of $100,000; New Jersey, retail gross receipts - 1/20 of 1% on gross receipts in excess of $150,000, unincorporated business tax - ¼ of 1% on gross receipts in excess of $5,000; Washington, 44/100% and West Virginia, ½%.

2/ Motor vehicles are taxable at the general rates with certain exceptions. The following States apply different rates to motor vehicles under their general sales and use tax laws: Alabama, 1½%; Florida, 3%; Mississippi, 3%; and North Carolina, 1½% (maximum $120). The following exempt motor vehicles from their general sales and use taxes but impose special sales or gross receipts taxes on them under their motor vehicle tax laws: District of Columbia, 3% titling tax; Maryland, 3% titling tax; New Mexico, 1½% excise tax; North Dakota, 3% excise tax; Oklahoma, 2% excise tax; South Dakota, 3% excise tax; Texas 3% sales and use tax; Virginia, 2% sales and use tax; and West Virginia, 3% titling tax. See also table 56 for sales tax treatment of motor fuels.

3/ Arizona and Mississippi also tax the transportation of oil and gas by pipeline. Georgia exempts transportation of property, and charges by municipalities, counties, and public transit authorities for transporting passengers upon their conveyances. Missouri, Oklahoma, and Utah do not tax transportation of property. Mississippi taxes bus and taxicab transportation at the rate of 2%. Oklahoma does not tax local transportation, school transportation, and fares of 15 cents or less. Utah does not tax street railway fares.

4/ Restaurant meals below a certain price are exempt: Connecticut, less than $1; Maryland, $1 or less; New York, less than $1 (when alcoholic beverages are sold, meals are taxable regardless of price). The Massachusetts retail sales tax exempts restaurant meals, which ($1 or more) are taxed at 5% under the meals excise tax.

5/ Includes a temporary additional 1% tax through June 30, 1969.

6/ Florida exempts fuels used by a public or private utility in the generation of electric power or energy for sale. Indiana exempts gas, electricity, and water used in manufacturing, construction, mining, refining, oil or mineral extraction, and irrigation; also exempts sale of utility services to other utilities. Kansas exempts gas, electricity, and water used in farming, processing, manufacturing, mining, drilling, refining, irrigation, telephone and telegraph and other taxable services or for use in movement in interstate commerce by railroads or public utilities. Kentucky exempts energy or energy producing fuels used in manufacturing, processing, mining, or refining to the extent that costs exceed 3% of the cost of production. Maryland exempts sales of gas and electricity when made for purposes of resale or use in manufacturing, assembling, processing, refining, or the generation of electricity. Mississippi exempts wholesale sales of electricity between power companies and taxes industrial sales of gas and electricity at the rate of 1%. Missouri exempts electrical energy used in manufacturing, processing, etc., of a product, if the total cost of electrical energy used exceeds 10% of the total cost of production, excluding the cost of electrical energy so used. South Carolina's tax is not applicable to sales of gas used in manufacturing or in furnishing laundry service; also exempt are sales of electricity for use in manufacturing tangible personalty and electricity sold to radio and television stations used in producing programs. Tennessee taxes gas, electricity and water sold to or used by manufacturers at the rate of 1% (if used directly in the manufacturing process they are exempt). Texas exempts gas and electricity used in manufacturing, mining, or arigulture. Wisconsin's tax is not applicable to gas or to electricity for space heating charged at a specific rate. Wyoming exempts gas and electricity consumed in manufacturing, processing, and the transportation business. The District of Columbia exempts gas and electricity used in manufacturing, assembling, processing and refining.

7/ The tax on sale of tickets to prize fights or wrestling matches on closed circuit television is 5% of the gross receipts. The 5% tax also applies to payments received from broadcasting companies for the right to televise or broadcast any match.

8/ In Mississippi, effective August 1, 1968, the State sales tax on tangible personal property was increased from 3½% to 5%; however, authority for local sales tax was repealed.

9/ In New Jersey, admissions to a place of amusement are taxable if the charge is in excess of 75 cents. New York taxes admissions when the charge is over 10 cents; exempt are participating sports (such as bowling and swimming), motion picture theatres, race tracks, boxing, wrestling, and live dramatic or musical performances. Sales of admissions to motion picture theatres costing 75 cents or less are exempt in Wisconsin.

TABLE 30.--EXEMPTION OF FOOD AND MEDICINE IN STATE GENERAL SALES TAXES, JANUARY 1, 1969

State	Tax rate (percent)	Food 1/	Medicine 2/
Arizona	3	....	x
California..........	4	x	x
Colorado.*..........	3	....	x
Connecticut.........	3 1/2	x	x
Dist. of Columbia...	4	x 3/	x
Florida.............	4	x	x
Idaho...............	3	....	x
Indiana.*...........	2	....	x
Maine...............	4 1/2	x	x
Maryland............	3	x	x
Massachusetts.*.....	3	x	x
Michigan............	4	....	x 4/
Minnesota...........	3	x	x
Nebraska.*..........	2	....	x
New Jersey..........	3	x	x
New York............	2	x	x
North Carolina......	3	....	x
North Dakota........	3	....	x
Ohio................	4	x	x
Pennsylvania........	6	x	x
Rhode Island........	5	x	x
Texas...............	3	x	x
Virginia............	3	....	x
Wisconsin...........	3	x	x

* Also allows personal income tax credit or cash rebate. See table 39.

1/ Food exemptions usually apply to "food for human consumption off the premises where sold." Restaurant meals are taxable in all States, although meals costing less than a specified amount are exempt in some States.

2/ The exemption is usually applicable to medicine sold on prescription or compounded by druggists, and often to medical and dental aids or devices such as artificial limbs, eyeglasses, and dentures. Some States exempt patent medicines and household remedies.

3/ Rate on food is 1 percent.

4/ The exemption is applicable only to 50 percent of the amount charged for recorded drug prescriptions. Full exemption applies to artificial limbs and eyes.

TABLE 31.--LOCAL SALES TAX RATES, JANUARY 1, 1969[1]

State and type of local government	State tax rate (percent)[2]	Local government tax rates[2] 1/2 Percent	3/4 Percent	1 Percent	2 Percent	3 Percent
Alabama	4					
151 municipalities[3]	....	10	....	127	11	....
18 counties	....	2	....	14	2	....
Alaska	....					
45 municipalities[4]	....	....	....	4	26	13
5 boroughs[5]	....	....	....	1	2	1
Arizona	3					
18 municipalities	....	....	....	18	....	....
Arkansas	3					
1 municipality	....	....	....	1	....	....
California	4					
380 municipalities	....	....	....	380[6]	....	....
58 counties[7]	....	....	....	58	....	....
Colorado	3					
29 municipalities	....	....	....	19	10	....
1 county	....	....	....	1	....	....
Illinois	4 1/4					
1,225 municipalities (approx.)	....	105	1,120	....	....	....
93 counties	....	6	87	....	....	....
Louisiana	2					
62 municipalities[8]	....	3	....	55	1	....
9 parishes[8]	....	....	....	7	....	....
34 school districts[8]	....	3	1	29	....	....
Mississippi[9]	5					
200 municipalities (prior to 8/1/68)	....	35	....	165	....	....
New Mexico	3					
47 municipalities	....	2[10]	....	45	....	....
2 counties[11]	....	1[10]	....	....	....	....
New York	2					
10 municipalities[12]	....	....	....	2	3	2
34 counties	....	....	....	....	15	19
North Carolina	3					
1 county	....	....	....	1	....	....
Oklahoma	2					
125 municipalities	....	....	....	125	....	....
Tennessee	3					
6 municipalities	....	....	....	6[13]	....	....
69 counties[14]	....	....	....	65[13]	....	....
Texas	3					
278 municipalities	....	....	....	278	....	....
Utah	3					
142 municipalities	....	142	....	....	....	....
26 counties	....	26	....	....	....	....
Virginia	3					
37 municipalities	....	....	....	37	....	....
95 counties	....	....	....	95	....	....

See footnotes on the next page.

1/ This tabulation includes only these local sales taxes about which authoritative information is available: The following cities with 1960 populations of 50,000 or more impose a sales tax: Birmingham, Hunstville, Mobile, Montgomery, New York, Niagara Falls, and all cities of 50,000 or over in Arizona, California, Colorado, Illinois, Louisiana, Mississippi, New Mexico, Oklahoma, Texas (except Amarillo, Laredo, Midland, Odessa, and Tyler), Utah and Virginia. The District of Columbia, not included in this tabulation, levies a 4 percent sales tax. The 1 percent mandatory Nevada "local school support tax" is included with the State sales tax.

2/ The rates shown are applicable to sales of tangible personal property at retail.

3/ Includes 3 cities with a 1 1/2 percent rate. In some cases the legislation authorizing county sales taxes takes account of any city sales taxes in the county. Numerous cities specify that the rate outside the city but within its police jurisdiction is 1/2 of the rate applicable within the city. The rate within the police jurisdiction of the city of Hamilton is 1/8 of the 1 percent city rate.

4/ Includes one city with a 2 1/2 percent rate and one with a 4 percent rate. Seven of these cities are located in the five boroughs that also impose a sales tax. Sales in these cities are subject to both taxes. The city and borough rates are: Douglas and Juneau, 2 percent city plus 1 percent Greater Juneau Borough; Fairbanks, 3 percent city and North Pole, 2 percent city plus 2 percent North Star Borough; Sitka, 2 percent city plus 2 percent Greater Sitka Borough; Ketchikan, 2 1/2 percent city plus 1 1/2 percent Gateway Borough; Soldonta, 3 percent city (levied on utility services only) plus 3 percent Kenai Peninsula Borough.

5/ Includes one borough with a 1 1/2 percent rate.

6/ A county and its cities must agree on the amount of tax that is to be received by each of the cities from the State administered local tax collections. Usually the agreed city rate is between 0.85 percent and 1 percent, and the city tax must be credited against the countywide 1 percent tax. The city of Los Angeles levies an additional 1 percent local sales tax (total 2 percent) from October 1, 1968 to April 1, 1969. The additional tax is locally administered.

7/ Includes the city-county of San Francisco.

8/ Includes 3 cities with a 1 1/4 percent rate, and one school district with a 1 1/2 percent rate. Because of overlapping, a 2 percent local rate is in effect in numerous municipalities and several parishes: municipal rate plus parish or school district rate in municipalities, and parish rate plus school district rate in several parishes. Parish total includes 1 parish @ 1 1/4% and 1 @ 1 1/2%.

9/ The State rate was increased from 3 1/2 to 5 percent effective August 1, 1968. Also effective on the same date, the city sales tax law under which most municipalities of the State imposed either a 1/2 of one percent or a one percent local sales tax was repealed, but 19 percent of the State sales tax is returned to the cities in which it is collected.

10/ Taos and Questa, located in Taos County which levies a 1/2 percent county tax.

11/ Includes one county with a 1/4 percent rate.

12/ Includes the cities of Canandaigua (1 1/2%) and Geneva (1 1/2%) located in Ontario County (2 percent), and Salamanca (1 1/2 percent effective March 1, 1969) in Cattaraugus County (3 percent). The statutory maximum combined city and county local rate is 3 percent.

13/ The maximum tax on a single transaction is $5.

14/ Includes 4 counties with a 1 1/2 percent rate and a maximum of $7.50 on a single transaction.

TABLE 32.--STATUTORY PROVISIONS GOVERNING IMPOSITION OF GENERAL SALES TAXES BY LOCAL GOVERNMENTS, JANUARY 1, 1969

State and type of local government	Statutory authority	Number using	Scope	Rate limits	Voter approval	Administration
Alabama						
Municipalities	Business and occupational license	151	Sales & use	None	No	Local option[1]
Counties	Specific[2]	18	Do	2%	Yes[2]	State[1]
Alaska						
Municipalities	Specific	45	Sales	3%[3]	Yes	Local
Boroughs	Do	5	Do	3%[3]	Do	Do
Arizona						
Municipalities	Business and occupational license	18	Do	None	No	Do
Arkansas						
Municipalities	Specific	1	Sales	1%	Yes	State
California						
Municipalities	Specific	380[5]	Sales & use	1%[4]	No	State
Counties	Do	58	Do	1%[4]	Do	Do
Colorado						
Municipalities[6]	Home rule[6]	29	Do	None[6]	Do[6]	Local[6/7]
Counties	Specific	1	Sales	[6]	Yes	[6]
Illinois						
Municipalities	Do	1,225	Do	0.75%	Do	State
Counties	Do	93	Do	0.75%	Do	Do
Louisiana						
Municipalities	Do	62	Sales & use	1%[8]	Yes	Local
Parishes	Do	9	Do	1%[9]	Do	Do
School districts	Do	34	Do	1%[10]	Do	Do
Mississippi[11]						
Municipalities (prior to 8/1/68)	Do	200	Sales	0.5% or 1%	Yes[12]	State
New Mexico						
Municipalities	Do	47	Sales	1%	No[13]	State[14]
Counties	Do	2	Do	0.25% or 0.5% [15]	No	State
New York						
Municipalities	Do	10	Sales & use	3%	No	State
Counties	Do	34	Do	3%	Do	Do
North Carolina						
Counties	Do	1	Do	1%	Yes	Do
Ohio						
Counties[16]	Do	....	Do	0.5%	No[13]	Do
Oklahoma						
Municipalities	Do	125	Sales	[17]	Yes	Local[18]
Oregon						
Municipalities[19]	Do	....	Do	None	No	Local
Tennessee						
Municipalities	Do[20]	6	Sales & use	1½%[21]	Yes	State[22]
Counties	Do[20]	69	Do	1½%[21]	Do	Do[22]
Texas						
Municipalities	Do	278	Do	1%	Do	State
Utah						
Municipalities	Do	142	Sales	0.5%	No	State
Counties	Do	26	Do	0.5%	Do	Do

TABLE 32.--STATUTORY PROVISIONS GOVERNING IMPOSITION OF GENERAL SALES TAXES BY LOCAL GOVERNMENTS, JANUARY 1, 1969 (Cont'd)

State and type of local government	Statutory authority	Number using	Scope	Rate limits	Voter approval	Administration
Virginia						
Municipalities	Specific	37	Sales & use	1%	No	State
Counties	Do	95	Do 23/	1%	Do	Do

1/ The State Department of Revenue is authorized, on request by a municipality, to collect local sales and use taxes. The municipal tax must parallel the State tax except for the rate. The Department of Revenue presently administers 93 of the 151 municipal sales taxes. The statutes applicable to individual counties usually (in 16 counties) require State administration.

2/ Specific statutory authority is given to individual counties. Voter approval is required in most cases.

3/ First class cities, incorporated villages, and first and second class boroughs; otherwise 2 percent.

4/ A city tax may be at any rate up to 1% (usually between 0.85% and 1%) and must be credited against the countywide 1% tax.

5/ Includes the city-county of San Francisco.

6/ Home rule cities only. H.B. 1141, Laws 1967 provides that counties, second class cities and incorporated towns, with voter approval, may also levy sales taxes but the total State and county, city or town rate cannot exceed 7%. Such taxes must begin either January 1 or July 1 of any year and are administered by the Director of Revenue. The director must be notified at least 120 days prior to the effective date. This law does not affect or limit the power of home rule cities to levy local sales and use taxes.

7/ Home rule cities may contract with the State for administration and collection, without charge, if local tax conforms to certain specifications (one requirement is that home rule cities do not impose a use tax).

8/ Baker, Baton Rouge, and Zachary 1¼%; New Orleans, 2%.

9/ East Baton Rouge 1¼ percent; Jefferson 1½ percent.

10/ St. Bernards and Jefferson ½ percent.

11/ Repealed, effective 8/1/68; see table 31 footnote 9.

12/ Required for the 1% rate, but not for the 0.5% rate unless 20 percent of voters so petition.

13/ Not required unless a specified percentage of voters petition.

14/ State may refuse to collect a city tax if the latter differs in coverage from the State tax. In three municipalities the tax is locally collected.

15/ The general limit is ¼%; certain specific counties are authorized to levy a ½% rate.

16/ H.B. 919, effective 12/12/67, authorizes counties to levy ½% sales and use tax, but none is presently using the authority.

17/ Incorporated cities and towns are authorized to levy and collect taxes (except property taxes) to the same extent as the State legislature. The State sales tax rate is currently 2 percent. The rate in the 114 municipalities levying a sales tax is 1 percent.

18/ Municipalities and the State Tax Commission are authorized to enter into contractual agreement for State collection (all municipal sales taxes are presently State collected). Municipalities are required to enforce their own sales tax laws, even if the Commission collects the tax.

19/ Cities with population of 9,000 - 10,500 only, but none is presently using this authority.

(Footnotes are continued on the next page)

20/ Where the county elects to levy such tax, half the proceeds originating in a city or town are shared with such city or town, and any city or town is pre-empted from enacting such tax unless it does not reach the maximum rate in which case the city or town may levy the difference between the rate established by a county and the maximum rate allowed.

21/ The rate is limited to 1/2 of the State sales tax rate and the maximum tax on a single transaction is limited to $7.50.

22/ Optional.

23/ One county (Lee) does not levy a use tax.

TABLE 33.--EFFECTIVE RATES OF STATE PERSONAL INCOME TAXES FOR SELECTED ADJUSTED GROSS INCOME LEVELS, MARRIED COUPLE WITH TWO DEPENDENTS, BY STATE, 1968[1]

State	Adjusted gross income class						
	$2,500	$3,500	$5,000	$7,500	$10,000	$17,500	$25,000
Alabama	--	--	0.2	0.8	1.4	2.1	2.5
Alaska	--	.5	1.3	1.9	2.2	2.6	3.3
Arizona	--	--	.5	1.0	1.4	2.1	3.0
Arkansas	--	--	.3	.9	1.3	2.0	2.5
California	--	--	--	.3	.9	1.9	3.1
Colorado[2]	-1.1	- .7	.1	.9	1.5	2.4	3.4
Delaware	--	.3	.6	1.3	2.2	3.8	4.9
Dist. of Columbia	--	.1	.8	1.4	1.8	2.6	3.2
Georgia	--	--	.1	.5	1.0	2.2	3.2
Hawaii[2]	-4.4	-1.4	.8	2.3	3.3	4.2	5.1
Idaho[3]	.4	.3	.3	1.4	2.1	3.2	4.1
Indiana[2]	-1.3	- .3	.4	.9	1.2	1.5	1.7
Iowa[2]	-1.6	- .8	.4	1.6	2.1	2.4	2.8
Kansas	--	.2	.7	1.0	1.3	1.8	2.4
Kentucky	--	--	.4	1.6	2.3	2.7	3.2
Louisiana	--	--	--	.1	.4	.8	1.0
Maryland[4]	--	--	.6	1.7	2.6	3.0	3.5
Massachusetts[2]	-1.0	- .7	.1	1.6	2.0	2.2	2.5
Michigan[5]	--	--	--	.3	.8	1.5	1.8
Minnesota[6]	--	.8	2.0	3.3	4.1	4.9	5.7
Mississippi	--	--	--	.4	1.1	1.8	2.3
Missouri	--	*	.3	.7	1.0	1.4	1.8
Montana	--	.4	.9	1.5	2.0	2.8	3.5
Nebraska[2]	-1.1	- .6	-*	.4	.8	1.2	1.5
New Mexico	--	.2	.5	.8	.9	1.1	1.2
New York	--	--	.6	1.5	2.2	3.5	5.3
North Carolina	--	--	.8	1.8	2.6	3.4	4.4
North Dakota	--	*	.3	.4	.8	2.8	4.1
Oklahoma	--	*	.2	.4	.7	1.1	1.7
Oregon	--	.7	1.5	2.5	3.3	3.8	4.5
South Carolina	--	--	.4	1.0	1.5	2,8	3.9
Utah	--	.4	.9	1.7	2.4	3.1	3.5
Vermont	--	.5	1.3	2.0	2.6	3.2	4.0
Virginia	--	.4	.9	1.4	2.2	2.8	3.3
West Virginia	--	.3	.5	.7	.8	1.0	1.2
Wisconsin[7]	.9	1.6	2.3	3.1	3.9	4.7	5.9
Median rate	--	--	.5	1.2	1.7	2.5	3.2
Federal tax[8]	--	2.0	5.2	8.0	10.4	13.2	16.0

Note: In computing income taxes, it was assumed that all income was from wages and salaries and earned by one spouse. For State tax computations the optional standard deduction was used except for the $17,500 and $25,000 income classes where it was assumed that deductions are itemized. For Federal tax computations (other than the $17,500 and $25,000 A.G.I. classes) the following percentages of A.G.I. were used for estimated deductions: 16% through the $7,500 A.G.I. class and 14% for the $10,000 class. In computing the State tax at the $17,500 income level, itemized deductions were assumed to be $2,575, excluding the State personal income tax. For those States that allow deduction of the Federal income tax, the itemized deductions were assumed to be $2,925 in computing the Federal tax liability, (addition of estimated State income tax less certain deductions not allowed for the Federal tax); except that where the State individual income tax is itself deductible for State income tax purposes, the actual State tax liability was added to the $2,575 for both Federal and State tax computations. The comparable State and Federal estimated itemized deductions used in computing the tax at the $25,000 level are $3,115 and $3,940, respectively. New Hampshire and Tennessee are excluded since their personal income taxes apply only to interest and dividend income; also excluded is the New Jersey "commuters' income tax." "Effective rates" are computed as the ratio of tax liability to adjusted gross income (i.e., income after business deductions but before personal exemptions and other allowable deductions).

* Less than .05 percent.

TABLE 33.--EFFECTIVE RATES OF STATE PERSONAL INCOME TAXES FOR SELECTED ADJUSTED GROSS INCOME LEVELS, MARRIED COUPLE WITH TWO DEPENDENTS, BY STATE, 1968[1/] (Concl'd)

1/ Based upon tax liability on income earned during the calendar year 1968 as reflected in State legislation enacted through July 31, 1968.

2/ Negative rates result from credits allowed for sales taxes paid on food (Hawaii also allows a credit for each dependent who is a student). If the credit exceeds the tax liability, the taxpayer can apply for a refund.

3/ Includes the $10 per return permanent building fund tax.

4/ Does not reflect the credit for the State tax on personal property.

5/ Includes credits for estimated city income taxes, and for the following estimated property tax payments: $7,500--$250; $10,000--$300; $17,500--$500; $25,000--$600.

6/ Does not reflect credits for senior citizen homestead relief and tax relief for renters.

7/ Does not reflect the credit for senior citizen homestead relief.

8/ Federal effective rates and the deduction for Federal taxes indicated in the "note" above do not reflect the 10 percent surcharge, effective April 1, 1968.

TABLE 34.--EFFECTIVE RATES OF PERSONAL INCOME TAXES FOR SELECTED ADJUSTED GROSS INCOME LEVELS, MARRIED COUPLE WITH TWO DEPENDENTS, BY STATE, 1953, 1963 and 1968

State	Adjusted gross income class											
	\$5,000			\$7,500			\$10,000			\$25,000		
	1953	1963	1968	1953	1963	1968	1953	1963	1968	1953	1963	1968
Alabama*	0.2	0.2	0.2	0.8	0.8	0.8	1.5	1.5	1.4	2.4	2.4	2.5
Alaska	.8	1.2	1.3	1.1	1.7	1.9	1.3	2.1	2.2	2.0	3.1	3.3
Arizona*1/	.3	.2	.5	.5	.4	1.0	.6	.6	1.4	1.4	1.4	3.0
Arkansas	--	.3	.3	.3	.9	.9	.6	1.3	1.3	2.0	2.5	2.5
California	.1	.1	--	.4	.3	.3	.5	.5	.9	1.1	1.7	3.1
Colorado*	.3	.6	.1	.6	1.2	.9	.9	1.6	1.5	2.8	3.3	3.4
Delaware*1/	.3	.6	.6	.6	1.3	1.3	1.1	2.2	2.2	3.1	5.0	4.9
Dist. of Columbia	--	.8	.8	.3	1.3	1.4	.6	1.6	1.8	1.4	2.5	3.2
Georgia	.2	.1	.1	.8	.5	.5	1.3	1.0	1.0	3.5	3.3	3.2
Hawaii	n.a.	1.4	.8	n.a.	2.2	2.3	n.a.	2.8	3.3	n.a.	3.9	5.1
Idaho*	.5	1.4	.3	.9	2.2	1.4	1.3	2.8	2.1	2.8	4.7	4.1
Indiana	2/	.5	.4	2/	1.0	.9	2/	1.3	1.2	2/	1.7	1.7
Iowa*	.9	.9	.4	1.6	1.6	1.6	2.0	2.0	2.1	2.1	2.1	2.8
Kansas*	.4	.6	.7	.5	.8	1.0	.8	1.1	1.3	1.4	1.7	2.4
Kentucky*	.7	.3	.4	1.7	1.5	1.6	2.3	2.1	2.3	3.1	3.0	3.2
Louisiana*	--	--	--	.04	.04	.1	.4	.4	.4	.9	.9	1.0
Maryland	.5	.8	.6	1.0	1.5	1.7	1.3	1.9	2.6	1.5	2.3	3.5
Massachusetts*1/	.7	.7	.1	1.3	1.3	1.6	1.6	1.6	2.0	1.7	1.6	2.5
Michigan	2/	2/	--	2/	2/	.3	2/	2/	.8	2/	2/	1.8
Minnesota*	1.4	1.5	2.0	2.4	2.8	3.3	3.0	3.5	4.1	4.6	5.4	5.7
Mississippi	--	--	--	.3	--	.4	.7	.5	1.1	2.1	1.8	2.3
Missouri*	.3	.3	.3	.6	.6	.7	1.0	1.0	1.0	1.7	1.7	1.8
Montana*1/	.3	.5	.9	.6	1.1	1.5	.9	1.6	2.0	1.9	3.1	3.5
Nebraska3/	2/	2/	-.04	2/	2/	.4	2/	2/	.8	2/	2/	1.5
New Mexico*1/ 4/	.2	.5	.5	.4	.7	.8	.5	.8	.9	.6	.9	1.2
New York	.5	.6	.6	1.4	1.5	1.5	2.2	2.2	2.2	4.4	5.2	5.3
North Carolina	1.1	1.1	.8	2.1	2.1	1.8	2.9	2.9	2.6	4.7	4.6	4.4
North Dakota*1/	.3	.3	.3	.6	.6	.4	1.1	1.1	.8	3.8	3.7	4.1
Oklahoma*	.2	.2	.2	.4	.4	.4	.6	.6	.7	1.6	1.5	1.7
Oregon*	1.0	1.4	1.5	1.7	2.4	2.5	2.2	3.1	3.3	3.4	4.3	4.5
South Carolina*	.5	.4	.4	1.1	1.0	1.0	1.7	1.5	1.5	3.4	3.9	3.9
Utah*	.5	.5	.9	1.1	1.1	1.7	1.6	1.7	2.4	2.5	2.6	3.5
Vermont	1.2	1.6	1.3	2.1	2.7	2.0	2.8	3.7	2.6	3.9	5.0	4.0
Virginia	.9	.9	.9	1.5	1.5	1.4	2.3	2.3	2.2	3.5	3.4	3.3
West Virginia	2/	.5	.5	2/	.7	.7	2/	.8	.8	2/	1.2	1.2
Wisconsin	1.0	1.9	2.3	1.9	2.7	3.1	2.9	3.5	3.9	4.8	5.7	5.9
Median rate	.4	.6	.5	.8	1.2	1.2	1.3	1.6	1.7	2.5	2.8	3.2
Federal tax5/	7.6	7.2	5.2	10.8	10.4	8.0	13.3	12.8	10.4	20.4	19.6	16.0

Note: In computing income taxes, it was assumed that all income was from wages and salaries and earned by one spouse. For State tax computations the optional standard deduction was used except for the \$25,000 income class where it was assumed that deductions are itemized. For Federal tax computations (other than the \$25,000 A.G.I. class) the following percentages of A.G.I. were used for estimated deductions: \$5,000 and \$7,500 A.G.I. classes--1963 and 1968 - 16%, 1953 - 14%; \$10,000 A.G.I. class--1963 and 1968 - 14%, 1953 - 12%. In computing the State tax at the \$25,000 level, itemized deductions were assumed to be \$3,115 in 1968, \$2,925 in 1963, and \$2,525 in 1953 (excluding the State personal income tax liability). For those States that allow deduction of the Federal income tax, the itemized deductions were assumed to be \$3,940 in 1968, \$3,700 in 1963, and \$3,150 in 1953 in computing the Federal tax liability (addition of estimated State income tax less certain deductions not allowed for the Federal tax); except that when the State income tax is itself deductible for State income tax purposes, the actual State tax liability was added for both Federal and State tax computations. New Hampshire and Tennessee are excluded since their personal income taxes apply only to interest and dividend income; also excluded is the New Jersey "commuters' income tax." Adjusted gross income is income after business deductions but before personal exemptions and other allowable deductions. "Effective rates" are computed as the ratio of tax liability to adjusted gross income.

* Federal income tax deductible.

n.a. - Data not available.

TABLE 34.--EFFECTIVE RATES OF PERSONAL INCOME TAXES FOR SELECTED ADJUSTED GROSS INCOME LEVELS, MARRIED COUPLE WITH TWO DEPENDENTS, BY STATE, 1953, 1963 and 1968

1/ As there was no standard deduction in 1953, the standard deduction authorized under present law was used in computing the 1953 tax liability.

2/ No personal income tax for year indicated.

3/ Negative rate results from credit allowed for sales taxes paid on food. If the credit exceeds the tax liability, the taxpayer can apply for a refund.

4/ Deduction for Federal income tax eliminated effective January 1, 1968.

5/ See Table 33, footnote 8.

TABLE 35.--STATE INDIVIDUAL INCOME TAXES: RATES, DECEMBER 31, 1968

State	Net income after personal exemption	Rate (percent)	Federal tax deductible	Special rates or features
Alabama.........	First $1,000......	1.5	x	....
	$1,001-$3,000.....	3		
	$3,001-$5,000.....	4.5		
	Over $5,000.......	5		
Alaska..........	16 percent of the total Federal income tax that would be payable for the same taxable year at the Federal tax rates in effect on December 31, 1963.			....
Arizona[1/].......	First $1,000......	2	x	....
	$1,001-$2,000.....	3		
	$2,001-$3,000.....	4		
	$3,001-$4,000.....	5		
	$4,001-$5,000.....	6		
	$5,001-$6,000.....	7		
	Over $6,000.......	8		
Arkansas........	First $3,000......	1	....	....
	$3,001-$6,000.....	2		
	$6,001-$11,000....	3		
	$11,001-$25,000...	4		
	Over $25,000......	5		
California[1/]....	First $2,000......	1	....	The following rates apply to heads of households:
	$2,001-$3,500.....	2		First $3,000......... 1%
	$3,501-$5,000.....	3		$3,001-$4,500........ 2
	$5,001-$6,500.....	4		$4,501-$6,000........ 3
	$6,501-$8,000.....	5		$6,001-$7,500........ 4
	$8,001-$9,500.....	6		$7,501-$9,000........ 5
	$9,501-$11,000....	7		$9,001-$10,500....... 6
	$11,001-$12,500...	8		$10,501-$12,000...... 7
	$12,501-$14,000...	9		$12,001-$13,500...... 8
	Over $14,000......	10		$13,501-$15,000...... 9
				Over $15,000.........10
Colorado........	First $1,000......	3	x	Surtax on income from intangibles in excess of $5,000, 2 percent. Taxpayers are allowed a credit equal to 1/2 of 1 percent of net taxable income on the first $9,000 of taxable income. A $7 tax credit is allowed each taxpayer and each dependent for sales tax paid on food. If there is no income tax liability the taxpayer can apply for a refund. See table 39.
	$1,001-$2,000.....	3.5		
	$2,001-$3,000.....	4		
	$3,001-$4,000.....	4.5		
	$4,001-$5,000.....	5		
	$5,001-$6,000.....	5.5		
	$6,001-$7,000.....	6		
	$7,001-$8,000.....	6.5		
	$8,001-$9,000.....	7		
	$9,001-$10,000....	7.5		
	Over $10,000......	8		
Delaware........	First $1,000......	1.5	x[2/]	....
	$1,001-$2,000.....	2		
	$2,001-$3,000.....	3		
	$3,001-$4,000.....	4		
	$4,001-$5,000.....	5		
	$5,001-$6,000.....	6		
	$6,001-$8,000.....	7		
	$8,001-$30,000....	8		
	$30,001-$50,000...	9		
	$50,001-$100,000..	10		
	Over $100,000.....	11		

See footnotes at the end of table.

TABLE 35.--STATE INDIVIDUAL INCOME TAXES: RATES, DECEMBER 31, 1968 (Cont'd)

State	Net income after personal exemption	Rate (percent)	Federal tax deductible	Special rates or features
Georgia.........	First $1,000......	1	....	....
	$1,001-$3,000.....	2		
	$3,001-$5,000.....	3		
	$5,001-$7,000.....	4		
	$7,001-$10,000....	5		
	Over $10,000......	6		
Hawaii[3/]........	First $500........	2.25	....	Alternative tax on capital gains: Deduct 50 percent of capital gains and pay an additional 4 percent on such gains. The income classes reported are for individuals. For joint returns the rates shown apply to income classes twice as large. Special tax rates are provided for heads of households ranging from 2.25% on taxable income not over $500 to 11% on taxable income in excess of $60,000. A sales tax credit based on modified adjusted gross income brackets is provided, ranging from $1 to $20 per qualified exemption. Taxpayers are also provided credits for students attending institutions of higher learning ($5 to $50) and dependent children attending school in grades kindergarten to twelve ($2 to $20). The amount of credit is based on size of A.G.I. If a taxpayer's credits exceed his tax, a refund will be made. See table 39.
	$501-$1,000.......	3.25		
	$1,001-$1,500.....	4.50		
	$1,501-$2,000.....	5.00		
	$2,001-$3,000.....	6.50		
	$3,001-$5,000.....	7.50		
	$5,001-$10,000....	8.50		
	$10,001-$14,000...	9.50		
	$14,001-$20,000...	10.00		
	$20,001-$30,000...	10.50		
	Over $30,000......	11.00		
Idaho[1/].........	First $1,000......	2.5	x	A $10 filing fee is imposed on each return. A $10 tax credit is allowed for each personal exemption (for sales tax paid).
	$1,001-$2,000.....	5.0		
	$2,001-$3,000.....	6.0		
	$3,001-$4,000.....	7.0		
	$4,001-$5,000.....	8.0		
	Over $5,000.......	9.0		
Indiana.........	Adjusted gross income...........	2	....	A $8 tax credit is allowed each taxpayer and each dependent for sales tax paid on food. If there is no income tax liability, the taxpayer can apply for a refund. See table 39.
Iowa............	First $1,000......	0.75	x	A credit is allowed for sales taxes paid. If there is no income tax liability, the taxpayer can apply for a refund. See table 39.
	$1,001-$2,000.....	1.5		
	$2,001-$3,000.....	2.25		
	$3,001-$4,000.....	3		
	$4,001-$7,000.....	3.75		
	$7,001-$9,000.....	4.5		
	Over $9,000.......	5.25		
Kansas..........	First $2,000......	2	x	The income classes reported are for individuals and heads of households. For joint returns the rates shown apply to income classes twice as large.
	$2,001-$3,000.....	3.5		
	$3,001-$5,000.....	4		
	$5,001-$7,000.....	5		
	Over $7,000.......	6.5		

See footnotes at the end of table.

State	Net income after personal exemption	Rate (percent)	Federal tax deductible	Special rates or features
Kentucky........	First $3,000......	2	x [4]	....
	$3,001-$4,000.....	3		
	$4,001-$5,000.....	4		
	$5,001-$8,000.....	5		
	Over $8,000.......	6		
Louisiana[1].....	First $10,000.....	2	x	....
	$10,001-$50,000...	4		
	Over $50,000......	6		
Maryland........	First $1,000......	2	....	A credit is allowed for State personal property taxes payable on and after July 1, 1968.
	$1,001-$2,000.....	3		
	$2,001-$3,000.....	4		
	Over $3,000.......	5		
Massachusetts[3].	Earned income and business income...	4	x [5]	A consumer tax credit is allowed of $4 each for the taxpayer and his spouse and $8 for each qualified dependent. If there is no income tax liability the taxpayer can apply for a refund. See table 39.
	Interest and dividends, capital gains on intangibles	8		
	Annuities.........	2		
Michigan........	All taxable income	2.6	....	The following credits are allowed (not to exceed the taxpayer's State income tax liability):

City income tax	Credit
Not over $100....	20% of city tax
$101-$150........	$20 + 15% of excess over $100
$151-$200........	$27.50 + 10% of excess over $150
Over $200........	$32.50 + 5% of excess over $200
	Maximum credit $10,000

Property tax	Credit
Not over $100....	20% of property tax
$101-$150........	$20 + 15% of excess over $100
$151-$200........	$27.50 + 10% of excess over $150
$201-$10,000.....	$32.50 + 5% of excess over $200
Over $10,000.....	4% of property tax

A lessee of a homestead is allowed a similar credit. In such a case 20% of the gross rent paid by the lessee is deemed to be property tax.

State	Net income after personal exemption	Rate (percent)	Federal tax deductible	Special rates or features
Minnesota.......	First $500........	1.5	x	A credit for property taxes is allowed for senior citizen homestead relief and for renters. Cash refund granted if tax credit exceeds income tax due. See table 39.
	$501-$1,000.......	2.0		
	$1,001-$2,000.....	3.0		
	$2,001-$3,000.....	5.0		
	$3,001-$4,000.....	6.0		
	$4,001-$5,000.....	7.0		
	$5,001-$7,000.....	8.0		
	$7,001-$9,000.....	9.0		
	$9,001-$12,500....	10.0		
	$12,501-$20,000...	11.0		
	Over $20,000......	12.0		
Mississippi.....	First $5,000......	3	....	....
	Over $5,000.......	4		

See footnotes at the end of table.

State	Net income after personal exemption	Rate (percent)	Federal tax deductible	Special rates or features
Missouri........	First $1,000......	1	x	The rates apply to total income, not merely to the proportion of income falling within a given bracket, but as a result of the following tax credits, the schedule in effect is a bracket rate schedule: $1,001-$2,000.....$ 5 $2,001-$3,000.....$ 15 $3,001-$5,000.....$ 30 $5,001-$7,000.....$ 55 $7,001-$9,000.....$ 90 Over $9,000.......$135
	$1,001-$2,000.....	1.5		
	$2,001-$3,000.....	2		
	$3,001-$5,000.....	2.5		
	$5,001-$7,000.....	3		
	$7,001-$9,000.....	3.5		
	Over $9,000.......	4		
Montana.........	First $1,000......	2	x	After computing their tax, taxpayers may subtract 5% of the tax due.
	$1,001-$2,000.....	3		
	$2,001-$4,000.....	4		
	$4,001-$6,000.....	5		
	$6,001-$8,000.....	6		
	$8,001-$10,000....	7		
	$10,001-$25,000...	8		
	Over $25,000......	10		
Nebraska[3]......	The tax is imposed on the taxpayer's Federal income tax liability before credits, with limited adjustments. The rate is set as a flat percentage by the State Board of Equalization and Assessment on or before November 15 annually for the taxable year beginning during the subsequent calendar year. The rate for 1968 was 10%.			A $7 tax credit is allowed each taxpayer and each dependent for sales tax paid on food. If there is no income tax liability the taxpayer can apply for a refund. See table 39.
New Hampshire···	Interest and dividends (excluding interest on savings deposits).........	4.25	....	....
New Jersey······	First $1,000......	2	....	Tax applies to commuters only, New Jersey-New York area.
	$1,001-$3,000.....	3		
	$3,001-$5,000.....	4		
	$5,001-$7,000.....	5		
	$7,001-$9,000.....	6		
	$9,001-$11,000....	7		
	$11,001-$13,000...	8		
	$13,001-$15,000...	9		
	$15,001-$17,000...	10		
	$17,001-$19,000...	11		
	$19,001-$21,000...	12		
	$21,001-$23,000...	13		
	Over $23,000......	14		
New Mexico[1,3]..	First $10,000.....	1.5	....	Net income (of married taxpayer filing joint return and single taxpayer with one or more dependents) under $1,500 nontaxable.
	$10,001-$20,000...	3.0		
	$20,001-$10,000...	4.5		
	Over $100,000.....	6		
New York........	First $1,000......	2	....	Capital gains treatment is similar to that provided under Federal law. Income from unincorporated business is taxed at 5 1/2 percent. The following credit is allowed:
	$1,000-$3,000.....	3		
	$3,001-$5,000.....	4		
	$5,001-$7,000.....	5		
	$7,001-$9,000.....	6		
	$9,001-$11,000....	7		
	$11,001-$13,000...	8		If tax is-- credit is--
	$13,001-$15,000...	9		$100 or less... full amount of tax.

See footnotes at the end of table.

State	Net income after personal exemption	Rate (percent)	Federal tax deductible	Special rates or features
New York (cont'd)..	$15,001-$17,000...	10		$100-$200......difference between $200 and amount of tax.
	$17,001-$19,000...	11		$200 or more...no credit.
	$19,001-$21,000...	12		
	$21,001-$23,000...	13		
	Over $23,000......	14		
North Carolina.....	First $2,000......	3	....	....
	$2,001-$4,000.....	4		
	$4,001-$6,000.....	5		
	$6,001-$10,000....	6		
	Over $10,000......	7		
North Dakota.......	First $3,000......	1	x	....
	$3,001-$4,000.....	2		
	$4,001-$5,000.....	3		
	$5,001-$6,000.....	5		
	$6,001-$8,000.....	7.5		
	$8,001-$15,000....	10		
	Over $15,000......	11		
Oklahoma[3].........	First $1,500......	1	x	The income classes reported are for individuals and heads of households. For joint returns the rates shown apply to income classes twice as large
	$1,501-$3,000.....	2		
	$3,001-$4,500.....	3		
	$4,501-$6,000.....	4		
	$6,001-$7,500.....	5		
	Over $7,500.......	6		
Oregon............	First $500........	3	x[6]	The income classes reported are for individuals and heads of households. For joint returns the rates shown apply to income classes twice as large.
	$501-$1,000.......	4		
	$1,001-$1,500.....	5		
	$1,501-$2,000.....	6		
	$2,001-$4,000.....	7		
	$4,001-$8,000.....	9		
	Over $8,000.......	9.5		
South Carolina.....	First $2,000......	2	x[7]	....
	$2,001-$4,000.....	3		
	$4,001-$6,000.....	4		
	$6,001-$8,000.....	5		
	$8,001-$10,000....	6		
	Over $10,000......	7		
Tennessee..........	Interest and dividends.........	6	....	Dividends from corporations having at least 75 percent of their property subject to the Tennessee ad valorem tax are taxed at 4 percent.
Utah..............	First $1,000......	2	x	....
	$1,001-$2,000.....	3		
	$2,001-$3,000.....	4		
	$3,001-$4,000.....	5		
	$4,001-$5,000.....	6		
	Over $5,000.......	6.5		
Vermont[3]	The tax is imposed at a rate of 25% of the Federal income tax liability of the taxpayer for the taxable year (after the allowance of retirement income credit, investment credit, foreign tax credit and tax-free covenant bonds credit, but before the allowance of any other credit against that liability or the addition of any surtax upon that liability granted or imposed			A credit is provided on the succeeding year's tax for 106% of the amount of the excess of tax liability over what such liability would have been had the Federal base used in arriving at the Vermont tax liability been determined in accordance with the Federal Internal Revenue Code in effect on January 1, 1967, instead

See footnotes at the end of table.

TABLE 35.--STATE INDIVIDUAL INCOME TAXES: RATES, DECEMBER 31, 1968 (cont'd)

State	Net income after personal exemption	Rate (percent)	Federal tax deductible	Special rates or features
Vermont 3/ (cont'd).	under Federal law), reduced by a percentage equal to the percentage of the taxpayer's adjusted gross income for the taxable year which is not Vermont income. 8/			of the Federal statute in effect for the year for which the return is being filed. Resident taxpayers who are full-time students for at least five months in the year are allowed a $10 credit.
Virginia..........	First $3,000......	2	....	....
	$3,001-$5,000.....	3		
	Over $5,000.......	5		
W. Virginia.......	First $2,000......	1.2	....	The income classes reported are for individuals and heads of households. For joint returns the rates shown apply to income classes twice as large.
	$2,001-$4,000.....	1.3		
	$4,001-$6,000.....	1.6		
	$6,001-$8,000.....	1.8		
	$8,001-$10,000....	2.0		
	$10,001-$12,000...	2.3		
	$12,001-$14,000...	2.6		
	$14,001-$16,000...	2.8		
	$16,001-$18,000...	3.0		
	$18,001-$20,000...	3.1		
	$20,001-$22,000...	3.4		
	$22,001-$26,000...	3.5		
	$26,001-$32,000...	3.7		
	$32,001-$38,000...	3.9		
	$38,001-$44,000...	4.1		
	$44,001-$50,000...	4.3		
	$50,001-$60,000...	4.5		
	$60,001-$70,000...	4.7		
	$70,001-$80,000...	4.9		
	$80,001-$90,000...	5.0		
	$90,001-$100,000..	5.2		
	$100,001-$150,000.	5.3		
	$150,001-$200,000.	5.4		
	Over $200,000.....	5.5		
Wisconsin 3/	First $1,000......	2.7	....	A property tax credit is allowed for senior citizen homestead relief. Cash refund granted if property tax credit exceeds income tax due. See table 39.
	$1,001-$2,000.....	2.95		
	$2,001-$3,000.....	3.2		
	$3,001-$4,000.....	4.2		
	$4,001-$5,000.....	4.7		
	$5,001-$6,000.....	5.2		
	$6,001-$7,000.....	5.7		
	$7,001-$8,000.....	6.7		
	$8,001-$9,000.....	7.2		
	$9,001-$10,000....	7.7		
	$10,001-$11,000...	8.2		
	$11,001-$12,000...	8.7		
	$12,001-$13,000...	9.2		
	$13,001-$14,000...	9.7		
	Over $14,000......	10.0		
Washington, D.C..	First $1,000......	2	....	Income from unincorporated business is taxed at 6 percent.
	$1,001-$3,000.....	3		
	$3,001-$5,000.....	4		
	$5,001-$10,000....	5		
	Over $10,000......	6		

1/ Community property State in which, in general, 1/2 the community income is taxable to each spouse.

2/ Limited to $300 for single persons and $600 for married persons filing joint returns.

3/ Allows deduction of State individual income tax itself in computing State tax liability.

4/ Limited to the lesser of (a) the Federal income tax actually paid or accrued for the taxable year, or (b) the Federal tax that would result from applying the Federal rates in effect on December 31, 1967 to Federal taxable income for the taxable year.

TABLE 35.--STATE INDIVIDUAL INCOME TAXES: RATES, DECEMBER 31, 1968 (concl'd)

5/ Limited to 50% of the taxes paid on professional or business income.

6/ Any Federal tax paid due to an increase in rates effective after November 1, 1967, will not be deductible for Oregon personal income tax purposes. The limitation is effective for tax years beginning on and after 1/1/68, and ending not later than 11/30/70.

7/ Limited to $500 per taxpayer.

8/ The tax liability for any taxable year shall not in any case equal an amount such that the combined Vermont and Federal income tax liability of the taxpayer for the taxable year, less the Federal income tax liability (without consideration of the deduction for Vermont income taxes paid or accrued) exceeds 4 1/2 percent of the total income of the taxpayer for that taxable year.

TABLE 36.--STATE INDIVIDUAL INCOME TAXES: PERSONAL EXEMPTIONS, DECEMBER 31, 1968

State	Personal exemption		Additional exemption on account of--		
	Single	Married (joint return)	Dependents	Age 1/	Blindness 1/
Alabama	$1,500	$3,000	$300	....	....
Alaska	600	1,200	600	$600	$600
Arizona	1,000	2,000	600	1,000	500
Arkansas 2/	17.50(1,750)	35(3,250)	6(333)	....	....
California 2/	25(2,250)	50(4,500)	8(400)	....	8(400)
Colorado 3/	750	1,500	750	750	750
Delaware	600 4/	1,200	600	600	600
Georgia	1,500	3,000	600 5/	600	600
Hawaii 3/	600	1,200	600	600 6/	5,000
Idaho 7/	600	1,200	600	600	600
Indiana 3/	1,000	2,000 8/	500	500	500
Iowa 2/ 3/	15(1,500)	30(2,333)	10(467)	15 9/	15 9/
Kansas	600	1,200	600 10/	600	600
Kentucky 2/	20(1,000)	40(2,000)	20(1,111)	20(1,000)	20(1,000)
Louisiana 11/	2,500(50)	5,000(100)	400(8) 10/	....	1,000(20) 12/
Maryland	800	1,600	800 13/	800 13/	800
Massachusetts 3/ 14/	2,000	2,500-4,000	400 10/	500	2,000
Michigan	1,200	2,400	1,200 10/	1,200	1,200
Minnesota 2/ 3/	19(1,050)	38(1,683)	19(541)	15/	15/
Mississippi	4,000	6,000	....	....	....
Missouri	1,200	2,400	400	....	....
Montana	600	1,200	600 10/	600	600
Nebraska 3/	600	1,200	600 10/	600	600
New Hampshire 16/	600	600 17/	....	....	....
New Jersey 18/	600	1,200	600 10/	600	600
New Mexico	600	1,200	600 10/	600	600
New York 18/	600	1,200	600 10/	600	600
North Carolina	1,000	2,000 19/	600 20/	1,000	1,000
North Dakota	600	1,500	600	600	600
Oklahoma	1,000	2,000	500	....	....
Oregon	600	1,200	600 21/	22/	600 22/
South Carolina	800	1,600	800 23/	800	800
Tennessee 16/	....	....	....	....	....
Utah	600	1,200	600 10/	200 24/	600
Vermont	600	1,200	600 10/	600	600
Virginia	1,000	2,000	300 25/	600	600
West Virginia	600	1,200	600 10/	600	600
Wisconsin 2/ 3/	10(370)	20(740)	10(361)	5 26/	....
Dist. of Columbia	1,000	2,000	500	500	500

1/ In most States an identical exemption is allowed for a spouse if she meets the age and blindness condition. In Massachusetts the deduction for blindness is allowed against business income only. In Hawaii the $5,000 blindness deduction is allowed in lieu of the personal exemption.

2/ Personal exemptions and credits for dependents are allowed in the form of tax credits which are deductible from an amount of tax. With respect to personal exemptions, the sum in parentheses is the exemption equivalent of the tax credit assuming that the exemption is deducted from the lowest brackets. With respect to the dependency exemptions; the sum in parentheses is the amount by which the first dependent raises the level at which a married person or head of family becomes taxable (in computing these amounts for States allowing the deduction of Federal income taxes, the 10% Federal surtax effective April 1, 1968 was not included).

3/ In addition to the personal exemption deductions, a sales tax credit or cash rebate (in the case of Minnesota and Wisconsin a property tax credit or cash rebate) is provided. See table 39.

4/ An additional $300 exemption is allowed if the taxpayer is the head of a household.

(Footnotes continued on the following page.)

5/ The exemption is allowed for students regardless of age or income. For students beyond the high school level, $1,200 per dependent and $600 if the taxpayer is a student. A taxpayer who has used a student dependent to qualify as the head of a household is allowed only a $600 (formerly $1,200) exemption for that student dependent.

6/ Individuals establishing residence in Hawaii after the age of 65 are subject to tax on income from Hawaii sources only (the tax is imposed on the entire taxable income of resident individuals, estates, and trusts).

7/ In addition to the personal exemption deductions, a $10 tax credit is allowed for each personal exemption.

8/ Each spouse is entitled to the lesser of $1,000 or adjusted gross income (minimum of $500 each).

9/ Single person, $833; married couple, $1,167.

10/ The exemption is allowed for students regardless of age or income.

11/ The exemptions and credits for dependents are deductible from the lowest income bracket and are equivalent to the tax credits shown in parentheses.

12/ An identical exemption is allowed for a spouse or for a dependent.

13/ The exemption is allowed for students regardless of age or income. An additional exemption of $800 is allowed for each dependent 65 years of age or over.

14/ The exemptions shown are those allowed against business income, including salaries and wages: a specific exemption of $2,000 for each taxpayer. In addition, a dependency exemption of $600 is allowed for a dependent spouse who has income from all sources of less than $2,000. In the case of a joint return, the exemption is the smaller of (1) $4,000 or (2) $2,000, plus the income of the spouse having the smaller income. For annuity income the exemption is the unused portion of the exemption applicable to business income. Married persons must file a joint return in order to obtain any nonbusiness income exemption. Any excess of the exemption against annuity income may be claimed against income from intangibles.

15/ An additional tax credit of $20 is allowed for each taxpayer or spouse who has reached the age of 65. Additional tax credits for the blind: unmarried, $20; married, $25 for each spouse.

16/ The tax applies only to interest and dividends.

17/ An additional exemption of $600 is allowed a married woman with separate income; joint returns are not permitted.

18/ In addition to the personal exemptions, the following tax credits are granted: Single persons, $10; married taxpayers and heads of households, $25.

19/ An additional exemption of $1,000 is allowed a married woman with separate income; joint returns are not permitted.

20/ Plus an additional $600 for each dependent who is a full-time student at an accredited university or college.

21/ A credit of $1 is allowed for each $100 actually contributed by the taxpayer as partial support of a person who could qualify (except for the chief support requirement) as a dependent. The credit shall not exceed $6.

22/ A tax credit of $12 is allowed for each taxpayer or spouse who has reached the age of 65. A blind taxpayer and his spouse (if also blind) are allowed an additional $600 exemption plus a tax credit of $18 each.

23/ The exemption is extended to dependents over the age of 21 if they are students in an accredited school or college.

24/ Increased to $400 for 1969, and $600 for 1970 and thereafter.

25/ Exemption for one dependent of unmarried person is $1,000, if dependent is father, mother, son, daughter, sister or brother.

26/ Single person, $185; married couple $361.

TABLE 37.--STATE INDIVIDUAL INCOME TAXES: USE OF STANDARD DEDUCTION AND OPTIONAL TAX TABLE, DECEMBER 31, 1968

State	Size of standard deduction				Optional tax table
	Percent 1/	Maximum			
		Single	Married		
			Separate return	Joint return	
Alabama	*10	$1,000	$1,000	$1,000	x
Alaska 2/	10	1,000	500	1,000	x
Arizona	*10	500	500	1,000	x
Arkansas	10	1,000	500	1,000	....
California	....	1,000	1,000	2,000	x
Colorado	*10	1,000	500	1,000	x
Delaware 3/	*10	500	500	1,000	....
Georgia	10	1,000	500	1,000	....
Hawaii	10	1,000	500	1,000	x
Idaho 2/	*10	1,000	500	1,000	....
Indiana	....	....	....	....	....
Iowa	*5	250	250	250	x
Kansas 2/	*10	400	400	400	x
Kentucky 4/	*	500	500	500	x
Louisiana	*10	1,000	500	1,000	....
Maryland	10	500	500	1,000	x
Massachusetts	....	....	....	....	x
Michigan	....	....	....	....	....
Minnesota	*10	1,000	1,000	1,000	x
Mississippi	10	500	500	1,000	....
Missouri	*5	500	500	500	x
Montana	10	500	500	1,000	....
Nebraska 2/	10	1,000	500	1,000	x
New Jersey	10	1,000	1,000	1,000	....
New Mexico 2/	*10	1,000	500	1,000	....
New York	10	1,000	5/	1,000	x
North Carolina	10	500	500	6/	....
North Dakota	10	1,000	500	1,000	....
Oklahoma	*10	1,000	500	1,000	x
Oregon	*5	250	250	500	x
South Carolina	10	500	500	1,000	x
Utah	*10	1,000	500	1,000	....
Vermont	10	1,000	500	1,000	x
Virginia	5	500	250	500	....
West Virginia	10	1,000	5/	1,000	x
Wisconsin 2/	10	1,000	500	1,000	x
Dist. of Columbia	10	1,000	500	1,000	x

Note: Excludes New Hampshire and Tennessee where the tax applies to interest and dividends only.
* The standard deduction is allowed in addition to deduction of Federal income taxes.

1/ Amount of standard deduction is generally based on gross income after business expenses. The detailed provisions vary.

2/ Standard minimum deduction of $300.

3/ In lieu of all other deductions except Federal income taxes up to $300 for individuals and $600 for married couples filing joint return.

4/ In lieu of other deductions except Federal income taxes, a standard deduction of $500 may be taken if adjusted gross income is at least $8,000. If adjusted gross income is less than $8,000, taxpayers may use optional tax table.

5/ The $1,000 standard deduction allowed a married couple may be taken by either or divided between them in such proportion as they may elect.

6/ An additional $500 is allowed a married woman with separate income; joint returns are not permitted.

TABLE 38. --STATE INDIVIDUAL INCOME TAXES: ADMINISTRATIVE FEATURES, DECEMBER 31, 1968

State	Filing date (calendar year returns)	Use of Federal tax base	Agreements for Federal-State cooperative use of returns	Withholding			Credit allowed for income taxes paid other States		
				Required	Year adopted	Periodicity of employer returns	Resident (a)	Non-residents (b)	Reciprocity required
Alabama	April 15	—	—	X	1956	Quarterly	X	—	—
Alaska	April 15	X	X	X	1949	do	—	—	—
Arizona	April 15	—	X	X	1954	do	X	X	(a)—, (b)X[1]
Arkansas	May 15	—	X	X	1966	do	X	X	—
California	April 15	—	X	[2]	—	Annually[2]	X	X	X[1]
Colorado	April 15	X	X	X	1954	Quarterly	X	—	—
Delaware	April 30	—	X	X	1949	do	X	—	—
Dist of Col	April 15	—	X	X	1956	do	X[3]	—	—
Georgia	April 15	—	X	X	1960	do	X	—	—
Hawaii	April 20	X	X	X	1957	Monthly[4]	X	—	X[1]
Idaho	April 15	X	X	X	1955	Quarterly	X	X	X[1]
Indiana	April 15	X	X	X	1963	do	X	X	(a)—, (b)X
Iowa	April 30	X	X	X	1966	do	X	—	—
Kansas	April 15	X	X	X	1966	do	X[5]	—	—
Kentucky	April 15	X	X	X	1954	do[6]	X	X	X[1]
Louisiana	May 15	—	—	X	1961	do[7]	X	—	—
Maryland	April 15	X	X	X	1955	do	X	X	X[1]
Massachusetts	April 15	—	X	X	1959	do[8]	X[9]	—	—
Michigan	April 15	X	X	X	1967	do[6].	X	X	(a)—, (b)X
Minnesota	April 15	X	X	X	1961	do	X	X	X[1]
Mississippi	April 15	—	X	X	1968	do	X	—	—
Missouri	April 15	—	X	X	1961	do	X	—	—
Montana	April 15	X	X	X	1955	do[10]	X	—	—
Nebraska	April 15	X	X	X	1967	do	X	—	—
New Hampshire	May 1	—	X	—	—	—	—	—	—
New Jersey	April 15	X	X	[2]	1961	do	X	—[11]	X
New Mexico	April 15	X	X	X	1961	Monthly[12]	X	X	(a)—, (b)X
New York	April 15	X	X	X	1959	do	X	—	—
North Carolina	April 15	—	X	X	1959	Quarterly	X	—	—
North Dakota	April 15	X	X	[2]	—	do	X[14]	—	—
Oklahoma	April 15	—	X	X	1961	do[13]	X	—	—
Oregon	April 15	—	X	X	1948	do[6]	X	—	X[1]
South Carolina	April 15	—	X	X	1959	Quarterly	X	—	—
Tennessee	April 15	—	X	—	—	—	—	—	—
Utah	April 15	—	X	X	1959	do	X	—	—
Vermont	April 15	X	X	X	1951	do[15]	X	X	(a)—, (b)X
Virginia	May 1	—	X	X	1963	do	X	X	X[1]
W. Virginia	April 15	X	X	X	1961	do[16]	X	X	X[1]
Wisconsin	April 15	X	X	X	1962	do	X	—	—

See footnotes on the following page

TABLE 38.--STATE INDIVIDUAL INCOME TAXES: ADMINISTRATIVE FEATURES, DECEMBER 31, 1968 (Concl'd)

X Denotes "yes"; — denotes "no" or "not applicable."

1/ Some reciprocity provisions are negative in effect--credit is given if the other State does not give credit.

2/ Withholding applies to nonresidents only.

3/ For income and intangibles taxes required to be paid a State as a domiciliary.

4/ The Director of Taxation may permit employers withholding not more than $200 annually to make returns and payments on a quarterly basis.

5/ Deductions limited.

6/ Except that employers withholding income taxes amounting to $100 or more per month are required to remit withheld income taxes on or before the 15th of the following month.

7/ At the request of the employer, the Collector of Revenue may permit a withholding tax return to be submitted and the tax to be paid on a monthly basis.

8/ Except that returns and payment of taxes withheld by any employer who can reasonably expect that taxes withheld will exceed $600 for the calendar year are due monthly.

9/ Limited to taxes paid on professional or business income.

10/ If total quarterly taxes withheld are less than $10, an employer may make an annual return.

11/ N. Y. residents are allowed a credit against the tax by New York.

12/ If the aggregate amount of State income tax required to be withheld in a semi-annual period (periods ending June 30 and December 31) can reasonably be expected to be $3,000 or more semi-monthly withholding returns and tax remittances are required.

13/ Monthly for employers withholding over $300.

14/ Limited to taxes paid on compensation for personal services.

15/ Except that where the amount withheld is at least $200 per calendar month or exceeds $600 per calendar quarter, employers are required to report monthly.

16/ The Tax Commission may by regulation provide for returns and payment on the 15th day of each month for employers withholding taxes of $100 or more for the preceding calendar month.

TABLE 39. --STATE USE OF PERSONAL INCOME TAX CREDITS AND CASH REBATES TO MINIMIZE OR OFFSET

THE REGRESSIVITY OF SALES AND PROPERTY TAXES 1/

State	Type of credit	Year adopted	Amount of credit	Law	Administrative Procedure
Colorado	For sales tax paid on food	1965	$7 per personal exemption (exclusive of age and blindness)	Chap. 138, Art. 1, (secs. 138-1-18 & 138-1-19 added by H. B. 1119, laws 1965, effective 6/1/65)	Credit to be claimed on income tax returns. For resident individuals without taxable income a refund will be granted on such forms or returns for refund as prescribed by the Director of Revenue.
Hawaii	For consumer-type taxes	1965	Varies, based on income 2/	Chap. 121 (Secs. 121-12-1 & 121-12-2 added by Act 155 laws 1965)	The Director of Taxation shall prepare and prescribe the appropriate form or forms to be used by taxpayers in filing claims for tax credits. The form shall be made an integral part of the individual net income tax return. In the event the sales tax credits exceed the amount of the income tax payments due, the excess of credits over payments due shall be refunded to the taxpayer.
Indiana	For sales tax paid on food	1963	$8 per personal exemption (exclusive of age and blindness)	Chap. 50 (Chap. 30, Sec. 6d added by H. B. 1226, laws 1963, 1st sp. sess., effective 4/20/63)	Credit to be claimed on income tax returns. If an individual is not otherwise required to file a return, he may obtain a refund by filing a return, completing such return insofar as may be applicable, and claiming such refund.
Iowa	For sales taxes paid	1967	Varies, based on income 3/	Ch. 422 (sec. 18 added by H.B. 702, laws 1967)	Tax credit or refund to be claimed on income tax return. If an individual is not otherwise required to file a return, he may obtain a refund by furnishing the Department of Revenue with proof of his taxable income and the number of his personal exemptions.
Massachusetts	For consumer-type taxes	1966	$4 for taxpayer, $4 for spouse, if any, and $8 for each qualified dependent 4/	Chap. 62 (Sec. 6b added by ch. 14, Acts 1966)	Same as Indiana.
Minnesota	For senior citizen homestead relief 5/	1967	Varies with income from 75% to 10% of property tax or equivalent rent not to exceed $300 (Max. credit $225)	Chap. 32 (H.B. 27) Article VI	Tax credit or refund to be claimed on income tax return. Department of Taxation shall make available a separate schedule for information necessary to administration of this section and the schedule shall be attached and filed with the income tax return. Cash refund granted if property tax credit exceeds State personal income tax liability.
	Tax relief for renters.	1967	3.75% of the total amount paid by claimant as rent, not to exceed $45 6/	Chap. 32 (H.B. 27) Article XVII	Same as above.

See footnotes at the end of table.

TABLE 39.--STATE USE OF PERSONAL INCOME TAX CREDITS AND CASH REBATES TO MINIMIZE OR OFFSET

THE REGRESSIVITY OF SALES AND PROPERTY TAXES 1/ (Concl'd)

State	Type of credit	Year adopted	Amount of credit	Law	Administrative Procedure
Nebraska	For sales tax paid on food	1967	$7 per personal exemption (exclusive of age and blindness)	H. B. 377, laws 1967	Credit to be claimed on income tax returns. Refund will be allowed to the extent that credit exceeds income tax payable but no refund will be made for less than $2.
Wisconsin	For senior citizen homestead tax relief	1963	Varies, based on income and amount of property tax or rental payment	Chap. 71 (Sec. 7109 (7) added by ch. 566 (A.B. 301) eff. 6/10/64. Ch. 580 (A.B. 907) repealed & re-created Sec. 71. 09(7) effective Dec. 19, 1964	Tax credit or refund to be claimed on income tax return. The Department of Taxation shall make available a separate schedule which shall call for the information necessary to administering this section and such schedule shall be attached to and filed with the Wisconsin income tax form. Cash refund granted if property tax credit exceeds State personal income tax due.

NOTE: See table 30 for exemption of food and medicine in State general sales taxes.

1/ If a taxpayer has no State personal income tax liability or a tax liability insufficient to absorb the entire credit (a negative tax credit situation) he is entitled to the appropriate cash refund. If the taxpayer's State personal liability is equal to or greater than the tax credit, his personal income tax liability is reduced by the amount of the credit (a positive tax credit situation).

2/ The credits for consumer-type taxes are based on "modified adjusted gross income" (regular taxable income plus exempt income such as social security benefits, life insurance proceeds, etc.) and range from $20 per qualified exemption for taxpayers having a modified adjusted gross income of less than $1,000 to $1 per exemption where such income is between $5,000 and $6,999.

3/ Ranges from $12 per qualified exemption for taxpayers having taxable income under $1,000 to $0 where such income is over $7,000.

4/ Credits are only allowed if total taxable income of taxpayer and spouse, if any, does not exceed $5,000 for the taxable year.

5/ All homeowners residing in their own homes are allowed a direct reduction of their property taxes due by means of the Homestead Property Tax Credit. This credit amounts to 35 percent of the tax levy, excluding the amount levied for bonded indebtedness, to a maximum credit of $250. Since senior citizen homeowners also receive this credit the amount of the Homestead Property Tax Credit must be applied against the amount of the Senior Citizen Income Tax Credit claimed. Local governments are reimbursed for their tax loss from the state property tax relief fund.

6/ Elderly may choose this relief or senior citizen relief but not both.

TABLE 40. --STATE CORPORATION INCOME TAX RATES, DECEMBER 31, 1968

State	Rate (percent)	Federal tax deductible[1/]	Related provisions
Alabama	 5	X	Financial institutions, 6%.
Alaska	First $25,000....... 5.4	—	
	Over $25,000........ 9.36		
Arizona[2/]	First $1,000........ 2	X	Financial institutions, 5%.
	$1,001-$2,000....... 3		
	$2,001-$3,000....... 4		
	$3,001-$4,000....... 5		
	$4,001-$5,000....... 6		
	$5,001-$6,000....... 7		
	Over $6,000......... 8		
Arkansas	First $3,000........ 1	—	
	$3,001-$6,000....... 2		
	$6,001-$11,000...... 3		
	$11,001-$25,000..... 4		
	Over $25,000........ 5		
California	 7	—	Minimum tax: $100.
Colorado	 5	—	Banks and financial institutions, 6%.
Connecticut[2/]	.... 5.25	—	If tax yield is greater, 2 5/8 mills per dollar of capital employed in Connecticut. Minimum tax: $30.
Delaware	 5	—	
Georgia	 5	—	
Hawaii[2/]	First $25,000....... 5.85	—	Capital gains entitled to alternative tax treatment are taxed at 3.08 %.
	Over $25,000........ 6.435		Financial institutions, 11.7%.
Idaho	 6	—	A $10 filing fee is imposed.
Indiana	 2	—	
Iowa	First $25,000....... 4	X[3/]	
	$25,001 - $100,000.. 6		
	Over $100,000....... 8		
Kansas	.... 4.5	X	Banks, trust companies and building and loan associations, 5%.
Kentucky	First $25,000....... 5	X	
	Over $25,000........ 7		
Louisiana	 4	X	A specific exemption of $3,000, prorated according to the proportion of total net income taxable in Louisiana, is allowed against net income.
Maryland	 7	—	Domestic corporations are allowed credit for franchise taxes in excess of $25.
Massachusetts[2/]	.... 7.5[4/]	—	Plus $7 per $1,000 upon the value of its tangible property not subject to local taxation and situated in Massachusetts on the last day of the taxable year if a tangible property corporation (or its net worth allocable to Massachusetts if an intangible property corporation). Minimum tax $100. Domestic corporations pay a tax of 1/3 of 1% of the value of their interest in ships in interstate or foreign commerce, which value is deducted from the corporate excess.
Michigan	.... 5.6	—	Financial institutions, 7%.
Minnesota	....................11.33	X	A credit of $500, deductible from net income, is allowed each corporation. Minimum tax: $10. Banks, 13.64%.
Mississippi	First $5,000........ 3	—	
	Over $5,000........ 4		

See footnotes at the end of table.

TABLE 40.--STATE CORPORATION INCOME TAX RATES, DECEMBER 31, 1968 (Cont'd)

State	Rate (percent)	Federal tax deductible[1]	Related provisions
Missouri	 2	X	Banks and financial institutions, 7%.
Montana	.... 5.5	—	Minimum tax: $10.
Nebraska[2]	 2	—	The tax rate is 20% of the rate applicable to individuals. The rate for individuals for 1968 is 10% and is set as a flat percentage by the State Board of Equalization and Assessment on or before November 15 annually for the taxable year beginning during the subsequent calendar year.
New Jersey	.... 4.25	—	All corporations pay additional tax on net worth.
New Mexico[2]	 3	—	
New York	7 percent plus tax of 5/8 mill per $1 of allocated subsidiary capital.	—	Corporations are subject to the 7 percent tax on net income or a tax on 3 alternative bases, whichever is greatest. The alternative taxes are: (1) 1¼ mill on each dollar of business and investment capital; or (2) 7 percent of 30 percent of net income plus compensation paid to officers and holders of more than 5 percent of capital stock, less $15,000 and any net loss; or (3) $100, whichever is greatest; plus the tax on allocated subsidiary capital. Banks and financial institutions, 6%.
North Carolina	 6	—	Banks and financial institutions, 4.5%.
North Dakota	First $3,000........ 3 $3,001-$8,000....... 4 $8,001-$15,000...... 5 Over $15,000........ 6	X	Banks and trust companies, 5%. Minimum tax, $50.
Oklahoma[2]	 4	X	Banks 4%.
Oregon	 6	—	Manufacturers may claim an offset of up to one-third of the tax for Oregon personal property taxes paid on raw materials, goods in process, and finished products. Minimum tax: $10. Banks, national banking associations, financial institutions, and production credit associations, 8%.
Pennsylvania[2]	.... 7[5]	—	
Rhode Island	 7	—	Alternative tax: 40 cents per $100 on corporate excess, if tax yield is greater. Banks and financial institutions, 7% or $2.50 per $10,000, if tax yield is greater.
South Carolina	 5	—	Banks, 4.5%, savings and loan associations, 8%.
South Dakota	6/	—	
Tennessee[2]	 5	—	
Utah	 6	X	Corporations are subject to 6 percent tax or a tax of 1/20 of 1 percent of the value of tangible property within the State, whichever is greater. Minimum tax: $10.

See footnotes at the end of table.

TABLE 40.--STATE CORPORATION INCOME TAX RATES, DECEMBER 31, 1968 (concl'd)

State	Rate (percent)	Federal tax deductible[1]	Related provisions
Vermont[2]	 5	—	Subject to reduction if there is sufficient surplus in general fund. Minimum tax: $25.
Virginia	 5	—	
West Virginia	 6	—	
Wisconsin[2]	First $1,000........ 2 $1,001-$2,000....... 2.5 $2,001-$3,000....... 3 $3,001-$4,000....... 4 $4,001-$5,000....... 5 $5,001-$6,000....... 6 Over $6,000......... 7	X[7]	
Dist. of Col.	 6	—	Banks and trust companies, 4%; building and loan associations, 2%.

X Denotes "yes";
— Denotes "no."

1/ In general, each State which permits the deduction of Federal income taxes limits such deduction to taxes paid on that part of income subject to its own income tax.

2/ Allows deduction of State corporation income tax itself in computing State tax liability.

3/ Limited to 50% of Federal income taxes paid or accrued during the taxable year.

4/ The rate shown is for business or manufacturing corporations (utility corporations, 5%). Domestic and foreign security corporations (other than regulated investment or bank holding companies, which are taxed at the rate of ¼ of 1% of gross income or $100, whichever is greater) 1% of gross income or $100, whichever is greater. Domestic and foreign corporations engaged in interstate commerce and not subject to the corporation excise (income) tax, 4% on that portion of their net income derived from business carried on in the State.

5/ Increased to 7.5% beginning January 1, 1969.

6/ Tax at 4.5% ($24 minimum) applicable to banks and financial institutions only.

7/ Limited to 10% of net income before Federal tax.

TABLE 41. --LOCAL INCOME TAXES, RATES AND COLLECTIONS
(Dollar amounts in thousands)

State and local government	Rate December 31, 1968 (percent)	Municipal tax collections, 1966-67 (Cities with over 50,000 population in 1960)		
		Total tax collections	Income tax collections	
			Amount	As a percent of total collections
Alabama:				
Gadsden	2.0	$4,040	$2,296	56.8
Kentucky:				
Berea	1.5	xxx	xxx	xxx
Bowling Green	1.0	xxx	xxx	xxx
Catlettsburg	1.0	xxx	xxx	xxx
Covington	1.75	2,827	851	30.1
Flemingsburg	0.5	xxx	xxx	xxx
Frankfort	1.0	xxx	xxx	xxx
Fulton	1.0	xxx	xxx	xxx
Glasgow	1.0	xxx	xxx	xxx
Hopkinsville	1.0	xxx	xxx	xxx
Lexington	1.5	7,965	4,215	52.9
Louisville	1.25	29,182	15,072	51.6
Jefferson County1/	1.75	xxx	xxx	xxx
Ludlow	1.0	xxx	xxx	xxx
Mayfield	0.67	xxx	xxx	xxx
Maysville	1.0	xxx	xxx	xxx
Middlesboro	1.0	xxx	xxx	xxx
Newport	2.0	xxx	xxx	xxx
Owensboro	1.0	xxx	xxx	xxx
Paducah	1.25	xxx	xxx	xxx
Pikeville	1.0	xxx	xxx	xxx
Princeton	1.0	xxx	xxx	xxx
Richmond	1.0	xxx	xxx	xxx
Maryland:	% of State Tax			
Baltimore City	50%	177,904	24,804	13.9
2 counties	20%	xxx	xxx	xxx
1 county	25%	xxx	xxx	xxx
1 county	30%	xxx	xxx	xxx
5 counties	35%	xxx	xxx	xxx
1 county	40%	xxx	xxx	xxx
5 counties	45%	xxx	xxx	xxx
8 counties	50%	xxx	xxx	xxx
Michigan:				
Battle Creek	2/	xxx	xxx	xxx
Detroit	2/3/	154,295	46,482	30.1
Flint	2/	16,171	8,513	52.6
Grand Rapids	2/	9,082	4/	4/
Hamtramck	2/	xxx	xxx	xxx
Highland Park	2/	xxx	xxx	xxx
Lansing	2/	7,594	4/	4/
Lapeer	2/	xxx	xxx	xxx
Pontiac	2/	5,766	4/	4/
Port Huron5/	2/	xxx	xxx	xxx
Saginaw	2/	6,447	3,107	48.2
Missouri:				
Kansas City	0.5	43,894	10,646	24.3
St. Louis	1.0	84,304	28,754	34.1
New Mexico:6/				
New York:				
New York City	0.4-2.07/	2,443,891	329,327	13.5
Ohio:				
Akron	1.0	19,450	10,777	55.4
Canton	1.38/	5,772	4,335	75.1
Cincinnati	1.0	46,992	18,962	40.4
Cleveland	1.0	59,998	4/	4/

See footnotes at the end of table.

TABLE 41.--LOCAL INCOME TAXES, RATES AND COLLECTIONS (cont'd)
(Dollar amounts in thousands)

State and local government	Rate December 31, 1968 (percent)	Municipal tax collections, 1966-67 (Cities with over 50,000 population in 1960)		
		Total tax collections	Income tax collections	
			Amount	As a percent of total collections
Ohio: (cont'd)				
Cleveland Heights	1.0	$3,377	4/	4/
Columbus	1.0	24,163	$17,481	72.3
Dayton	1.0	24,615	14,387	58.4
Euclid	0.5	3,829	4/	4/
Hamilton	1.0	3,192	1,822	57.1
Kettering	1.0	1,949	4/	4/
Lakewood	1.0	3,092	4/	4/
Lima	1.0	1,888	1,241	65.7
Lorain	0.5	2,556	4/	4/
Parma	1.0	3,295	4/	4/
Springfield	1.0	3,989	2,784	69.8
Toledo	1.5	20,496	11,774	57.4
Warren	1.0	3,060	2,158	70.5
Youngstown	1.5	9,047	4,901	54.2
184 cities and villages (with less than 50,000 population)	0.25-1.5	xxx	xxx	xxx
Pennsylvania: 9/				
Cities, 50,000 population and over--				
Abington Township	1.0 10/	2,289	4/	4/
Allentown	1.0 10/	5,851	1,629	27.8
Altoona	1.0 11/	2,663	519	19.5
Bethlehem	1.0 10/	3,891	664	17.1
Chester	1.0 12/	2,987	1,297	43.4
Erie	1.0 10/	8,033	1,712	21.3
Harrisburg	1.0 10/	4,315	757	17.5
Johnstown	1.0 11/	2,191	418	19.1
Lancaster	0.5 13/	2,196	567	25.8
Penn Hill Township	1.0 11/	1,769	652	36.9
Philadelphia	2.0 12/	254,998	118,770	46.6
Pittsburgh	1.0 10/	52,736	10,946	20.8
Scranton	1.0 10/ 14/	4,838	914	18.9
Wilkes Barre	1.0 10/	2,489	81	3.3
York	1.0 10/	2.176	474	21.8
Approx 3,100 other local jurisdictions (including over 1,000 school districts)	0.25-1.0	xxx	xxx	xxx

Note: Excludes Washington, D. C. which has a graduated net income tax that is more closely akin to a State tax than to the municipal income taxes (see table 35).

"xxx" Signifies a county, or cities under 50,000 population.

1/ A taxpayer subject to the 1.25 percent tax imposed by the City of Louisville may credit this tax against the 1.75 percent levied by Jefferson County.

2/ Under the Michigan "Uniform City Income Tax Act," the prescribed rates are 1.0 percent for residents and 0.5 percent for nonresidents. A resident is allowed credit for taxes paid to another city as a nonresident.

3/ The rate for residents in Detroit is increased from 1 percent to 2 percent from October 1, 1968 to December 31, 1970.

4/ Tax went into effect after reporting period.

5/ New tax effective January 1, 1969.

(Footnotes continued on next page)

6/ The 1968 legislature empowered local school boards to impose a county income surtax up to the maximum of 50% of the State income tax, subject to approval by the electorate. The surtax, if imposed, will be State collected and will not apply to corporations. Authorization is limited to the calendar year 1968 or any fiscal year commencing in 1968. No school board has imposed such a tax as of mid-November.

7/ New York City residents' rate ranges from 0.4 percent on taxable income of less than $1,000 to 2.0 percent on taxable income in excess of $30,000. An earnings tax of 0.25 percent of wages or 3/8 of 1 percent on net earnings from self-employment, not to exceed that which would be due if taxpayer were a resident, is levied against nonresidents.

8/ The Canton rate is 1.3 percent from Septenber 1, 1968 thru December 31, 1968; 1.4 percent for 1969; and 1.5 percent thereafter.

9/ Except for Philadelphia, Pittsburgh, and Scranton, the total rate payable by any taxpayer is limited to 1 percent. For coterminous jurisdictions, such as borough and borough school district, the maximum is usually divided equally between the jurisdictions unless otherwise agreed. However, school districts may tax only residents. Thus, if a borough and a coterminous school district each have a stated rate of 1 percent, the total effective rate for residents is 1 percent (1/2 of 1 percent each to the borough and school district) and the tax on nonresidents is 1 percent, the stated rate imposed by the borough.

10/ The school district rate is the same as the municipal rate.

11/ The school district rate is 0.5 percent.

12/ There is no school district income tax.

13/ The school district rate is 1.0 percent.

14/ Combined city and school district rate may not exceed 2.0 percent.

TABLE 42.--LOCAL INCOME TAX BASES, 1967

City	Non-resident rate relative to resident rate	Business taxed[a]		Resident income base includes —				Reciprocal city tax credit allowed	Personal exemptions allowed	Personal deductions allowed	Tax withheld on wages and salaries
		Incorporated	Unincorporated	Wages, salaries, similar income only	Income earned out of jurisdiction	Capital gains	Dividends				
New York, N. Y.	(b)	Yes	Yes	No	Yes	Yes	Yes	No	$600 ea. (b)	Yes	Yes
Philadelphia, Pa.	Same	No	Yes	Yes	Yes	No	No	No	No	No	Yes
Detroit, Mich.	Half	Yes	Yes	No	Yes	Yes	Yes	Yes	$600 ea.	No	Yes
Baltimore, Md.	Zero	Yes	Yes	No	Yes	Yes	Yes	No	$800 ea.	Yes	Yes
Cleveland, Ohio	Same	Yes	Yes		Yes		No	Yes	No	No	Yes
St. Louis, Mo.	Same	Yes	Yes	Yes	Yes	No	No (c)	No	No	No	Yes
Cincinnati, Ohio	Same	No	Yes	Yes	Yes	No	No	Yes	No	No	Yes
Pittsburgh, Pa.	Same	Yes	Yes	No	No	No	No	Yes	No	No	Yes
Kansas City, Mo.	Same	Yes	Yes	Yes	Yes	No	No (c)	Yes	No	No	Yes
Columbus, Ohio	Same	Yes	Yes	No	Yes	No	No	Yes	No	No	Yes
Louisville, Ky.	Same	Yes	Yes	Yes	No	No (c)	No	No	No	No	Yes
Toledo, Ohio	Same	Yes	Yes	No	Yes	No	No	Yes	No	No	Yes
Akron, Ohio	Same	Yes	Yes	Yes	Yes	No	No	No	No	No	Yes
Dayton, Ohio	Same	Yes	Yes	Yes	Yes	No	No	Yes	No	No	Yes
Flint, Mich.	Half	Yes	Yes	No	Yes	Yes	Yes	Yes	$600 ea.	No	Yes
Youngstown, Ohio	Same	Yes	Yes	Yes	Yes	No	No	Yes	No	No	Yes
Erie, Pa.	Same	No	Yes	No	Yes	No	No	Yes	No	No	Yes
Canton, Ohio	Same	Yes	Yes	Yes	Yes	No	No	Yes	No	No	Yes
Scranton, Pa.	Same	No	Yes	Yes	Yes	No	No	No	No	No	Yes
Allentown, Pa.	Same	No	Yes	Yes	Yes	No	No	Yes	No	No	Yes
Grand Rapids, Mich.	Half	Yes	Yes	No	Yes	Yes	Yes	Yes	$600 ea.	No	Yes

a. Charitable, religious, educational, and other nonprofit organizations exempt in most cases. Tax generally confined to income stemming from activities in city.
b. Non residents taxed on an entirely different basis from residents. The rate is markedly lower. Instead of deductions, an exclusion related to income level is allowed. The exclusion of $3,000 on income up to $10,000 drops to $2,000 for income over $10,000, to $1,000 for $20,000—$30,000 income, to none for income over $30,000.
C. Except where derived in connection with the conduct of a business.
Source: Tax Foundation, Inc., City Income Taxes, Research Publication No. 12 (New Series).

TABLE 43. --SELECTED FEATURES OF PROPERTY TAXATION, BY STATE

State	No. of primary assessing areas 1966 1/	Elected assessors 2/	Constitutional and statutory assessment standards 3/: Legal standard (rate)	Constitutional and statutory assessment standards 3/: Valuation concept	Conducts periodic ratio studies 4/	State and local property tax collections 1966-67 5/: Total (millions)	Per Capita	Per thousand dollars of personal income
Alabama	67	X	30%	Fair and reasonable market value	---	$116.0	$33	$17
Alaska	29	---	100	Full and true value in money	X	18.7	69	22
Arizona	14	X	18—60 6/	Full cash value	---	222.9	138	60
Arkansas	75	X	20	True market value in money	X	95.6	49	27
California	58	X	20—25 7/	Full cash value	X	3,752.2	198	63
Colorado	63	X	30	Actual value	X	308.9	156	58
Connecticut	169	X 8/	Up to 100	Uniform % of market value within local district	---	464.1	161	48
Delaware	3	---	100	True value in money	---	33.1	65	19
District of Col.	1	---	100	Full and true value in lawful money	X	88.2	109	30
Florida	67	X	100	Full cash value	X	583.6	98	42
Georgia	159	---	40	Fair market value	X	274.3	62	29
Hawaii	1	---	70	Fair market value or a percentage thereof	X	56.8	79	28
Idaho	44	X	20	Full cash value	X	78.7	113	47
Illinois	1,424	X 9/	100	Fair cash value	X	1,610.8	150	46
Indiana	1,009	X	33 1/3	True cash value	X	686.7	140	49
Iowa	120	---	27	Actual value	X	447.3	163	61
Kansas	105	10/	30	True value in money	X	333.3	148	56
Kentucky	120	X 11/	100	Fair cash value	X	164.7	52	25
Louisiana	64	X	Not below 25	Actual cash value.. Land at not less than $1 per acre	---	190.4	53	26
Maine	492	12/	"Just value"	At just value in compliance with the laws of the State	X	122.4	125	55
Maryland	24	---	100	Full cash value less an allowance for inflation	X	437.3	121	41
Massachusetts	351	12/	100	Fair cash valuation	X	1,020.6	190	62
Michigan	1,475	12/	50	Full cash value	X	1,131.5	135	45
Minnesota	721	---	Varies by class	Market value	X	591.0	165	62
Mississippi	82	X	100	Assessed in proportion to its value.	---	117.1	50	32
Missouri	435	12/	100	True value in money.	X	435.1	97	36
Montana	56	X	7—100	True and full value	X	114.1	162	67
Nebraska	93	X 13/	35	Required to be valued at its actual value and assessed at 35%	X	258.6	178	67
Nevada	17	X	35	Full cash value	X	62.4	137	43
New Hampshire	234	12/	100	Full and true value in money	X	103.4	152	60

TABLE 43.--SELECTED FEATURES OF PROPERTY TAXATION, BY STATE (Cont'd)

State	No. of primary assessing areas 1966 1/	Elected assessors 2/	Constitutional and statutory assessment standards 3/		Conducts periodic ratio studies 4/	State & local property tax collections 1966-67 5/		
			Legal standard (rate)	Valuation concept		Total (millions)	Per Capita	Per thousand dollars of personal income
New Jersey	567	12/	20—100% 14/	Uniform percentage at true value	X	$1,283.1	$186	$58
New Mexico	32	X	100	Assessed in proportion to its value	X	61.6	60	28
New York	990	12/	100	Full value	X	3,045.9	167	51
North Carolina	100	---	15/	True value in money	---	270.0	54	27
North Dakota	1,772	12/	50	Full and true value in money	X	84.3	130	57
Ohio	88	X	50	True value	X	1,295.8	126	45
Oklahoma	77	X	35	Fair cash value	X	191.1	78	34
Oregon	36	X	100	True cash value	X	277.0	142	52
Pennsylvania	67	12/	100 16/	Actual value (the price for which the property would sell)	X	1,016.7	88	32
Rhode Island	39	12/	15/	Full and fair cash value	X	114.8	128	46
South Carolina	46	---	100	True value in money	X	102.4	40	22
South Dakota	404	12/	60	True and full value in money	X	104.6	153	69
Tennessee	95	12/	50 17/	Actual cash value	X	221.9	57	29
Texas	254	12/	100	Full and true value in money	---	1,074.9	100	43
Utah	29	X	30	Reasonable fair cash value	X	118.0	117	50
Vermont	246	12/	Up to 100 15/	Fair market value	X	47.0	116	50
Virginia	131	12/	100	Fair market value	X	340.2	75	32
Washington	39	X	50	True and fair value	X	310.9	104	36
West Virginia	55	X	100	True and actual value	X	98.0	55	27
Wisconsin	1,834	12/	100	Full value at private sale	X	636.0	153	56
Wyoming	23	12/	18/	Fair value	X	55.9	170	66
Total	14,496		---	---	X	24,670.1	126	46

X -- Signifies "elected."

1/ U.S. Bureau of the Census, Primary Assessing Areas for Local Property Taxation, State and Local Government Special Studies, No. 50, April 1966.

2/ U.S. Bureau of the Census, Census of Governments, 1967, Vol. 6, No. 1, Popularly Elected Officials of State and Local Governments; and Commerce Clearing House, State Tax Reporter.

3/ Commerce Clearing House, State Tax Reporter.

4/ U.S. Bureau of the Census, Governments Division

(Footnotes continued on the following page.)

TABLE 43.--SELECTED FEATURES OF PROPERTY TAXATION, BY STATE (Concl'd)

5/ U.S. Bureau of the Census, Governmental Finances in 1966-67.

6/ Depending on the class of property.

7/ Between 20 and 25 percent of full cash value from 1968 through 1971, thereafter 25 percent.

8/ Town selectmen may provide for appointment and fix length of term and compensation.

9/ In counties with 150,000 to 500,000 population an assessing officer may be appointed in lieu of an elected board.

10/ Optional office: currently elected in 6 counties, appointed in 3; in other counites, county clerk is ex officio assessor.

11/ Elected county assessors, cities vary according to class, may be appointed, elective, or they may adopt county assessment.

12/ Appointed and elected assessors.

13/ Election required in counties of 3,500 population or more; may be appointive in other counties.

14/ In a multiple of 10 as is established by each county board of taxation. If a county fails to establish a uniform percentage, a 50 percent level of assessment is employed until action is taken.

15/ Uniform percentage, determined locally.

16/ In 4th to 8th class counties, real property must be assessed at a predetermined ratio not to exceed 75 percent.

17/ To be attained by 1/1/73, with increasing percentages on the following schedule: 1968, 15 percent; 1969, 25 percent; 1970, 30 percent; 1971, 35 percent; 1972, 40 percent; 1973 and thereafter, 50 percent.

18/ At a fair value in conformity with values and procedures prescribed by the State Tax Commission.

TABLE 44.--ASSESSMENT RATIOS AND COEFFICIENTS OF DISPERSION FOR ASSESSMENTS OF NONFARM HOUSES, BY STATE, 1956, 1961, AND 1966

State	Statewide Average Assessment Ratio for Nonfarm Houses			Coefficient of Intra-area Dispersion for Nonfarm House Assessments, Median Area of Those Surveyed		
	1956	1961	1966	1956	1961	1966
United States	29.8	30.6	34.5	29.9	25.8	19.2
Alabama	20.6	20.1	22.3	45.3	28.9	27.4
Alaska	NA	NA	86.0	NA	NA	17.3
Arizona	20.7	18.6	18.9	30.0	35.4	26.0
Arkansas	11.2	15.6	16.0	46.0	35.6	19.8
California	19.8	20.2	19.7	23.2	22.5	15.1
Colorado	28.3	27.0	27.2	26.7	23.3	19.0
Connecticut	43.7	54.9	54.6	17.4	14.9	12.3
Delaware	52.5	56.9	53.4	NA	15.3	19.8
Dist. of Columbia	45.9	47.2	43.2	21.4	19.2	16.9
Florida	40.8	47.4	78.3	25.5	22.3	14.2
Georgia	25.6	25.2	39.7	36.2	30.5	16.9
Hawaii	NA	51.3	62.4	NA	27.5	25.7
Idaho	11.0	10.3	11.4	35.3	30.1	25.7
Illinois	41.6	42.4	41.7	35.4	29.9	20.3
Indiana	22.9	23.5	25.6	33.4	34.0	22.7
Iowa	22.9	23.1	24.6	36.6	24.4	18.9
Kansas	19.2	19.1	19.4	37.0	34.6	28.5
Kentucky	29.0	29.0	91.4	28.2	27.3	15.8
Louisiana	21.4	21.1	17.8	42.8	36.8	22.5
Maine	32.8	46.0	58.6	29.0	19.9	15.6
Maryland	54.2	51.4	50.1	19.0	21.3	16.9
Massachusetts	39.5	37.2	49.1	21.0	19.2	14.6
Michigan	29.9	32.6	28.2	26.2	25.5	20.7
Minnesota	10.4	8.6	10.8	36.1	34.4	22.8
Mississippi	17.9	15.9	16.5	37.7	33.8	27.8
Missouri	26.7	27.6	27.6	35.6	30.1	25.3
Montana	9.5	8.4	13.3	32.8	25.2	22.5
Nebraska	29.5	27.2	31.8	21.6	27.5	23.7
Nevada	24.6	24.5	29.4	NA	18.5	19.4
New Hampshire	39.0	41.7	54.6	25.6	20.8	14.8
New Jersey	23.6	27.0	66.1	32.8	31.8	18.1
New Mexico	21.2	17.8	23.2	32.8	26.5	22.7
New York	37.6	35.3	31.9	38.3	33.2	34.3
North Carolina	35.7	35.7	53.1	36.6	24.9	17.7
North Dakota	13.3	16.1	11.5	34.2	33.9	26.8
Ohio	35.6	37.4	37.0	25.6	23.5	16.2
Oklahoma	20.9	20.6	20.8	46.2	36.0	23.2
Oregon	19.5	25.9	21.8	32.8	24.7	18.9
Pennsylvania	31.3	33.0	32.8	33.4	28.7	25.5
Rhode Island	59.8	65.0	56.2	21.6	16.6	14.2
South Carolina	5.9	5.8	5.4	31.6	31.4	33.7
South Dakota	38.6	41.2	37.9	32.2	23.2	22.0
Tennessee	31.1	32.0	28.9	34.9	28.0	19.5
Texas	18.2	19.5	21.7	36.0	28.7	29.0
Utah	15.5	14.7	16.2	29.0	21.7	21.0
Vermont	28.1	25.1	32.8	25.0	25.4	18.8
Virginia	31.7	31.2	33.4	24.2	22.5	15.8
Washington	15.6	15.7	16.6	30.8	25.0	21.7
West Virginia	26.6	32.0	39.1	43.8	27.1	22.9
Wisconsin	45.4	49.6	55.0	14.5	15.9	16.2
Wyoming	20.8	19.6	20.2	27.4	29.2	23.0

NA signifies data not available.

TABLE 45.--WISCONSIN'S "CIRCUIT BREAKER" SYSTEM FOR PROTECTING LOW INCOME HOUSEHOLDERS FROM PROPERTY TAX OVERLOAD SITUATIONS, 1966

Household Income Class	Number of Beneficiaries	Average Household Income	Average Taxes Before Relief	Average Taxes After Relief	Percent of Tax Burden Relieved	Tax Burden Before Relief*	Tax Burden After Relief*
$ 0	146	$ 0	$210	$ 54	75%	--%	--%
1 - 499	1,373	302	174	47	73	58	16
500 - 999	7,788	790	175	50	71	22	6
1,000 - 1,499	13,947	1,259	199	98	51	16	8
1,500 - 1,999	14,423	1,749	221	130	41	13	8
2,000 - 2,499	11,274	2,232	239	166	31	11	8
2,500 - 2,999	7,021	2,728	266	216	19	10	8
3,000 - 3,500	3,317	3,200	284	269	5	9	8

* Tax burden is expressed as the percent of household income allocated to pay taxes before and after the relief program. Property taxes include rent paid in lieu of taxes.

Source: Wisconsin Department of Revenue--Kenneth E. Quindry and Billy D. Cook, "The Effects on Income Redistribution and Residential Property Tax Regressivity of the Wisconsin Homestead Relief Program--Its Antipoverty Role and Possible Extensions" (manuscript to be published).

TABLE 46.--STATE LEGISLATION EXEMPTING BUSINESS PERSONALTY FROM TAXATION OR REDUCING THE BUSINESS PERSONAL PROPERTY TAX, JANUARY 1, 1969

State	Type of Legislation	Legal Citation
Arizona	1. Exempts wholesalers' and retailers' inventories. 2. Freeport Law.	Amendment of Constitution, Art. 9, Sec. 2, adopted 11/3/64. Arizona Revised Statutes, Sec. 42-631.
California	Exempts 15% of the assessed value of business inventories.	S.C.A. 1, 1st. Spec. Sess., Laws of 1968.
Colorado	1. Reduces the assessment of freeport merchandise to 17 1/2% for 1966 and 5% thereafter (assessment ratio for all other taxable property standardized at 30%). 2. Reduces the assessment of the stocks of merchandise of a manufacturer or merchant by 5% a year (from 30% in 1968) to 5% for 1973 and each year thereafter.	Chap. 290, Laws of 1965 (Colorado Revised Statutes, Sec. 137-1-4). Chap. 370, Laws of 1967 (Colorado Revised Statutes, Sec. 137-5-9).
Connecticut	1. Gradually exempts manufacturers' inventories (assessments reduced by 10% a year, until fully exempt by 1975). 2. Freeport Law.	Chap. 461, Laws of 1965 (General Statutes of Connecticut, Revision of 1958, Sec. 12-81). Chap. 603, Laws of 1965 (General Statutes of Connecticut, Sec. 12-91.1 - 12-91.3).
Delaware	All tangible and intangible personal property is exempt.	Delaware Code of 1953, Sec. 8102, Title 9 and Sec. 102 (a), Title 30.
Dist. of Col.	Freeport Law.	District of Columbia Code of 1951, Sec. 47-1204.
Florida	Inventories are assessed at 50% of just valuation for 1968 and at 25% for 1969 and thereafter.	Chap. 367, Laws of 1967 (Florida Statutes, Sec. 192.05).
Georgia	Motor vehicles in dealers' inventories are assessed at 75% of the assessed value of other motor vehicles.	Act 52, Laws of 1967 (Georgia Code of 1933, Sec. 92-111A).
Hawaii	1. Personal property tax repealed in 1947. 2. Exempts machinery and allied equipment used primarily to manufacture or produce tangible personal products (assessed as real property).	Act 120, Laws of 1967 (Revised Laws of Hawaii, 1955, Sec. 128-21.6).
Idaho	1. Freeport law broadened to include goods manufactured in Idaho and destined for out-of-State shipment. 2. Gradually exempts business inventories (assessments reduced by 25% a year, beginning in 1968, until fully exempt by 1971.	Chap. 173, Laws of 1963 (Idaho Code, 1947, Sec. 63-105V). H.B. 243, Laws of 1967.
Illinois	Freeport Law.	H.B. 1319, Laws of 1963 (Illinois Statutes, Revenue Act of 1939, Sec. 19.21).
Indiana	Freeport law broadened to include goods shipped into State with a within-State destination, when held in a public or private warehouse.	Chap. 29, Laws of 1963, 1st. Spec. Session, and Chap. 398, Laws of 1965 (Indiana Statutes, Property Assessment Act of 1961, Sec. 503).
Iowa	1. Goods stored in a public warehouse and held for sale or resale. 2. Freeport Law.	Code of Iowa, Sec. 427.1 (29). Chap. 269, Laws of 1963 (Code of Iowa, Sec. 427.1 (30)).

TABLE 46.--STATE LEGISLATION EXEMPTING BUSINESS PERSONALTY FROM TAXATION OR REDUCING THE BUSINESS PERSONAL PROPERTY TAX, JANUARY 1, 1969 (Cont'd)

State	Type of Legislation	Legal Citation
Kansas	Freeport Law.	Chap. 456, Laws of 1963; Chap. 512, Laws of 1965 (General Statutes of Kansas, 1949, Sec. 79-304).
Kentucky	Personal property held in a public warehouse for transshipment is exempt from general property taxation but subject to a Statewide special property tax of 1 1/2¢ per $100 of fair cash value.	Chap. 172, Laws of 1964; H.B. 320, Laws 1966 (K.R.S., 132.095).
Louisiana	Freeport Law.	Act 152, Laws 1960 (Louisiana Revised Statutes, Title 47, Subtitle III, Chap. 3, Sec. 1951.3).
Maine	Freeport Law.	Maine Revised Statutes Annotated, 1964, Title 36, Chap. 105, Sec. 655.
Maryland	1. Gradual phase-out of county property tax on manufacturer's personal property in Frederick County.	Chap. 475, Laws of 1963 (Annotated Code of Maryland, 1957, Art. 81, Sec. 9 (23)).
	2. Gradual phase-out of county property on business inventories in Carroll County, Harford County, and Prince George's County.	1st Spec Session; Chap. 4 and Chap 113, Laws of 1965; Chap. 612, Laws of 1966, (Code Art. 81, Sec. 15 (b-2, b-3, b-4).
	3. General authorization for counties to eliminate or phase-out tax on business personal property.	H.B. 378, Laws of 1967.
Massachusetts	1. Freeport Law.	Massachusetts General Laws of 1932, Chap. 59, Sec. 2.
	2. Individuals and partnerships operating as merchants are taxable, but business corporations operating as merchants are exempt from taxation on most all types of tangible personal property including merchandise except machinery used in the conduct of the business.	Massachusetts General Laws of 1932, Chap. 59, Sec. 5(16).
Michigan	1. Exempts special tools used in manufacturing (dies, fixtures, molds, patterns, guages, etc.).	Act 197, Laws of 1964 (Compiled Laws, State of Michigan, 1948, Sec. 211.9b).
	2. Exempts mechanic tools up to $500 and personal property of a householder used in business up to $500.	Compiled Laws, State of Michigan, 1948, Sec. 211.9(8) and (11).
	3. Freeport Law.	Compiled Laws, State of Michigan, 1948, Sec. 211.9(12).
Minnesota	1. Taxpayers may elect to have exempt either inventories or tools and machinery which by law are considered personal property.	Ch. 32, Art. IV, Laws 1967, 1st Sp. Sess. (M.S.A., Sec. 272.02 (11)).
	2. Freeport Law.	Minnesota States Annotated, Sec. 272.022 and 272.023.
Mississippi	1. Exempts manufactured products owned by or remaining in the hands of a manufacturer, if ultimately to be shipped or sold to other than the final consumer and not at retail.	Mississippi Code of 1942, Sec. 9697.7(1), (3), and (4).
	2. Freeport Law.	Mississippi Code of 1942, Sec. 9699-02.

TABLE 46.--STATE LEGISLATION EXEMPTING BUSINESS PERSONALTY FROM TAXATION OR REDUCING THE BUSINESS PERSONAL PROPERTY TAX, JANUARY 1, 1969

State	Type of Legislation	Legal Citation
Missouri	1. Freeport Law	Missouri Revised Statutes of 1949, Sec. 137.093.
	2. Exempts Commission merchants with respect to unmanufactured articles, consigned for sale, in which they have no interest other than their commission.	Missouri Revised Statutes of 1949, Sec. 150.040.
Montana	1. The taxable property in the State is classified into nine classes and assessed at various percentages ranging from 7% to 100% of true and full value. Freeport property is assessed at 7%.	Chap. 294, Laws of 1967 (Revised Codes of Montana, 1947 Secs. 84-301 and 84-302).
	2. Stocks of merchandise of all sorts together with furniture and fixtures used therewith, except mobile homes, and all office or hotel furniture and fixtures are assessed at 33 1/3%.	Revised Codes of Montana, 1947, Secs. 84-301 and 84-302.
Nebraska	Freeport Law.	Revised Statutes of Nebraska, 1943, Sec. 77-1226.01.
Nevada	Freeport Law.	Revised Statutes of Nevada, 1957, Sec. 361.160.
New Hampshire	Exempts goods held for out-of-State delivery by a manufacturer when title has passed to the purchaser.	Chap. 239, Laws of 1963 (Revised Statutes Annotated of New Hampshire, 1955, Sec. 72:15).
New Jersey	1. Exempts business inventories and all other business personal property, except that used in telephone and telegraph systems, from local property taxation. Subjects certain kinds of business personalty, but not business inventories, to a Statewide tax of $1.30 per $100 of taxable value.	Chap. 136 and Chap. 138, Laws of 1966 (Revised Statutes of New Jersey, 1937, Secs. 54:4-1 and 54:11 A-2).
	2. Exempts personal property stored in a public warehouse.	Revised Statutes of New Jersey, 1937, Sec. 54:4-3.20.
New York	All tangible and intangible personal property is exempt.	New York Consolidated Laws, Chap. 50-a, Sec. 300.
New Mexico	Freeport Law.	Chap. 60, Laws of 1963 (New Mexico Statutes, 1953, Sec. 72-2-1.1)
North Carolina	Freeport Law (beginning July 1, 1969, until then a freeport exemption is provided only for property held at seaports awaiting shipment to foreign countries).	Chap. 1185, Laws of 1967 (North Carolina Statutes, Sec. 105-281).
North Dakota	Freeport Law broadened to include goods acquired or manufactured in North Dakota and destined for out-of-State shipment.	S.B. 302, Laws of 1967 (North Dakota Century Codes, Sec. 57-02-42).
Ohio	1. Tangible personalty is assessed at 70% of its true value in money, with several exceptions. Personal property used in business is assessed at 50%. Merchants' inventories are to be assessed at the following ratios: 63% in 1968; 57% in 1969; 52% in 1970, and 50% for the year 1971 and thereafter.	Ohio Revised Code, Sec. 5711.22.
	2. Freeport Law	Ohio Revised Code, Sec. 5701.08.

TABLE 46.--STATE LEGISLATION EXEMPTING BUSINESS PERSONALTY FROM TAXATION OR REDUCING THE BUSINESS PERSONAL PROPERTY TAX, JANUARY 1, 1969

State	Type of Legislation	Legal Citation
Oklahoma	Freeport Law	Chap. 501, Laws of 1965 (Oklahoma Statutes Annotated, Title 68, Sec. 2425).
Oregon	1. Gradual reduction of property tax on inventory by 10% a year beginning in 1966, until 1970 and thereafter, when tax reduced to 50%.	Chap. 604, Laws of 1965 (Oregon Revised Statutes, Sec. 310-610).
	2. Freeport Law.	Oregon Revised Statutes, Sec. 307.810.
Pennsylvania	All tangible personal property is exempt.	Act of May 18, 1937, P.L. 633; and Act of June 19, 1939, P.L. 413.
Rhode Island	Exempts manufacturers' inventories.	Chap. 245, Laws of 1966 (General Laws of Rhode Island, 1956, Sec. 44-3-3(20)).
South Carolina	1. Reduces assessment for merchants' personal property to 12% for 1968, 11% for 1969, and 10% for 1970 and thereafter.	Code of South Carolina, 1962, Sec. 65-1647.4.
	2. Exempts manufacturers' inventories (except manufactured articles offered or available for sale at retail).	Code of South Carolina, 1962, Sec. 65-1663.
	3. Freeport Law.	Code of South Carolina, 1962, Sec. 65-1655.
South Dakota	Freeport Law.	S.B. 26, Laws of 1966 (South Dakota Code of 1939, Sec. 57.0311).
Tennessee	1. Exempts articles manufactured from the produce of this State in the hands of the manufacturer.	Tennessee Code Annotated, Sec. 67-502.
	2. Freeport Law.	Tennessee Code Annotated, Sec. 67-502.
Texas	Freeport Law.	Chap. 208, Laws of 1963 (Revised Civil Statutes, 1925, Art. 7150.9).
Utah	1. Freeport Law.	SJR5, Laws of 1963, Ammends Constitution, Art. XIII, Sec. 2; Chap. 120, Laws of 1965, (Utah Code Annotated, 1953, Sec. 59.2-18).
	2. Constitutional authority to exempt business inventories.	SJR1, Laws 1967 (approved by electorate November 1968).
Vermont	Exempts tools and implements of a mechanic or farmer, and motorized highway-building equipment and road-making appliances.	Vermont Statutes Annotated, 1959, Title 32, Sec. 3802.
Washington	Freeport Law.	Revised Code of Washington, Sec. 84.36.170.
Wisconsin	1. Increases credit for property taxes on merchants' inventories and manufacturers' materials and finished products from 50% to 60% (50% credit first enacted in 1961).	Chap. 163, Laws of 1965 (Wisconsin Statutes, Sec. 77.64).
	2. Exempts mechanics tools, farm, orchard and garden machinery and tools, and new farm machinery stocked and owned by a retailer.	Wisconsin Statutes, Sec. 70.111 (9).
	3. Freeport Law.	Wisconsin Statutes, Sec. 70.111 (10)(a) and (10)(b).

TABLE 46.--STATE LEGISLATION EXEMPTING BUSINESS PERSONALTY FROM TAXATION OR REDUCING THE BUSINESS PERSONAL PROPERTY TAX, JANUARY 1, 1969

State	Type of Legislation	Legal Citation
Wyoming	1. Exempts certain manufacturers' and merchants' inventories after 1/1/72.	Chap. 199, Laws of 1967.
	2. Freeport Law.	Wyoming Statutes of 1957, Sec. 39-106.

TABLE 47.--STATE AND LOCAL REAL ESTATE TRANSFER TAXES, JANUARY 1, 1969

State and government imposing	Year enacted	Base f.v.-full value; x.m.-exclusive of assumed mortgages	Rate 1/1/69	Distribution of receipts	State collections 1968 1/ ($000)	Administrative features: Use of stamps 2/	Administrative features: Provision for recording full sales price 2/	Administrative features: Provision for automatically transmitting sales price information 3/
Alabama (State)	1935	x.m.	50¢/$500	State 2/3	1,607	---	---	---
Arizona (State)	1968	---	$2/document	local	---	---	X	S,L
California (local) 5/	1967	f.v.	55¢/$500 6/	local	---	---	---	---
Colorado (State)	1967	f.v.	1¢/$100 7/	local	---	X	X	L
Connecticut (State)	1967	f.v.	55¢/$500 6/	local	---	X	---	---
Delaware (State and local) 8/	1965	f.v.	1%	State 8/	1,910	X	X	S
District of Columbia (local)	1962	f.v.	0.5%	local	1,523 4/	---	X	L
Florida (State)	1931	f.v.	30¢/$100	State]	35,256 4/	X	---	---
Surtax on transfer of real estate	1967	f.v.	55¢/$500	State]		X	---	---
Georgia (State)	1967	f.v.	10¢/$100 9/	10/	---	---	---	---
Hawaii (State)	1966	f.v.	5¢/$100 6/	State	266	X	X	S
Illinois (State)	1967	f.v.	50¢/$500 6/	State 1/2	1,166	X	X	S,L
Indiana (State) 11/	1961	x.m.	2%	State	n.a.	X	---	---
Iowa (State)	1965	f.v.	55¢/$500	State	n.a.	X	---	---
Kentucky (State)	1968	f.v.	50¢/$500	local	---	---	X	L
Maine (State)	1967	x.m.	55¢/$500	State 9/10	--- 4/	X	---	---
Maryland (State and local) 12/	1937	f.v.	55¢/$500	local 13/	77 4/	X	---	---
Massachusetts (State)	1951	x.m.	$1/$500 6/	State	2,638	X	---	---
Michigan (State)	1966	f.v.	55¢/$500	local	---	X	X	S,L
Minnesota (State)	1961	x.m.	$1.10/$500 14/	State	2,093 4/	X	---	---
Nebraska (State)	1965	f.v.	55¢/$500	State	247	X	---	---
Nevada (State)	1967	f.v.	55¢/$500 6/	State 95%	---	X	---	---
New Hampshire (State)	1967	f.v.	10¢/$100 6/	State	96	X	---	---
New Jersey (State)	1968	f.v.	50¢/$500 6/	local	---	---	X	L
New York (State and local):								
State	1968	x.m.	50¢/$500 6/	State	---	X	---	---
Local	1959	x.m.	15/	local	---	---	X	---
North Carolina (State)	1967	x.m.	50¢/$500	local	---	X	---	---
Ohio (local)	1967	f.v.	10¢/$100 16/	local	---	---	---	---
Oklahoma (State)	1967	f.v.	55¢/$500 6/	State 95%	354	X	---	---
Pennsylvania (State and local) 17/	1951	f.v.	1%	State 17/	27,432	X	X	---
Rhode Island (State)	1967 18/	f.v.	55¢/$500	State	---	X	X	---

See footnotes at the end of table.

TABLE 47.--STATE AND LOCAL REAL ESTATE TRANSFER TAXES, JANUARY 1, 1969 (Concl'd)

State and government imposing	Year enacted	Base f.v.-full value; x.m.-exclusive of assumed mortgages	Rate 1/1/69	Distribution of receipts	State collections 1968 1/ ($000)	Administrative features: Use of stamps 2/	Administrative features: Provision for recording full sales price 2/	Administrative features: Provision for automatically transmitting sales price information 3/
South Carolina (State and local):								
State	1923	f.v.	$1/$500 6/	State	2,484 4/	X	X	---
County	1967	f.v.	55¢/$500 6/	local	---	X	---	---
South Dakota (State)	1968	x.m.	50¢/$500	local	---	X	---	---
Tennessee (State)	1937	f.v.	26¢/$100	State	4/	---	---	---
Vermont (State)	1967	f.v.	1/10 of 1%	State	---	---	X	S,L
Virginia (State and local)								
State and local 19/	1922	f.v.	15¢/$100	State 19/	7,469 4/	---	---	---
State	1968	x.m.	50¢/$500 6/	State 1/2	---	---	---	---
Washington (State and local) 20/	1935	f.v.	50¢/$500	State 20/	1,186	X	X	L
West Virginia (State and local)								
State	1959	f.v.	$1.10/$500	State	744	X	X	---
County	1967	f.v.	55¢/$500	local	---	---	X	---

n.a. - Data not available. 1/ Excludes amounts collected and retained by local governments. 2/ X denotes "Yes"; --- denotes "No." 3/ S - "State agency"; L - "local assessor or similar local official." 4/ Includes documentary taxes other than real estate transfer taxes. 5/ Counties, or a city and a county are authorized to impose a tax on real estate transfers. Cities within a county which has already imposed the tax may levy a tax of 1/2 the rate with a credit being given against the county tax for the city tax. 6/ Transfers under $100 are exempt. 7/ Transfers of $500 or less are exempt. 8/ The city of Wilmington also levies a 1% realty transfer tax. 9/ Rate is 50¢ for the first $500. Transfers of $100 or less are exempt. 10/ Distributed in the same proportion that revenues derived from the tax imposed by the Act providing for the levy of taxes on certain classes of intangible personal property, approved December 27, 1937 (Ga. L. 1937-38, P.156) as now or may hereafter be amended, are divided. 11/ The tax is applicable only to corporations subject to gross income tax. 12/ The city of Baltimore and specified counties are authorized to supplement the State tax, at rates ranging from $1.10/$500 to 1 percent of the actual consideration paid. 13/ Except that tax on recordation of instruments granting encumbrances on property situated in two or more counties as security for corporate bonds of public utilities, are paid to the State. 14/ Rate is $2.20 on first $1,000. 15/ New York City imposes a tax of 0.5% on transfers of real property where the consideration exceeds $25,000. 16/ The rate shown is the statewide county rate. The minimum tax is $1, with transfers under $100 exempt. An additional tax, not to exceed 30¢ on each $100 of value of real property, may also be levied by any county. 17/ Local governments are authorized to impose a real estate transfer tax up to 1% and about 1,850, including more than 1,000 school districts, have done so. 18/ Repealed and reenacted in 1968. 19/ Counties and cities levy a tax of 1/3 the State recordation tax (5¢/$100). 20/ Counties are authorized to levy a 1% real estate sales tax; all 39 counties have done so.

TABLE 48.--TYPES OF STATE DEATH TAXES, JANUARY 1, 1969

Type of tax	State
"Pickup" tax only........................ (4)	Alabama, Arkansas, Florida, Georgia.
Estate tax only.......................... (3)	Mississippi, North Dakota, Utah.
Estate tax and "pickup" tax.............. (5)	Arizona, New York, Ohio, Oklahoma,1/ S. Carolina.
Inheritance tax only..................... (2)	South Dakota, West Virginia.
Inheritance tax and "pickup" tax..........(34)	Alaska, California,1/ Colorado,1/ Connecticut, Delaware, District of Columbia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana,1/ Maine, Maryland, Massachusetts, Michigan, Minnesota,1/ Missouri, Montana, Nebraska, New Hampshire, New Jersey, New Mexico, North Carolina,1/ Pennsylvania, Tennessee,1/ Texas, Vermont, Virginia,1/ Washington,1/ Wisconsin,1/ Wyoming.
Estate tax and inheritance tax........... (1)	Oregon.1/
Inheritance, estate and "pickup" taxes..... (1)	Rhode Island.1/
No tax................................... (1)	Nevada.

1/ Also has gift tax (12).

TABLE 49.--STATE ESTATE TAX RATES AND EXEMPTIONS, JANUARY 1, 1969 1/

State	Rates	Maximum rate applies above	Exemption
Alabama..................	80 percent of 1926 Federal rates	$10,000,000	$100,000
Arizona 2/................	4/5 of 1-16 percent............	10,000,000	100,000
Arkansas.................	80 percent of 1926 Federal rates	10,000,000	100,000
Florida..................	80 percent of 1926 Federal rates	10,000,000	100,000
Georgia..................	80 percent of 1926 Federal rates	10,000,000	100,000
Mississippi..............	80 percent of 1926 Federal rates	10,000,000	60,000
New York 2/...............	2-21 percent....................	10,100,000	3/
North Dakota.............	2-23 percent....................	1,500,000	4/
Ohio 5/...................	2-7 percent.....................	500,000	5,000 6/
Oklahoma 2/...............	1-10 percent....................	10,000,000	15,000
Oregon...................	1-10 percent....................	500,000	15,000
Rhode Island 2/...........	1 percent	7/	10,000
South Carolina...........	4-6 percent.....................	100,000	60,000
Utah.....................	3-10 percent....................	125,000	10,000

1/ Excludes States shown in table 50 which, in addition to their inheritance taxes levy an estate tax to assure full absorption of the 80-percent Federal credit.
2/ An additional estate tax is imposed to assure full absorption of the 80-percent Federal credit.
3/ $20,000 of transfers to spouse and $5,000 to each lineal ascendant and descendant and to other specified relatives are exempt and deductible from first bracket.
4/ Exemption for spouse is $20,000 or 50 percent of adjusted gross estate, for minor child, $5,000, for lineal ancestor or descendants, $2,000.
5/ Replaced inheritance tax, effective July 1, 1968
6/ An additional $20,000 for spouse, $7,000 for minor child, and $3,000 for adult child.
7/ Entire estate above exemption.

TABLE 50.--STATE INHERITANCE TAX RATES AND EXEMPTIONS, FOR SELECTED CATEGORIES OF HEIRS, JANUARY 1, 1969

State 1/	Exemptions					Rates (percent)				In case of spouse	
	Widow	Minor child	Adult child	Brother or sister	Other than relative	Spouse or minor child	Adult child	Brother or sister	Other than relative	Size of first bracket	Level at which top rate applies
Alabama 2/	....	....	....	....	....	....	....	....	....	....	....
Alaska	$10,000	$10,000	$10,000	$1,000	None	1—3.5	1—3.5	3—10.5	5—17.5	$15,000	$100,000
Arizona 2/	....	....	....	....	....	....	....	....	....	....	....
Arkansas 2/	....	....	....	....	....	....	....	....	....	....	....
California 3/ 4/	5,000	12,000	5,000	2,000	$300	3—14	3—14	6—20	10—24	25,000	400,000
Colorado	35,000	15,000	10,000	2,000	500 5/	2—8	2—8	3—10	10—19	50,000	500,000
Connecticut 3/ 6/ 7/	50,000	10,000 8/	10,000 8/	3,000	500	3—8 9/	2—8	4—10	8—14	150,000	1,000,000
Delaware 3/	20,000	3,000	3,000	1,000	None	1—4	1—4	2—5	5—8	30,000	200,000
District of Col. 3/	5,000	5,000	5,000	2,000	1,000	1—5	1—5	3—10	5—15	50,000	1,000,000
Florida 2/	....	....	....	....	....	....	....	....	....	....	....
Georgia 2/	....	....	....	....	....	.... 9/	....	....	....	....	....
Hawaii	20,000	5,000	5,000	500	500	2—6	1.5—7.5	3.5—9	3.5—9	15,000	250,000
Idaho 4/	10,000	10,000	4,000	1,000	None	2—15	2—15	4—20	8—30	25,000	500,000
Illinois	20,000	20,000	20,000	10,000	100	2—14	2—14	2—14	10—30	20,000	500,000
Indiana 3/	15,000	5,000	2,000	500	100	1—10	1—10	5—15	7—20	25,000	1,500,000
Iowa	40,000	15,000	15,000	None 10/	None 10/	1—8	1—8	5—10	10—15	5,000	150,000
Kansas	75,000	15,000	15,000	5,000	200 5/	0.5—2.5 9/	1—5	3—12.5	10—15	25,000	500,000
Kentucky	10,000	10,000	5,000	1,000	500	2—10	2—10	4—16	6—16	20,000	500,000
Louisiana 3/ 4/	5,000	5,000	5,000	1,000	500	2—3	2—3	5—7	5—10	25,000	25,000
Maine	15,000	10,000	10,000	500	500	2—6	2—6	8—12	12—18	50,000	250,000
Maryland 5/	150	150	150	150	150	1	1	7½	7½	11/	11/
Massachusetts 5/	10,000	10,000	10,000	1,000	1,000	1¼—11¼	1¼—11¼	5—18 3/4	7½—18 3/4	10,000	1,000,000
Michigan 3/ 12/	30,000 13/	5,000	5,000	5,000	None	2—8	2—8	2—8	10—15	50,000	750,000
Minnesota 3/ 14/	30,000	15,000	6,000	1,500	500	1.5—10	2—10	6—25	8—30	25,000	1,000,000
Mississippi 2/	....	....	....	....	....	....	....	....	....	....	....
Missouri	20,000 15/	5,000 16/	5,000 16/	500	100 5/	1—6	1—6	3—18	5—30	20,000	400,000
Montana 3/	20,000	2,000	2,000	500	None	2—8	2—8	4—16	8—32	25,000	100,000
Nebraska 3/	10,000	10,000	10,000	10,000	500	1	1	1	6—18	11/	11/
Nevada	17/	17/	17/	17/	17/	17/	17/	17/	17/	17/	17/
New Hampshire	17/	17/	17/	None	None	17/	17/	10	10	17/	17/

See footnotes at the end of table.

TABLE 50. --STATE INHERITANCE TAX RATES AND EXEMPTIONS, FOR SELECTED CATEGORIES OF HEIRS, JANUARY 1, 1969 (Cont'd)

State 1/	Exemptions					Rate (percent)				In case of spouse	
	Widow	Minor Child	Adult child	Brother or sister	Other than relative	Spouse or minor child	Adult child	Brother or sister	Other than relative	Size of first bracket	Level at which top rate applies
New Jersey	$5,000	$5,000	$5,000	$ 500 5/	$ 500 5/	1—16	1—16	11—16	15—16	$10,000	$3,200,000
New Mexico 4/	10,000 18/	10,000 18/	10,000 18/	10,000 18/	500 6/	1	1	5	5	11/	11/
New York 2/	....	....	....	....	....	....	....	....	....	....	....
North Carolina 19/	10,000	5,000	2,000	None	None	1—12	1—12	4—16	8—17	10,000	3,000,000
North Dakota 2/	....	....	....	....	....	....	....	....	....	....	....
Oklahoma 2/	....	....	....	....	....	....	....	....	....	....	....
Oregon 20/ 21/ *	None	None 22/	None 22/	1,000	500	1—10	1—10	1—15	1—20	10,000	500,000
Pennsylvania	1,000	None	None	None	None	6	6	15	15	11/	11/
Rhode Island 3/ 20/	10,000	10,000	10,000	5,000	1,000	2—9	2—9	3—10	8—15	25,000	1,000,000
South Carolina 2/	....	....	....	....	....	....	....	....	....	....	....
South Dakota 3/ *	15,000 23/	10,000 23/	10,000 23/	500 23/	100 23/	1—4	1—4	3—12	5—20	15,000	100,000
Tennessee 3/	10,000	10,000	10,000	1,000	1,000	1.4—9.5	1.4—9.5	6.5—20	6.5—20	25,000	500,000
Texas 3/ 4/	25,000	25,000	25,000	10,000	500	1—6	1—6	3—10	5—20	50,000	1,000,000
Utah 2/	....	....	....	....	....	....	....	....	....	....	....
Vermont 3/	15,000	15,000	15,000	15,000	None	2—6	2—6	2—6	12	25,000	250,000
Virginia 3/	5,000	5,000	5,000	2,000	1,000	1—5	1—5	2—10	5—15	50,000	1,000,000
Washington 3/ 4/	5,000 24/	5,000 24/	5,000 24/	1,000 6/	None	1—10	1—10	3—20	10—25	25,000	500,000
West Virginia 3/ *	15,000	5,000	5,000	None	None	3—13	3—13	4—18	10—30	50,000	1,000,000
Wisconsin 3/ 25/	15,000	2,000	2,000	500	100	2—10	2—10	2—10	8—40	25,000	500,00
Wyoming	10,000	10,000	10,000	10,000	None	2	2	2	6	11/	11/

1/ All States, except those designated by asterisk (*), impose also an estate tax to assure full absorption of the 80 percent Federal credit.

2/ Imposes only estate tax. See table 49.

3/ Exemptions are deductible from the first bracket.

4/ Community property passing to the surviving spouse is exempt, or only one-half is taxable.

5/ No exemption is allowed if beneficiary's share exceeds the amount shown in the exemption column, but no tax shall reduce the value of the amounts shown in the exemption column. In Maryland, it is the practice to allow a family allowance of $450 to a widow if there are infant children, and $225 if there are no infant children, although there is no provision for such deductions in the statute.

(Footnotes continued on the next page)

TABLE 50.--STATE INHERITANCE TAX RATES AND EXEMPTIONS, FOR SELECTED CATEGORIES OF HEIRS, JANUARY 1, 1969 (Cont'd)

6/ The exemption shown is the total exemption for all beneficiaries falling into the particular class and is shared by them proportionately.

7/ An additional 30 percent surtax is imposed.

8/ Only one $10,000 exemption is allowed for beneficiaries in Class A, which includes minor and adult children.

9/ Rate shown is for spouse only. A minor child is taxed at the rates applying to an adult child.

10/ Estates of less than $1,000 after deduction of debts are not taxable.

11/ Entire share (in excess of allowable exemption).

12/ Transfers of real property to Class I beneficiaries (all but non-relatives) are taxed at 3/4 of the indicated tax rates. There is no tax on the share of any beneficiary if the value of the share is less than $100.

13/ Plus an additional $5,000 for every minor child to whom no property is transferred.

14/ For a widow, an additional exemption is allowed equal to the difference between the maximum deduction for family maintenance ($5,000) and the amount of family maintenance actually allowed by the Probate Court. The total possible exemption therefore would be $35,000. If there is no surviving widow entitled to the exemption, the aggregate exemption is allowable to the children.

15/ In addition, an exemption is allowed for the clear market value of one-half of the decedent's estate, or one-third if decedent is survived by lineal descendents.

16/ Or the value of the homestead allowance, whichever is greater.

17/ No tax imposed.

18/ The beneficiaries in Class I (spouse, parents, lineal descendents, and adopted children) are allowed one $10,000 exemption for the entire class.

19/ A widow with a child or children under 21 and receiving all or substantially all of her husband's property, shall be allowed, at her option, an additional exemption of $5,000 for each such child. The children shall not be allowed the regular $5,000 exemption provided for such children.

20/ Imposes also an estate tax. See table 49.

21/ Oregon imposes a basic tax, measured by the entire estate in excess of a single exemption ($15,000 prorated among all beneficiaries and deductible from the first bracket); and an additional tax, measured by the size of an individual's share for which each beneficiary has a specific exemption. All members of Class I (spouse, children, parents, grandparents, stepchildren or lineal descendents) are exempted from the additional tax.

22/ In the absence of a spouse, the children may claim the $1,000 exemption.

23/ Widows and children are included in Class A, with one $10,000 exemption for the entire class. Beneficiaries not in Class A are allowed one $1,000 exemption for the entire class.

TABLE 50.--STATE INHERITANCE TAX RATES AND EXEMPTIONS, FOR SELECTED CATEGORIES OF HEIRS, JANUARY 1, 1969 (Concl'd)

24/ An additional $5,000 exemption is allowed to the class as a whole.

25/ These rates are subject to the limitation that the total tax may not exceed 15 percent of the beneficiary's share. An additional tax equal to 30 percent of the inheritance tax is also imposed.

TABLE 51. --STATE GIFT TAX RATES AND EXEMPTIONS, FOR SELECTED CATEGORIES OF DONEES
JANUARY 1, 1969

State	Donor's lifetime exemption					Rates (percent)				Annual exclusion to each donee
	Wife	Minor child	Adult child	Brother or sister	Other than relative	Spouse or minor child	Adult child	Brother or sister	Other than relative	
California* 1/ 2/	$ 5,000	$12,000	$ 5,000	$ 2,000	$ 300	3-14	3-14	6-20	10-24	$3,000.
Colorado*	20,000	10,000	10,000	2,000	500	2-8	2-8	3-10	7-16	$3,000 spouse, child. $1,500 brother,sister. $1,000 other than relative.
Louisiana* 1/	30,000 4/	30,000 4/	30,000 4/	30,000 4/	30,000 4/	2-3	2-3	5-7	5-10	$5,000 spouse, child. $1,000 brother, sister. $ 500 other than relative.
Minnesota* 2/ 3/	10,000	10,000	5,000	1,000	250	1.5-10	2-10	6-25	8-30	$3,000.
North Carolina*	25,000 4/	25,000 4/	25,000 4/	None	None	1-12	1-12	4-16	8-17	$3,000.
Oklahoma	None	None	None	None	None	1-10	1-10	1-10	1-10	$3,000.
Oregon	15,000 4/	15,000 4/	15,000 4/	15,000 4/	15,000 4/	1-10	1-10	2-25	5-30	$5,000 spouse, child. $3,000 brother, sister. $1,000 other than relative.
Rhode Island	25,000 4/	25,000 4/	25,000 4/	25,000 4/	25,000 4/	2-9	2-9	2-9	2-9	$3,000.
South Carolina 5/	None	None	None	None	None	3-4.5	3-4.5	3-4.5	3-4.5	- - -
Tennessee*	None	None	None	None	None	1.4-9.5	1.4-9.5	6.5-20	6.5-20	$10,000 spouse, child 6/ $5,000 brothers and sisters, others 6/
Virginia* 2/	None	None	None	None	None	1-5	1-5	2-10	5-15	$5,000 spouse, child. $2,000 brother, sister. $1,000 other than relative.
Washington* 1/ 2/	10,000 7/	10,000 7/	10,000 7/	1,000 7/	None	0.9-9	0.9-9	2.7-18	9-22.5	$3,000.
Wisconsin 2/ 8/	15,000	2,000	2,000	None	None	2-10	2-10	4-20	8-40	$1,000.

* Gift tax rates are the same as inheritance tax rates except in Washington where they are 90 percent of inheritance tax rates.
1/ Half of community property transferred to surviving spouse is not taxable.
2/ Exemptions or exclusions are deductible from the first bracket.
3/ The following tax credits are allowed: wife, $300; minor child, $75; adult child, $20; brother or sister, $30; other than relative, $20. The tax may not exceed 35 percent of the full value of the gift.

(Footnotes continued on the next page)

TABLE 51. --STATE GIFT TAX RATES AND EXEMPTIONS, FOR SELECTED CATEGORIES OF DONEES, (Concl'd)
January 1, 1969

4/ Only one lifetime exemption for all classes of donees combined.
5/ New tax effective January 1, 1969.
6/ Only 1 annual exclusion is allowed each class of donee. One class includes spouse, lineal ancestor or descendant; all others are in the other class. Exemptions are deductible from the first bracket.
7/ Only 1 exemption allowed each class of donees. Spouse and lineal ancestors and descendants comprise 1 class; brothers and sisters another; all others, the 3d class.
8/ In addition, an emergency tax is imposed equal to 30 percent of the tax computed at the rates shown. The total tax may not exceed 15 percent of the value of the gift.

TABLE 52—*Deductibility of Federal Estate Tax for Purposes of State Inheritance and Estate Taxes,* January 1, 1969

State	Federal estate tax deductible	State	Federal estate tax deductible
Alabama	—	Missouri	X
Alaska	X	Montana	X
Arizona	—	Nebraska	X
Arkansas	—	Nevada	(1)
California	—	New Hampshire	X
Colorado	—	New Jersey	—
Connecticut	—	New Mexico	—
Delaware	—	New York	—
District of Columbia	X	North Carolina	—
Florida	—	North Dakota	X
Georgia	—	Ohio	X
Hawaii	—	Oklahoma	—
Idaho	X	Oregon	—
Illinois	X	Pennsylvania	—
Indiana	—	Rhode Island	—
Iowa	X	South Carolina	X
Kansas	X	South Dakota	—
Kentucky	X	Tennessee	—
Louisiana	—	Texas	—
Maine	X	Utah	—
Maryland	X	Vermont	X
Massachusetts	X	Virginia	X
Michigan	—	Washington	—
Minnesota	X	West Virginia	X
Mississippi	—	Wisconsin	X
		Wyoming	X

X denotes "yes"; — denotes "no."
[1] No tax imposed.

TABLE 53. --STATE CIGARETTE TAX RATES AS OF JANUARY 1--1953 THROUGH 1969
(cents per standard package of 20)

State	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
Alabama	3	....	....	4	....	....	....	6	....	....	....	....	....	7	....	10	10
Alaska	3	....	....	5	....	....	....	....	....	8	....	....	....	....	....	....	8
Arizona	2	....	....	....	....	....	....	....	....	....	....	....	....	6.5	....	....	10
Arkansas	6	....	....	....	....	....	....	....	....	....	....	....	....	8	....	....	8
California	--	--	--	--	--	--	--	3	....	....	....	....	....	....	....	10	10
Colorado	--	--	--	--	--	--	--	--	--	--	--	--	3	5	....	....	5
Connecticut	3	....	....	....	....	....	....	....	....	5	....	6	....	8	....	....	8
Delaware	2	3	....	....	....	....	....	....	....	5	....	....	....	7	....	....	7
Dist. of Col	1	....	2	....	....	....	....	....	....	....	....	....	....	....	3	....	3
Florida	5	....	....	....	....	....	....	....	....	....	....	8	....	....	....	....	15
Georgia	3	....	....	5	....	....	....	....	....	....	....	....	8	....	....	....	8
Hawaii	20 percent of wholesale price													40%	....	....	40%
Idaho	3	....	....	4	....	....	....	5	....	6	....	7	....	....	....	....	7
Illinois	3	....	....	....	....	....	....	4	3	4	....	....	....	7	....	9	9
Indiana	3	....	....	....	....	....	....	....	....	....	....	4	....	6	....	....	6
Iowa	2	3	....	....	....	....	....	4	....	....	....	5	....	8	....	10	10
Kansas	3	....	....	....	....	4	....	....	....	....	....	....	6	8	....	....	8
Kentucky	1/	....	3	....	....	....	....	....	2.5	....	....	....	....	....	....	....	2.5
Louisiana	8	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	8
Maine	4	....	....	5	....	....	....	....	....	6	....	....	....	8	....	10	10
Maryland	--	--	--	--	--	--	3	....	....	6	....	....	....	....	....	....	6
Massachusetts	5	....	....	....	....	....	6	....	....	....	....	....	....	....	10	....	10
Michigan	3	....	....	....	....	5	....	....	6	5	7	....	....	....	....	....	7
Minnesota	4	....	....	....	....	....	....	5.5	....	7	....	8	....	....	....	....	8
Mississippi	4	....	....	5	....	....	6	....	....	....	8	....	9	....	....	....	9
Missouri	--	--	--	2	....	....	....	....	....	4	....	....	....	....	....	....	4
Montana	4	....	....	....	....	8	....	....	....	....	....	....	....	....	....	....	8
Nebraska	3	....	....	....	....	4	....	....	....	....	....	6	....	8	....	....	8
Nevada	3	....	....	....	....	....	....	....	....	7	....	....	....	....	....	....	7
New Hampshire	15 percent of retail price													21%	....	30%	30%
New Jersey	3	....	....	....	5	....	....	....	....	7	....	8	....	....	11	....	14
New Mexico	4	....	....	5	....	....	....	....	....	8	....	....	....	....	....	....	12
New York	3	....	....	....	....	....	....	5	....	....	....	....	....	10	....	....	14
North Carolina	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
North Dakota	6	....	....	....	....	....	....	....	....	....	....	7	....	8	....	....	8

See footnotes at the end of table.

TABLE 53. --STATE CIGARETTE TAX RATES AS OF JANUARY 1--1953 THROUGH 1969 (Concl'd)
(cents per standard package of 20)

State	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
Ohio	2	....	....	....	3	....	....	5	....	....	....	....	....	....	....	7	7
Oklahoma	5	....	....	....	....	....	....	....	....	7	....	....	....	8	....	....	13
Oregon	--	--	--	--	--	--	--	--	--	--	--	--	--	--	4	....	4
Pennsylvania	4	....	....	5	....	....	....	6	....	....	....	8	....	....	....	13	13
Rhode Island	3	....	....	....	....	....	5	....	6	....	....	....	8	....	....	....	13
South Carolina	3	....	....	....	....	....	....	5	....	....	....	....	....	....	....	....	5
South Dakota	3	....	....	3 1/4	....	....	....	5	....	....	....	6	....	8	....	....	8
Tennessee	5	....	....	....	....	....	....	....	....	....	....	7	....	....	....	8	8
Texas	4	....	....	5	....	....	....	8	....	....	....	....	....	11	....	....	11
Utah	2	....	4	....	....	....	....	....	....	....	....	8	....	....	....	....	8
Vermont	4	....	....	....	....	5	....	7	....	....	....	8	....	10	....	....	10
Virginia	--	--	--	--	--	--	--	--	3	....	....	....	....	....	2.5	....	2.5
Washington	2/	....	....	3/	....	....	....	6	....	7	....	....	....	11	....	....	11
West Virginia	4	....	....	....	5	....	....	....	....	6	....	....	....	....	....	....	7
Wisconsin	3	....	....	4	....	5	....	....	....	6	....	8	....	10	....	....	10
Wyoming	2	....	....	....	....	3	....	4	....	....	....	....	....	....	....	8	8
No. of States with tax4/	44	44	44	45	45	45	46	47	48	48	48	48	49	49	50	50	50

Note: A blank space (....) indicates no rate change since previous rate shown.
A dash (--) indicates no cigarette tax was in effect as of January 1.

1/ Prior to July 1, 1954 the statutory rate was 1¢ for each 10¢ or fraction of the retail price.
2/ The statutory rate was 2¢ for each 10¢ or fraction of the retail price.
3/ The statutory rate was 2 1/2¢ for each 10¢ or fraction of the retail price.
4/ Includes District of Columbia; also includes Alaska and Hawaii for the period prior to attaining statehood.

TABLE 54.--STATE CIGAR TAX RATES, JANUARY 1, 1969

State	Weighing not more than 3 pounds per 1,000 (tax per 1,000)	Weighing more than 3 pounds per 1,000		
		Intended retail price (cents)		Tax per 1,000
		Over	Not over	
Alabama..................	$2.00.....................	....	3 1/3	$1.50
		3 1/3	5	3.00
		5	8	4.50
		8	10	7.50
		10	20	15.00
		20	....	20.25
Arizona..................	$1.00.....................	....	5	3.33 1/3
		5	....	10.00
Georgia..................	$2.00.....................	....	3 1/3	1.50
		3 1/3	5	3.00
		5	8	4.00
		8	10	7.50
		10	20	15.00
		20	....	20.00
Hawaii....................	40 percent of wholesale price	40 percent of wholesale price		
Iowa......................	10 percent of wholesale price	10 percent of wholesale price		
Louisiana................	$1.20.....................	....	5	3.20
		5	8	4.80
		8	15	8.00
		15	20	32.00
		20	....	40.00
Minnesota................	10 percent of wholesale price	10 percent of wholesale price		
Mississippi..............	1/..........................	....	3 1/3	1.80
		3 1/3	5	3.60
		5	8	5.40
		8	10	9.00
		10	20	18.00
		20	....	25.20
New Hampshire............	30 percent of retail price..	30 percent of retail price		
North Dakota.............	11 percent of wholesale price	11 percent of wholesale price		
Oklahoma.................	$6.50.....................	....	3 1/3	30.00
		3 1/3	....	30.00
Rhode Island.............	25 percent of wholesale price	25 percent of wholesale price		
South Carolina...........	$1.00.....................	....	5	1.00
		5	....	10.00
Tennessee................	$1.00.....................	....	3 1/3	1.00
		3 1/3	5	2.00
		5	9	3.00
		9	10	5.00
		10	20	10.50
		20	....	13.50
Texas....................	$1.00.....................	....	3 1/3	7.50
		3 1/3	....	12.00 2/
Utah.....................	25 percent of mfr's price...	25 percent of manufacturer's price		
Vermont..................	20 percent of wholesale price	20 percent of wholesale price		
Washington...............	30 percent of wholesale price	30 percent of wholesale price		

1/ The rates are the same as those shown for large cigars.

2/ Cigars with substantially no non-tobacco ingredients and with a factory list price of less than $170 per thousand; otherwise, $15.00 per thousand.

TABLE 55.--STATE TAX RATES ON SMOKING AND CHEWING TOBACCO AND SNUFF, JANUARY 1, 1969

State	Smoking tobacco	Chewing tobacco	Snuff
Alabama..............	Ranges from 2¢ for 1 1/8 oz. or less to 11¢ for 3 to 4 oz., plus 3¢ per oz. or fraction above 4 oz. ...	3/4¢ oz. or fraction.................	Ranges from: 1/2¢ for 5/8 oz. or less to 4¢ for 5 to 6 oz. plus 1¢ per ounce or fraction above 6 oz. ....
Arizona..............	1¢ per oz. or major fraction........	1/4¢ per oz. or major fraction........	1¢ per ounce or major fraction........
Hawaii...............	40 percent of wholesale price.......	40 percent of wholesale price.........	40 percent of wholesale price.........
Iowa.................	10 percent of wholesale price.......	10 percent of wholesale price.........	10 percent of wholesale price.........
Louisiana............	Ranges from: 1¢ per package retailing for 5¢ or less to 4¢ per package retailing at 13¢ through 15¢, plus 1 1/3¢ for each 5¢ or fraction of retail price over 15¢..	....	....
Minnesota............	10 percent of wholesale price.......	10 percent of wholesale price.........	10 percent of wholesale price.........
Mississippi..........	1 1/8¢ per 5¢ or fraction of retail price............................	9/16¢ for each 5¢ or fraction of retail price.......................	9/16¢ for each 5¢ or fraction of retail price.......................
New Hampshire........	30 percent of retail price..........	30 percent of retail price............	30 percent of retail price............
North Dakota.........	11 percent of wholesale price.......	11 percent of wholesale price.........	11 percent of wholesale price.........
Oklahoma.............	40 percent of factory list price....	30 percent of factory list price......	....
Rhode Island.........	25 percent of wholesale price.......	25 percent of wholesale price.........	25 percent of wholesale price.........
South Carolina.......	30 percent of manufacturer's price..	5 percent of manufacturer's price.....	5 percent of manufacturer's price.....
Tennessee............	6 percent of wholesale cost price...	6 percent of wholesale cost price.....	6 percent of wholesale cost price.....
Texas................	25 percent of factory list price....	25 percent of factory list price......	....
Utah.................	25 percent of manufacturer's price..	25 percent of manufacturer's price....	25 percent of manufacturer's price....
Vermont..............	20 percent of wholesale price.......	20 percent of wholesale price.........	20 percent of wholesale price.........
Washington...........	30 percent of wholesale price.......	30 percent of wholesale price.........	30 percent of wholesale price.........

TABLE 56.--STATE AND LOCAL AUTOMOTIVE TAXES, BY TYPE AND BY STATE, JANUARY 1, 1969

State	Highway-user taxes					Property and sales taxes applicable to motor vehicles			
	Motor fuels		Motor vehicle registration & operators licenses		State special taxes on motor carriers 1/	Property taxes		Sales taxes	
	State	Local	State	Local		General	Special 2/	General	Selective
Alabama	x	x 3/	x	—	x	x	—	x 4/	—
Alaska	x 5/	—	x	x	—	x	—	x 6/	—
Arizona	x	—	x	—	x	—	x	x 4/	—
Arkansas	x	—	x	x	—	x	—	x 4/	—
California	x	—	x	—	x	—	x 2/	x 4/	—
Colorado	x	—	x	—	x	—	x	x 4/	—
Connecticut	x	—	x	—	—	x	—	x	—
Delaware	x	—	x	—	—	—	—	—	—
District of Columbia	x	—	x	—	—	—	—	—	x
Florida	x	x	x	—	—	—	—	x	—
Georgia	x 5/	—	x	—	—	x	—	x	—
Hawaii	x 5/	x	—	x	—	—	—	x	—
Idaho	x	—	x	—	x	—	—	x	—
Illinois	x 5/	—	x	x	—	x	—	x 4/	—
Indiana	x 5/	—	x	x	—	x	—	x	—
Iowa	x	—	x	—	—	—	—	x	—
Kansas	x	—	x	— 7/	—	x	—	x	—
Kentucky	x	—	x	—	x	x	x 2/	x	—
Louisiana	x	—	x	—	x	8/	—	x 4/	—
Maine	x	—	x	—	—	—	x	x	—
Maryland	x	—	x	—	—	—	—	—	x
Massachusetts	x	—	x	—	—	—	x	x	—
Michigan	x 5/	—	x	—	x	—	—	x	—
Minnesota	x	—	x	—	—	—	—	x	—
Mississippi	x 5/	x	x	x	x	x	—	x	—
Missouri	x	x 9/	x	x	—	x	—	x	—
Montana	x	—	x	x	x	x	—	—	x
Nebraska	x	—	x	x	—	x	—	x	—
Nevada	x	x	x	—	—	—	x 2/	x	—
New Hampshire	x	—	x	—	—	—	x	—	—

See footnotes at the end of table.

TABLE 56.--STATE AND LOCAL AUTOMOTIVE TAXES, BY TYPE AND BY STATE, JANUARY 1, 1969 (Concl'd)

State	Highway-user taxes					Property and sales taxes applicable to motor vehicles			
	Motor fuels		Motor vehicle registration & operators licenses		State special taxes on motor carriers 1/	Property taxes		Sales taxes	
	State	Local	State	Local		General	Special 2/	General	Selective
New Jersey	x	–	x	–	x	–	–	x	–
New Mexico	x	–	x	–	x	–	–	–	x
New York	x 5/	–	x	x	x	–	–	x 4/	–
North Carolina	x	–	x	–	x	x	–	x 4/	–
North Dakota	x	–	x	–	x	–	–	–	x
Ohio	x	–	x	10/	x	–	–	x	–
Oklahoma	x	–	x	x	x	–	–	–	x
Oregon	x	–	x	–	x	–	–	–	–
Pennsylvania	x	–	x	–	x	–	–	x	–
Rhode Island	x	–	x	–	–	x	–	x	–
South Carolina	x	–	x	x	x	x	–	x	–
South Dakota	x	–	x	x	x	–	–	–	x
Tennessee	x	–	x	–	–	x	–	x 4/	–
Texas	x	–	x	–	–	x	–	–	x
Utah	x	–	x	–	–	x	–	x 4/	–
Vermont	x	–	x	–	–	–	–	–	x
Virginia	x	–	x	x	x	x	–	–	x
Washington	x	–	x	–	x	–	x 2/	x	–
West Virginia	x	–	x	–	x	x	–	–	x
Wisconsin	x	–	x	11/	–	–	–	x	–
Wyoming	x	x	x	x	x	–	x	x	–

A dash (–) signifies "none." 1/ Weight-distance, passenger-mile, and gross receipts taxes on motor carriers. Flat-rate registration fees on vehicles owned by motor carriers (based on weight or horsepower) and fees for certificates of convenience and necessity or permits to operate are imposed by all States. 2/ Ad valorem taxes imposed at a uniform statewide rate. Except in California, Kentucky, Nevada, and Washington, these taxes are locally administered; and, except in Kentucky, the proceeds are shared with local governments. 3/ In a few counties there are overlapping county and municipal gasoline taxes. 4/ Imposed by both State and local governments. 5/ Taxable also under State or local general sales taxes. 6/ Local general sales tax only. 7/ City motor vehicle levies of either \$5 or \$10 per vehicle are authorized, subject to voter approval. Effective 4/29/67. 8/ Municipalities (but no other local governments) can subject motor vehicles to general property taxation. 9/ Local gasoline taxes require two-thirds voter approval. To date, no city has submitted a proposed tax for voter approval. 10/ Counties are authorized (effective 12/12/67) to levy annual liscense taxes at the rate of \$5 on each motor vehicle registered in the county. After June 30, 1968, municipal corporations may levy such a tax if the county has not done so. 11/ Annual flat rate municipal motor vehicle registration fee (not in excess of 50% of State registration fee) authorized, effective 1/1/68.

TABLE 57.--STATE GASOLINE TAX RATES, JANUARY 1, 1969[1/]

(per gallon)

5¢	6¢	6 1/2¢	7¢	7 1/2¢	8¢ or more
Hawaii[2/] Kansas[1/] Missouri Texas[1/]	Colorado Illinois Indiana Nevada N. Dakota S. Dakota[1/] Utah Wyoming[1/]	Georgia Massachusetts Montana[1/] Oklahoma- (6.58¢)[1/]	Alabama Arizona California Connecticut Delaware Florida Idaho[3/] Iowa[1/] Kentucky Louisiana Maine Maryland Michigan Minnesota Mississippi[1/] N. Hampshire N. Jersey N. Mexico N. York[1/] N. Carolina Ohio Oregon Pennsylvania S. Carolina[4/] Tennessee[1/] Virginia W. Virginia Wisconsin Dist. of Col.	Arkansas[1/] Nebraska	Alaska (8¢) Rhode Island (8¢) Vermont (8¢)[1/] Washington (9¢)
Total 4	 8	 4	 29	 2	 4

1/ In most States diesel fuel is taxed at the same rate as gasoline. The States which tax diesel fuel at a different rate are: Arkansas, 8.5¢; Iowa, 8¢; Kansas, 7¢; Mississippi, 10¢; Montana, 9¢; New York, 9¢; Oklahoma, 6.5¢; South Dakota, 7¢; Tennessee, 8¢; Texas, 6.5¢; Wyoming, 7¢. In all but a few States liquified petroleum is taxed at the same rate as gasoline. Vermont does not tax diesel fuel or liquified petroleum.

2/ In Hawaii County, the State tax rate is 8¢.

3/ The rate shown includes temporary 1¢ rate scheduled to expire December 31, 1969.

4/ The rate shown includes temporary 1¢ rate scheduled to expire June 30, 1972.

TABLE 58.--STATE GASOLINE TAX RATES AS OF JANUARY 1--1953 THROUGH 1969

(cents)

State	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
Alabama	6	....	....	7	....	....	....	....	....	....	....	....	....	....	....	....	7
Alaska	2	....	....	5	....	....	....	....	7	8	....	....	....	....	....	....	8
Arizona	5	....	....	....	....	....	....	....	....	....	....	6	....	7	....	....	7
Arkansas	6.5	....	....	....	....	....	....	....	....	....	....	....	....	7.5	....	....	7.5
California	4.5	6	....	....	....	....	....	....	....	....	....	7	1/	....	....	....	7
Colorado	6	....	....	....	....	....	....	....	....	....	....	....	....	7	6	....	6
Connecticut	4	....	....	6	....	....	....	....	....	....	....	....	....	....	....	7	7
Delaware	5	....	....	....	....	....	....	....	....	6	....	....	....	7	....	....	7
Dist. of Col	5	....	6	....	....	....	....	....	....	....	....	....	....	....	7	....	7
Florida	7	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	7
Georgia	6	....	....	6.5	....	....	....	....	....	....	....	....	....	....	....	....	6.5
Hawaii	4	....	....	5	....	....	....	....	....	....	....	....	....	....	....	....	5 2/
Idaho	6	....	....	....	....	....	....	....	....	....	....	....	....	....	....	7	7
Illinois	5	....	....	....	....	....	....	....	....	....	....	....	....	....	....	6	6
Indiana	4	....	....	....	....	6	....	....	....	....	....	....	....	....	....	....	6
Iowa	4	5	....	6	....	....	....	....	....	....	....	....	....	7	....	....	7
Kansas	5	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	5
Kentucky	7	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	7
Louisiana	7	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	7
Maine	6	....	....	7	....	....	....	....	....	....	....	....	....	....	....	....	7
Maryland	5	6	....	....	....	....	....	....	....	....	....	....	7	....	....	....	7
Massachusetts	5	....	....	....	....	5.5	....	....	....	....	....	....	....	6.5	....	....	6.5
Michigan	4.5	....	....	6	....	....	....	....	....	....	....	....	....	....	....	7	7
Minnesota	5	....	....	....	....	....	....	....	....	....	....	6	....	....	....	7	7
Mississippi	7	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	7
Missouri	3	....	....	....	....	....	....	....	....	5	....	....	....	....	....	....	5
Montana	6	....	....	7	....	....	6	....	....	....	....	....	....	....	....	6.5	6.5
Nebraska	5	6	....	....	....	7	....	....	....	....	....	....	....	7.5	....	....	7.5
Nevada	5.5	....	....	6	....	....	....	....	....	....	....	....	....	....	....	....	6
New Hampshire	5	....	....	....	....	6	....	7	....	....	....	....	....	....	....	....	7

See footnotes at the end of table.

TABLE 58.--STATE GASOLINE TAX RATES AS OF JANUARY 1--1953 THROUGH 1969 (Concl'd)

(cents)

State	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
New Jersey	3	....	4	....	....	....	5	....	....	6	....	....	....	....	....	....	7
New Mexico	6	....	....	....	....	....	....	....	....	....	....	....	....	....	....	7	7
New York	4	....	....	....	....	....	....	6	....	....	....	....	....	....	....	....	7
North Carolina	7	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	7
North Dakota	5	....	....	6	....	....	....	....	....	....	....	....	....	....	....	....	6
Ohio	4	5	....	....	....	....	....	7	....	....	....	....	....	....	....	....	7
Oklahoma	6.58	....	....	....	3/	....	....	....	....	....	....	....	....	....	....	....	6.58
Oregon	6	....	....	....	....	....	....	....	....	....	....	....	....	....	....	7	7
Pennsylvania	5	....	....	6	....	5	....	....	....	7	....	....	....	....	....	....	7
Rhode Island	4	....	....	....	....	....	6	....	7	....	....	....	....	....	....	....	8
South Carolina	7	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	7
South Dakota	5	....	....	....	....	6	....	....	....	....	....	....	....	....	....	....	6
Tennessee	7	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	7
Texas	4	....	....	5	....	....	....	....	....	....	....	....	....	....	....	....	5
Utah	5	....	....	....	....	6	....	....	....	....	....	....	....	....	....	....	6
Vermont	5	....	....	5.5	....	6.5	....	....	....	....	....	....	....	....	....	....	8
Virginia	6	....	....	....	....	....	....	....	7	....	....	....	....	....	....	....	7
Washington	6.5	....	....	....	....	....	....	....	....	7.5	....	....	....	....	....	9	9
West Virginia	5	....	....	6	....	....	....	7	....	....	....	....	....	....	....	....	7
Wisconsin	4	....	....	6	....	....	....	....	....	....	....	....	....	....	7	....	7
Wyoming	5	....	....	....	....	....	....	....	....	....	....	....	....	....	....	6	6

Note: A blank space (....) indicates no rate change since previous rate shown. See table 57 footnotes for situations pertaining to particular States.

1/ Temporary 8¢ rate, April 1, 1965 - August 31, 1965 only.

2/ In Hawaii County, the State tax rate is 8¢.

3/ Temporary 7.58¢ rate, June 1, 1957 - December 24, 1957 only.

TABLE 59.--STATE TAX RATES ON DISTILLED SPIRITS, JANUARY 1, 1969 1/

(per gallon)

$1 to $1.50	$1.50 to $2	$2 to $2.50	$2.50 to $3	$3 and over	20 percent of wholesale price
Delaware	Colorado	Arizona	Arkansas 2/	Alaska	Hawaii
Kentucky 3/	Illinois	California	Massachusetts 4/	Florida 5/	
Missouri	Kansas 6/	Connecticut	Minnesota 7/	Georgia 8/	
Nevada	Louisiana	Indiana 9/	Mississippi	Tennessee 10/	
South Dakota 11/	Maryland	New York	North Dakota		
	Nebraska	Oklahoma	South Carolina 12/		
	New Jersey	Rhode Island 13/			
	New Mexico	Wisconsin			
	Texas				
	District of Columbia				
Total............ 5	 10	 8	 6	 4	 1

1/ This tabulation includes only the taxes imposed by the District of Columbia and the 33 States which use the license system for the distribution of distilled spirits. Of the remaining 17 States, 16 have State-operated stores (Alabama, Idaho, Iowa, Maine, Michigan, Montana, New Hampshire, Ohio, Oregon, Pennsylvania, Utah, Vermont, Virginia, Washington, West Virginia, and Wyoming), and North Carolina has county- and municipally-operated stores supervised by the State. The rates used in this table are those applicable to distilled spirits of standard alcoholic content.

2/ There is a 5¢ per gallon additional tax on the blending, rectifying, or mixing and transportation of distilled spirits, and also a wholesaler's tax of 20¢ per case. Arkansas also levies a 3-percent tax on retail receipts from sales of liquor, cordials, liqueurs, specialties, and wines.

3/ The major revenue-producing tax on distilled spirits, however, is the tax on manufacturers, transporters, rectifiers, and blenders at the rate of 8¢ per gallon. The tax will be reduced by 2¢ per year beginning 7/1/68. After 6/30/71 there will be no tax. Also, there is a tax on wholesalers at the rate of 5¢ per case.

4/ In addition, every corporation, association or organization which is licensed by any city or town to sell alcoholic beverages, except certain corporations and chartered veterans' organizations maintaining quarters for the exclusive use of members, is taxed on the gross receipts from the sale of alcoholic beverages at the rate of 1/2 of 1 percent.

5/ Includes a tax of $2.76; and two additional taxes of 72¢ and 27¢. The tax on distilled spirits containing more than 48 percent alcohol by weight is $7.50, consisting of a basic tax of $5.52, and 2 additional taxes of $1.44 and 54¢.

6/ In addition, an enforcement tax of 4 percent of gross receipts from retail sales is levied.

7/ Includes a 15-percent surtax effective through June 30, 1969.

8/ The tax on distilled spirits manufactured in the State is $1.875 per gallon.

9/ Includes an enforcement tax of 8¢ per gallon.

10/ In addition, a tax of 15¢ per case is imposed upon sales at wholesale.

11/ In addition, there is a 10-percent tax on the gross receipts from sales of intoxicating liquors excluding beer.

12/ Also, wholesalers of alcoholic beverages are taxed at the rate of $4 per case.

13/ Distilled spirits imported into the State are taxed on the basis of reciprocity. The current rate, as fixed by the Liquor Control Commission, is $1.50 per gallon.

TABLE 60.--TAX RATES ON DISTILLED SPIRITS FOR STATES WITH LICENSING SYSTEMS, AS OF JANUARY 1--1953 THROUGH 1969

(dollars per gallon)

State	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
Alaska	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.50	....	4.00	....	....	....	....	....	....	4.00
Arizona	1.20	....	....	....	....	....	....	....	....	....	1.44	....	....	....	....	....	2.00
Arkansas	2.50	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	2.50
California	.80	....	....	1.50	....	....	....	....	....	....	....	....	....	....	....	2.00	2.00
Colorado	1.60	....	....	....	....	....	....	1.80	....	....	....	....	....	....	....	....	1.80
Connecticut	1.00	....	....	1.20	1.00	....	....	....	....	2.00	....	....	....	....	....	....	2.00
Delaware	1.00	1.15	....	....	....	....	....	....	....	....	....	....	....	....	....	....	1.15
Dist. of Col	.75	....	1.00	....	1.25	....	....	....	....	....	1.50	....	....	....	1.75	....	1.75
Florida	2.17	....	....	....	....	....	....	....	....	....	....	2.50	....	....	....	....	3.75
Georgia	1.00	....	....	....	....	....	....	....	....	....	....	....	3.75	....	....	....	3.75
Hawaii	1/	....	....	....	....	2/	....	....	....	....	....	....	....	3/	....	....	3/
Illinois	1.00	....	....	....	....	1.02	....	1.52	....	....	....	....	....	....	....	....	1.52
Indiana	2.08	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	2.08
Kansas	1.00	....	....	....	....	....	....	....	....	1.20	....	....	....	1.50	....	....	1.50
Kentucky	1.28	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	1.28
Louisiana	1.58	....	....	....	1.68	....	....	....	....	....	....	....	....	....	....	....	1.68
Maryland	1.25	....	....	1.50	....	....	....	....	....	....	....	....	....	....	....	....	1.50
Massachusetts	2.25	....	....	....	....	....	....	....	....	....	....	....	....	....	2.95	....	2.95
Minnesota	2.75	....	....	....	....	....	....	2.875	....	....	....	....	....	....	....	....	2.875
Mississippi	--	--	--	--	--	--	--	--	--	--	--	--	--	--	2.50	....	2.50
Missouri	.80	....	....	....	....	....	....	....	....	1.20	....	....	....	....	....	....	1.20
Nebraska	1.20	....	....	....	....	....	....	....	....	....	....	1.60	....	....	....	....	1.60
Nevada	.80	....	....	....	....	....	....	....	....	1.40	....	....	....	....	....	....	1.40
New Jersey	1.50	....	....	....	....	....	....	....	....	....	....	1.80	....	....	....	....	1.80
New Mexico	1.30	....	....	....	....	....	....	....	....	....	....	1.50	....	....	....	....	1.50
New York	1.50	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	2.25
North Dakota	2.50	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	2.50
Oklahoma	--	--	--	--	--	--	--	2.40	....	....	....	....	....	....	....	....	2.40
Rhode Island	1.50	....	....	....	....	....	2.00	....	....	....	....	....	....	....	....	....	2.00
South Carolina	2.72	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	2.72

See footnotes at the end of table.

TABLE 60.--TAX RATES ON DISTILLED SPIRITS FOR STATES WITH LICENSING SYSTEMS, AS OF JANUARY 1--1953 THROUGH 1969 (Concl'd)

(dollars per gallon)

State	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
South Dakota..........	.75	....	....	....	....	....	....	....	....	....	....	1.25	....	....	....	....	1.25
Tennessee............	2.00	....	....	....	....	....	....	....	....	....	....	2.50	....	....	....	....	4.00
Texas.................	1.408	....	....	....	....	....	....	1.68	....	....	....	....	....	....	....	....	1.68
Wisconsin............	2.00	....	....	....	....	....	....	....	....	....	....	2.25	....	....	....	....	2.25

Note: A blank space (....) indicates no rate change since previous rate shown.
A dash (--) indicates no tax was in effect as of January 1.
n.a. Data not available.

1/ 12% of wholesale price.

2/ 16% of wholesale price.

3/ 20% of wholesale price.

See table 59 footnotes for special situations in particular States.

TABLE 61.--STATE TAX RATES ON BEER, JANUARY 1, 1969 1/
(per barrel)

Less than $1	$1 to $2	$2 to $3	$3 to $4	$4 to $6
Maryland	California	Arizona	Iowa	Arkansas
Missouri	Colorado	Connecticut	Kansas 2/	Idaho
Wyoming	Illinois	Delaware	Minnesota	Texas
	Montana	Indiana 3/	New Hampshire	Utah
	Nevada	Kentucky	Tennessee 4/	West Virginia
	New Jersey	Massachusetts 5/	Virginia	
	New York	Nebraska		
	Oregon	New Mexico		
	Rhode Island 6/	North Dakota		
	Washington	Ohio		
	Wisconsin	Pennsylvania		
		District of Columbia		
Total.........3	11	12	6	5

$6 to $8	$8 to $10	$10 to $12	$12 and over	20 percent of wholesale price
Alaska	Florida	Georgia	Alabama	Hawaii
Maine 7/	South Dakota	Louisiana	Mississippi	
Michigan		North Carolina	South Carolina	
Vermont		Oklahoma		
Total.........4	2	4	3	1

1/ Montana, Virginia, Washington, and West Virginia tax light beer only, and Kansas and Oklahoma tax strong beer only. The rates for Minnesota, North Dakota, South Dakota, and Utah included in the table are those applicable to strong beer.
2/ In addition, an enforcement tax of 4 percent of gross receipts from retail sales is levied.
3/ Includes, in addition to excise taxes of 8¢ per gallon, an enforcement tax of 3/4 of 1¢ per gallon.
4/ The tax on sales of beer at wholesale is 17 percent of the wholesale price.
5/ In addition, every corporation, association, or organization which is licensed by any city or town to sell alcoholic beverages, except certain corporations and certain veterans' organizations, are taxed on the gross receipts from the sale of alcoholic beverages at the rate of 1/2 of 1 percent.
6/ Malt beverages imported into the State are taxed on the basis of reciprocity. The current rate, as fixed by the Liquor Control Commission, is $1 per barrel.
7/ The tax on malt liquors manufactured in the State is 5 1/3¢ per gallon.

TABLE 62.--STATE TAX RATES ON WINES, JANUARY 1, 1969 1/

(per gallon)

LIGHT WINES

1¢	10¢ to 30¢	30¢ to 50¢	50¢ to 80¢	80¢ and over	20 percent of whole-sale price
California	Colorado	Arizona	Alaska	Delaware	Hawaii
	Connecticut	Indiana 2/	Arkansas 3/	Florida 4/	
	Illinois 5/	Mississippi	Kentucky	Georgia 6/	
	Kansas 7/	Nevada	North Carolina	Massachusetts 8/	
	Louisiana	New Mexico 9/	North Dakota	South Carolina 10/	
	Maryland	Oklahoma		Tennessee 11/	
	Minnesota 12/				
	Missouri				
	Nebraska				
	New Jersey				
	New York				
	Ohio				
	Oregon				
	Rhode Island 13/				
	South Dakota 14/				
	Texas				
	Washington 15/				
	Wisconsin				
	District of Columbia				
Total....1	19	6	5	6	1

FORTIFIED WINES

2¢	10¢ to 30¢	30¢ to 50¢	50¢ to 80¢	80¢ and over	20 percent of whole-sale price
California	Connecticut 16/	Arizona	Alaska	Delaware	Hawaii
	Louisiana	Colorado	Arkansas 3/	Florida 4/	
	Maryland	Indiana 2/	Illinois 5/	Georgia 6/	
	Missouri	Mississippi	Kansas 7/	Massachusetts 8/	
	New Jersey	New Mexico 9/	Kentucky	South Carolina 10/	
	New York	Ohio	Minnesota 12/	Tennessee 11/	
	Rhode Island 13/	Wisconsin	Nebraska		
	Texas	District of Columbia	Nevada		
	Washington 15/		North Carolina		
			North Dakota		
			Oklahoma		
			South Dakota 14/		
Total....1	9	8	12	6	1

1/ For purposes of this table, wines containing 14 percent or less alcohol are classified as light wines and those containing 14-21 percent alcohol are fortified wines. Some States specify wines exceeding 21 percent alcohol content and tax such wines at different rates. This tabulation does not include the taxes of those States where wines are sold through a State or county store system under State supervision. These States are: Alabama, Idaho, Iowa, Maine, Michigan, Montana, New Hampshire, Oregon (fortified wines only), Pennsylvania, Utah, Vermont, Virginia, Washington (nondomestic wines only), West Virginia, and Wyoming.

2/ Includes an enforcement tax of 2¢ per gallon.

3/ In addition, there is a 5¢ per case additional tax. Arkansas also levies a 3-percent tax on retail receipts from sales of liquors, cordials, liqueurs, specialities, and wines. Wines produced and consumed in the home from grapes grown in Arkansas are exempt from tax.

4/ Light and fortified wines manufactured in Florida from local products are taxed at 23¢ and 35¢ per gallon, respectively.

5/ Light and fortified wines produced from grapes grown in Illinois are taxed at 8¢ and 23¢ per gallon, respectively.

6/ Domestic light and fortified wines are taxed at 20¢ and 50¢ per gallon, respectively.

7/ In addition, an enforcement tax of 4 percent of gross receipts from retail sales is levied.

8/ The tax rate on wines containing 3 - 6 percent alcohol is 40¢ per gallon. Massachusetts also imposes a tax on the gross receipts of every corporation, association or organization which is licensed by any city or town to sell alcoholic beverages, except certain corporations and certain chartered veterans' organizations, at the rate of 1/2 of 1 percent.

9/ An 8¢ per gallon tax is levied on the growers of grapes who sell wine.

10/ Light and fortified wines manufactured in South Carolina from local products are taxed at 45¢ per gallon.

11/ In addition, a tax of 15¢ per case is imposed upon sales at wholesale.

12/ Includes a 15-percent surtax effective through June 30, 1969.

13/ Wines imported into the State are taxed on the basis of reciprocity. The current rate, as fixed by the Liquor Control Commission, is 20¢ per gallon.

14/ In addition, there is a 10-percent tax on the gross receipts from sales of intoxicating liquors, except beer in excess of 3.2 percent.

15/ The tax of 10¢ per gallon is applicable only to domestic wines.

16/ Sparkling wine is taxed at 50¢ per gallon.

TABLE 63.--STATE CONSTITUTIONAL AND STATUTORY RESTRICTIONS ON LOCAL POWER TO RAISE PROPERTY TAX REVENUE, 1967

State and types of local government	Type of limitation			Rate limit		Provisions for exceeding limit			Remarks
	Citation[1]	Scope[2]	Method[3]	Number of mills[4]	Coverage[5]	Debt service exclusion[6]	Specified purpose levies[7]	Approved increases[8]	
Alabama:									
Counties	C–S	Specific	Rate	5	All	Partial [a]	None	None	[a] Up to 2.5 mills for debt service, plus another 2.5 mills for debt incurred prior to 1875. [b] But, numerous municipalities have been authorized higher limits by constitutional amendments. [c] Excluding schools. [d] An additional 10 mills for servicing debt incurred prior to 1875. [e] Subject to voter approval.
Municipalities	C	do	do	5 [b]	All [c]	do.[d]	do	do	
School districts	C	do	do	8–9 [e]	All	None	do	do	
Alaska: Municipalities [a]	S	Overall	do	30	All	All	do	do	[a] Includes cities and boroughs as well as schools.
Arizona:									
Counties	S	Specific	do.[a]	20 [a]	General	All	Few	Voted	[a] But, with some exceptions, the current tax levy may not exceed the previous year's levy by more than 10 percent. Counties with more than $200,000,000 assessed valuation are excluded from this limitation. [b] Tax levies are limited to an increase of 10 percent over the previous year's amount, except for certain purposes.
Municipalities	S	do	([b])	([b])	do	All	Few	do	
School districts, no limitations (but voters must approve budget).									
Arkansas:									
Counties	C–S	Specific	Rate	5	General	Partial [a]	Several [b]	None	[a] Another 5 and 3 mills may be levied for servicing debt incurred prior to adoption of the tax limitation and its amendments. 1st and 2d class cities may also levy another 5 mills for servicing debt incurred for specified purposes. [b] Subject to voter approval. [c] Community junior college districts, 10 mills. [d] An additional voluntary tax in any school district in a city with a population exceeding 40,000 if approved by a majority of the property owners.
Municipalities	C–S	do	do	5	do	do	do	do	
School districts	S	do	do	18[c]	All	None	None	([d])	
California:									
Counties	S	do	do	([a])	([a])	([a])	([a])	([a])	[a] There is no general limitation on counties, but county levies authorized for a few specified purposes are subject to rate limitations. There are no limitations on county debt service levies. [b] For any 1 school district, the rate limitation is the sum of the individual rates applicable to the specific grades taught. [c] Tax levies, including maximum rates in some cases, are authorized by legislative acts under both general and special laws.
Municipalities	S	do	do	10	General	All	Several	Voted	
School districts	S	do	do	8–25.5 [b]	do	All	Few	do	
Special districts	S	do	do	([c])	([c])	([c])	([c])	([c])	

TABLE 63.--STATE CONSTITUTIONAL AND STATUTORY RESTRICTIONS ON LOCAL POWER TO RAISE PROPERTY TAX REVENUE, 1967 (cont'd)

State and types of local government	Type of limitation			Rate limit		Provisions for exceeding limit			Remarks
	Citation [1]	Scope [2]	Method [3]	Number of mills [4]	Coverage [5]	Debt service exclusion [6]	Specified purpose levies [7]	Approved increases [8]	
Colorado:									
Counties	S	Specific	Rate	5–12 [a b]	General	All	Few	Voted	[a] The greater the assessed valuation, the lower the limit. [b] The total rate for all purposes shall not exceed 5 percent more than the aggregate for the previous year, unless the State tax commission approves an additional increase. [c] No specific rate limit.
Muncipalities	S	do	([b])	([b])	All	All	None	do	
School districts	S	do	([b c])	([b])	All	All	do	do	
Special districts	S	do	([b])	([b])	All	All	do	do	
Connecticut (no limitations) [a]									[a] Forest or timber land over 25 acres and classified by State forester may not be taxed at more than 10 mills based on full value of land and timber thereon while proper forestry conditions are maintained.
Delaware:									
Counties	S	Specific	Rate	5 [a]	All	All	None	Voted	[a] 5.5 mills in New Castle County. [b] No general rate limitation, but cities are subject to charter limitations.
Municipalities, no limitations.[b]									
School districts, no limitations (but all tax levies are subject to voter approval).									
Florida:									
Counties	S	Specific	Rate	8	General	All	Several	([a])	[a] Although there are no provisions for excess-levy referendums, the statutes permit the levy of "reasonable taxes for such other purposes as are specifically authorized by law."
Municipalities	S	do	do	10	All	All	None	([a])	
School districts	C	do	do	10	All	All	do	([a])	
Georgia:									
Counties	S	do	do	5	General	None	Several	Voted.[a]	[a] An additional 2.5-mill tax can be levied, subject to certain conditions. [b] Excluding home-rule charter cities and numerous specified cities and towns. [c] Excluding independent (city) school districts in existence prior to 1946.
Municipalities [b]	S	do	do	5	do	All	Few	do.[a]	
School districts [c]	C	do	do	20	All	All	None	do.[a]	
Hawaii (no limitations)									
Idaho:									
Counties	S	Specific	Rate	10–17[a]	General	All	Numerous	None	[a] 10 mills or a levy sufficient to raise $125,000 in counties having an assessed valuation of $7,500,000 or more, and 17 mills where the assessed valuation is less than $7,500,000.
Municipalities	S	do	do	30	do	All	do	do	
School districts	S	do	do	30	do	All	do	Voted	
Illinois:									
Counties	C–S	do	do	1.00–2.0[a]	do.[b]	All[a]	Numerous	do	[a] Based upon population size, except for Cook County, the limit is 2.6 mills. The constitution authorizes 7.5 mills for all purposes (except for servicing debt incurred prior to the adoption of the tax limitation amendment), but the statutes specify individual rate limits for numerous purposes, by population size, within the 7.5-mill limit and provide for raising additional taxes for servicing all authorized debt. [b] For "corporate" purposes. [c] Excluding charter cities (10 mills) and Chicago. [d] No limitation on the corporate levy, but specific limitations for specific purposes. [e] For "education," based upon the grade level; except the limit is 17.1 mills for the Chicago school districts. [f] Limits vary with the type of district.
Municipalities	S	do	do	2.50[c]	do.[b]	All	do	do	
Townships	S	do	do	([d])	([d])	All	do	do	
School districts	S	do	do	9–16[e]	General [b]	All	do	do	
Special districts	S	do	do	([f])	All	All	None	do	

See footnotes at end of table.

TABLE 63.--STATE CONSTITUTIONAL AND STATUTORY RESTRICTIONS ON LOCAL POWER TO RAISE PROPERTY TAX REVENUE, 1967 (cont'd)

State and types of local government	Type of limitation			Rate limit		Provisions for exceeding limit			Remarks
	Citation [1]	Scope [2]	Method [3]	Number of mills [4]	Coverage [5]	Debt service exclusion [6]	Specified purpose levies [7]	Approved increases [8]	
Indiana:									
*All taxing units	S	Overall	Ra'e	12.5–20 [a]	General	All	Few	([b])	*Rate limit ineffective when emergencies are declared locally. [a] Property situated outside of cities and towns—12.5 mills; property within cities and towns—20 mills. [b] By application to State board of tax commissioners. [c] Within the overall limits. [d] Outside the overall limits, but the school revenue fund levy and the school tuition levy are each limited to 25 mills. [e] Excluding a 12.5-mill limit for the school building fund, 1 mill limit for transportation, 1 mill limit for recreation, and 2 mill limit for vocational education.
*Municipalities	S	Specific	do	12.5 [c]	do	All	Few	([b])	
School districts	S	do	do	42.5 [d]	All [e]	All	([c])	None	
Iowa:									
Counties	S	do	do	3–4.5 [a]	General	All	Numerous	do	[a] The greater the assessed val ation, the lower the limit. [b] No limit except as determined by School Budget Review Committee. Area vocational schools and area community colleges are permitted to be established in merged areas (2 or more county school systems or parts thereof) with a ¾-mill rate limit, plus an additional ¾-mill if approved by voters. [c] Subject to evaluation by School Budget Review Committee.
Municipalities	S	do	do	30	do	All	do	do	
School districts	S	do	do	([b])	do	None	do	([c])	
Kansas:									
Counties [a]	S	do	do	3–4.25 [b]	do	All	do	([e])	[a] Each taxing jurisdiction is required to reduce its property tax levy or levies by the amount it receives from the State as its share of the local ad valorem tax reduction fund. The tax rates, within the statutory limitations, are computed on the basis of the reduced levies. [b] Based upon assessed valuation: Less than $30,000,000, 3.75 mills; $30,000,000 to $140,000,000, 3 mills; over $140,000,000, 4.25 mills; but the total for all (except certain) purposes shall be 5.3–6 mills, based upon assessed valuation with modifications for population size. [c] Voted at election or authorized by State board of tax appeals and limited to 25 percent above the statutory limits except that government units adjacent to active military establishments may exceed the statutory limits by 50 percent. [d] Based upon class of city (with modifications for population size in the case of 1st-class cities). For all purposes (except debt service and certain other purposes) the limits range from 11 to 33.5 mills.
Municipalities [a]	S	do	do	9–13 [d]	do	All	do	([c])	
School districts [a]	S	do	Budget	([e])	Operating	All	do	([f])	
Townships [a]	S	do	Rate	0.5 [g]	General	All	do	([c])	

TABLE 63.--STATE CONSTITUTIONAL AND STATUTORY RESTRICTIONS ON LOCAL POWER TO RAISE PROPERTY TAX REVENUE, 1967 (cont'd)

State and types of local government	Type of limitation			Rate limit		Provisions for exceeding limit			Remarks
	Citation [1]	Scope [2]	Method [3]	Number of mills [4]	Coverage [5]	Debt service exclusion [6]	Specified purpose levies [7]	Approved increases [8]	
									[e] The amount a district can budget or expend for operating expenses per pupil is limited to 104 percent of the amount legally budgeted for operating expenses per pupil in the preceding school year subject to a reduction in State aid for any excess amount expended. [f] The school budget review board may authorize increased expenditures upon finding 1 of 6 statutory reasons justifying the increased budget. As a result of the board action the levy may be increased to limitation set out in footnote (e) above. [g] 4 mills for urban class townships.
Kentucky:									
Counties	C	Specific	Rate	5	General	Partial [a]	Few	None	[a] Additional levies are permitted to service debt outstanding prior to adoption of the tax limitation, and debt approved by ⅔ of the voters. [b] The greater the population, the higher the rate. [c] Tax levies are limited to an increase of 10 percent over the previous year's revenue. The rate limits range between 3 and 10 mills for calendar 1967. [d] Up to 5 mills for school construction, or for lease payments on buildings financed through the issue of revenue bonds.
Municipalities	C	do	do	7.5-15 [b]	do	do.[a]	Few	do	
School districts	S	do	do	([c])	All	All	None	Voted [d]	
Special districts	C	do	do	5	General	Partial [a]	Few	None	
Louisiana:									
Parishes (counties)	C	do	do	4	do	All	Few	Voted [a]	[a] Up to 5 mills, each, for specific purposes, not to exceed 25 mills for all special purposes. [b] 7 mills, except 10 mills for charter cities and certain other cities. [c] Up to 7 mills for school support, and another 5 mills for school maintenance and repair, for a maximum period of 10 years.
Municipalities	C	do	do	7-10 [b]	do	All	Few	do.[a]	
School districts	C	do	do	5	All	All	None	do.[c]	
Maine (no limitations)									
Massachusetts (no limitations)									
Maryland (no limitations)									
Michigan:									
All taxing units [a]	C	Overall	Rate	15 [b]	All	All	Few	Voted [c]	[a] Except cities, villages, charter counties, charter townships, charter authorities, or other authorities, the tax limitations of which are provided by charter or by general law. [b] 18 mills if separate tax limitations for any county for the townships and for school districts therein are adopted by a majority of voters. [c] Limited to 50 mills and 20 years. [d] Specified rate limits, ranging from 10 to 20 mills are provided outside the overall limits depending upon type of local unit, and existence of charter. In some instances, additional levies for special purposes are permitted.
Cities, villages, charter counties, etc. (see [a]).	S	Specific	do	10-20 [d]	All	None	([d])	do	

See footnotes at end of table.

TABLE 63.--STATE CONSTITUTIONAL AND STATUTORY RESTRICTIONS ON LOCAL POWER TO RAISE PROPERTY TAX REVENUE, 1967 (cont'd)

State and types of local government	Type of limitation			Rate limit		Provisions for exceeding limit			Remarks
	Citation [1]	Scope [2]	Method [3]	Number of mills [4]	Coverage [5]	Debt service exclusion [6]	Specified purpose levies [7]	Approved increases [8]	
Minnesota:									
Counties	S	Specific	Rate or amount.	Various [a]	General	All	Few	None	[a] 5 mills in counties with population of 100,000 or greater. For counties with less than 100,000 population the limit is the greater of (1) the amount produced by a levy of 15 mills, and (2) $125,000 to $160,000, according to population.
Cities	S	do	Rate and dollars per capita.	40 [b]	do	None [b]	Few	do	[b] Not applicable to cities operating under any special law or under any form of charter; nor to a 3d-class city contiguous to a city of the 1st class located in a different county; nor to a city of the 4th class located in a county containing a city of the 1st class. The maximum levy in all cities is $54 per capita, including debt service, plus upward adjustments commensurate with increases in the BLS Consumer Price Index. However, deficiency levies for debt service are not limited.
Villages	S	do	do	35 [c]	do	All	Numerous	do	[c] Applicable to villages with assessed valuation of less than $500,000. For villages with assessed valuation of more than $500,000 the maximum mill rate is 30 plus cost-of-living increases. Additional millages are allowed for specified purposes. For all purposes, the limit is $54 per capita.
Townships	S	do	Rate	Various [d]	do	None [d]	None	do	[d] 5 mills for poor relief; 25 mills for road and bridge purposes; 5 mills for road emergencies; and 5 or 10 mills for other purposes (not applicable to debt service). There is an overall limit of 17 mills whenever 17 mills would produce $1,000 or more of taxes per section. However, deficiency levies for debt service are not included.
School districts	S	do	Dollars per capita or per pupil.	([e])	do	All	Few	do	[e] Greater of $326 per resident pupil plus debt service or $85 to $109 per capita, depending upon population, plus upward adjustments commensurate with increases in the BLS Consumer Price Index.
Special districts	S	do	Rate or amount.	Various [f]	do	All	Numerous	do	[f] Limitations, when specified, are expressed in mills, dollar amounts, or per capita dollar amounts.
Mississippi:									
Counties	S	do	Rate	8-14 [a]	do	All	Few	([b])	[a] The greater the assessed valuation, the lower the limit.
Municipalities	S	do	do	15	do	All	Few	None	[b] An additional 2 mills may be levied by counties with an assessed value of less than $8,000,000, 1 mill by counties with above $8,000,000, subject to petition for an election.
School districts	S	do	do	25 [c]	All	All	Few	Voted	[c] For county school districts, the difference between the minimum support program and 25 mills or 10 mills whichever produces the greater amount; for municipal school districts, the difference between the minimum 25 mills, or 15 mills, whichever produces the greater amount.

TABLE 63.--STATE CONSTITUTIONAL AND STATUTORY RESTRICTIONS ON LOCAL POWER TO RAISE PROPERTY TAX REVENUE, 1967 (cont'd)

State and types of local government	Type of limitation			Rate limit		Provisions for exceeding limit			Remarks
	Citation [1]	Scope [2]	Method [3]	Number of mills [4]	Coverage [5]	Debt service exclusion [6]	Specified purpose levies [7]	Approved increases [8]	
Missouri:									[a] 3.5 mills in counties with over $300 million assessed valuation; 5 mills in all other counties. An additional levy not exceeding 3.5 mills shall be made by the county court of the several counties when so authorized by a majority of the voters of any road district, general or special. [b] Limited for 4-year periods. [c] Constitutional limitation. The statutes impose a 7.5-mill limitation on 4th class cities, and a 5-mill limit on towns and villages. St. Louis is permitted the sum of municipal and county limitations. [d] St. Louis School Districts, 8.9 mills; school districts formed of cities and towns, 10 mills; other districts, 6.5 mills. [e] Voted levies cannot exceed 3 times the basic rate for a 1-year period (2 years in cities of 75,000 population or more). [f] Townships are apportioned 20% of the permissible tax rate, if they levy property taxes.
Counties	C-S	Specific	Rate	3.5-5.0 [a]	General	All	Several	Voted	
Municipalities	C-S	do	do	10 [c]	do	All	do	do. [b]	
School districts	C-S	do	do	6.5-10 [d]	do	All	do	do. [e]	
Townships	S	do	do	(f)	do	All	do	None	
Montana:									[a] For certain specified purposes. [b] Provided, that cities whose indebtedness equals or exceeds the constitutional limitations, the maximum levies for general municipal and administrative purposes shall be 15 mills. An all purpose annual levy, not to exceed the average number of mills levied for all purposes in the preceding 3 fiscal years, is authorized in lieu of the multiple levies now in existence. [c] Countywide taxes of 25 mills each for elementary and high schools, 5 mills for school districts, plus additional increases (above the foundation program) of 15 mills for elementary schools and 14 mills for high schools.
Counties	S	do	do	20	do	All	Numerous	Voted [a]	
Municipalities	S	do	do	20 [b]	do	All	do	do. [a]	
School districts	S	do	do	(c)	All	All	None	do	
Nebraska:									[a] Except for servicing debt incurred prior to adoption of the constitutional amendment, voter approval is required. [b] Based upon population size. The constitutional limits are stated in terms of "actual value" of property, but the statutory limits are in terms of "assessed value" which is defined as 35 percent of "actual" value. [c] Subject to voter approval. [d] 25 mills for 1st-class cities, 30 mills for 2d-class cities. The city of Lincoln is permitted 9.75 mills and Omaha, 14.4 mills [e] Subject to voter (55 percent) approval, the city of Omaha and 1st- and 2d-class school districts may levy additional taxes; a 60-percent voter approval is required to levy a ¼-mill recreation fund tax. [f] Limit applies to 1st- and 2d-class districts only.
Counties	C-S	do	do	5	All	All [a]	do	do	
Do	S	do	do	10-12 [b]	General	All [c]	Numerous	None	
Municipalities	S	do	do	25-30 [d]	All	All [c]	None	(c)	
School districts	S	do	do	12 [f]	All	All [e]	do	Voted	
Townships	S	do	do	8	All	All [e]	do	None	

See footnotes at end of table.

TABLE 63.--STATE CONSTITUTIONAL AND STATUTORY RESTRICTIONS ON LOCAL POWER TO RAISE PROPERTY TAX REVENUE, 1967 (cont'd)

State and types of local government	Type of limitation			Rate limit		Provisions for exceeding limit			Remarks
	Citation [1]	Scope [2]	Method [3]	Number of mills [4]	Coverage [5]	Debt service exclusion [6]	Specified purpose levies [7]	Approved increases [8]	
Nevada:									[a] Within the overall 50-mill rate. [b] Specal tax rates are established by the legislature for selected cities. [c] Counties may levy this tax in such towns located within said counties. There is no maximum tax rate for all county purposes, but separate limits are set for certain county purposes.
All taxing units	C-S	Overall	Rate	50	All	None	None	None	
Municipalities	S	Specific	do	30 [a] [b]	All	do	do	do	
School districts	S	do	do	15 [a]	All	All	do	do	
Unincorporated towns	S	do	do	15 [a] [c]	All	All	do	do	
New Hampshire (no limitations)									
New Jersey (no limitations)									
New Mexico:									[a] Includes 4 mills for State purposes (but increased to 5½ mills by statute). [b] When approved by the voters, the legislature may authorize taxes outside the 20-mill limit. [c] All increases in tax rates are limited to 5 percent in excess of the previous year's rate, except upon approval of the State tax commission. [d] Plus another 18 mills for county school purposes. [e] See also note (d), above.,
All taxing units	C	Overall	Rate	20 [a]	General [b]	All	Few [b]	([b])	
Do	S	Specific	([c])	([c])				([c])	
Counties	S	do	Rate	5 [d]	General	All	Few	([b])	
Municipalities	S	do	do	5	do	All	Few	([b])	
School districts	S	do	do	5 [e]	do	All	Few	([b])	
New York:									Note: Rate limitations in New York apply against the average full value of real estate for the preceding 5 years. [a] The limit is 15 mills, but it may be increased to 20 mills by resolution of the county board of supervisors approved either by ⅔ of voters or by simple majority vote followed by a mandatory referendum. [b] Excluding capital construction. [c] The limit for New York City is 25 mills (for combined county, city, and school purposes). For cities with populations over 125,000, the limit includes taxes for schools. [d] Excluding capital construction (but for New York City the amount of the capital improvement must be charged against the debt limit). [e] School districts that are coterminus with or partly within cities having less than 125,000 population. [f] The basic rate is 12.5 mills, but districts having higher rates prior to 1947 are permitted to retain them, up to a 20-mill limit. [g] Voters may authorize additional levies, at 2.5 mills per election, up to 20 mills (exclusive of capital improvements).
Counties	C	do	do	15-20 [a]	All [b]	All	None	([a])	
Municipalities	C	do	do	20 [c]	All [d]	All	do	None	
Certain school districts [e]	C	do	do	12.5-20 [f]	All [b]	All	do	Voted [g]	
Villages	C	do	do	20	All	All	do	None	

TABLE 63.--STATE CONSTITUTIONAL AND STATUTORY RESTRICTIONS ON LOCAL POWER TO RAISE PROPERTY TAX REVENUE, 1967 (cont'd)

State and types of local government	Type of limitation			Rate limit		Provisions for exceeding limit			Remarks
	Citation [1]	Scope [2]	Method [3]	Number of mills [4]	Coverage [5]	Debt service exclusion [6]	Specified purpose levies [7]	Approved increases [8]	
North Carolina:									
Counties	C	Overall	Rate	2 [a]	([a])	All	([a])	([a])	Note: Schools are operated by county and city administrative units, which are closely supervised by the State, and are also controlled to some extent by the counties which levy taxes for them. [a] The constitutional 2-mill limit has very limited application, since it excludes "special purpose" taxes levied by counties with approval by the general assembly. It also excludes school taxes levied for maintenance of the 6-month term required by the constitution. The term "special purpose" has been interpreted broadly by the general assembly and the Supreme Court, so that county levies for such important functions as debt service, public welfare, operation of hospitals, and the like, are approved as "special purpose" levies outside the 2-mill limitation. Such levies are generally approved without reference to any limitation, although there is a 5- to 6-mill limit (depending upon population size) on the amount of county school taxes that can be levied to supplement the constitutional 6-month school term. At times, the general assembly requires a countywide vote on a "special purpose" levy it approves. [b] Additional taxes to meet extraordinary expenses of law enforcement are permissible. [c] All taxes, except those for "necessary expenses" (broadly interpreted), must be approved by voters. There are statutory limits on amount that voters may approve for most purposes.
Municipalities	S	do	do	15 [b]	All	All	([b])	None	
Counties and municipalities. [c]	S	([c])	([c])	([c])	([c])	([c])	([c])	([c])	
North Dakota:									
Counties	S	Specific	Rate	18	General	All	Numerous	Voted [a]	[a] Up to 50 percent in excess of legal limits for 1 year. [b] Cities with populations over 5,000 may levy an additional 0.05 mills per 1,000 persons over 5,000 up to 33 mills and upon majority vote may increase maximum levy to 37 mills. [c] For any one school district, the rate limitation is the sum of the individual rates applicable to the specific grades taught. The basic limit is 19 mills, going up to 34 mills for districts offering 4 years of high school. Districts having over 4,000 population and providing 4 years of high school may remove all limitations with approval of a majority of the voters. [d] Up to 25 percent in excess of legal limits, provided that if 60 percent of voters approve, up to 75 percent in excess may be levied. See also note (c), above. [e] Plus another 4 mills for the purchase of airport property. [f] An additional 6 mills.
Cities	S	do	do	31 [b]	do	All	do	do. [a]	
School districts	S	do	do	19–34 [c]	do	All	do	do. [d]	
Civil townships	S	do	do	18	All	All	do	do. [a]	
Park districts	S	do	do	4 [e]	All	All	([c])	do. [f]	
Ohio: All taxing units [a]	C	Overall	do	10	All	All [b]	None	do. [c]	[a] Excluding cities with charters permitting rates in excess of their share of the overall rate. [b] For servicing debt authorized by the voters. Taxes levied to service debt not authorized by election must be approved by the voters. [c] Subject to provisions regarding purposes of levies and the machinery for obtaining voter approval.

See footnotes at end of table.

TABLE 63.--STATE CONSTITUTIONAL AND STATUTORY RESTRICTIONS ON LOCAL POWER TO RAISE PROPERTY TAX REVENUE, 1967 (cont'd)

State and types of local government	Type of limitation: Citation [1]	Type of limitation: Scope [2]	Type of limitation: Method [3]	Rate limit: Number of mills [4]	Rate limit: Coverage [5]	Provisions for exceeding limit: Debt service exclusion [6]	Provisions for exceeding limit: Specified purpose levies [7]	Provisions for exceeding limit: Approved increases [8]	Remarks
Oklahoma: All taxing units	C	Overall	Rate	15 [a]	All	All	Several [b]	Voted [c]	[a] School districts are assigned 5 mills of this total; and, in addition, counties may levy 4 mills outside the limitation for school purposes, and school districts, upon certification of need by the board of education may levy another 15 mills outside the overall limits; plus an additional 10-mill local support and a 5-mill emergency levy, both subject to voter approval. Area school districts may be established for support of vocational and/or technical schools, with a 5-mill levy limit subject to voter approval. [b] Subject to voter approval. [c] Subject to provisions regarding purposes of levies and maximum increases in rates.
Oregon: All taxing units	C-S	Specific	([a])	([a])	([a])	All	([a])	do	[a] Each local taxing unit's levies shall not exceed 106 percent of the dollar amount levied in the highest of the preceding 3 years, exclusive of levies specifically authorized by the legislature or approved by the voters. The statutes also provide general and specific rate limitations for designated taxing units (e.g., county fairs, libraries, hospitals, roads, and port districts).
Pennsylvania:									
Counties	S	do	Rate	20 [a]	General [a]	All	Few	None	[a] Including levies for institution district purposes (care of the indigent) which comprise 10 mills of the 20-mill total for 3d-class counties. [b] Applicable to cities of the 3d class. Cities of the 1st class (Philadelphia), 2d class (Pittsburgh), and 2d class A (Scranton) may levy property taxes at the necessary rate. [c] Cities of the 3d class and townships may petition to the court of quarter sessions for an additional general levy up to 5 mills. [d] The permissible rate varies with the class of school districts, ranging from 11.75 mills, with specified additional rates, for 1st class and class A districts; to 20 to 25 mills for class 2 to 4 districts, with authorization for additional levies at necessary rates for certain specified purposes (including debt servicing); to 75 mills (for all purposes) for "independent districts." [e] Restricted as to purpose and rate. [f] 20 mills for 1st class, 14 mills for 2d class townships.
Municipalities [b]	S	do	do	20	do	All	Few	do. [c]	
School districts	S	do	do	([d])	([d])	([d])	([d])	do	
Boroughs	S	do	do	25	General	All	Few	Voted [e]	
Townships	S	do	do	14-20 [f]	do	All	Few	do. [c] [e]	
Rhode Island: Cities and towns [a]	S	Overall	do	35	All	All	None	State director of administration. [b]	[a] There are no organized counties, and the State has not levied a property tax for some years. School taxes are included with city and town taxes. [b] The city or town council may petition the State director of administration for permission to levy taxes in excess of limits.

TABLE 63.--STATE CONSTITUTIONAL AND STATUTORY RESTRICTIONS ON LOCAL POWER TO RAISE PROPERTY TAX REVENUE, 1967 (cont'd)

State and types of local government	Type of limitation			Rate limit		Provisions for exceeding limit			Remarks
	Citation [1]	Scope [2]	Method [3]	Number of mills [4]	Coverage [5]	Debt service exclusion [6]	Specified purpose levies [7]	Approved increases [8]	
South Carolina:									[a] Towns under 1,000 population are limited to 40 mills. Numerous municipalities have lower tax limits stated in special legislative acts. [b] For towns and cities with 1,000 or more population. [c] Subject to voter approval.
Counties, no limitations									
Municipalities	S	Specific	Rate	40-50 [a]	All	All [b]	None	None	
School districts	S	do	do	15 [c]	All	All	do	Voted	
South Dakota:									[a] 5 mills for unorganized counties and 5 to 10 mills, varying inversely with the amount of assessed valuations, for organized counties. [b] All purposes except the poor relief fund. [c] Up to another 10 mills if ⅔ of voters approve. [d] 20 mills each for elementary and high school systems, 40 mills for both.
Counties	S	do	do	5-10 [a]	All [b]	All	do	do.[c]	
Municipalities	S	do	do	15	All [b]	All	do	do.[c]	
School districts	S	do	do	20-40 [d]	All	All	do	do.[c]	
Townships	S	do	do	5	All [b]	All	do	do.[c]	
Tennessee:									Note: Schools are primarily operated by cities and counties in Tennessee. [a] The county tax rate is determined by the quarterly county court, and includes all purposes except roads and bridges, schools, debt servicing, and levies authorized by special legislative acts.
Counties, no limitations [a]									
Municipalities, no limitations									
Towns	S	Specific	Rate	15	All	None	None	None	
Texas:									[a] All purposes, except an additional 3 mills may be levied for farm-to-market roads. [b] For debt service of bonds for specified purposes including construction and improvement of roads, reservoirs, dams, etc. [c] Except, if authorized by the legislature, voters may approve a 1.5-mill tax for roads. [d] Cities over 5,000 population may levy 25 mills, unless their charters specify otherwise. [e] Junior college districts are also permitted to levy a 10-mill tax. All school taxes, however, are subject to majority voter approval.
Counties	C	do	do	8	All [a]	Partial [b]	([a])	do.[c]	
Municipalities:									
Noncharter (general law)	C	do	do	8	All	do.[b]	None	None	
Charter (home rule)	C-S	do	do	15-25 [d]	All	None	do	do	
School districts	C-S	do	do	15 [e]	All	do	do	do	
Villages	S	do	do	2.5	All	do	do	do	
Utah:									[a] Counties with more than $20,000,000 assessed valuation are permitted only 16 mills. [b] The greater the population, the lower the limit. [c] School districts must levy sufficient taxes to support the State education program. A district may levy an additional tax to provide for an amount up to 10 percent of the minimum basic program. [d] An additional 10 mills is permitted for capital improvements, plus an additional 10 mills for maintenance and operation, both subject to voter approval. [e] A 4-mill additional tax is permitted, subject to ⅔ voter approval.
Counties	S	do	do	16-18 [a]	All	All	Several	do	
Municipalities	S	do	do	18.5-35 [b]	General	All	do	do	
School districts	S	do	([c])	([c])	([c])	All	Few [c]	Voted [d]	
Towns	S	do	([c])	16	General	All	Several	do.[e]	
Vermont (no limitations)									
Virginia (no limitations)									

See footnotes at end of table.

TABLE 63.--STATE CONSTITUTIONAL AND STATUTORY RESTRICTIONS ON LOCAL POWER TO RAISE PROPERTY TAX REVENUE, 1967 (cont'd)

State and types of local government	Type of limitation			Rate limit		Provisions for exceeding limit			Remarks
	Citation [1]	Scope [2]	Method [3]	Number of mills [4]	Coverage [5]	Debt service exclusion [6]	Specified purpose levies [7]	Approved increases [8]	
Washington:									
All taxing units [a]	C	Overall	Rate	40 [b]	All	All	None	Voted	[a] Except port and public utility districts. [b] Includes a (statutory) 4-mill State levy, including 2 mills for 1968 and 1969 levies, applicable to schools only. There is an additional statutory dollar limit within the overall 40-mill limit, which is based upon increases in the tax base (assessed value). Subject to voter authorized increases, the dollar amount by which a levy may be increased is restricted to an increase resulting from "normal" growth in the tax base (i.e., growth other than that resulting from an increase in the assessment ratio). [c] Including 10 mills for roads. But counties of the 5th class and under (less than 1,000 population) may alternatively levy 8 to 11 mills for "general" purposes and 7 to 10 mills for roads. [d] Within the overall limit. [e] Reduced to 12 mills for 1968 and 1969 levies, while the additional State 2-mill school levy is in effect. [f] Numerous special districts may levy taxes within the overall limits. Note, however, the exception of port and public utility districts. [g] Townships share on a prorated basis with other junior taxing jurisdictions, in the available "floating" millage with amounts to 6 mills in unincorporated areas.
Counties	S	Specific	do	18 [c d]	All	All	do	do	
Municipalities	S	do	do	15 [d]	All	All	do	do	
School districts	S	do	do	14 [d e]	All	All	do	do	
Special districts	S	do	do	([f])	All	All	do	do	
Townships	S	do	do	([g])	([g])	([g])	([g])	([g])	
West Virginia:									
All taxing units	C-S	Overall	do	5-20 [a]	All [b]	([b])	None	Voted [c]	[a] A separate overall rate limit applies o each of 4 classes of property, and is apportioned by statute among the various types of government, including the State. Thus, of the 5 mills allowed on class I property, municipalities are currently allotted 1.250 mills, counties 1.430 mills, school districts 2.295 mills, and the State 0.025 mill. The allocation of the rates allowed the other 3 classes is in the same proportion. The 4 classes are: I—intangible and agricultural personal property; II—owner-occupied residential property and farm occupied and cultivated by owners or bona fide tenants; III—all other property situated outside municipalities; and IV—all other property situated inside municipalities. [b] Debt service for school districts is excluded from the limitations. [c] School districts may increase their levies by 100 percent for a 5-year period; all other governments may increase their levies by 50 percent for a 3-year period.
Counties	S	Specific	do	1.430-5.720 [a]	All	None	do	do [c]	
Municipalities	S	do	do	1.25-5 [a]	All	do	do	do [c]	
School districts (county-wide).	S	do	do	2.295-9.18 [a]	All	All	do	do [c]	

TABLE 63.--STATE CONSTITUTIONAL AND STATUTORY RESTRICTIONS ON LOCAL POWER TO RAISE PROPERTY TAX REVENUE, 1967 (concl'd)

State and types of local government	Type of limitation			Rate limit		Provisions for exceeding limit			Remarks
	Citation [1]	Scope [2]	Method [3]	Number of mills [4]	Coverage [5]	Debt service exclusion [6]	Specified purpose levies [7]	Approved increases [8]	
Wisconsin:									
Counties	S	Specific	Rate	10 [a]	General	All	Few	None	[a] Except that counties containing only 1 town are allowed a 15-mill limit. [b] Except, a limit of only 11 mills for Milwaukee; municipalities including Milwaukee, which operate schools are allowed additional rates for school purposes. [c] Providing, that if a high school is maintained, the limit is 25 mills; for "integrated aid districts" (those which qualify for more State aid than do "basic aid districts") the limit is 17 mills. [d] An additional 10 mills only.
Municipalities	S	do	do	35 [b]	do	All	Few	do	
School districts	S	do	do	20 [c]	All	All	None	do	
Towns	S	do	do	10	General	All	Few	do	
Villages	S	do	do	10	do	All	Few	Voted [d]	
Wyoming:									
Counties	C-S	do	do	12 [a]	All	All	None	do	[a] Of which 3 mills are for county schools. [b] The greater the assessed valuation, the lower the limit. [c] For a year's duration, an additional 2-mill tax for current expenses is permitted. [d] For grades 1 to 8, 11 mills, and another 7 mills for high schools. In addition there is a mandatory countywide school levy of 12 mills.
Do	S	do	do	Up to 8 [b]	General	All	Several	Voted [c]	
Municipalities	C	do	do	8	All	All	None	None	
School districts	S	do	do	18 [d]	All	All	do	Voted	

1 The citation for the limitations is either the State's constitution (C), statutes (S), or both (C-S).
2 The scope of the limitations is either overall (all taxing units) or specific (applicable only to a particular class of local government).
3 The rate limitation method is commonly used by States. Footnotes in this column refer to other methods (e.g., budgetary control) listed in the "Remarks" column.
4 The rate limitations listed here are shown as a number of mills per dollar of assessed valuation. 1 mill is the equivalent of $1 per $1,000 or 10 cents per $100 of assessed valuation. Per capita limitations and other forms are shown in the "Remarks" column.
5 Typically the rate limitations apply to general purposes (usually signifying current expense levies, general revenue levies, corporate levies, and the like). The "all" designation, where applicable, includes all purposes except as noted in the column headed "Provisions for exceeding limits—specified purpose levies."
6 The exclusion of debt service from the limitations may be partial or complete (listed here as all). Partial exclusions are explained in the "Remarks" column. The designation "none" in this column indicates that debt service is included within the limitations.
7 For those taxing units with only general purpose coverage of the limitations, an entry in this column shows the relative degree to which additional tax levies for special purposes are provided: few, several, and numerous, ranging from only 1 to many.
8 Entries in this column indicate whether local jurisdictions are authorized to exceed the general imitations by referendum (voted), or by some other means as noted in the "Remarks" column.

Note: This tabulation presents data pertaining to State-imposed property tax limitations on counties, municipalities, and school districts in effect as of July 1, 1967. In some instances the available data also permit the listing of property tax restrictions on other classes of local units and special districts.

Source: Advisory Commission on Intergovernmental Relations.

TABLE 64.--STATE CONSTITUTIONAL AND STATUTORY LIMITATIONS ON LOCAL GOVERNMENT POWER TO ISSUE GENERAL OBLIGATION LONG-TERM DEBT, 1967

State and types of local government	Citation [1]	Rate limit: Percent	Rate limit: Applied against [2]—	Provisions for exceeding limit [3]	Remarks
Alabama:					
Counties	C-S	3 to 5	LAV	None	[a] Many exceptions are provided by constitutional amendments and statutes applicable to individual local governments.
Municipalities	C-S	5 to 7 [a] [b]	LAV	do	[b] 5 percent for cities under 6,000 population, subject to an additional 3 percent for specified purposes; 7 percent for cities over 6,000 population, subject to an additional 7 percent for specified purposes.
Alaska		No limitations.	No limitations.		
Arizona:					
Counties	C	4	EAV	M [a]	[a] But in no case to exceed 10 percent of equalized assessed valuation.
Municipalities	C	4	EAV	M [b]	[b] Up to 15 percent additional for water supply, sewers, and lighting.
School districts	C	4	EAV	M [a]	
Arkansas:					
Counties		No limitations. [a]	No limitations. [a]		[a] Limited only as to the maximum allowable property tax rate for debt service.
Municipalities		do. [a]	do. [a]		[b] By permission of State board of education limit may be raised to not exceed 18 percent of total assessed valuation.
School districts	S	15	LAV	([b])	
California:					
Counties	S	5 [a]	LAV	None	[a] May go to 15 percent for water and road purposes.
Municipalities [b]	S	15	LAV	do	[b] Chartered municipalities may establish their own limits. [c] 5 percent for elementary, high school, and junior college districts; 10 percent for unified districts not maintaining a junior college; 15 percent for unified districts with junior college.
School districts	S	5 to 15 [c]	LAV	do	
Colorado:					
Counties	C-S	0.6-1.2 [a]	EAV	do	[a] 0.6 percent for counties having over $5,000,000 assessed valuation; 1.2 percent for counties with less than $5,000,000 assessed valuation.
Municipalities [b]	C-S	3 [c]	EAV	do	[b] Chartered and home rule municipalities may establish their own limits.
School districts	S	5 [d]	EAV	M	[c] Water boards are excluded from limit. [d] In conditions of emergency an additional 5 percent may be granted with approval of State tax commissioner (relevant only to certain kinds of districts).
Connecticut		No rate limitations. [a]	No rate limitations. [a]		[a] Debt restricted to 2¼ times the latest 3-year average annual tax receipts. This limit can be increased for certain purposes with approval of the State tax commissioner. Certain kinds of debt (e.g. for water supply, gas, electric, and transit) are excluded from this limit.
Delaware		No limitations.	No limitations.		
Florida:					
Counties		do	do		
Municipalities	S	10 [a]	LAV	None	[a] May be modified by individual charters.
School districts	C	20	LAV	do	

TABLE 64.-STATE CONSTITUTIONAL AND STATUTORY LIMITATIONS ON LOCAL GOVERNMENT POWER TO ISSUE GENERAL OBLIGATION LONG-TERM DEBT, 1967 (cont'd)

State and types of local government	Citation [1]	Rate limit: Percent	Rate limit: Applied against [2]	Provisions for exceeding limit [3]	Remarks
Georgia:					
Counties	C	7	LAV	M [a]	[a] Up to 3 percent additional debt may be authorized by general assembly, subject to approval by a majority of voters, but such additional debt must be retired in 5 years.
Municipalities	C	7	LAV	M [a]	
School districts	C	7	LAV	None	
Hawaii: Counties	C-S	10 [a]	MV	do	[a] But the amount issued in any 1 year cannot exceed 2 percent of assessed value of taxable real property.
Idaho:					
Counties		No limitations [a]	No limitations [a]		[a] Debt incurred in any year cannot exceed revenue for fiscal year without approval by a ⅔ majority of the voters on the issue.
Municipalities	S	15 [a]	MV	None	
School districts		No limitations. [a]	No limitations. [a]		
Illinois:					
Counties	C-S	5	EAV	None	
Municipalities	C-S	5	EAV	do	
School districts	C-S	5	EAV	do	
Townships	C-S	5	EAV	do	
Indiana:					
Counties	C	2	LAV	do	
Municipalities	C	2	LAV	do	
School districts	C	2	LAV	do	
Townships	C	2	LAV	do	
Iowa:					
Counties	C	5	MV [a]	do	[a] By judicial interpretation.
Municipalities	C	5	MV [a]	do	
School districts	C	5	MV [a]	do	
Kansas:					
Counties	S	1 [a]	EAV	do	[a] Debt incurred for hospitals, and for other specified purposes is excluded from limit.
Municipalities	S	8 to 20 [b]	EAV	do	[b] Basic rates are: 8 percent for 1st class cities, except such cities with less than 60,000 population for which there is no rate limit; 15 percent for 2d- and 3d-class cities; and 20 percent for certain 3d-class cities (population over 2,600 in county with population between 8,000 and 40,000). These rates can be raised to a percentage that is specified for each class for bonds payable from special assessments.
School districts	S	7 [c]	EAV	([d])	[c] 10 percent for common school districts in counties with population of 125,000 to 200,000. [d] With approval of board of school fund commissioners (subject to subsequent election to vote on the question of issuing the increased amount of bonds).
Kentucky:					
Counties	C	2 [a]	LAV	None	[a] Plus 5 percent for roads.
Municipalities	C	3 to 10 [b]	LAV	do	[b] 1st- and 2d-class cities, and 3d-class cities with more than 15,000 population, 10 percent; 3d-class cities with less than 15,000 population, and 4th-class cities and towns, 5 percent; 5th- and 6th-class cities and towns, 3 percent.
School districts	C	2	LAV	do	
Louisiana:					
Parishes (counties)	C	10	LAV	do	
Municipalities	C	10	LAV	do	
School districts	C	25	LAV	do	
Maine:					
Counties		No limitations.	No limitations.		
Municipalities	C	7.5	LAV	None	

See footnotes at end of table.

TABLE 64.--STATE CONSTITUTIONAL AND STATUTORY LIMITATIONS ON LOCAL GOVERNMENT POWER TO ISSUE GENERAL OBLIGATION LONG-TERM DEBT, 1967 (cont'd)

State and types of local government	Citation [1]	Rate limit: Percent	Rate limit: Applied against [2]	Provisions for exceeding limit [3]	Remarks
Maryland:					
Counties (chartered)	S	15	LAV	None	
Counties (nonchartered)		No limitations.	No limitations.		
Municipalities		do	do		
Massachusetts:					
Counties		No rate limitations. [a]	No rate limitations. [a]		[a] Each county bond issue is subject to State legislative authorization.
Municipalities	S	5 [b]	EAV	([c])	[b] Debt incurred for certain enumerated purposes is excepted, in some cases with separate rate limits (for example, 10 percent for water supply).
School districts	S	2½ [b]	EAV	([c]).	[c] An additional 5 percent for towns and 2½ percent for cities with approval of the emergency finance board.
Michigan:					
Counties	C	10	EAV	None	[a] Optional for home rule cities.
Municipalties	S	10 [a]	EAV	do	
School districts	S	15	EAV	do	
Minnesota:					
Counties	S	20	EAV	do	[a] Limitation does not apply to 1st-class cities (St. Paul, Minneapolis, Duluth).
Municipalities [a]	S	20	EAV	do	[b] Where at least 20 percent of the local tax base consists of railroad property (which is exempt from local taxation) special provisions apply.
Townships	S	20	EAV	do	
School districts	S	10	MV [b]	M	
Mississippi:					
Counties	S	10 [a]	LAV	None	[a] 15 percent for debt incurred to repair flood damage to roads and bridges.
Municipalities	S	10 [b]	LAV	do	[b] 15 percent for debt incurred for water, sewer, gas, electric, and special improvements.
School districts	S	15	LAV	do	
Missouri:					
Counties	C–S	5	EAV	2/3 [a]	[a] Additional 5 percent.
Municipalities	C–S	5	EAV	2/3 [b]	[b] Cities may incur an additional 5 percent plus an additional 10 percent for streets and sanitation and/or for waterworks and electric plants, but total debt outstanding cannot exceed 20 percent. In addition, cities, incorporated towns, and villages with less than 400,000 population may issue industrial development bonds up to 10 percent.
School districts	C–S	10	EAV	None	
Montana:					
Counties	C	5	EAV	do	[a] Additional 5 percent for water and sewer debt only (statutory provision).
Municipalities	C–S	5	EAV	M[a]	
School districts	C	5	EAV	None	
Nebraska		No limitations.	No limitations.		
Nevada:					
Counties	S	10	LAV	None	
Municipalities	S	10	LAV	do	
School districts	S	15	LAV	do	

TABLE 64.--STATE CONSTITUTIONAL AND STATUTORY LIMITATIONS ON LOCAL GOVERNMENT POWER TO ISSUE GENERAL OBLIGATION LONG-TERM DEBT, 1967 (cont'd)

State and types of local government	Citation [1]	Rate limit: Percent	Rate limit: Applied against [2]	Provisions for exceeding limit [3]	Remarks
New Hampshire:					
Counties	S	2	LAV	None	[a] 10 percent for cooperative school districts.
Municipalities	S	1.75	EAV	do	
School districts	S	7 [a]	EAV	do	
New Jersey:					
Counties	S	2	EAV	([a])	[a] Approval of State local finance board.
Municipalities	S	3.5	EAV	([a])	
School districts	S	4	EAV	([a])	
New Mexico:					
Counties	C	4	LAV	None	
Municipalities	C	4	LAV	do	
School districts	C	6	LAV	do	
New York:					
Counties [a]	C	7 [b]	MV	None	[a] Excludes the 5 counties comprising New York City. See [e].
Municipalities	C	7 [c]	MV	do	[b] Except Nassau County where the limit is 10 percent.
School districts	C	5 to 10 [d]	MV	3/5 [e]	[c] 10 percent for New York City, and 9 percent for other cities over 125,000 population, including debt for school purposes. The 7-percent limit for all other municipalities excludes school debt. [d] 5 percent for school districts in cities under 125,000 population; 10 percent for noncity school districts with assessed valuations over $100, 000. No limit for noncity school districts with assessed valuation under $100,000. [e] Subject to approval by the State board of regents and/or the State comptroller.
North Carolina:					
Counties	C-S	5 to 10 [a] [b]	LAV	M [b]	[a] 5 percent for school purposes (8 percent where county has assumed debt for all school units within county); 5 percent for nonschool purposes and community colleges.
Municipalities	C-S	8 [b]	LAV	M [b]	[b] An additional limitation is imposed by the constitution: Voter approval is required for bonds issued if (1) the amount of the issue exceeds 2/3 of the net debt reduction for the preceding fiscal year or (2) the purpose of the issue is for "non-necessary" expense (i.e., airports, hospitals, etc.). All local bond issues are subject to approval of the State local government commission.
North Dakota:					
Counties	C	5	EAV	None	[a] Additional debt may be incurred for waterworks, up to 4 percent.
Cities	C	5 [a]	EAV	2/3 [b]	[b] Additional 3 percent.
School districts	C	5	EAV	M [c]	[c] Additional 5 percent.
Ohio:					
Counties	S	([a])	LAV	None	[a] Net indebtedness shall never exceed 3 percent of first $100,000,000 of taxable value plus 1½ percent of taxable value in excess of $100,000,000 and not in excess of $300,000,000, plus 2½ percent of taxable value in excess of $300,000,000.
Municipalities	S	7	LAV	do	
Townships	S	2	LAV	do	
School districts	S	9	LAV	do	
Oklahoma:					
Counties	C	5 [a]	LAV	do	[a] Amount incurred in any year may not exceed revenue for the year, except by a 3/5 majority vote.
Municipalities	C	5 [a]	LAV	do	[b] Additional 5 percent.
School districts	C-S	5 [a]	LAV	3/5 [b]	
Oregon:					
Counties	S	2	MV	None	[a] 0.55 percent for grades 1–8; 0.75 percent for grades 9–12; 1.5 percent for community college.
Municipalities	S	3	MV	do	
School districts	S	([a])	MV	do	
Pennsylvania:					
Counties	C-S	15 [a]	LAV	([a])	[a] Up to 5 percent without referendum; any debt incurred beyond the 5 percent limit, up to 15 percent, requires a simple majority approval of the electorate.
Municipalities	C-S	15 [a] [b]	LAV	([a])	[b] For Philadelphia, the upper limit is 13.5 percent with up to 3 percent without referendum.
School districts	C-S	15 [a]	LAV	([a])	
Rhode Island: Municipalities	S	3	LAV	None	

See footnotes at end of table.

TABLE 64.--STATE CONSTITUTIONAL AND STATUTORY LIMITATIONS ON LOCAL GOVERNMENT POWER TO ISSUE GENERAL OBLIGATION LONG-TERM DEBT, 1967 (cont'd)

State and types of local government	Citation[1]	Rate limit: Percent	Rate limit: Applied against[2]—	Provisions for exceeding limit	Remarks
South Carolina:					
Counties	C	8 [a]	LAV	None	[a] Where 2 or more jurisdictions overlap, aggregate limit is 15 percent.
Municipalities	C	8 [a]	LAV	do	
School districts	C	8 [a]	LAV	do	
South Dakota:					
Counties	C	5	EAV	M	
Municipalities	C	5	EAV	M	
School districts	C	10	EAV	M	
Tennessee		No limitations.[a]	No limitations.[a]		[a] Except that industrial building bonds are limited to 10 percent of assessed valuation, and require a 3/4 majority in referendum.
Texas:					
Counties		No limitations.[a]	No limitations.[a]		[a] Inclusion of debt service in property tax limits has the effect of limiting debt incurrence as well.
Municipalities		do	do		
School districts	S	10 [b]	LAV	None	[b] 0.2 percent for junior college districts.
Utah:					
Counties	C	2 [a]	MV [b]	None	[a] Debt incurred in any 1 year may not exceed amount of taxes raised for the year without a simple majority approval of the electorate (property taxpayers).
Municipalities	C	4 [a]	MV [b]	([c])	[b] By judicial interpretation.
School districts	C	4 [a]	MV [b]	None	[c] 1st and 2d class cities are granted an additional 4 percent, 3d class cities and towns an additional 8 percent debt for construction of water, lights, sewer facilities.
Vermont: Municipalities	S	10 [a]	LAV	do	[a] The statutory limit is "10 times the grand list of the municipal corporation." The "grand list" is 1 percent of the locally assessed valuation.
Virginia:					
Counties		No limitations.	No limitations.		
Municipalities	C-S	18	LAV	None	
Washington:					
Counties	C	5 [a]	LAV	([a])	[a] Debt incurrence that would bring total above 1.5 percent subject to approval by 60 percent majority vote, but in no case may it exceed 5 percent. However, an additional 5 percent is authorized for municipally owned utilities.
Municipalities	C	5 [a]	LAV	([a])	
School districts	C	10 [b]	LAV	([b])	[b] Debt incurrence that would bring total above 1.5 percent subject to approval by 60 percent majority vote, but in no case may it exceed 5 percent. However, a constitutional amendment authorizes an additional 5 percent for "capital outlays."
West Virginia:					
Counties	C	5	LAV	None	
Municipalities	C	5	LAV	do	
School districts	C	5	LAV	do	
Wisconsin:					
Counties	C-S	5 [a]	EAV	do	[a] No more than 4 percent for county buildings or 1 percent (by sole action of the county board) for highways.
Municipalities	C-S	5 [b]	EAV	([b])	[b] Municipalities operating schools may incur an additional 10 percent for school purposes.
School districts	C-S	5 [c]	EAV	([c])	[c] 10 percent for school districts offering no less than grades 1–12 and which are eligible for highest level of State aid ("integrated" districts).

TABLE 64.--STATE CONSTITUTIONAL AND STATUTORY LIMITATIONS ON LOCAL GOVERNMENT POWER TO ISSUE GENERAL OBLIGATION LONG-TERM DEBT, 1967 (concl'd)

State and types of local government	Citation [1]	Rate limit		Provisions for exceeding limit	Remarks
		Percent	Applied against [2]—		
Wyoming:					
Counties	C-S	2	EAV	None	[a] Additional 4 percent authorized for sewer construction.
Municipalities	C	2 [a]	EAV	([a])	
School districts	C	10	EAV	None	

[1] The citation is either the State's constitution (C), statutes (S), or both (C-S).
[2] Percentage debt limitations are generally applied against property values, as follows: Full or market value (MV); locally established assessed value, or State established assessed value in the case of State assessed property such as utilities (LAV); or State equalized assessed value (EAV).
[3] Other than by amendment of the constitution or statutes. A simple majority (a favorable majority of 50 percent plus one of all votes subject to counting on the question) is indicated by "M;" where more than a simple favorable majority is required, the required percentage is entered.

Note.—This table deals only with limitations that affect generally the amount of general obligation debt that counties, municipalities, and school districts can issue. In a number of States general obligation debt issued for specified purposes is excluded from the general rate limitations either by constitutional or statutory provisions. In addition, specific debt limitations are often imposed upon special districts. No attempt has been made to treat the exceptions or the special district limitations because of their great variety. Also excluded from this table are provisions that set maximum interest rates or time periods for which bonds may be issued.

Source: Advisory Commission on Intergovernmental Relations.

TABLE 65.--STATE CONSTITUTIONAL AND STATUTORY REFERENDUM REQUIREMENTS FOR LOCAL GOVERNMENT ISSUANCE OF GENERAL OBLIGATION LONG-TERM DEBT--1967

State	Citation [1]	Referendum required	Approval [2]	Remarks
Alabama	C	X	M	
Alaska	C	X	M	
Arizona	C	X	[a] M	[a] Only for debt in excess of the 4-percent limit. See app. 5.
Arkansas	C	X	M	
California	C-S	X	⅔	
Colorado	C-S	X	M	
Connecticut	----------	None required	----------	
Delaware	S	X	M	
Florida	C-S	X	M	
Georgia	C	X	M	
Hawaii	----------	None required	----------	
Idaho	C-S	X	⅔	
Illinois	S	X	M	
Indiana	----------	None required	----------	
Iowa	S	X	⅗	
Kansas	S	X	M	
Kentucky	S	X	⅔	
Louisiana	C	X	M	
Maine [a]	S	X	M	[a] Applies to municipalities only.
Maryland [a]	C	X	M	Do.
Massachusetts	----------	None required [a]	----------	[a] Except for debt issued by regional school districts in which case a referendum may be called by the towns comprising the district; in this event, simple majority approval is required.
Michigan	S	X	[a] M	[a] Except in 4th-class cities where a ⅗ majority is required.
Minnesota [a]	S	X	M	[a] Does not apply to Minneapolis, St. Paul, and Duluth.
Mississippi	S	X [a]	[a] ⅗	[a] Only on petition of 20 percent of the electors for county bonds; 10 percent or 1,500, whichever is less, for municipal bonds.
Missouri	C	X	[a] ⅔	[a] A 4/7 majority required for certain revenue bonds.
Montana	S	X [a]	[a] M	[a] For municipalities, applies only to debt issued for water, sewer, and gas supply; for school districts applies only on a petition of 20 percent of voters.
Nebraska	C-S	X	[a] M	[a] 55 percent for school districts.
Nevada	S	X	M	
New Hampshire [a]	S	X	⅔	[a] Not applicable to cities or counties.
New Jersey	----------	None required [a]	----------	[a] Except for debt issued by certain classes of school districts (simple majority).
New Mexico	C	X	M	
New York	----------	None required [a]	----------	Do.
North Carolina	C	X	[a] M	[a] Referendum is not required if (1) the amount of issue does not exceed ⅔ of the net debt reduction for the preceding year, or (2) the purpose of the issue is for a "necessary expense."
North Dakota	C-S	X	[a] ⅔	[a] Simple majority for county bonds; 60 percent for municipalities and school districts with over 5,000 population.
Ohio	S	X	[3] [a] 55	[a] Applies to counties and municipalities, for bonds issued in excess of certain specified limits; all township and school debt issues require a simple majority for approval, except that school bonds require ⅗ majority if voted at special election.
Oklahoma	S	X	[a] ⅗	[a] Except that in the case of county hospital bonds a referendum is required on petition only (20 percent of the electors).
Oregon	S	X	M	
Pennsylvania	C	X	[a] M	[a] Applies only to debt in excess of constitutional limit up to specified maximum.
Rhode Island	S	X	M	

See footnotes at end of table.

TABLE 65.--STATE CONSTITUTIONAL AND STATUTORY REFERENDUM REQUIREMENTS FOR LOCAL GOVERNMENT ISSUANCE OF GENERAL OBLIGATION LONG-TERM DEBT--1967 (concl'd)

State	Citation [1]	Referendum required	Approval [2]	Remarks
South Carolina [a]	C	X	M	[a] Applies only to debt issued by cities and towns.
South Dakota	C–S	X	3/5	
Tennessee	-----------	None required [a]	----------	[a] Except that a 3/4 majority vote is required for issuance of general obligation industrial development bonds.
Texas	S	X	M	
Utah	S	X	M	
Vermont	S	X	[a] 2/3	[a] Simple majority in the case of school bond issues.
Virginia [a]	C	X	M	[a] Applies to county debt only.
Washington	-----------	None required [a]	----------	[a] Except for township debt (2/3 majority) and debt issued in excess of constitutional limits (3/5 majority).
West Virginia	C	X	3/5	
Wisconsin [a]	S	X	M	[a] Applies only to school districts and townships. No referendum required for county or municipal bond issues.
Wyoming	C–S	X	M	

[1] The citation is either the State's constitution (C), statutes (S), or both (C–S).
[2] A simple majority (a favorable majority of 50 percent plus 1 of all votes subject to counting on the question) is indicated by "M"; where more than a simple favorable majority is required, the required percentage is entered.
[3] Percent.

Note: This table deals only with referendum requirements that apply generally to general obligation debt issued by cities, counties, and school districts in each State. As in the case of debt limits (see app. 5) there are numerous exceptions and special provisions, particularly regarding debt issued by special districts and for specific purposes. No attempt has been made to treat those special provisions in this tabulation.

Source: Advisory Commission on Intergovernmental Relations.

APPENDIX A

TABLE A-1.--UNIFORMITY IN STATE TAXATION OF INTERSTATE BUSINESS
Selected Provisions
Corporation Income, Sales and Use Taxes

State	Corporation Income: IRS Starting Point	Corporation Income: NCCUSL Formula	Sales & Use: Use Tax Credit	Elim. of Audit Reimb.	State	Corporation Income: IRS Starting Point	Corporation Income: NCCUSL Formula	Sales & Use: Use Tax Credit	Elim. of Audit Reimb.
Ala.	x1/	x2/	x	x	Mont.	x	x	*	x
Alaska	x	x	*	x	Neb.	x	x	x	x
Ariz.			x	x	Nev.	*	*	4/	x
Ark.		x	x3/4/	x	N.H.	*	*	*	*
Calif.	x1/	x	x	x	N.J.	x		x	x
Colo.	x	x4/	x	x	N.M.	x	x	x	x
Conn.	x		x	x	N.Y.	x		x	x
Del.	x		*	x	N.C.	x	x	x	x
Fla.	*	*	x	x	N.D.	x	x	x	x
Ga.			x	x	Ohio	*	*		x
Hawaii	x	x	x	x	Okla.	x1/	x	x	x
Ida.	x	x	x	x	Ore.	x1/	x	*	x
Ill.	*	*	x	x	Pa.	x		x	x
Ind.	x	x	x3/	x	R.I.	x		x	x
Iowa	x		x	x	S.C.	x1/	x		x
Kans.	x	x	x	x	S.D.	*	*	x3/	x
Ky.	x	x	x	x	Tenn.	x1/		x	x
La.	x1/		x	x	Texas	*	*	x	x
Maine	*	*	x	x	Utah		x	x	x
Md.	x		x	x	Vt.	x		*	x
Mass.	x		x	x	Va.		x	x	x
Mich.	x	x	x	x	Wash.	*	*	x	x
Minn.			x	x	W. Va.	x			x
Miss.	x1/		x3/	x	Wis.			x	x
Mo.		4/	x	x	Wyo.	*	*	x	x
					D.C.		x	x	x

1/ By administrative practice.
2/ For foreign corporations.
3/ Statutory credit limited; see text.
4/ Multistate Tax Compact State: compact includes provision but legal effect varies.

* No tax.

Source: Federation of Tax Administrators, Tax Administrators News, Vol. 32, No. 4, April 1968.

TABLE A-2.--AGENCIES ADMINISTERING MAJOR STATE TAXES, JANUARY 1, 1969

State	Income	Sales	Gasoline	Motor Vehicle	Tobacco	Death	Alcoholic Beverage
Alabama	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Alcoholic Beverage Control Board
Alaska	Dept. of Revenue	....	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue
Arizona	Tax Commission	Tax Commission	Div. of Mot. Veh.	Div. of Mot. Veh.	Tax Commission	Estate Tax Commissioner	Dept. of Liquor Licenses & Control
Arkansas	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue
California	Franchise Tax Bd.	Bd. of Equal.	Bd. of Equal.	Dept. of Mot.Veh.	Bd. of Equal.	Controller	Bd. of Equal
Colorado	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue
Connecticut	Tax Commissioner	Tax Commissioner	Tax Commissioner	Comm. of Mot.Veh.	Tax Commissioner	Tax Commissioner	Tax Commissioner
Delaware	Tax Department	....	Highway Dept.	Comm. of Mot.Veh.	Tax Department	Tax Department	Alcoholic Beverage Control Comm.
Florida	....	Revenue Comm.	Revenue Comm.	Dept. of Mot.Veh.	Beverage Dept.	Comptroller	Beverage Dept.
Georgia	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue
Hawaii	Dept.of Taxation	Dept.of Taxation	Dept.of Taxation	County Treasurer	Dept.of Taxation	Dept.of Taxation	Dept.of Taxation
Idaho	Tax Commission	Tax Commission	Tax Commission	Dept. of Law Enforcement	Tax Commission	Tax Commission	Tax Commission
Illinois	....	Dept. of Revenue	Dept. of Revenue	Sec. of State	Dept. of Revenue	Atty. General	Dept. of Revenue
Indiana	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Bureau of Mot. Veh.	Dept. of Revenue	Dept. of Revenue	Alcoholic Beverage Commission
Iowa	Dept. of Revenue	Dept. of Revenue	Treasurer	Dept. of Public Safety	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue
Kansas	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Highway Comm.	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue Dir. Alco. Bev. Comm.
Kentucky	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue
Louisiana	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Local	Dept. of Revenue 1/
Maine	....	Bur. of Taxation	Bur. of Taxation	Sec. of State	Bur. of Taxation	Bur. of Taxation	Liquor Comm.
Maryland	Comptroller	Comptroller	Comptroller	Dept.of Mot.Veh.	Comptroller	Local	Comptroller
Massachusetts	Dept. of Corp's and Taxation	Dept. of Corp's and Taxation	Dept. of Corp's and Taxation	Registrar of Motor Veh.	Dept. of Corp's and Taxation	Dept. of Corp's and Taxation	Dept. of Corp's and Taxation
Michigan	Dept. of Treasury	Dept. of Treasury	Dept. of Treasury	Sec. of State	Dept. of Treasury	Dept. of Treasury	Liquor Control Commission
Minnesota	Dept. of Taxation	Dept.of Taxation	Dept.of Taxation	Sec. of State	Dept.of Taxation	Dept.of Taxation	Liquor Control Commission
Mississippi	Tax Commission	Tax Commission	Motor Vehicles Comptroller	Motor Vehicles Comptroller	Tax Commission	Tax Commission	Tax Commission
Missouri	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue
Montana	Board of Equal.	....	Board of Equal.	Registrar of Motor Veh.	Board of Equal.	Board of Equal.	Liquor Control Bd.
Nebraska	Tax Commissioner	Tax Commissioner	Tax Commissioner	Dept.of Mot.Veh.	Tax Commissioner	Tax Commissioner	Liquor Control Commission
Nevada	....	Tax Commission	Tax Commission	Dept.of Mot.Veh.	Tax Commission	....	Tax Commission

TABLE A-2.--AGENCIES ADMINISTERING MAJOR STATE TAXES, JANUARY 1, 1969

State	Income	Sales	Gasoline	Motor Vehicle	Tobacco	Death	Alcoholic Beverage
New Hampshire	....	....	Dept. of Safety	Dept. of Safety	Tax Commission	Tax Commission	Liquor Commission
New Jersey	Dept. of Treas.	Dept. of Treas.	Dept. of Treas.	Dept. of Law & Public Safety	Dept. of Treas.	Dept. of Treas.	Dept. of Treas.
New Mexico	Bur. of Revenue	Bur. of Revenue	Bur. of Revenue	Dept.of Mot.Veh.	Bur. of Revenue	State Treasurer	Bur. of Revenue
New York	Dept. of Taxation and Finance	Dept. of Taxation and Finance	Dept.of Taxation and Finance	Dept. of Mot.Veh.	Dept.of Taxation and Finance	Dept.of Taxation and Finance	Dept.of Taxation and Finance
N. Carolina	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept.of Mot.Veh.	....	Dept. of Revenue	Dept. of Revenue
N. Dakota	Tax Commissioner	Tax Commissioner	Auditor 2/	Dept. of Mot. Veh.	Tax Commissioner	Tax Commissioner	Treasurer
Ohio	....	Dept. of Taxation	Dept. of Taxation	Dept. of Highways	Dept. of Taxation	Dept. of Taxation	Dept. of Taxation
Oklahoma	Tax Commission	Tax Commission	Tax Commission	Tax Commission	Tax Commission	Tax Commission	Tax Commission
Oregon	Tax Commission	....	Dept.of Mot.Veh.	Dept.of Mot.Veh.	Tax Commission	Treasurer	Liquor Control Commission
Pennsylvania	Dept. of Revenue	Dept. of Revenue	Dept.of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue
Rhode Island	Dept. of Adm.	Dept. of Adm.	Dept. of Adm.	Reg.of Mot.Veh.	Dept. of Adm.	Dept. of Adm.	Dept. of Adm.
S. Carolina	Tax Commission	Tax Commission	Tax Commission	Highway Dept.	Tax Commission	Tax Commission	Tax Commission
S. Dakota	....	Dept. of Revenue	Dept. of Revenue	Dept.of Mot.Veh.	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue
Tennessee	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue
Texas	....	Comptroller	Comptroller	Highway Dept.	Comptroller	Comptroller	Liquor Control Bd.
Utah	Tax Commission	Tax Commission	Tax Commission	Tax Commission	Tax Commission	Tax Commission	Tax Commission
Vermont	Comm. of Taxes	....	Motor Vehicles Department	Motor Vehicles Department	Comm. of Taxes	Comm. of Taxes	Comm. of Taxes
Virginia	Dept.of Taxation	Dept.of Taxation	Division of Motor Veh.	Division of Motor Veh.	Dept.of Taxation	Dept.of Taxation	Alcoholic Bev. Control Board
Washington	....	Dept. of Revenue	Dept.of Mot.Veh.	Dept.of Mot.Veh.	Dept. of Revenue	Dept. of Revenue	Liquor Control Bd.
W. Virginia	Tax Department	Tax Department	Tax Department	Dept.of Mot.Veh.	Tax Department	Tax Department	Alcoholic Bev. Control Commission
Wisconsin	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue	Mot.Veh.Dept.	Dept. of Revenue	Dept. of Revenue	Dept. of Revenue
Wyoming	....	Tax Commission	Tax Commission	Tax Commission	Tax Commission	Tax Commission	Liquor Commission
Dist. of Col	Finance Office	Finance Office	Finance Office	Finance Office	Finance Office	Finance Office	Finance Office

1/ Beverages of low alcoholic content only. Board of alcoholic beverage control for beverages containing more than 6% of alcohol by volume.

2/ Tax Commissioner, effective 7/1/69.

APPENDIX ~~B~~ C

SUGGESTED STATE TAX LEGISLATION

UNIFORM PERSONAL INCOME TAX STATUTE

The personal income tax represents the last under-utilized major revenue source for many states. About one-third of the states, including some in the most industrialized high-income sections of the country, do not tax personal incomes at all and one-third tax them at relatively low effective rates. The tax produces about $5 billion for the 35 states with income taxes. In contrast, state and local sales taxes produce about $11 billion and property taxes about $29 billion. In the aggregate the personal income tax provides only about 16 percent of all state and 10 percent of all state and local taxes. Therefore, most states now derive little benefit from the unique growth potential of this tax.

The personal income tax is the brightest prospective revenue source available to states for closing the gap between rising expenditure needs and the revenue productivity of their tax systems. Since World War II, state and local expenditures have been growing at the rate of 8 to 9 percent per year while the principal state and local revenue producers – general retail sales and property taxes – increase at only about half this rate and roughly in proportion to the gross national product. Greater reliance on personal income taxes will strengthen the revenue position of the states as the national economy continues to grow.

The personal income tax has other important attributes. It permits a larger share of the tax burden to be adjusted to the size of the family through an exemption system. It typically results in equal treatment of individuals and households with equal income, a characteristic that grows in importance as the margin between people's incomes and their consumer expenditures widens and as family homesteads become less and less indicative of tax-paying ability. The personal income tax also provides the most effective way for exempting the disadvantaged members in American society – the poor – from some of the growing burden of state and local taxes. This attribute takes on increasing importance as national policy objectives encompassed in the anti-poverty program gain dominance, as the significance of the state and local sector in total government operations increases, and as the weight of national payroll taxes to finance social security programs grows heavier.

The national government now obtains about $70 billion, more than half of its tax revenue, from the personal income tax. Of the American people's annual tax payments on their personal incomes, 92 percent is to the federal government, only 8 percent to state and local governments. The universality and dominance of the federal income tax has already prompted most income tax states to conform their income tax laws to the federal code in the interest of minimizing taxpayer inconvenience, and administrative costs. The prospect of increased state use of income taxation further underscores the case for conforming state personal income tax laws to the Federal Internal Revenue Code.

The definition of net income derived from business and professional activity lends itself uniquely to federal-state income tax conformity. The basic questions in this area are best resolved in accord with the rules of good business practice. The definition of net income from business operations is in fact, largely an exercise in articulating the rules of accountancy. Because federal law in this regard is already quite explicit, state independence with respect to the definition of net income can result in taxpayer inconvenience and administrative complexity. For this reason, the Advisory Commission on Intergovernmental Relations has recommended that the states endeavor to bring their income tax laws into harmony with the federal definition of adjusted gross income.

Aside from the special treatment of income from government obligations required by the doctrine of intergovernmental tax immunities, the income portion of most taxpayers' state returns could be completed by copying a single figure from the federal return (line 9 of Federal Form #1040), under the approach taken in this suggested legislation. States would, at the same time, retain the requisite flexibility with respect to determining personal deductions and exemptions as well as adjusted gross income modifications designed to promote tax equity, maximize the tax base, and minimize the likelihood of adverse effects on state tax revenues resulting from unforeseen changes in federal tax policy.

To facilitate the adoption of a state income tax law conforming in all essential respects to appropriate Federal Internal Revenue Code provisions, this suggested legislation incorporates in one comprehensive act the provisions necessary to deal consistently with partnerships, estates, trusts, beneficiaries, and decedents, as well as individuals. The legislation includes the definition of residence (section 1 (b)) recommended by the Advisory Commission for adoption by all income tax states in order to preclude multiple taxation and to eliminate tax avoidance. It also contains a provision (title II, part I, section 11) for crediting residents of the state for income tax paid another state, a practice now followed by two-thirds of the income tax states in the interest of consistency with tax collection at the source and the avoidance of double taxation of the same income.

The ultimate objective of federal-state income tax comity is a condition that would enable the taxpayer to satisfy both state and federal filing requirements with a single tax retrun. The realization of such a goal, however, is unlikely without state and federal authority to experiment on a limited geographical basis. The Advisory Commission has recommended that in order to encourage expermentation with federal collection of state income taxes, the Congress authorize the Internal Revenue Service and that the legislatures of states using personal income taxes authorize their governors, to enter into mutually acceptable agreements for federal collection of state income taxes. Legislation was introduced in the 89th Congress (H.R. 14997) to give federal officials the necessary authority. This suggested legislation provides authorization for the governor to enter into an agreement for federal collection of the state income tax (title VIII, part VII, section 112).

Continuing revenue pressures, against the background of the recent substantial increases in property tax rates, are enhancing local government interest in other tax sources, including the individual income tax. Local governments in eight states (Alabama, Kentucky, Maryland, Michigan, Missouri, New York, Ohio, and Pennsylvania) may impose income taxes. The first six-mentioned states also levy state personal income taxes but the number of their localities using income taxes is quite limited (except in Maryland, where all 23 counties and the City of Baltimore levy a supplement to the state personal income tax). Michigan, Ohio, and Pennsylvania, neither of which levies a state personal income tax, have permitted local income taxation to proliferate. The states have a useful and significant coordinating role to play in the administration of local income taxes as well as in other nonproperty taxes, as noted elsewhere in these state legislative proposals. (See *Local Sales Tax Supplement.*)

While income taxes are preferable to sales and many other types of taxes because they can be structured to distribute their burden in conformity with ability to pay and with necessary regard for the taxpayer's family obligations, they have important limitations for use at the local level. These limitations grow more compelling as the economies of the different sections of the country become more and more interdependent. Increasingly, out people live in one jurisdiction and work in another. Increasingly, our people supplement their wages and salaries from local sources with investment and earned income from other parts of the state and from other states. In deference to these considerations local jurisdictions that now use these taxes generally limit them to income from wages and salaries. In doing so, they forego some of the advantages of the income tax in terms of ability to pay.

These kinds of considerations explain the Advisory Commission's preference for state rather than locally imposed personal income taxes. Local jurisdictions' need for revenue to supplement those from property, sales, and other local tax sources are best met by state financial aid allocated with appropriate regards for variations in local needs and fiscal resources.

Where it is desired to supplement local resources with revenues from a tax on personal incomes and this cannot be effectuated through a state levy, income taxes imposed below the state level are a possible alternative. Such taxes, however, are preferably levied over as large an area as possible, ideally coinciding with the boundaries of the economic or metropolitan area and as a supplement ("piggy-back") to the state's tax and collected with it. The county meets this area requirement where its boundaries coincide with the boundaries of a metropolitan area.

In multi-county economic or metropolitan areas, the preferred method is a uniform income tax applicable to the entire area. In these cases, as in the case of a countywide tax shared with incorporated and unincorporated jurisdictions, the division of collections is likely to pose difficulties. Such difficulties could be avoided by reserving the proceeds of the income tax for financing a significant areawide program or function in which the constituent jurisdictions have a common interest, as for example, in higher education, recreation, or water supply. Where the direct use of income tax collections for a common program or function is not practicable, a sharing between the jurisdiction of employment and the jurisdiction of residence, as in Michigan, is a reasonable second choice. It is incontrovertible, however, that the smaller the income tax jurisdiction the more difficult it becomes to satisfy the dictates of tax fairness. While the state can protect its taxpayers with multi-state income tax sources against double taxation through tax credits and other arrangements, this is impracticable with respect to double taxation by local jurisdictions without jeopardy to the administrative ease and efficiency objectives of the local supplement device. The suggested legislation provides for a multi-county personal income tax supplement to the state income tax (title IX). States desiring to reserve their revenue yield for an areawide program or function could do so by an appropriate modification of section 123. In single county taxing areas, the certification provisions of section 120 can be appropriately modified.

Suggested Legislation

[Title should conform to state requirements.]

(Be it enacted, etc.]

Section 1. (a) *Imposition and Rate of Tax.* A tax is hereby imposed for each taxable year on the entire taxable income of every resident of this state and on the taxable income of every nonresident which is derived from sources within this state. The amount of the tax shall be determined in accordance with the following table:

If the taxable income is:	The tax is:
Not over $[ ]	[ ]% of the taxable income
Over $[ ] but not over $[ ]	$[ ] plus [ ]% of the excess over $[ ]
Over $[ ] but not over $[ ]	$[ ] plus [ ]% of the excess over $[ ]

(b) *Resident and Nonresident Defined.* For purposes of this act:

(1) A resident of this state means an individual who is domiciled in this state unless he maintains no permanent place of abode in this state and does maintain a permanent place of abode elsewhere and spends in the aggregate not more than thirty days of the taxable year in this state; or who is not domiciled in this state but maintains a permanent place of abode in this state and spends in the aggregate more than 183 days of the taxable year in this state.

(2) A nonresident means an individual who is not a resident of this state.

(c) *Cross References:* For application of the tax to estates and trusts, see title V; for application to partnerships, title VI.

Section 2. Joint Return or Return of Surviving Spouse. In the case of a joint return of a husban and wife, the tax imposed by section 1 shall be twice the tax which would be imposed if the taxable income were cut in half. For purposes of this section, section 3 (optional tax) and section 8 (standard deduction), a return of a suviving spouse shall be treated as a joint return of husband and wife.

Section 3. Optional Tax. (a) *Option to Elect in Lieu Tax.* In lieu of the tax imposed by section 1, there is hereby imposed for each taxable year on the taxable income of every individual whose adjusted gross income for such year is less than $5,000, or in the case of a married couple filing a joint return for such year whose adjusted gross income is less than $10,000, and who has elected for such a year to pay the tax imposed by this section, a tax as follows:

(Insert appropriate tables)

(b) *Manner of Election.* The election referred to in subsection (a) shall be made in the manner provided in regulations prescribed by the [tax commissioner].

(c) *Separate Returns.* A husband or wife may not elect to pay the optional tax imposed by this section if the tax of the other spouse is determined under section 1 on the basis of taxable income computed without regard to the standard deduction.

(d) *Optional Tax Does Not Apply.* The optional tax imposed by this section does not apply to any individual who is ineligible to elect the optional tax provided in the Internal Revenue Code of the United States, nor to estates or trusts.

(e) *Determination of Taxable Income.* In the case of a taxpayer who makes the election referred to in this section, taxable income means adjusted gross income as modified by section 6 less the standard deduction provided in section 8 and the deduction for personal exemptions provided in section 10.

Section 4. Meaning of Terms. Any term used in this act shall have the same meaning as when used in a comparable context in the laws of the United States relating to federal income taxes, unless a different meaning is clearly required. Any reference in this act to the laws of the United States shall mean the provisions of the Internal Revenue Code of 1954, and amendments thereto, and other provisions of the laws of the United States relating to federal income taxes, as the same may be or become effective, at any time or from time to time, for the taxable year.

(Alternate form – to avoid invalidity on the ground of illegal delegation)

Section 4. Meaning of Terms. Any term used in this act shall have the same meaning as when used in a comparable context in the laws of the United States relating to federal income taxes, unless a different meaning is clearly required. Any reference in this act to the laws of the United States shall mean the provisions of the Internal Revenue Code of 1954, and amendments thereto, in effect on [December 31, 19] and other provisions of the laws of the United States relating to federal income taxes in effect on [December 31, 19], or at the option of the taxpayer it shall mean the provisions of the Internal Revenue Code of 1954 and amendments thereto and other provisions of the laws of the United States relating to federal income taxes as they may be in effect for the taxable year.

TITLE II

COMPUTATION OF TAXABLE INCOME

Part I - Resident Individuals

Section 5. Taxable Income. The entire taxable income of a resident of this state shall be his federal adjusted gross income as defined in the laws of the United States with the modifications and less the deductions and personal exemptions provided in this part.

Section 6. Modifications. (a) *Additions.* There shall be added to federal adjusted gross income: (1) interest or dividends on obligations or securities of any state or of a political subdivision or authority thereof (other than this state and its political subdivisions and authorities); and (2) interest or dividends on obligations of any authority, commission, instrumentality, territory or possession of the United States which by the laws of the United States are exempt from federal income tax but not from state income taxes.

(b) *Subtractions.* There shall be subtracted from federal adjusted gross income interest or dividends on obligations of the United States and its territories and possessions or of any authority, commission or instrumentality of the United States to the extent includible in gross income for federal income tax purposes but exempt from state income taxes under the laws of the United States, provided that the amount subtracted under this subsection shall be reduced by any interest on indebtedness incurred to carry the obligations or securities described in this subsection, and by any expenses incurred in the production of interest or dividend income described in this subsection to the extent that such expenses including amortizable bond premiums are deductible in determining federal adjusted gross income.

(c) *Fiduciary Adjustment.* There shall be added to or subtracted from federal adjusted gross income, as the case may be, the taxpayer's share of the fiduciary adjustment determined under section 34.

(d) *Cross Reference.* For modifications required to be made by a partner relating to items of income, gain, loss or deduction of a partnership, see title VI.

Section 7. Deduction. The deduction of a resident individual shall be his standard deduction unless he elects to itemize his deductions as provided in section 9.

Section 8. Standard Deduction. The standard deduction of a resident individual or of a resident husband and wife who file a joint return shall be 10 percent of his or their adjusted gross income as modified by this part, or $1,000, whichever is less. The standard deduction of a married person who files a separate return shall not exceed $500.

Section 9. Itemized Deductions. (a) *General.* If a resident individual has itemized his deductions from adjusted gross income in determining his federal taxable income, he may elect in determining his taxable income under this act to deduct the sum of such itemized deductions (other than deductions for personal exemptions):

(1) Reduced by any amount thereof representing (i) income taxes imposed by this state or any other taxing jurisdiction and (ii) interest or expenses incurred in the production of income exempt from tax under this act and

(2) Increased by the amount of interest or expense incurred in the production of income taxable under this act but exempt from federal income tax (and which has not been deducted in determining federal adjusted gross income).

(b) *Husband and Wife.* A husband and wife, both of whom are required to file returns under this act shall be allowed to itemize their deductions only if both elect to do so. The total of itemized deductions of a husband and wife whose federal taxable income is determined on a joint return but whose taxable incomes are determined separately for purposes of this act, may be taken by either or divided between them as they may elect.

Section 10. Personal Exemptions and Credits. (a) *Personal Exemptions.* A resident shall be allowed an exemption of $[600] for each exemption to which he is entitled for the taxable year for federal income tax purposes.

(b) *A Credit for Sales Tax Paid on Food [and Drugs].* (1) *General.* There shall also be allowed to resident individuals as a credit against the tax imposed by this act, a food [and drug] sales tax credit equal to $[ ][1] multiplied by the number of allowable personal exemptions claimed for individuals who are residents, exclusive of the extra exemptions allowable for age or blindness. A refund shall be allowed to the extent that the food [and drug] sales tax credit exceeds the income tax payable by the resident individual for the taxable year.

(2) *Limitation on Claim.* No individual who may be claimed as a personal exemption on another individual's return shall be entitled to a food [and drug] sales tax credit or refund for himself. If a food [and drug] sales tax credit or refund is claimed on more than one return for the same individual, the [tax commissioner] is authorized to determine the individual entitled to claim the credit or refund provided herein.

(3) *Exemptions Prorated.* If personal exemptions are prorated under other provisions of this act, then the food [and drug] sales tax credit or refund shall be proportionately prorated.

(4) *Sales Tax Presumed Paid.* Any individual, other than a person who for more than six months of the taxable year is a resident patient or inmate of a public institution or an organization exempt from tax as a charitable institution, who maintains a permanent place of abode within this state,

[1] E.g., $6 where sales tax is 2%; $9 where sales tax is 3%; $12 where sales tax is 4%.

spending in the aggregate more than 6 months of the taxable year within this state, shall be conclusively presumed to have paid or paid with respect to such personal exemptions retail sales and use taxes imposed by this state equal to the maximum food [and drug] sales tax credit allowable.

(5) *Procedure for Credit of Refund of Tax.* The credits or refunds for sales taxes allowed by this section shall be claimed on the income tax returns provided for in this act, or in the case of an individual not having taxable income in this state on such forms or claims for refunds as the [tax commissioner] shall prescribe.

Section 11. Credit for Income Tax Paid to Another State. (a) *Resident Individual.* A resident individual shall be allowed a credit against the tax otherwise due under this act for the amount of any income tax imposed on him for the taxable year by another state of the United States or a political subdivision thereof or the District of Columbia on income derived from sources therein and which is also subject to tax under this act.

(b) *Limitation on Credit.* The credit provided under this section shall not exceed the proportion of the tax otherwise due under this act that the amount of the taxpayer's adjusted gross income derived from sources in the other taxing jurisdiction bears to his entire adjusted gross income as modified by this part.

Section 12. Dual Residence; Reduction of Tax. If the taxpayer is regarded as a resident both of this state and another jurisdiction for purposes of personal income taxation, the [tax commissioner] shall reduce the tax on that portion of the taxpayer's income which is subjected to tax in both jurisdictions solely by virtue of dual residence, provided that the other taxing jurisdiction allows a similar reduction. The reduction shall be in an amount equal to that portion of the lower of the two taxes applicable to the income taxed twice which the tax imposed by this state bears to the combined taxes of the two jurisdictions on the income taxed twice.

Part II - Nonresident Individuals

Section 13. Nonresident Individuals-Taxable Income. The taxable income of a nonresident individual shall be that part of his federal adjusted gross income derived from sources within this state determined by reference to section 15 less the deductions and personal exemptions provided in this part.

Section 14. Husband and Wife. (a) *Separate Federal Return.* If the federal taxable income of husband or wife (both nonresidents of this state) is determined on a separate federal return, their taxable incomes in this state shall be separately determined.

(b) *Joint Federal Return.* If the federal taxable income of husband and wife (both nonresidents) is determined on a joint federal return, their tax shall be determined in this state on their joint taxable income.

(c) *One Spouse a Nonresident.* If either husband or wife is a nonresident and the other a resident, separate taxes shall be determined on their separate taxable incomes in this state on such forms as the [tax commissioner] shall prescibe unless both elect to determine their joint taxable income in this state as if both were residents. If a husband and wife file a joint federal income tax return but determine their taxable income in this state separately, they shall compute their taxable incomes in this state as if their federal adjusted gross incomes had been determined separately.

Section 15. Adjusted Gross Income From Sources In This State. (a) *General.* The adjusted gross income of a nonresident derived from sources within this state shall be the sum of the following: (1) the net amount of items of income, gain, loss, and deduction entering into his federal adjusted gross income which are derived from or connected with sources in this state including (i) his distributive share of partnership income and deductions determined under section 43 and (ii) his share of of estate or trust income and deductions determined under section 39, and (2) the portion of the modifications described in section 6 (a) and (b) which relate to income derived from sources in this state, including any modifications attributable to him as a partner.

(b) *Attribution.* Items of income, gain, loss, and deduction derived from or connected with sources within this state are those items attributable to: (1) the ownership or disposition of any interest in real or tangible personal property in this state; and (2) a business, trade, profession, or occupation carried on in this state.

(c) *Intangibles.* Income from intangible personal property including annuities, dividends, interest, and gains from the disposition of intangible personal property, shall constitute income derived from sources within this state only to the extent that such income is from property employed in a business, trade, profession, or occupation carried on in this state.

(d) *Deductions for Losses.* Deductions with respect to capital losses, net long-term capital gains, and net operating losses shall be based solely on income, gains, losses and deductions derived from or connected with sources in this state, under regulations to be prescribed by the [tax commissioner] but otherwise shall be determined in the same manner as the corresponding federal deductions.

(e) *Small Business Corporation.* For a nonresident individual who is a shareholder of a corporation which is an electing small business corporation for federal income tax purposes, the undistributed taxable income of such corporation shall not constitute income derived from sources within this state and a net operating loss of such corporation shall not constitute a loss or deduction connected with sources in this state.

(f) *Apportionment and Allocation.* If a business, trade, profession, or occupation is carried on partly within and partly without this state, the items of income and deduction derived from or connected with sources within this state shall be determined by apportionment and allocation under regulations to be prescribed by the [tax commissioner].

(g) *Service in Armed Forces.* Compensation paid by the United States for service in the armed forces of the United States performed by a nonresident shall not constitute income derived from sources within this state.

Section 16. Standard Deduction. The standard deduction of a nonresident individual or husband and wife who file a joint return shall be 10 percent of his or their adjusted gross income from sources within this state or $1,000, whichever is less. The standard deduction of a nonresident married person who files a separate return shall not exceed $500.

Section 17. Itemized Deductions. (a) *General.* If the federal taxable income of a nonresident individual is determined by itemizing deductions from his federal adjusted gross income, he may elect to deduct his itemized deductions connected with income derived from sources within this state in lieu of taking the standard deduction. Subject to the limitation in subsection (b), the itemized deductions of a nonresident individual shall be the same as for a resident individual determined under section 9. A husband and wife both of whom are required to file returns under this act shall be allowed to itemize deductions connected with income derived from sources within this state only if both elect to itemize their deductions.

(b) *Limitation.* If the amount of adjusted gross income a nonresident individual would be required to report under section 5 if he were a resident, exceeds by more than $100 the amount of adjusted gross income he receives from sources within this state, his itemized deductions shall be limited by the percentage which his adjusted gross income from sources within this state is to the adjusted gross income he would be required to report if he were a resident. For purposes of this apportionment, a nonresident individual may elect to treat his federal adjusted gross income as adjusted gross income from sources within this state unless the amount of the modifications increasing federal adjusted gross income under section 6 would exceed $100.

Section 18. Personal Exemptions. A nonresident individual shall be allowed the same personal exemptions allowed to resident individuals under section 10 (i).

TITLE III

WITHHOLDING OF TAX

Section 19. Employer to Withhold Tax from Wages. (a) *General.* Every employer maintaining an office or transacting business within this state and making payment of any wages taxable under this act to a resident or nonresident individual shall deduct and withhold from such wages for each payroll period a tax computed in such manner as to result, so far as practicable, in withholding from the employee's wages during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee under this act with respect to the amount of such wages included in his adjusted gross income during the calendar year. The method of determining the amount to be withheld shall be prescribed by regulations of the [tax commissioner]. This section shall not apply to payments by the United States for service in the armed forces of the United States.

(b) *Withholding Exemptions.* For purposes of this section:

(1) An employee shall be entitled to the same number of withholding exemptions as the number of withholding exemptions to which he is entitled for federal income tax withholding purposes. An employer may rely upon the number of federal withholding exemptions claimed by the employee, except where the employee claims a different number of withholding exemptions in this state;

(2) The amount of each exemption in this state shall be $[600] whether the individual is a resident or a nonresident.

(c) *Withholding Agreements.* The [tax commissioner] may enter into agreements with the tax departments of other states (which require income tax to be withheld from the payment of wages and salaries) so as to govern the amounts to be withheld from the wages and salaries of residents of such states under provisions of this chapter. Such agreements may provide for recognition of anticipated tax credits in determining the amounts to be withheld and, under regulations prescribed by the [tax commissioner], may relieve employers in this state from withholding income tax on wages and salaries paid to nonresident employees. The agreements authorized by this subsection are subject to the condition that the tax department of such other states grant similar treatment to residents of this state.

Section 20. Information Statement for Employee. Every employer required to deduct and withhold tax under this act from the wages of an employee, or who would have been required so to deduct and withhold tax if the employee had claimed no more than one withholding exemption, shall furnish to each such employee in respect to the wages paid by such employer to such employee during the calendar year on or before February 15 of the succeeding year, or, if his employment is terminated before the close of such calendar year, within thirty days from the date on which the last payment of wages is made, a written statement as prescribed by the [tax commissioner] showing the amount of wages paid by the employer to the employee, the amount deducted and withheld as tax, and such other information as the [tax commissioner] shall prescribe.

Section 21. Credit for Tax Withheld. Wages upon which tax is required to be withheld shall be taxable under this chapter as if no withholding were required, but any amount of tax actually deducted and withheld under this chapter in any calendar year shall be deemed to have been paid to the [tax commissioner] on behalf of the person from whom withheld, and such person shall be credited with having paid that amount of tax for the taxable year beginning in such calendar year.

For a taxable year of less than 12 months, the credit shall be made under regulations of the [tax commissioner].

Section 22. Employer's Return and Payment of Tax Withheld. (a) *General.* Every employer required to deduct and withhold tax under this act shall, for each calendar quarter, on or before the fifteenth day of the month following the close of such calendar quarter, file a withholding return as prescribed by the [tax commissioner] and pay over to the [tax commissioner] or to a depositary designated by the [tax commissioner], the taxes so required to be deducted and withheld, except that for the fourth quarter of the calendar year, the return shall be filed and the taxes paid on or before January 31 of the succeeding year. Where the aggregate amount required to be deducted and withheld by any employer for a calendar month exceeds $[500], the employer shall by the fifteenth day of the succeeding month pay over such aggregate amount to the [tax commissioner]. The amount so paid shall be allowed as a credit against the liability shown on the employer's quarterly withholding return required by this section. Where the aggregate amount required to be deducted and withheld by any employer is less than $[100] in a calendar quarter, the [tax commissioner] may by regulation permit an employer to file a withholding return on or before July 31 for the semi-annual period ending on June 30 and on or before January 31 of the succeeding year for the semi-annual period ending on December 31. The [tax commissioner] may, if he believes such action necessary for the protection of the revenue, require any employer to make such return and pay him the tax deducted and withheld at any time, or from time to time. Where the amount of wages paid by an employer is not sufficient under this chapter to require the withholding of tax from the wages of any of his employees, the [tax commissioner] may by regulation permit such employer to file an annual return on or before January 31 of the succeeding calendar year.

(b) *Deposit in Trust for [Tax Commissioner].* Whenever any employer fails to collect, truthfully account for, pay over the tax, or make returns of the tax as required by this section, the [tax commissioner] may serve a notice requiring such employer to collect the taxes which became collectible after service of such notice, to deposit such taxes in a bank approved by the [tax commissioner], in a separate account, in trust for and payable to the [tax commissioner], and to keep the amount of such tax in such account until paid over to the [tax commissioner]. Such notice shall remain in effect until a notice of cancellation is served by the [tax commissioner].

Section 23. Employer's Liability for Withheld Taxes. Every employer required to deduct and withhold tax under this act is hereby made liable for such tax. For purposes of assessment and collection, any amount required to be withheld and paid over to the [tax commissioner], and any additions to tax, penalties and interest with respect thereto, shall be considered the tax of the employer. Any amount of tax actually deducted and withheld under this act shall be held to be a special fund in trust for the [tax commissioner]. No employee shall have any right of action against his employer in respect to any money deducted and withheld from his wages and paid over to the [tax commissioner] in compliance or in intended compliance with this act.

Section 24. Employer's Failure to Withhold. If an employer fails to deduct and withhold tax as required, and thereafter the tax against which such tax may be credited is paid, the tax so required to be deducted and withheld shall not be collected from the employer, but the employer shall not be relieved from liability for any additions to tax penalties or interest otherwise applicable in respect to such failure to deduct and withhold.

TITLE IV

ACCOUNTING PERIODS AND METHODS OF ACCOUNTING

Section 25. Period for Computation of Taxable Income. (a) *General.* For purposes of the tax imposed by this act, a taxpayer's taxable year shall be the same as his taxable year for federal income tax purposes.

(b) *Change of Taxable Year.* If a taxpayer's taxable year is changed for federal income tax purposes, his taxable year for purposes of the tax imposed by this act shall be similarly changed. If a change in taxable year results in a taxable period of less than 12 months, the standard deduction and the duction for personal exemption allowed by this act shall be prorated under regulations prescribed by the [tax commissioner].

(c) *Termination of Taxable Year for Jeopardy.* Notwithstanding the provisions of subsections (a) and (b), if the [tax commissioner] terminates the taxpayer's taxable year under section 103 (relating to tax in jeopardy), the tax shall be computed for the period determined by such action.

Section 26. Methods of Accounting. (a) *Same as Federal.* For purposes of the tax imposed by this act, a taxpayer's method of accounting shall be the same as his method of accounting for federal income tax purposes. If no method of accounting has been regularly used by the taxpayer, taxable income for purposes of this act shall be computed under such method that in the opinion of the [tax commissioner] fairly reflects income.

(b) *Change of Accounting Methods.* If a taxpayer's method of accounting is changed for federal income tax purposes, his method of accounting for purposes of this act shall similarly be changed.

Section 27. Adjustments. In computing a taxpayer's taxable income for any taxable year under a method of accounting different from the method under which the taxpayer's taxable income for the previous year was computed, there shall be taken into account those adjustments which are determined, under regulations prescribed by the [tax commissioner], to be necessary solely by reason of the change in order to prevent amounts from being duplicated or omitted.

Section 28. Limitation on Additional Tax. (a) *Change Other Than to Installment Method.* If a taxpayer's method of accounting is changed, other than from an accrual to an installment method, any additional tax which results from adjustments determined to be necessary solely by reason of the change shall not be greater than if such adjustments were ratably allocated and included for the taxable year of the change and the preceding taxable years, not in excess of two, during which the taxpayer used the method of accounting from which the change is made.

(b) *Change from Accrual to Installment Method.* If a taxpayer's method of accounting is changed from an accrual to an installment method, any additional tax for the year of such change of method and for any subsequent year which is attributable to the receipt of installment payments properly accrued in a prior year, shall be reduced by the portion of tax for any prior taxable year attributable to the accrual of such installment payments, under regulations prescribed by the [tax commissioner].

TITLE V

ESTATES, TRUSTS, BENEFICIARIES, AND DECEDENTS

Part I - General

Section 29. Imposition of Tax. The tax imposed by this act on individuals shall apply to taxable income of estates and trusts.

Section 30. Computation and Payment. The taxable income of an estate or trust shall be computed in the same manner as in the case of an individual except as otherwise provided by this subchapter. The tax shall be computed on such taxable income and shall be paid by the fiduciary.

Section 31. Tax Not Applicable. (a) *Associations Taxable as Corporations.* An association, trust or other unincorporated organization which is taxable as a corporation for federal income tax purposes shall not be subject to tax under this act.

(b) *Exempt Associations, Trusts, and Organizations.* An association, trust, or other unincorporated organization which by reason of its purposes or activities is exempt from federal income tax shall be exempt from the tax imposed by this act except with respect to its unrelated business taxable income.

Part II - Resident Estates and Trusts

Section 32. Resident Estate or Trust Defined. A resident estate or trust means: (1) the estate of a decedent who at his death was domiciled in this state; (2) a trust created by will of a decedent who at his death was domiciled in this state; or (3) a trust created by, or consisting of property of, a person domiciled in this state.

Section 33. Taxable Income of Resident Estate or Trust. The taxable income of a resident estate or trust means its federal taxable income modified by the addition or subtration, as the case may be, of its share of the fiduciary adjustment determined under section 34.

Section 34. Fiduciary Adjustment. (a) *Fiduciary Adjustment Defined.* The fiduciary adjustment shall be the net amount of the modifications described in section 6 (including subsection (c) if the estate or trust is a beneficiary of another estate or trust) which relates to items of income or deduction of an estate or trust.

(b) *Shares of Fiduciary Adjustment.* The respective shares of an estate or trust and its beneficiaries (including solely for the purpose of this allocation, nonresident beneficiaries) in the fiduciary adjustment shall be in proportion to their respective shares of federal distributable net income of the estate or trust. If the estate or trust has no federal distributable net income for the taxable year, the share of each beneficiary in the fiduciary adjustment shall be in proportion to his share of the estate or trust income for such year, under local law or the terms of the instrument, which is required to be distributed currently and any other amounts of such income distributed in such year. Any balance of the fiduciary adjustment shall be allocated to the estate or trust.

(c) *Alternate Attribution of Adjustment.* The [tax commissioner] may by regulation authorize the use of such other methods of determining to whom the items comprising the fiduciary adjustment shall be attributed, as may be appropriate and equitable, on such terms and conditions as the [tax commissioner] may require.

Section 35. Credit for Income Tax of Another State. A resident estate or trust shall be allowed the credit provided in section 11 (relating to an income tax imposed by another state) except that the limitation shall be computed by reference to the taxable income of the estate or trust.

Section 36. Credit to Beneficiary for Accumulation Distribution. (a) *General.* A resident beneficiary of a trust whose adjusted gross income includes all or part of an accumulation distribution by such trust, as defined in section 665 of the Internal Revenue Code, shall be allowed a credit against the tax otherwise due under this act for all or a proportionate part of any tax paid by the trust under this act for any preceding taxable year which would not have been payable if the trust had in fact made distribution to its beneficiaries at the times and in the amounts specified in section 666 of the Internal Revenue Code.

(b) *Limitation on Credit.* The credit under this section shall not reduce the tax otherwise due from the beneficiary under this act to an amount less than would have been due if the accumulation distribution or his part thereof were excluded from his adjusted gross income.

Part III - Nonresident Trusts and Estates

Section 37. Nonresident Estate or Trust Defined. A nonresident estate or trust means an estate or trust which is not a resident.

Section 38. Taxable Income of a Nonresident Estate or Trust. (a) *General Rules.* For purposes of this part:

(1) Items of income, gain, loss, and deduction mean those derived from or connected with sources in this state.

(2) Items of income, gain, loss, and deduction entering into the definition of federal distributable net income includes such items from another estate or trust of which the first estate or trust is a beneficiary.

(3) The source of items of income, gain, loss, or deduction shall be determined under regulations prescribed by the [tax commissioner] in accordance with the general rules in section 15 as if the estate or trust were a nonresident individual.

(b) *Determination of Taxable Income.* The taxable income of a nonresident estate or trust consists of (i) its share of items of income, gain, loss, and deduction which enter into the federal definition of distributable net income; (ii) increased or reduced by the amount of any items of income, gain, loss, or deduction which are recognized for federal income tax purposes but excluded from the federal definition of distributable net income of the estate or trust; (iii) less the amount of the deduction for its federal exemption.

Section 39. Share of a Nonresident Estate, Trust or Its Beneficiaries in Income From Sources in in This State. (a) *General Rule.* The share of a nonresident estate or trust of items of income, gain, loss, and deduction entering into the definition of distributable net income and the share for purpose of section 15 of a nonresident beneficiary of any estate or trust in estate or trust income, gain, loss, and deduction shall be determined as follows:

(i) To the amount of items of income, gain, loss, and deduction which enter into the definition of distributable net income there shall be added or subtracted, as the case may be, the modifications described in section 6 to the extent they relate to items of income, gain, loss, and deduction which also enter into the definition of distributable net income. No modification shall be made under this section which has the effect of duplicating an item already reflected in the definition of distributable net income.

(ii) The amount determined under the preceding paragraph shall be allocated among the estate or trust and its beneficiaries (including, solely for the purpose of this allocation, resident beneficiaries) in proportion to their respective shares of federal distributable net income. The amounts so allocated shall have the same character as for federal income tax purposes. Where an item entering into the computation of such amounts is not characterized for federal income tax purposes, it shall have the same character as if realized directly from the source from which realized by the estate or trust, or incurred in the same manner as incurred by the estate or trust.

(iii) If the estate or trust has no federal distributable net income for the taxable year, the share of each beneficiary in the net amount determined under paragraph (a) (i) of this section shall be in proportion to his share of the estate or trust income for such year, under local law or the terms of the instrument, which is required to be distributed currently and any other amounts of such incomes, distributed in such year. Any balance of such net amount shall be allocated to the estate or trust.

(b) *Alternate Methods.* The [tax commissioner] may by regulation establish such other method or methods of determining the respective shares of the beneficiaries and of the estate or trust in its income derived from sources in this state, and in the modifications related thereto, as may be appropriate and equitable.

Section 40. Credit to Beneficiary for Accumulation Distribution. A nonresident beneficiary of a trust whose adjusted gross income derived from sources in this state includes all or part of an accumulation distribution by such trust, as defined in section 665 of the Internal Revenue Code, shall be allowed a credit against the tax otherwise due under this act, computed in the same manner and subject to the same limitation as provided by section 36 with respect to a resident beneficiary.

TITLE VI

PARTNERS AND PARTNERSHIPS

Section 41. Entity not Taxable. A partnership as such shall not be subject to the tax imposed by this act. Persons carrying on business as partners shall be liable for the tax imposed by this act only in their separate or individual capacities.

Section 42. Resident Partner - Adjusted Gross Income. (a) *Modification in Determining the Adjusted Gross Income of a Resident Partner.* Any modification described in section 9 which relates to an item of partnership income, gain, loss, or deduction shall be made in accordance with the partner's distributive share, for federal income tax purposes, of the item to which the modification relates. Where a partner's distributive share of any such item is not required to be taken into account separately for federal income tax purposes, the partner's distributive share of such item shall be determined in accordance with his distributive share, for federal income tax purposes, of partnership taxable income or loss generally.

(b) *Character of Items.* Each item of partnership income, gain, loss, or deduction shall have the same character for a partner under this act as it has for federal income tax purposes. Where an item is not characterized for federal income tax purposes, it shall have the same character for a partner as if realized directly for the source from which realized by the partnership or incurred in the same manner as incurred by the partnership.

(c) *Tax Avoidance or Evasion.* Where a partner's distributive share of an item of partnership income, gain, loss, or deduction is determined for federal income tax purposes by a special provision in the partnership agreement with respect to such item, and the principal purpose of such provision is the avoidance or evasion of tax under this act, the partner's distributive share of such item and any modification required with respect thereto shall be determined in accordance with his distributive share of the taxable income or loss of the partnership generally (that is, exclusive of those items requiring separate computation under the provisions of section 702 of the Internal Revenue Code.)

Section 43. Nonresident Partner - Adjusted Gross Income From Sources in This State. (a) *General.* In determining the adjusted gross income of a nonresident partner of any partnership, there shall be included only that part derived from or connected with sources in this state of the partner's distributive share of items of partnership income, gain, loss, and deduction entering into his federal adjusted gross income, as such part is determined under regulations prescribed by the [tax commissioner] in accordance with the general rules in section 15.

(b) *Itemized Deductions.* If a nonresident partner of any partnership elects to itemize his deductions in determining his taxable income in this state, there shall be attributed to him his distributive share of partnership items of deduction from federal adjusted gross income which are deductible by him under section 17.

(c) *Special Rules as to Sources in This State.* In determining the sources of a nonresident partner's income, no effect shall be given to a provision in the partnership agreement which:

(i) characterizes payments to the partner as being for services or for the use of capital, or allocated to the partner, as income or gain from sources outside this state, a greater proportion of his distributive share of partnership income or gain than the ratio of partnership income or gain from sources outside this state to partnership income or gain from all sources, except as authorized in subsection (e); or

(ii) allocates to the partner a greater proportion of a partnership item of loss or deduction connected with sources in this state than his proportionate share, for federal income tax purposes, of partnership loss or deduction generally, except as authorized in subsection (e).

(d) *Partner's Modifications.* Any modification described in subsections (a) and (b) of section 6, which relates to an item of partnership income, gain, loss, or deduction, shall be made in accordance with the partner's distributive share, for federal income tax purposes of the item to which the modification relates, but limited to the portion of such item derived from or connected with sources in this state.

(e) *Alternate Methods.* The [tax commissioner] may, on application, authorize the use of such other methods of determining a nonresident partner's portion of partnership items derived from or connected with sources in this state, and the modifications related thereto, as may be appropriate and equitable, on such terms and conditions as he may require.

(f) *Application of Rules for Resident Partners to Nonresident Partners.* A nonresident partner's distributive share of items of income, gain, loss, or deduction shall be determined under subsection (a) of section 42. The character of partnership items for a nonresident partner shall be determined under subsection (b) of section 42. The effect of a special provision in a partnership agreement, other than a provision referred to in subsection (c) of this section, having as a principal purpose the avoidance or evasion of tax under this act shall be determined under subsection (c) of section 42.

TITLE VII

RETURNS, DECLARATIONS AND PAYMENTS

Part I - Income Tax Returns

Section 44. Persons Required to Make Returns of Income. An income tax return with respect to the tax imposed by this act shall be made by the following:

(a) Every resident individual,

(1) who is required to file a federal income tax return for the taxable year, or

(2) who has adjusted gross income of more than $[600] if single or more than $[1,200] if married, or

(3) who having attained the age of 65 before the close of his taxable year has adjusted gross income of more than $[1,200] if single and more than $[1,800] if married and his spouse has not attained the age of 65 and more than $[2,400] if both have attained the age of 65 before the close of the taxable year.

(b) Every nonresident individual,

(1) who has adjusted gross income from sources in this state of more than $[600] if single and $[1,200] if married, or

(2) who having attained the age of 65 before the close of his taxable year has adjusted gross income from sources within this state of more than $[1,200] if single and more than $[1,800] if married and his spouse has not yet attained the age of 65 and more than $[2,400] if both have attained the age of 65 before the close of the taxable year.

(c) Every resident estate or trust which is required to file a federal income tax return.

(d) Every nonresident estate which has gross income of $[600] or more for the taxable year from sources within this state.

(e) Every nonresident trust which for the taxable year has from sources within this state,

(1) any taxable income,

(2) gross income of $[600] or more regardless of the amount of taxable income.

Section 45. Joint Returns by Husband and Wife. (a) *General.* A husband and wife may make a joint return with respect to the tax imposed by this act even though one of the spouses has neither gross income nor deductions except that:

(1) no joint return shall be made under this act if the spouses are not permitted to file a joint federal income tax return.

(2) if the federal income tax liability of either spouse is determined on a separate federal return their income tax liabilities under this act shall be determined on separate returns.

(3) if the federal income tax liabilities of husband and wife, other than a husband and wife described in subsection (b) of this section, are determined on a joint federal return, they shall file a joint return under this act and their tax liabilities shall be joint and several.

(4) if neither spouse is required to file a federal income tax return and either or both are required to file an income tax return under this act, they may elect to file separate or joint returns and pursuant to such election their liabilities shall be separate or joint and several.

(b) *One spouse a Nonresident.* If either husband or wife is a resident and the other is a nonresident, they shall file separate income tax returns in this state on such forms as may be required by the [tax commissioner] in which event their tax liabilities shall be separate; but they may elect to determine their joint taxable income as if both were residents and in such case, their liabilities shall be joint and several.

Section 46. Returns by Fiduciaries. (a) *Decedents.* An income tax return for any deceased individual shall be made and filed by his executor, administrator, or other person charged with the care of his property. A final return of a decedent shall be due when it would have been due if the decedent had not died.

(b) *Individuals Under a Disability.* An income tax return for an individual who is unable to make a return by reason of minority or other disability shall be made and filed by his duly authorized agent, his committee, guardian, conservator, fiduciary or other person charged with the care of his person or property other than a receiver in possession of only a part of the individual's property.

(c) *Estates and Trusts.* The income tax return of an estate or trust shall be made and filed by the fiduciary thereof.

(d) *Joint Fiduciaries.* If two or more fiduciaries are acting jointly, the return may be made by any one of them.

(e) *Cross Reference:* For provisions relating to information returns by partnerships, see section 59.

Section 47. Notice of Qualification as Receiver. Every receiver, trustee in bankruptcy, assignee for benefit of creditors, or other like fiduciary, shall give notice of his qualification as such to the [tax commissioner], as may be required by regulation.

Section 48. Change of Status as Resident or Nonresident During Year. If an individual changes his status during his taxable year from resident to nonresident or from nonresident to resident, the [tax commissioner] may by regulation require him to file one return for the portion of the year during which he is a resident and one for the portion of the year during which he is a nonresident.

Section 49. Taxable Income as Resident and Nonresident. (a) Except as provided in subsection (b) of this section, the taxable income of the individual shall be determined as provided in section 5 for residents and section 13 for nonresidents as if the individual's taxable year for federal income tax purposes were limited to the period of his resident and nonresident status respectively.

(b) There shall be included in determining taxable income from sources within or without this state, as the case may be, income, gain, loss, or deduction accrued prior to the change of status even though not otherwise includible or allowable in respect of the period prior to such change, but the taxation or deduction of items accrued prior to the change of status shall not be affected by the change.

Section 50. Minimum Tax and Prorating of Exemptions. Where two returns are required to be filed as provided in section 48:

(1) personal exemptions and the standard deduction shall be prorated between the two returns, under regulations prescribed by the [tax commissioner], to reflect the proportions of the taxable year during which the individual was a resident and a nonresident, and

(2) the total of the taxes due thereon shall not be less than would be due if the total of the taxable incomes reported on the two returns were includible in one return.

Section 51. Time and Place for Filing Returns and Paying Tax. The income tax return required by this act shall be filed on or before the fifteenth day of the fourth month following the close of the taxpayer's taxable year. A person required to make and file a return under this act shall, without assessment, notice or demand, pay any tax due thereon to the [tax commissioner] on or before the date fixed for filing such return (determined without regard to any extension of time for filing the return). The [tax commissioner] shall prescribe by regulation the place for filing any return, declaration, statement or other document required pursuant to this chapter and for the payment of any tax.

Section 52. Declarations of Estimated Tax. (a) *Requirement of Declaration.* Every resident and nonresident individual shall make a declaration of his estimated tax for the taxable year, in such form as the [tax commissioner] may prescribe if his adjusted gross income (in the case of a nonresident from sources within this state), other than from wages on which tax is withheld under this act, can reasonably be expected to exceed $[500] plus the sum of the personal exemptions to which he is entitled.

(b) *Estimated Tax Defined.* The term "estimated tax" means the amount which the individual estimates to be his income tax under this act for the taxable year less the amount which he estimates to be the sum of any credits allowable for tax withheld.

(c) *Joint Declaration of Husband and Wife.* If they are eligible to do so for federal tax purposes, a husband and wife may make a joint declaration of estimated tax as if they were one taxpayer, in which case the liability with respect to the estimated tax shall be joint and several. If a joint declaration is made but husband and wife elect to determine their taxes under this chapter separately, the estimated tax for such year may be treated as the estimated tax of either husband or wife, or may be divided between them, as they may elect.

(d) *Amendment of Declaration.* An individual may amend a declaration under regulations prescribed by the [tax commissioner].

(e) *Return or Declaration as Amendment.* If on or before January 31 (or February 15 in the case of an individual referred to in subsection (b) of section 53) of the succeeding taxable year an individual files his return for the taxable year for which the declaration is required, and pays in full the amount shown on the return as payable, such return (1) shall be considered as his declaration if no declaration was required to be filed during the taxable year, but is otherwise required to be filed on or before January 15, or (2) shall be considered as the amendment permitted by subsection (d) to be filed on or before January 15 if the tax shown on the return is greater than the estimated tax shown in a declaration previously made.

(f) *Short Taxable Year.* An individual having a taxable year of less than twelve months shall make a declaration in accordance with regulations of the [tax commissioner].

(g) *Declaration for Individual Under a Disability.* The declaration of estimated tax for an individual under a disability shall be made and filed in the manner provided in subsection (b) of section 46 for an income tax return.

Section 53. Time for Filing Declaration of Estimated Tax. (a) *Time for Filing.* A declaration of estimated tax of an individual other than a farmer shall be filed on or before April 15 of the taxable year, except that if the requirements of section 52 are first met:

(1) after April 1 and before June 2 of the taxable year, the declaration shall be filed on or before June 15, or

(2) after June 1 and before September 2 of the taxable year, the declaration shall be filed on or before September 15, or

(3) after September 1 of the taxable year, the declaration shall be filed on or before January 15 of the succeeding year.

(b) *Declaration by Farmer.* A declaration of estimated tax required by section 52 from an individual having an estimated adjusted gross income from farming in this state for the taxable year which is at least two-thirds of his total estimated adjusted gross income taxable in this state for the taxable year, may be filed at any time on or before January 15 of the succeeding taxable year, in lieu of the time otherwise prescribed.

(c) *Declaration of Estimated Tax of $[50] or Less.* A declaration of estimated tax of an individual having a total estimated tax for the taxable year of $[50] or less may be filed at any time on or before January 15 of the succeeding taxable year under regulations prescribed by the [tax commissioner].

(d) *Fiscal Year.* In the application of this section and the preceding section to the case of a taxable year beginning on any date other than January 1, there shall be substituted, for the months specified in this section and the preceding section, the months which correspond thereto.

Section 54. Payments of Estimated Tax. (a) *General.* The estimated tax with respect to which a declaration is required under this act shall be paid as follows:

(1) If the declaration is filed on or before April 15 of the taxable year, the estimated tax shall be paid in four equal installments. The first installment shall be paid at the time of the filing of the declaration, the second and third on June 15 and September 15, respectively, of the taxable year, and the fourth on January 15 of the succeeding taxable year.

(2) If the declaration is filed after April 15 and not after June 15 of the taxable year, and is not required to be filed on or before April 15 of the taxable year, the estimated tax shall be paid in three equal installments. The first installment shall be paid at the time of the filing of the declaration, the second on September 15, of the taxable year, and the third on January 15 of the succeeding taxable year.

(3) If the declaration is filed after June 15 and not after September 15 of the taxable year, and is not required to be filed on or before June 15 of the taxable year, the estimated tax shall be paid in two equal installments. The first installment shall be paid at the time of the filing of the declaration, and the second on January 15 of the succeeding taxable year.

(4) If the declaration is filed after September 15 of the taxable year and is not required to be filed on or before September 15 of the taxable year, the estimated tax shall be paid in full at the time of the filing of the declaration.

(5) If the declaration is filed after the time prescribed in section 53 (including cases in which an extension of time for filing the declaration has been granted), paragraphs (2), (3), and (4) of this subsection shall not apply, and there shall be paid at the time of such filing all installments of estimated tax which would have been payable on or before such time if the declaration had been filed within the time prescribed in section 53, and the remaining installments shall be paid at the time at which, and in the amounts in which they would have been payable if the declaration had been so filed.

(b) *Farmers.* If an individual referred to in subsection (b) of section 53 (relating to income from farming) makes a declaration of estimated tax after September 15 of the taxable year and on or before January 15 of the succeeding taxable year, the estimated tax shall be paid in full at the time of the filing of the declaration.

(c) *Amendments of Declaration.* If any amendment of a declaration is filed, the remaining installments, if any, shall be ratably increased or decreased, as the case may be, to reflect the increase or decrease in the estimated tax by reason of such amendment, and if any amendment is made after

September 15 of the taxable year, any increase in the estimated tax by reason thereof shall be paid at the time of making such amendment.

(d) *Application to Short Taxable Years.* The application of this section to taxable years of less than 12 months shall be in accordance with regulations prescribed by the [tax commissioner].

(e) *Fiscal Years.* In the application of this section to the case of a taxable year beginning on any date other than January 1, there shall be substituted, for the months specified in this section, the months which correspond thereto.

(f) *Installments Paid in Advance.* At the election of the individual, any installment of the estimated tax may be paid prior to the date prescribed for its payment.

(g) *Payment of Account.* Payment of the estimated income tax or any installment thereof, shall be considered payment on account of the income tax imposed under this act for the taxable year.

Section 55. Extension of Time for Filing and Payment. (a) *General.* The [tax commissioner] may grant a reasonable extension of time for payment of tax or estimated tax or any installment thereof, or for filing any return, declaration, statement, or other document required pursuant to this chapter, on such terms and conditions as he may require. Except for a taxpayer who is outside the United States, no such extension for filing any return, declaration, statement, or document, shall exceed six months.

(b) *Security.* If any extension of time is granted for payment of any amount of tax, the [tax commissioner] may require the taxpayer to furnish a bond or other security in an amount not exceeding twice the amount for which the extension of time for payment is granted, on such terms and conditions as the [tax commissioner] may require.

Section 56. Change of Election. Any election expressly authorized by this act may be changed on such terms and conditions as the [tax commissioner] may prescribe by regulation.

Section 57. Signing of Returns and Other Documents. (a) *General.* Any return, declaration, statement or other document required to be made pursuant to this act shall be signed in accordance with regulations or instructions prescribed by the [tax commissioner]. The fact that an individual's name is signed to a return, declaration, statement or other document, shall be prima facie evidence for all purposes that the return, declaration, statement or other document was actually signed by him.

(b) *Partnerships.* Any return, statement or other document required of a partnership shall be signed by one or more partners. The fact that a partner's name is signed to a return, statement or other document, shall be prima facie evidence for all purposes that such partner is authorized to sign on behalf of the partnership.

(c) *Certifications.* The making or filing of any return, declaration, statement or other document or copy thereof required to be made or filed pursuant to this act, including a copy of a federal return, shall constitute a certification by the person making or filing such return, declaration, statement or other document or copy thereof that the statements contained therein are true and that any copy filed is a true copy.

Part II - Information Returns

Section 58. General Requirements Concerning Returns, Notices, Records and Statements. The [tax commissioner] may prescribe regulations as to the keeping of records, the content and form of returns and statements and the filing of copies of federal income returns and determinations. The [tax commissioner] may require any person, by regulation or notice served on such person, to make such returns, render such statements, or keep such records, as the [tax commissioner] may deem sufficient to show whether or not such person is liable under this act for tax or for the collection of tax.

Section 59. Partnership Return. Every partnership having a resident partner or having any income derived from sources in this state, determined in accordance with the applicable rules of section 15 as in the case of a nonresident individual, shall make a return for the taxable year setting forth all items of income, gain, loss, and deduction, and the names and addresses of the individuals whether residents or nonresidents who would be entitled to share in the net income if distributed and the amount of the distributive share of each individual and such other pertinent information as the [tax commisioner] may prescribe by regulations and instructions. Such return shall be filed on or before the fifteenth day of the fourth month following the close of each taxable year. For purposes of this section, "taxable year" means a year or period which would be a taxable year of the partnership if it were subject to tax under this act.

Section 60. Information Returns. The [tax commissioner] may prescribe regulations and instructions requiring returns of information to be made and filed on or before February 28 of each year by any person making payment or crediting in any calendar year the amounts of $[600] or more ($[10] or more in the case of interest or dividends) to any person who may be subject to the tax imposed under this act. Such returns may be required of any person, including lessees or mortgagors of real or personal property, fiduciaries, employers, and all officers and employees of this state, or of any municipal corporation or political subdivision of this state, having the control, receipt, custody, disposal or payment of dividends, interest, rents, salaries, wages, premiums, annuities, compensations, remunerations, emoluments or other fixed or determinable gains, profits, or income, except interest coupons payable to bearer. A duplicate of the statement as to tax withheld on wages, required to be furnished by an employer to an employee, shall constitute the return of information required to be made under this section with respect to such wages.

Section 61. Report of Change in Federal Taxable Income. If the amount of a taxpayer's federal taxable income reported on his federal income tax return for any taxable year is changed or corrected by the United States Internal Revenue Service or other competent authority, or as the result of a renegotiation of a contract or subcontract with the United States, the taxpayer shall report such change or correction in Federal taxable income within ninety days after the final determination of such change, correction, or renegotiation, or as otherwise required by the [tax commissioner], and shall concede the accuracy of such determination or state wherein it is erroneous. Any taxpayer filing an amended federal income tax return shall also file within ninety days thereafter an amended return under this act, and shall give such information as the [tax commissioner] may require. The [tax commissioner] may by regulation prescribe such exceptions to the requirements of this section as he deems appropriate.

TITLE VIII

PROCEDURE AND ADMINISTRATION

Part I - Deficiencies

Section 62. Examination of Return. (a) *Deficiency or Overpayment.* As soon as practical after the return is filed, the [tax commissioner] shall examine it to determine the correct amount of tax. If the [tax commissioner] finds that the amount of tax shown on the return is less than the correct amount, he shall notify the taxpayer of the amount of the deficiency proposed to be assessed. If the [tax commissioner] finds that the tax paid is more than the correct amount, he shall credit the overpayment against any taxes due under this act by the taxpayer and refund the difference.

(b) *No Return Filed.* If the taxpayer fails to file an income tax retnrn, the [tax commissioner] shall estimate the taxpayer's taxable income and the tax thereon on from any available information and notify the taxpayer of the amount proposed to be assessed as in the case of a deficiency.

(c) *Notice of Deficiency.* A notice of deficiency shall set forth the reason for the proposed assessment. The notice may be mailed by certified or registered mail to the taxpayer at his last known address. In the case of a joint return, the notice of deficiency may be a single joint notice except that if the [tax commissioner] is notified by either spouse that separate residences have been established he shall mail joint notices to each spouse. If the taxpayer is deceased or under a legal disability, a notice of deficiency may be mailed to his last known address unless the [tax commissioner] has received notice of the existence of a fiduciary relationship with respect to such taxpayer.

Section 63. Assessment Final if no Protest. Ninety days after the date on which it was mailed (150 days if the taxpayer is outside the United States), a notice of proposed assessment of a deficiency shall constitute a final assessment of the amount of tax specified together with interest, additions to tax and penalties except only for such amounts as to which the taxpayer has filed a protest with the [tax commissioner].

Section 64. Protest by Taxpayer. Within 90 days (150 days if the taxpayer is outside the United States) after the mailing of a deficiency notice, the taxpayer may file with the [tax commissioner] a written protest against the proposed assessment in which he shall set forth the grounds on which the protest is based. If a protest is filed, the [tax commissioner] shall reconsider the assessment of the deficiency and, if the taxpayer has so requested, shall grant the taxpayer or his authorized representatives an oral hearing.

Section 65. Notice of Determination After Protest. Notice of the [tax commissioner's] determination shall be mailed to the taxpayer by certified or registered mail and such notice shall set forth briefly the [tax commissioner's] findings of fact and the basis of decision in each case decided in whole or in part adversely to the taxpayer.

Section 66. Action of [Tax Commissioner] Final. The action of the [tax commissioner] on the taxpayer's protest is final upon the expiration of 90 days from the date when he mails notice of his action to the taxpayer unless within this period the taxpayer seeks judicial review of the [tax commissioner's] determination.

Section 67. Burden of Proof in Proceedings Before the [Tax Commissioner]. In any proceeding before the [tax commissioner] under this act the burden of proof shall be on the taxpayer except for the following issues, as to which the burden of proof shall be on the [tax commissioner]:

(1) whether the taxpayer has been guilty of fraud with attempt to evade tax,

(2) whether the petitioner is liable as the transferee of property of a taxpayer (but not to show that the taxpayer was liable for the tax).

(3) whether the taxpayer is liable for any increase in a deficiency where such increase is asserted initially after the notice of deficiency was mailed and a protest under section 64 filed, unless such increase in deficiency is the result of a change or correction of federal taxable income required to be reported under section 61, and of which change or correction the [tax commissioner] had no notice at the time he mailed the notice of deficiency.

Section 68. Evidence of Related Federal Determination. Evidence of a federal determination relating to issues raised in a proceeding under section 64 shall be admissible, under rules established by the [tax commissioner].

Section 69. Mathematical Error. In the event that the amount of tax is understated on the taxpayer's return due to a mathematical error, the [tax commissioner] shall notify the taxpayer that an amount of tax in excess of that shown on the return is due and has been asserted. Such a notice of additional tax due shall not be considered a notice of a deficiency assessment nor shall the taxpayer have any right of protest of appeal as in the case of a deficiency assessment based on such notice, and the assessment and collection of the amount of tax erroneously omitted in the return is not prohibited by any provision of this act.

Section 70. Waiver of Restriction. The taxpayer at any time, whether or not a notice of deficiency has been issued, shall have the right to waive the restrictions on assessment and collection of the whole or any part of the deficiency by a signed notice in writing filed with the [tax commissioner].

Section 71. Assessment of Tax. (a) *Date of Assessment.* The amount of tax which is shown to be due on the return (including revisions for mathematical errors) shall be deemed to be assessed on the date of filing of the return including any amended returns showing an increase of tax. In the case of a return properly filed without the computation of the tax, the tax computed by the [tax commissioner] shall be deemed to be assessed on the date when payment is due. If a notice of deficiency has been mailed, the amount of the deficiency shall be deemed to be assessed on the date provided in section 63 if no protest is filed; or, if a protest is filed then upon the date when the determination of the [tax commissioner] becomes final. If an amended return or report filed pursuant to section 61 concedes the accuracy of a federal change or correction, any deficiency in tax under this act resulting therefrom shall be deemed to be assessed on the date of filing such report or amended return and such assessment shall be timely notwithstanding any other provisions of this act. Any amount paid as a tax or in respect of a tax, other than amounts withheld at the source or paid as estimated income tax, shall be deemed to be assessed upon the date of receipt of payment, notwithstanding any other provision of this act.

(b) *Other Assessment Powers.* If the mode or time for the assessment of any tax under this act, including interest, additions to tax and penalties is not otherwise provided for, the [tax commissioner] may establish the same by regulation.

(c) *Supplemental Assessment.* The [tax commissioner] may, at any time within the period prescribed for assessment, make a supplemental assessment, subject to the provisions of section 62 where applicable, whenever it is found that any assessment is imperfect or incomplete in any material aspect.

(d) *Cross Reference.* For assessment in case of jeopardy, see section 103.

Section 72. Limitations on Assessment. (a) *General.* Except as otherwise provided in this act, a notice of a proposed deficiency assessment shall be mailed to the taxpayer within three years after the return was filed. No deficiency shall be assessed or collected with respect to the year for which the return was filed unless the notice is mailed within the three year period or the period otherwise fixed.

(b) *Omission of More Than 25 Percent of Income.* If the taxpayer omits from gross income an amount properly includible therein which is in excess of 25 percent of the amount of gross income stated in the return, a notice of a proposed deficiency assessment may be mailed to the taxpayer within six years after the return was filed. For purposes of this subsection, there shall not be taken into account any amount which is omitted in the return if such amount is disclosed in the return, or in a statement attached to the return, in a manner adequate to apprise the [tax commissioner] of the nature and the amount of such item.

(c) *No Return Filed or Fraudulent Return.* If no return is filed or a false and fraudulent return is filed with intent to evade the tax imposed by this act, a notice of deficiency may be mailed to the taxpayer at any time.

(d) *Failure to Report Federal Change.* If a taxpayer fails to comply with the requirement of section 61 by not reporting a change or correction increasing his federal taxable income, or in not reporting a change or correction which is treated in the same manner as if it were a deficiency for federal income tax purposes, or in not filing an amended return, a notice of deficiency may be mailed to the taxpayer at any time.

(e) *Report of Federal Change or Correction.* If the taxpayer shall pursuant to section 61 report a change or correction or file an amended return increasing his federal taxable income or report a change or correction which is treated in the same manner as if it were a deficiency for federal income tax purposes, the assessment (if not deemed to have been made upon the filing of the report or amended return) may be made at any time within two years after such report or amended return was filed.

(f) *Extension by Agreement.* Where, before the expiration of the time prescribed in this section for the assessment of a deficiency, both the [tax commissioner] and the taxpayer shall have consented in writing to its assessment after such time, the deficiency may be assessed at any time prior to the expiration of period agreed upon. The period so agreed may be extended by subsequent agreement in writing made before the expiration of the period previously agreed upon.

(g) *Time Return Deemed Filed.* For purposes of this section an income tax return filed before the last day prescribed by law or by regulation promulgated pursuant to law for the filing thereof, shall be deemed to be filed on such last day. If a return or withholding tax for any period ending with or within a calendar year is filed before April 15 of the succeeding calendar year, such return shall be deemed to be filed on April 15 of such succeeding calendar year.

Section 73. Recovery of Erroneous Refund. An erroneous refund shall be considered an underpayment of tax on the date made, and an assessment of a deficiency arising out of an erroneous refund may be made at any time within two years from the making of the refund, except that the assessment may be made within five years from the making of the refund if it appears that any part of the refund was induced by fraud or the misrepresentation of a material fact.

Section 74. Interest on Underpayments. (a) *General.* If any amount of tax imposed by this act, including tax withheld by an employer, is not paid on or before the last date prescribed for payment, interest on such amount at the rate of 6 percent per annum shall be paid for the period from such last date to date paid. No interest shall be imposed if the amount due is less than one dollar nor shall this section apply to any failure to pay estimated income tax under section 54.

(b) *Last Date Prescribed for Payment.* For purposes of this section, the last date prescribed for the payment of tax shall be determined without regard to any extension of time.

(c) *Suspension of Waiver of Restrictions.* If the taxpayer has filed a waiver of restrictions on the assessment of a deficiency and if notice and demand by the [tax commissioner] for payment of such deficiency is not made within 30 days after the filing of such waiver, interest shall not be imposed on such deficiency for the period beginning immediately after such 30th day and ending with the date of notice and demand.

(d) *Interest Treated as Tax.* Interest prescribed under this section on any tax including tax withheld by an employer shall be paid on notice and demand and shall be assessed, collected and paid in the same manner as taxes. Any reference in this act to the tax imposed by this act shall be deemed also to refer to interest imposed by this section on such tax.

(e) *Interest on Penalties, or Additions to Tax.* Interest shall be imposed under this section in respect to any penalty, or addition to tax only if such penalty or addition to tax is not paid within 10 days of the notice and demand therefor, and in such case interest shall be imposed only for the period from the date of the notice and demand to the date of payment.

(f) *Payments Made Within 10 Days After Notice and Demand.* If notice and demand is made for the payment of any amount due under this act and if such amount is paid within 10 days after the date of such notice and demand, interest under this section on the amount so paid shall not be imposed for the period after the date of such notice and demand.

(g) *Satisfaction by Credits.* If any portion of a tax is satisfied by credit of an overpayment, then no interest shall be imposed under this section on the portion of the tax so satisfied for any period during which if the credit had not been made, interest would have been allowable with respect to such overpayment.

(h) *Interest on Erroneous Refund.* Any portion of the tax imposed by this act or any interest, penalty, or addition to tax which has been erroneously refunded and which is recoverable by the [tax commissioner] shall bear interest at the rate of 6 percent per annum from the date of payment of the refund.

(i) *Limitation on Assessment and Collection.* Interest prescribed under this section may be assessed and collected at any time during the period within which the tax, penalty, or addition to tax to which such interest relates may be assessed and collected respectively.

Part II - Additions to Tax and Penalties

Section 75. Failure to File Tax Returns. (a) *Failure to File Tax Return.* In case of failure to file any return required under this act on the date prescribed therefor (determined with regard to any extension of time for filing), unless it is shown that such failure is due to reasonable cause and not due to willful neglect, there shall be added to the amount required to be shown as tax on such return 5 percent of the amount of such tax if the failure is not for more than one month, with an additional 5 percent for each additional month or fraction thereof during which such failure continues, not exceeding 25 percent in the aggregate. For purposes of this section, the amount of tax required to be shown on the return shall be reduced by the amount of any part of the tax which is paid on or before the date prescribed for payment of the tax and by the amount of any credit against the tax which may be claimed upon the return.

(b) *Failure to File Certain Information Returns.* In case of each failure to file a statement of payment to another person required under the authority of this act including the duplicate statement of tax withheld on wages on the date prescribed therefor (determined with regard to any extension of time for filing), unless it is shown that such failure is due to a reasonable cause and not to willful neglect, there shall be paid upon notice and demand by the [tax commissioner] and in the same manner as by the person so failing to file the statement, a penalty of $2.00 for each statement not so filed, but the total amount imposed on the delinquent person for all such failures during any calendar year shall not exceed $2,000.

Section 76. Failure to Pay Tax. (a) *Deficiency Due to Negligence.* If any part of a deficiency is due to negligence or intentional disregard of rules and regulations (but without intent to defraud) there shall be added to the tax an amount equal to 5 percent of the deficiency.

(b) *Fraud.* If any part of a deficiency is due to fraud, there shall be added to the tax an amount equal to 50 percent of the deficiency. This amount shall be in lieu of any amount determined under subsection (a).

(c) *Failure by Individual to File Declaration or Underpayment of Estimated Tax.* If any taxpayer fails to file a declaration of estimated tax or fails to pay all or any part of an installment of any tax, he shall be deemed to have made an underpayment of estimated tax. The [tax commissioner] may prescribe by regulation the method for determining the amount of the underpayment and the period of the underpayment.

(d) *Nonwillful Failure to Pay Withholding Tax.* If any employer, without intent to evade or defeat any tax imposed by this act or the payment thereof, shall fail to make a return and pay a tax withheld by him at the time required by or under the provisions of this act, such employer shall be liable for such taxes and shall pay the same together with interest thereon and the addition to tax provided in subsection (a), and such interest and addition to tax shall not be charged to or collected from the employee by the employer. The [tax commissioner] shall have the same rights and powers for the collection of such tax, interest, and addition to tax against such employer as are now prescribed by this act for the collection of tax against an individual taxpayer.

(e) *Willful Failure to Collect and Pay Over Tax.* Any person required to collect, truthfully account for, and pay over the tax imposed by this act who willfully fails to collect such tax or truthfully account for and pay over such tax or willfully attempts in any manner to evade or defeat the tax or the payment thereof, shall, in addition to other penalties provided by law be liable to a penalty equal to the total amount of the tax evaded, or not collected, or not accounted for and paid over. No addition to tax under subsections (a) or (b) of this section shall be imposed for any offense to which this subsection applies.

(f) *Additional Penalty.* Any person who with fraudulent intent shall fail to pay, or to deduct or withhold and pay, any tax, or to make, render, sign, or certify any return or declaration of estimated tax, or to supply any information within the time required by or under this act, shall be liable to a penalty of not more than $1,000, in addition to any other amounts required under this act, to be imposed, assessed and collected by the [tax commissioner].

(g) *Additions Treated as Tax.* The additions to tax and penalties provided by this act shall be paid upon notice and demand and shall be assessed, collected, and paid in the same manner as taxes and any reference in this act to income tax or the tax imposed by this act shall be deemed also to refer to additions to the tax, and penalties provided by this section. For purposes of the deficiency procedures provided in section 62, this subsection shall not apply to:

(1) any addition to tax under subsection (a) of section 75 except as to that portion attributable to a deficiency;

(2) any addition to tax for failure to file a declaration or underpayment of estimated tax as provided in subsection (c) of this section;

(3) any additional penalty under subsection (f) of this section.

(h) *Determination of Deficiency.* For purposes of subsections (a) and (b) related to deficiencies due to negligence or fraud, the amount shown as the tax by the taxpayer upon his return shall be taken into account in determining the amount of the deficiency only if such return was filed on or before the last day prescribed for the filing of such return, determined with regard to any extension of time for such filing.

(i) *Person Defined.* For purposes of subsections (e) and (f) the term person includes an individual, corporation or partnership, or an officer or employee of any corporation (including a dissolved corporation), or a member or employee of any partnership, who as such officer, employee or member is under a duty to perform the act in respect of which the violation occurs.

Section 77. False Information with Respect to Withholding Allowance. In addition to any other penalty provided by law, if any individual in claiming a withholding allowance states (1) as the amount of the wages shown on his return for any taxable year an amount less than such wages actually shown, or (2) as the amount of the itemized deductions referred to in section 9 shown on the return for any taxable year an amount greater than such deductions actually shown, he will pay a penalty of $50 for such statement, unless:

(1) such statement did not result in a decrease in the amounts deducted and withheld, or

(2) the taxes imposed with respect to the individual under this act for the succeeding taxable year do not exceed the sum of: (i) the credits against such taxes, and (ii) the payments of estimated tax which are considered payments on account of such taxes.

Section 62 relating to deficiency procedure shall not apply in respect to the assessment or collection of any penalty imposed by this section.

Section 78. Authority to Make Credits or Refunds. (a) *General Rule.* The [tax commissioner] within the applicable period of limitations may credit an overpayment of income tax and interest on such overpayment against any liability in respect of any tax imposed by the tax laws of this state on the person who made the overpayment, and the balance shall be refunded by the treasurer out of the proceeds of the tax retained by him for such general purposes.

(b) *Excessive Withholding.* If the amount allowable as a credit for tax withheld from the taxpayer exceeds his tax to which the credit relates, the excess shall be considered an overpayment.

(c) *Overpayment by Employer.* If there has been an overpayment of tax required to be deducted and withheld under section 19, refund shall be made to the employer only to the extent that the amount of the overpayment was not deducted and withheld by the employer.

(d) *Credits Against Estimated Tax.* The [tax commissioner] may prescribe regulations providing for the crediting against the estimated income tax for any taxable year of the amount determined to be an overpayment of the income tax for a preceding taxable year.

(e) *Assessment and Collection After Limitation Period.* If any amount of income tax is assessed or collected after the expiration of the period of limitations properly applicable thereto, such amount shall be considered an overpayment.

Section 79. Abatements. (a) *General Rule.* The [tax commissioner] is authorized to abate the unpaid portion of the assessment of any tax or any liability in respect thereof, which (1) is excessive in amount, or (2) is assessed after the expiration of the period of limitations properly applicable thereto, or (3) is erroneously or illegally assessed.

(b) *No Claim by Taxpayer.* No claim for abatement shall be filed by a taxpayer in respect of an assessment of any tax imposed under this act.

(c) *Small Tax Balance.* The [tax commissioner] is authorized to abate the unpaid portion of assessment of any tax, or any liability in respect thereof, if he determines under uniform rules prescribed by him that the administration and collection costs involved would not warrant collection of the amount due.

Section 80. Limitations on Credit or Refund. (a) *General.* A claim for credit or refund of an overpayment of any tax imposed by this act shall be filed by the taxpayer within three years from the time the return was filed or two years from the time the tax was paid whichever of such periods expires the later; or if no return was filed by the taxpayer, within two years from the time the tax was paid. No credit or refund shall be allowed or made after the expiration of the period of limitation prescribed in this subsection for the filing of a claim for credit or refund, unless a claim for credit or refund is filed by the taxpayer within such period.

(b) *Limit on Amount of Claim or Refund.* If the claim is filed by the taxpayer during the three-year period prescribed in subsection (a), the amount of the credit or refund shall not exceed the portion of the tax paid within the three years immediately preceding the filing of the claim plus the period of any extension of time for filing the return. If the claim is not filed within such three-year period, but is filed within the two-year period, the amount of the credit or refund shall not exceed the portion of the tax paid during the two years immediately preceding the filing of the claim. If no claim is filed, the credit or refund shall not exceed the amount which would be allowable under either of the preceding sentences, as the case may be, if a claim was filed on the date the credit or refund is allowed.

(c) *Extension of Time by Agreement.* If an agreement for an extension of the period for assessment of income taxes is made within the period prescribed in subsection (a) for the filing of a claim for credit or refund, the period for filing claim for credit or for making credit or refund if no claim is filed, shall not expire prior to six months after the expiration of the period within which an assessment may be made pursuant to the agreement or any extension thereof. The amount of such credit or refund shall not exceed the portion of the tax paid after the execution of the agreement and before the filing of the claim or the making of the credit or refund, as the case may be, plus the portion of the tax paid within the period which would be applicable under subsection (a) if a claim had been filed on the date the agreement was executed.

(d) *Notice of Change or Correction of Federal Income.* If a taxpayer is required by section 61 to report a change or correction in federal taxable income reported on his federal income tax return, or to report a change or correction which is treated in the same manner as if it were an overpayment for federal income tax purposes, or to file an amended return with the [tax commissioner], claim for credit or refund of any resulting overpayment of tax shall be filed by the taxpayer within two years from the time the notice of such change or correction or such amended retrun was required to be filed with the [tax commissioner]. If the report or amended return required by section 61 is not filed within the 90-day period therein specified, interest on any resulting refund or credit shall cease to accrue after such 90th day. The amount of such credit or refund shall not exceed the amount of the reduction in tax attributable to such federal change, correction, or items amended on the taxpayer's amended federal income tax return. This subsection shall not affect the time within which or the amount for which a claim for credit or refund may be filed apart from this subsection.

(e) *Special Rules. The following rules shall apply:*

(1) If the claim for credit or refund relates to an overpayment of tax on account of the deductibility by the taxpayer of a debt as a debt which became worthless or a loss from worthlessness of a security or the effect that the deductibility of a debt or of a loss has on the application to the taxpayer of a carry-over, the claim may be made, under regulations prescribed by the [tax commissioner]

within seven years from the date prescribed by law for filing the return for the year with respect to which the claim is made.

(2) If the claim for credit or refund relates to an overpayment attributable to a net operating loss carry-back, the claim may be made, under regulations prescribed by the [tax commissioner] within the period which ends with the expiration of the 15th day of the 40th month following the end of the taxable year of the net operating loss which resulted in such carry-back or the period prescribed in subsection (c) in respect of such taxable year, whichever expires later.

Section 81. Interest on Overpayment. (a) *General.* Under regulations prescribed by the [tax commissioner] interest shall be allowed and paid at the rate of 6 percent per annum upon any overpayment in respect of the tax imposed by this act. No interest shall be allowed or paid if the amount thereof is less than $1.00.

(b) *Date of Return or Payment.* For purposes of this section:

(1) Any return filed before the last day prescribed for the filing thereof shall be considered as filed on such last day determined without regard to any extension of time granted the taxpayer;

(2) Any tax paid by the taxpayer before the last day prescribed for its payment, any income tax withheld from the taxpayer during any calendar year and any amount paid by the taxpayer as estimated income tax for a taxable year shall be deemed to have been paid by him on the fifteenth day of the fourth month following the close of his taxable year to which such amount constitutes a credit or payment.

(c) *Return and Payment of Withholding Tax.* For purposes of this section with respect to any withholding tax;

(1) If a return for any period ending with or within a calendar year is filed before April 15 of the succeeding calendar year, such return shall be considered filed on April 15 of such succeeding calendar year; and

(2) If a tax with respect to remuneration paid during any period ending with or within a calendar year is paid before April 15 of the succeeding calendar year, such tax shall be considered paid on April 15 of such succeeding calendar year.

(d) *Refund Within Three Months.* If any overpayment of tax imposed by this act is refunded within three months after the last date prescribed (or permitted by extension of time) for filing the return of such tax or within three months after the return was filed, whichever is later, no interest shall be allowed under this section on overpayment.

Section 82. Refund Claim. Every claim for refund shall be filed with the [tax commissioner] in writing and shall state the specific grounds upon which it is founded. The [tax commissioner] may grant the taxpayer of his authorized representatives an opportunity for an oral hearing if the taxpayer so requests.

Section 83. Notice of Denial. If the [tax commissioner] disallows a claim for refund, he shall notify the taxpayer accordingly. The action of the [tax commissioner] denying a claim for refund is final upon the expiration of 90 days from the date when he mails notice of his action to the taxpayer unless within this period the taxpayer seeks judicial review of the [tax commissioner's] determination.

Section 84. Refund Claim Deemed Disallowed. If the [tax commissioner] fails to mail a notice of action on any refund claim within six months after the claim is filed, the taxpayer may, prior to notice of action on the refund claim, consider the claim disallowed.

Part IV – Judicial Review – Suits for Refunds

Section 85. Review of Determination of [Tax Commissioner]. A determination by the [tax commissioner] on a taxpayer's protest against the proposed assessment of a deficiency shall be subject to judicial review at the instance of any taxpayer affected thereby [either in the manner provided by law for the review of final decisions or determinations of administrative agencies of this state or by a de novo review in a court of appropriate jurisdiction].[1]

Section 86. Judicial Review Exclusive Remedy in Deficiency Proceedings. The review of a determination of the [tax commissioner] provided by section 85 shall be the exclusive remedy available to any taxpayer for the judicial review of the action of the [tax commissioner] in respect to the assessment of a proposed deficiency. No injunction or other legal or equitable process shall issue in any suit, action or proceeding in any court against this state or against any office of this state to prevent or enjoin the assessment or collection of any tax imposed under this act.

Section 87. Assessment Pending Review - Review Bond. The [tax commissioner] may assess a deficiency after the expiration of the period specified in section 66 notwithstanding that an application for judicial review in respect of such deficiency has been made by the taxpayer, unless the taxpayer at or before the time his application for review is made, has paid the deficiency, or has deposited with the [tax commissioner] the amount of the deficiency or has filed with the [tax commissioner] a bond, in the amount of the deficiency being contested including interest and other amounts as well as all costs and charges which may accrue against him in the prosecution of the proceeding and issued by a person authorized under the laws of this state to act as surety, conditioned upon the payment of the deficiency including interest and other amounts as finally determined and such costs and charges.

Section 88. Proceedings After Review. (a) *Credit, Refund of Abatement.* If the amount of a deficiency determined by the [tax commissioner] is disallowed in whole or in part by the court of review, the amount so disallowed shall be credited or refunded to the taxpayer without the making of a claim therefor, or, if payment has not been made, shall be abated.

(b) *Deficiency Disallowed - Costs.* If the deficiency determined by the [tax commissioner] is

[1] These provisions will have to be drafted to be consistent with judicial remedies available in comparable proceedings.

disallowed, the taxpayer shall have his costs. If the deficiency is disallowed in part, the court in its discretion may award the taxpayer a proportion of his costs.

(c) *Assessment Final.* An assessment of a proposed deficiency by the [tax commissioner] shall become final upon the expiration of the period specified in section 63 for filing a written protest against the proposed assessment if no such protest has been filed within the time provided; or if the protest provided in section 64 has been filed, upon the expiration of time provided for filing an application for judicial review, or upon the final judgment of the reviewing court or upon the rendering by the [tax commissioner] of a decision pursuant to the mandate of the reviewing court. Not withstanding the foregoing, for the purpose of making an application for the review of a determination of the [tax commissioner], the determination shall be deemed final on the date the notice of decision is sent by certified mail or registered mail to the taxpayer as provided in section 65.

Section 89. Suit for Refund. Except in cases involving the proposed assessment of a deficiency, any taxpayer who claims that the tax he has paid under this act is void in whole or in part, may bring an action, upon the grounds set forth in his claim for refund, against the [tax commissioner] for the recovery or the whole or any part of the amount paid. Such suit against the [tax commissioner] may be instituted in the [district, county, circuit court of appropriate jurisdiction where the taxpayer resides or in the capital city]. [If necessary, insert appropriate provision for defense of action either by the attorney general or counsel for the tax commissioner.]

Section 90. No Suit Prior to Filing Claim. No suit shall be maintained for the recovery of any tax imposed by this act alleged to have been erroneously paid until a claim for refund has been filed with the [tax commissioner] as provided in section 82 and the [tax commissioner] has denied the refund or has filed to mail a notice of action on the claim within six months after the claim was filed.

Section 91. Limitation on Suit for Refund. The action authorized in section 90 shall be filed within three years from the last date prescribed for filing the return or within one year from the date the tax was paid, or within 90 days after the denial of a claim for refund by the [tax commissioner] or within 90 days after the refund claim has been deemed to be disallowed because of the failure of the [tax commissioner] to mail a notice of action within six months after the claim was filed whichever period expires the later.

Section 92. Judgment for Taxpayer. In any action for a refund, the court may render judgment for the taxpayer for any part of the tax, interest penalties or other amounts found to be erroneously paid, together with interest on the amount of the overpayment. The amount of any judgment against the [tax commissioner] shall first be credited against any taxes, interest, penalties or other amounts due from the taxpayer under the tax laws of this state and the remainder refunded by the [state treasurer].

Section 93. Timely Mailing. If any claim, statement, notice, petition, or other document including, to the extent authorized by the [tax commissioner] a return or declaration of estimated tax, required to be filed within a prescribed period or on or before a prescribed date under the authority of any provision of this act is, after such period of such date, delivered by United States mail to the [tax commissioner], or the officer or person therein with which or with whom such document is required to be filed, the date of the United States postmark stamped on the envelope shall be deemed to be the date of delivery. This section shall apply only if the postmark date falls within the prescribed period or on or before the prescribed date for the filing of such document, determined with regard to any extension granted for such filing, and only if such document was deposited in the mail, postage prepaid, properly addressed to the [tax commissioner], office, officer or person therein with which or with whom the document is required to be filed. If any document is sent by United States registered mail, such registration shall be prima facie evidence that such document was delivered to the [tax commissioner], or the office, officer or person to which or to whom it is addressed. To the extent that the [tax commissioner] shall prescribe by regulation, certified mail may be used in lieu of registered mail under this section. This section shall apply in the case of postmarks not made by the United States Post Office only if and to the extent provided by regulations of the [tax commissioner]. When the last day prescribed under the authority of this act, including any extension of time, for performing any act falls on Saturday, Sunday, or a legal holiday in this state, the performance of such act shall be considered timely if it is performed on the next succeeding day which is not a Saturday, Sunday or a legal holiday.

Section 94. Collection Procedures. (a) *General.* The tax imposed by this act shall be collected by the [tax commissioner], and he may establish the mode or time for the collection of any amount due under this act if not otherwise specified. The [tax commissioner] shall, on request, give a receipt for any amount collected under this act. The [tax commissioner] may authorize incorporated banks or trust companies which are depositaries or fiscal agents of this state to receive and give a receipt for any tax imposed under this act, in such manner, at such times, and under such conditions as he may prescribe; and the [tax commissioner] shall prescribe the manner, times and conditions under which the receipt of tax by such banks and trust companies is to be treated as payment of tax to the [tax commissioner].

(b) *Notice and Demand.* The [tax commissioner] shall as soon as practicable give notice to each person liable for any amount of tax, addition to tax, additional amount, penalty or interest, which has been assessed but remains unpaid, stating the amount and demanding within 10 days of the date of the notice and demand payment thereof. Such notice shall be left at the dwelling place or usual place of business of such person or shall be sent by mail to such person's last know address. Except where the [tax commissioner] determines that collection would be jeopardized by delay, if any tax is assessed prior to the last date, including any date fixed by extension, prescribed for payment of such tax, payment of such tax shall not be demanded until after such date.

(c) *Cross-Reference:* For requirements of payment without assessment, notice or demand of amount shown to be due on return, see section 51.

Section 95. Issuance of Warrant. If any person liable to pay any tax, addition to tax, penalty, or interest imposed under this act neglects or refuses to pay the same within ten days after notice and and demand, the [tax commissioner] may issue a warrant directed to the [sheriff] of any county of this state or to his own representative commanding him to levy upon and sell such person's real and personal property for the payment of the amount assessed, with the cost of executing the warrant, and to return such warrant to the [tax commissioner] and to pay him the money collected by virtue thereof within 60 days after receipt of the warrant. If the [tax commissioner] finds that collection of the tax is in jeopardy, notice and demand for immediate payment of such tax may be made by the [tax commissioner] and upon failure or refusal to pay such tax the [tax commissioner] may issue a warrant without regard to the ten-day waiting period provided in this section.

Section 96. Lien of Tax. If any tax imposed by this act is not paid when due, the [tax commissioner] may file in the office of any [county recorder] a certificate specifying the amount of the tax, addition to tax, penalty and interest due, the name and last known address of the taxpayer liable for the amount and the fact that the [tax commissioner] has complied with all the provisions of this act in the assessment of the tax. From the time of the filing, the amount set forth in the certificate constitutes a lien upon all property of the taxpayer in the county then owned by him or thereafter acquired by him in the period before the expiration of the lien. The lien provided therein has the same force, effect and priority as a judgment lien and continues for ten years from the date of recording unless sooner released or otherwise discharged.

Section 97. Extension; Release of Lien. Within ten years from the date of the recording or within ten years from the date of the last extension of the lien in the manner provided herein, the lien may be extended by recording in the office of the [county recorder] of any county, a new certificate. The [tax commissioner] may, at any time, release all or any portion of the property subject to any lien provided for in this act or subordinate the lien to other liens if he determines that the taxes are sufficiently secured by a lien on other property of the taxpayer or that the release or subordination of the lien will not endanger or jeopardize the collection of the taxes.

Section 98. Taxpayer Not a Resident. When notice and demand for the payment of a tax is given to a nonresident and it appears to the [tax commissioner] that it is not practicable to locate property of the taxpayer sufficient in amount to cover the amount of tax due, he shall send a copy of the certificate provided for in section 96 to the taxpayer at his last known address together with a notice that such certificate has been filed with the [county recorder]. Thereafter, the [tax commissioner] may authorize the institution of any action or proceeding to collect or enforce such claim in any place and by any procedure that a civil judgment of a court of record of this state could be collected or enforced. The [tax commissioner] may also in his discretion, designate agents or retain counsel outside this state for the purpose of collecting outside this state any taxes due under this act from taxpayers who are not residents of this state; and he may fix the compensation of such agents and counsel to be paid out of money appropriated or otherwise lawfully available for payment thereof and he may require of them bonds or other security for the faithful performance of their duties. The [tax commissioner] is authorized to enter into agreements with the tax departments of other states and the District of Columbia for the collection of taxes from persons found in this state who are delinquent in the payment of income taxes imposed by those states or the District of Columbia on condition that the agreeing states and the District of Columbia afford similar assistance in the collection of taxes from persons found in those jurisdictions who are delinquent in the payment of taxes imposed under this act.

Section 99. Action for Recovery of Taxes. The [tax commissioner] within six years after the assessment of any tax may bring an action in any court of competent jurisdiction within or without this state in the name of the people of this state to recover the amount of any taxes, additions to tax, penalties and interest due and unpaid under this act. In such action, the certificate of the [tax commissioner] showing the amount of the delinquency shall be prima facie evid‹ nce of the levy of the tax, of the delinquency, and of the compliance by the [tax commissioner] with all the provisions of this act in relation to the assessment of the tax.

Section 100. Income Tax Claims of Other States. The courts of this state shall recognize and enforce liabilities for personal income taxes lawfully imposed by any other state which extends a like comity to this state, and the duly authorized officer of any such state may sue for the collection of such a tax in the courts of this state. A certificate by the secretary of state of such other state that an officer suing for the collection of such a tax is duly authorized to collect the tax shall be conclusive proof of such authority. For the purposes of this section, the word "taxes" shall include additions to tax (interest and penalties, and liability for such taxes, additions to tax), interest and penalties shall be recognized and enforced by the courts of this state to the same extent that the laws of such other state permit the enforcement in its courts of liability for such taxes, additions to tax, interest and penalties due this state under this act.

Section 101. Order to Compel Compliance. (a) *Failure to File Tax Return.* If any person willfully refuses to file an income tax return required by this act, the [tax commissioner] may apply to a judge of the [court of appropriate jurisdiction] for the county in which the taxpayer (or other person required to file an income tax return) resides, for an order directing such person to file the required return. If a person fails or refuses to obey such order, he shall be guilty of contempt of court.

(b) *Failure to Furnish Records or Testimony.* If any person willfully refuses to make available any books, papers, records or memoranda for examination by the [tax commissioner] or his representative or willfully refuses to attend and testify, pursuant to the powers conferred on the [tax commissioner] by section 110 (c) of this act, the [tax commissioner] may apply to a judge in the [court of appropriate jurisdiction] for the county where such person resides, for an order directing that person to comply with the [tax commissioner's] request for books, papers, records or memoranda or for his attendance and testimony. If the books, papers, records or memoranda required by the [tax commissioner] are in the custody of a corporation, the order of the court may be directed to any principal officer of such corporation. If a person fails or refuses to obey such order, he shall be guilty of contempt of court.

Section 102. Transferees. (a) *General.* The liability, at law or in equity, of a transferee of property of a taxpayer for any tax, addition to tax, penalty or interest due the [tax commissioner] under this act, shall be assessed, paid and collected in the same manner and subject to the same provisions and limitations as in the case of the tax to which the liability relates except as hereinafter provided in this section. The term transferee includes donee, heir, legatee, devisee, and distributee.

(b) *Period of Limitation.* In the case of the liability of an initial transferee, the period of limitation for assessment of any liability is within one year after the expiration of period of limitation against the transferor; in the case of the liability of a transferee of a transferee, within one year after the expiration of the period of limitation against the preceding transferee, but not more than three years after the expiration of the period of limitation for assessment against the original transferor; except that if before the expiration of the period of limitation for the assessment of the liability of the transferee, a proceeding for the collection of the liability has been begun against the initial transferor of the last preceding transferee, respectively, then the period of limitation for assessment of the liability of the transferee shall expire one year after the proceeding is termined.

(c) *Extension by Agreement.* If before the expiration of the time provided in this section for the assessment of the liability the [tax commissioner] and the transferee have both consented in writing to its assessment after such time, the liability may be assessed at any time prior to the expiration of the period agreed upon or an extension thereof. For the purpose of determining the period of limitation on credit or refund to the transferee of overpayments of tax made by such transferee of overpayments of tax made by the transferor of which the transferee is legally entitled to credit or refund, such agreement and any extension thereof shall be deemed an agreement or extension referred to in subsection (c) of section 80. If the agreement is executed after the expiration of the period of limitation for assessment against the taxpayer with reference to whom the liability of such transferee arises, then in applying the limitations under subsection (b) of section 80 on the amount of the credit or refund, the periods specified in subsection (a) of section 80 shall be increased by the period from the date of such expiration to the date of the agreement.

(d) *Transferor Deceased.* If any person is deceased, the period of limitation for assessment against such person shall be the period that would be in effect had death not occurred.

Section 103. Jeopardy Assessments. (a) *Filing and Notice.* If the [tax commissioner] finds that the assessment or the collection of a tax or a deficiency for any year, current or past, will be jeopardized in whole or in part by delay, he may mail or issue notice of his finding to the taxpayer, together with a demand for immediate payment of the tax or the deficiency declared to be in jeopardy, including additions to tax, interest and penalties.

(b) *Termination of Taxable Year.* In the case of a tax for a current period, the [tax commissioner] shall declare the taxable period of the taxpayer immediately terminated and his notice and demand for a return and immediate payment of the tax shall relate to the period declared terminated, including therein income accrued and deductions incurred up to the date of termination if not otherwise properly includible or deductible in respect of the period.

(c) *Collection.* A jeopardy assessment is immediately due and payable, and proceedings for collection may be commenced at once. The taxpayer, however, may stay collection and prevent the jeopardy assessment from becoming final by filing, within ten days after the date of mailing or issuing the notice of jeopardy assessment, a request for reassessment, accompanied by a bond or other security in the amount of the assessment including additions to tax, penalties, and interest as to which the stay of collection is sought. If a request for reassessment, accompanied by a bond or other security on the appropriate amount, is not filed within the ten-day period, the assessment becomes final.

(d) *Proceeding on Reassessment.* If a request for reassessment accompanied by a bond or other security, is filed within the ten-day period, the [tax commissioner] shall reconsider the assessment and, if the taxpayer has so requested in his petition, the [tax commissioner] shall grant him or his authorized representatives an oral hearing. The [tax commissioner's] action on the request for reassessment becomes final upon the expiration of thirty days from the date when he mails notice of his action to the taxpayer, unless within that thirty-day period, the taxpayer files and application to seek judicial review of the [tax commissioner's] determination.

(e) *Presumptive Evidence of Jeopardy.* In any proceeding brought to enforce payment of taxes made due and payable by this section, the finding of the [tax commissioner] under subsection (a) of this section is for all purposes presumptive evidence that the assessment or collection of the tax or deficiency was in jeopardy.

(f) *Abatement if Jeopardy Does Not Exist.* The [tax commissioner] may abate the jeopardy assessment if he finds that jeopardy does not exist.

Section 104. Bankruptcy or Receivership. (a) *Immediate Assessment.* Upon the adjudication of bankruptcy of any taxpayer in any bankruptcy proceeding or the appointment of a receiver for any taxpayer in any receivership proceeding before any court of the United States or any state or territory or of the District of Columbia, any deficiency (together with additions to tax and interest provided by law) determined by the [tax commissioner] may be immediately assessed.

(b) *Adjudication of Claims.* Claims for the deficiency and such additions to tax and interest may be presented, for adjudication in accordance with law, to the court before which the bankruptcy or receivership proceeding is pending, despite the pendency of a protest before the [tax commissioner] under section 64. No protest against a proposed assessment shall be filed with the [tax commissioner] after the adjudication of bankruptcy or appointment of the receiver.

(c) *Cross Reference:* For the requirement of notice to the [tax commissioner] of the qualification of a trustee in bankruptcy, receiver, assignee for the benefit of creditors, or other like judiciary, see section 47.

Part VI - Criminal Offenses

Section 105. Attempt to Evade or Defeat Tax. Any person who willfully attempts in any manner to evade or defeat any tax imposed by this act or the payment thereof shall, in addition to other penalties provided by law, be guilty of a felony and, upon conviction thereof, shall be fined not more than $[5,000], or imprisoned not more than [5] years, or both, together with the costs of prosecution.

Section 106. Failure to Collect or Pay Over. Any person required under this act to collect, truthfully account for, and pay over any tax imposed by this act who willfully fails to collect or truthfully account for an pay over such tax shall, in addition to other penalties provided by law, be guilty of a felony and, upon conviction thereof, shall be fined not more than $[5,000], or imprisoned not more than [5] years, or both, together with the costs of prosecution.

Section 107. Failure to File Return, Supply Information, Pay Tax. Any person required under this act to pay any tax or estimated tax, or required by this act or regulation prescribed thereunder to make a return (other than a return of estimated tax), keep any records, or supply any information, who willfully fails to pay such tax or estimated tax, make such return, keep such records, or supply such information, at the time or times required by law or regulations, shall, in addition to other penalties provided by law, be guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than $[5,000], or imprisoned not more than [one] year, or both, together with the costs of prosecution.

Section 108. False Statements. Any person who willfully makes and subscribes any return, statement or other document, which contains or is verified by a written declaration that it is made under the penalties of perjury, and which he does not believe to be true and correct as to every material matter; or willfully aids or procures the preparation or presentation in a matter arising under the provisions of this act of a return, affidavit, claim or other document which is fraudulent or is false as to any material matter shall be guilty of a felony and, upon conviction thereof, shall be fined not more than $[5,000], or imprisoned not more than [3] years, or both, together with the costs of prosecution.

Section 109. Limitations. Any prosecution under this act shall be instituted within three years after the commission of the offense, provided that if such offense is the failure to do an act required by or under the provisions of this act to be done before a certain date, a prosecution for such offense may be commenced not later than [3] years after such date. The failure to do any act required by or under the provisions of this act shall be deemed an act committed in part at the principal office of the [tax commissioner]. Any prosecution under this act may be conducted in any county where the person or corporation to whose liability the proceeding relates resides, or has a place of business or in any county in which such crime is committed. The attorney general shall have concurrent jurisdiction with the [district] attorney in the prosecution of any offenses under this act.

Part VII - Powers of [Tax Commissioner]

Section 110. (a) *General.* The [tax commissioner] shall administer and enforce the tax imposed by this act and he is authorized to make such rules and regulations and to require such facts and information to be reported, as he may deem necessary to enforce the provisions of this act. The [tax commissioner] may for enforcement and administrative purposes divide the state into a reasonable number of districts in which branch offices may be maintained.

(b) *Returns and Forms.* The [tax commissioner] may prescribe the form and contents of any return or other document required to be filed under the provisions of this act.

(c) *Examination of Books and Witnesses.* The [tax commissioner] for the purpose of ascertaining the correctness of any return, or for the purpose of making an estimate of taxable income of any person, shall have power to examine or to cause to have examined, by any agent or representative designated by him for that purpose, any books, papers, records or memoranda bearing upon the matters required to be included in the return, and may require the attendance of the person rendering the return or any officer or employee of such person, or the attendance of any other person having knowledge in the premises, and may take testimony and require proof material for his information, with power to administer oaths to such person or persons.

(d) *Secrecy of Returns and Information.* Except in accordance with proper judicial order or as otherwise provided by law, it shall be unlawful for the [tax commissioner] or any officer or employee of the [tax department], any person engaged or retained by such [department] on an independent contract basis, or any person who, pursuant to this section, is permitted to inspect any report or return or to whom a copy, an abstract or a portion of any report or return is furnished, to divulge or make known in any manner the amount of income or any particulars set forth or disclosed in any report or return required under this act. The officers charged with the custody of such reports and returns shall not be required to produce any of them or evidence of anything contained in them in any action or proceeding in any court, except on behalf of the [tax commissioner] in an action or proceeding under the provisions of the tax law to which he is a party, or on behalf of any party to any action or proceeding under the provisions of this act when the reports or facts shown thereby are directly involved in such action or proceeding, in either of which events the court may require the production of, and may admit in evidence, so much of said reports or of the facts shown thereby, as are pertinent to the action or proceeding and no more. Nothing herein shall be construed to prohibit the delivery to a taxpayer or his duly authorized representative of a certified copy of any return or report filed in connection with his tax or to prohibit the publication of statistics so classified as to prevent the identification of particular reports or returns and the items thereof, or the inspection by the attorney general or other legal representatives of the state of the report or return of any taxpayer who shall bring an action to review the tax based thereon, or against whom an action or proceeding for collection of tax has been instituted. Any person who violates the provisions of this subsection shall be guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than $[1,000] or imprisoned not more than [one] year, or both, in the discretion of the court, together with costs of prosecution. If the offender is an officer or employee of the state, he shall be dismissed from office and be ineligible to hold any public office in this state for a period of [5] years thereafter.

(e) *Reports and Returns Preserved.* Reports and returns required to be filed under this act shall be preserved for [3] years and thereafter until the [tax commissioner] orders them to be destroyed.

(f) *Cooperation with the United States and Other States.* Notwithstanding the provisions of subsection (d), the [tax commissioner] may permit the secretary of the treasury of the United States or his delegates, or the proper officer of any state imposing an income tax upon the incomes of individuals, or the authorized representative of either such officer, to inspect the income tax returns of any individuals, or may furnish to such officer or his authorized representative an abstract of the return of income of any individual or supply him with information concerning an item of income contained in any return, or disclosed by the report of any investigation of the income or return of income of any individual, but such permission shall be granted only if the statutes of the United States or of such other state, as the case may be, grant substantially similar privileges to the [tax commissioner] of this state as the officer charged with the administration of the tax imposed by this act.

(g) *Cooperation With Other Tax Officials of This State.* The [tax commissioner] may permit other tax officials of this state to inspect the tax returns and reports filed under this act but such inspection shall be permitted only for purposes of enforcing a tax law and only to the extent and under the conditions prescribed by the regulations of the [tax commissioner].

Section 111. Closing Agreements. (a) *[Tax Commissioner] Authorized.* The [tax commissioner], or any person authorized in writing by him, is authorized to enter into an agreement with any person relating to the liability of such person (or of the person or estate for whom he acts) in respect to the tax imposed by this act for any taxable period.

(b) *Finality.* If such agreement is approved by the [state auditor] within such time as may be stated in such agreement or later agreed to, such agreement shall be final and conclusive and, except upon a showing of fraud or malfeasance, or misrepresentation of a material fact:

(1) the case shall not be reopened as to matters agreed upon or the agreement modified by any officer, employee or agent of this state, and

(2) in any suit, action or proceeding under such agreement, or any determination, assessment, collection, payment, abatement, refund, or credit made in accordance therewith, shall not be annulled, modified, set aside or disregarded.

Section 112. Governor May Contract with Secretary of the Treasury for Collection of Tax. The governor or his delegate is authorized in his discretion to enter into an agreement with the secretary of of the treasury of the United States or his delegate, under which, to the extent provided by the terms of the agreement, the secretary or his delegate will administer, enforce and collect such income tax on behalf of the state. The cost of the services performed by the secretary or his delegate in administering, enforcing or collecting an income tax under the terms of such an agreement may be paid from the appropriations for the general operations of the [tax department].

Section 113. Governor May Contract With Secretary of Treasury for Administration of Federal Tax. The governor or his delegate is authorized in his discretion to enter into an agreement with the secretary of the treasury of the United States or his delegate under which, to the extent provided by the terms of the agreement, the governor or his delegate will undertake to conduct on behalf of the United States any administrative, enforcement or collection function in respect to the federal income tax on individuals. Such agreement shall make provision for the payment by the United States of cost of the services performed on its behalf.

Section 114. Armed Forces Relief Provisions. (a) *Time of Performance.* The period of service in the armed forces of the United States in combat zones plus any period of continuous hospitalization outside this state attributable to such service plus the next 180 days shall be disregarded in determining, under regulations to be promulgated by the [tax commissioner], whether any act required by this act was performed by a taxpayer or his representative within the time prescribed therefor.

(b) *Death Attributable to Service in Combat Zone.* In the case of any individual who dies during an induction period while in active service as a member of the armed forces of the United States, if such death occurred while the individual was serving in a combat zone or as a result of wounds, disease, or injury incurred while so serving, the tax imposed by this act shall not apply with respect to the taxable year in which falls the date of his death, or with respect to any prior taxable year ending on or after the first day he so served in a combat zone.

Section 115. Effective Date. This act shall take effect immediately and shall be applicable with respect to items of income, deduction, loss or gain accruing in taxable years ending on or after [January 1, 19] but only to the extent such items have been earned, received, incurred or accrued on or after [January 1, 19]. For the purpose of facilitating the administration of the tax imposed by this act during the transitional period, the [tax commissioner] shall provide by regulation for the filing of returns in respect to taxable periods of less than 12 calendar months ending after [January 1, 19] and prior to [December 31, 19].

Section 116. Separability. [Insert separability clause.]

Section 117. Disposition of Revenues. [Insert appropriate language for disposition of revenues.]

TITLE IX

AUTHORIZATION FOR A COUNTY SUPPLEMENT TO THE STATE INCOME TAX

Section 118. Title. This part may be cited as the "Uniform County Income Tax Law."

Section 119. Authorization. Any county, by action of its local governing board, may adopt by reference the provisions of the state income tax imposed by titles I through VIII, except that a county located in a Standard Metropolitan Statistical Area, designated as such by the U. S. Bureau of the Census in most recent census of population, may adopt an income tax only if the governing board of each county in that Standard Metropolitan Statistical Area within this state by mutual and unanimous agreement adopts the identical tax authorized by this act.

Section 120. Certification and Withdrawal of the County Income Tax. Any county enacting an income tax in accordance with this act shall certify to the [tax commissioner] the date of adoption of the ordinance imposing an income tax, the rate of the tax, and the date when the enactment becomes effective.

A county imposing an income tax in accordance with the provisions of this act may repeal its income tax only after first giving at least [120] days notice of the contemplated repeal of its income tax to the [state tax department] and, in the case of counties within a Standard Metropolitan Statistical Area, to the governing boards of other participating counties. The withdrawal shall be effective from and after the first day of the next calendar year and in the absence of a mutual and unanimous agreement among all counties in the Standard Metropolitan Statistical Area the income tax imposed by each county shall be discontinued and repealed in all counties. Nothing in this section shall be construed or applied to prevent or interfere with the collection of tax monies which were lawfully due and payable when the tax was effective and any money collected after the tax has been repealed and discontinued shall be accounted for and distributed as required in this act.

Section 121. Rate of County Income Tax. In lieu of the rates applicable to taxable incomes set forth in section 1 of this act the income tax imposed by any county adopting by reference the state income tax shall not exceed [20] percent of the liability determined for state income tax purposes.[1]

Section 122. State Administration of the County Income Tax. The income tax imposed under the provisions of this act in any county shall be administered by the [state tax commissioner]. Revenues collected under county income taxes shall be accounted for separately and shall be paid into a separate fund to be distributed to the counties imposing such taxes after deducting an amount to cover the necessary and legitimate additional expenditures incurred by the [tax commissioner] in administering the county income taxes. The rules and regulations promulgated in accordance with the state income tax shall apply to the county income taxes except when, in the judgment of the [tax commissioner], such rules would be inconsistent or not feasible or proper administration.

Section 123. Distribution of Collections Among Local Governments. All sums received and collected on behalf of a particular political subdivision purusant to this act shall be credited to a special Local Income Tax Fund which is hereby established in the State Treasury, and after deducting the amount of refunds made, the amounts necessary to defray the cost of collecting tax, and the administrative expenses incident thereto, shall be paid within [10] days after collection to the political subdivision entitled thereto.

Section 124. Separability. [Insert separability clause.]

Section 125. Effective Date. [Insert effective date.]

[1] In order to prevent counties from experiencing revenue windfalls or losses as a result of changes in state income tax rates, legislatures may wish to consider authorizing the [tax commissioner] to proportionately increase or reduce the county income tax limitation.

STATE BROAD-BASED SALES TAX

The retail sales tax ranks behind the property tax as the most widely used of the major tax sources in the State-local tax system. Less than 2 percent of the Nation's population resides in the handful of states that do not levy a sales tax. But, interstate variations in sales tax rates and coverage still loom large, indicating considerable untapped sales tax potential. Both a higher rate and a more inclusive tax base will increase the yield of the sales tax.

The rationale for the retail sales tax rests on the belief that consumption is an appropriate basis on which to distribute a substantial part of the state tax load. Most state sales taxes, however, fall far short of carrying this philosophy into practice. While the vast bulk of sales of tangible personal property are taxed, many states tax a limited number of services. Utility services and the rental of rooms to transients represent the services most frequently taxed. Only a few state sales taxes include other consumer services such as laundering and dry cleaning and automotive repairing despite evidence that expenditures of this kind bulk larger each year in aggregate consumer spending.

In general, this legislation attempts to achieve the closest possible relationship between the tax base and consumer spending – consistent with administrative feasibility. A broader base will require a lower nominal rate to obtain a desired yield. It will provide maximum responsiveness of sales tax receipts to economic growth. It will also simplify administration by avoiding the necessity for vendors and the state to distinguish between taxable and nontaxable goods and services.

The percentage of income expended on services tends to rise as incomes rise; taxation of services therefore tends to make the sales tax less regressive. The inclusion of services in the base also makes the tax yield more responsive to growth in economic activity. In addition, the sale of taxable commodities often involves services which are difficult to account for separately. Sales tax compliance and administration are therefore far simpler where the entire price is taxable than where the service and commodity elements must be segregated. The draft legislation which follows extends the sales tax base to many services rendered to individuals by firms that would frequently be sales tax collectors in any case. State sales tax statutes that include a wider variety of services thus contribute to equity, revenue productivity, and administrative ease.

The tax base encompassed in this legislation differs from many state sales tax statutes in another important respect – sales of items subject to specific excises, e.g., cigarettes, motor fuel, and alcoholic beverages, are taxed. This treatment accords more closely to the underlying rationale for the sales tax as a general levy applicable broadly to all items of consumer spending which may be supplemented by special excise taxes. States that now subject certain items to special taxation and exempt them from the general sales tax should reverse the pattern on grounds of both sales tax logic and administrative ease.

From the very beginning of the sales tax movement, this levy encountered criticism because, in concept at least, it applied to such necessities as food, clothing, shoes, and drugs. This indictment proved strong enough in many states to secure exemptions for food, drug, and other commodities as the political price for enactment. Fourteen of the forty-four sales tax states now exempt purchases of food for home consumption, and the District of Columbia taxes food at a preferential low one percent rate whereas other sales are taxed at three percent. Twenty-one states provide complete or partial sales tax exemption for purchases of prescription drugs.

Studies have shown that a food exemption may cut sales tax collections by as much as 25 percent. Part of this loss stems from a "leakage" problem now that supermarkets sell toasters as well as loaves of bread. While the exemption mitigates the regressive impact of the sales tax, several states achieve a similar result without sacrificing as much revenue. The technique, a tax credit against the state's personal income tax, almost squares the revenue circle – that of maximizing consumer tax yields while minimizing the burden which these levies impose on low income families. Because of the merit of the tax credit-tax rebate alternative to commodity exemptions (e.g., food and drugs), this legislation assumes the states will increasingly use this approach.[1]

Exemptions and exclusions from tax in this legislation are thus less numerous than in most state sales tax statutes. Sales for resale and sales for commodities that are intended to become ingredients or component parts of other commodities must, of course, be exempted to avoid sales tax pyramiding. When the tax applies to producers goods, the result may be multiple burden on the final product. It is argued that this can both retard economic growth and force certain entreprenuers to absorb a tax not intended to rest on them. Because it is not easy to distinguish between goods intended for producer or consumer use – fuel and electricity, rugs and furnishings, typewriters and many other office supply and equipment items – the exclusion of producers' goods must be confined to clearly identifiable products. The guidelines provided in this legislation exclude from taxable sales (a) the sale of tangible personal property that is consumed, destroyed, or loses its identity in the manufacture of other property for later sale, and (b) the sale of specific machinery and processing equipment designed exclusively and made for and specifically used in the manufacture of a product or the rendering of a taxable service.

The form of the following legislation is a tax on the vendor for the privilege of selling at retail. This approach has several advantages over the other forms (a tax on the sale, the receipts from sales, or on the consumer, with the vendor being made responsible for collection and payment of the tax to the state). While clearly defining the liability, it facilitates the taxation of national banks, certain types of contracts and vending machine operators. It also avoids the necessity of exempting small sales and the useless and time consuming requirement of accounting for every penny collected under a tax imposed on the consumer. The statute expresses a legislative intent that the burden be passed on to the consumer as an item separate from the price of the product, and by appropriate provision seeks to achieve this result in a manner that has been found generally acceptable to retailers.

Several of the recent state sales tax enactments provide for a small percentage-of-tax allowance to vendors for collecting the tax from consumers. While this increases retailer acceptance of the tax, it is criticized on the grounds that a flat percentage allowance fails to account for differences in retailer compliance costs. A number of states allow retailers the right to retain "breakage," that is, the amount collected under the bracket system in excess of the amount due the state, as a means of helping them meet their compliance burden. Proponents of this method contend that under it, retailers in the same line are similarly benefitted and therefore no competitive disturbance results. They argue that breakage is usually greatest in those businesses with large numbers of small sales where highest compliance costs occur. Percentage allowances, in contrast, constitute arbitrary payments that may or may not bear a reasonable relationship to actual ratios of compliance cost to taxes paid. The "breakage" method of compensating retailers has been provided in this legislation.

The Virginia sales tax law enacted in 1966 has been used as the framework for this suggested legislation.

[1] *State Legislative Program of the Advisory Commission on Intergovernmental Relations,* (Washington, D.C.). State personal income tax legislation developed by the Advisory Commission on Intergovernmental Relations provides for a food tax credit and authorizes per capita tax rebates to low income families who would not benefit from an income tax credit.

Suggested Legislation

[Title should conform to state requirements.]

(Be it enacted, etc.)

TITLE I

RETAIL SALES AND USE TAX

Section 1. Citation. – This act shall be known and may be cited as the "Retail Sales and Use Tax Act."

Section 2. Definitions. The following words, terms, and phrases shall have the meanings ascribed to them in this section, except when the context clearly indicates a different meaning:

(1) "Person" means any individual, firm, co-partnership, cooperative, nonprofit membership corporation, joint venture, association, corporation, estate, trust, business trust, trustee in bankruptcy, receiver, auctioneer, syndicate, assignee, club, society, or other group or combination acting as a unit, body politic or political subdivision, whether public or private, or quasi-public, and the plural as well as the singular number.

(2) "Sale" means any transfer of title or possession, or both, exchange, barter, lease or rental, conditional or otherwise, in any manner or by any means whatsoever, of tangible personal property and any rendition of a taxable service for a consideration, and includes the fabrication of tangible personal property for consumers who furnish, either directly or indirectly, the materials used in fabrication; and the furnishing, preparing, or serving for a consideration of any tangible personal property consumed on the premises of the person furnishing, preparing, or serving such tangible personal property. A transaction whereby the possession of property is transferred but the seller retains title as security for the payment of the price shall be deemed a sale.

(3) "Retail sale" or a "sale at retail" means a sale to a consumer or to any person for any purpose other than for resale in the form of tangible personal property or services taxable under this act, and includes any such transaction as the commissioner upon investigation finds to be in lieu of a sale; but sales for resale must be made in strict compliance with rules and regulations made under this act. Any person making a sale for resale which is not in strict compliance with such rules and regulations shall himself be liable for and pay the tax. "Retail sale" and a "sale at retail" include:

(i) the sale or charges for any room or rooms, lodging, or accommodations furnished to transients by any hotel, motel, inn, tourist camp, tourist cabin, camping grounds, club, or any other place in which rooms, lodging, space, or accommodations are regularly furnished to transients for a consideration. A transient is a person who occupies rooms, lodgings, or accommodations for less than a period of [ninety] continuous days.

(ii) sales of tangible personal property to persons for resale if, because of the operation of the business, or its very nature, or the lack of a place of business in which to display a certificate of registration, or the lack of a place of business in which to keep records, or the lack of adequate records, or because the persons are minors or transients, or because the persons are engaged in essentially service businesses, or for any other reason, there is likelihood that the state will lose tax funds due to the difficulty of policing the business operations. The commissioner may promulgate rules and regulations requiring vendors of or sellers to such persons to collect the tax imposed by this act on the cost price of the tangible personal property to such persons and may refuse to issue certificates of registration to such persons.[1]

(iii) the sale or charge of admissions.

(iv) the charge or consideration for the service of repairing, altering, mending, pressing, fitting, dyeing, laundering, dry cleaning, or cleaning tangible personal property, or applying or installing tangible personal property as a repair or replacement part of other personal property for a consideration, whether or not the services are performed directly or by means of coin-operated equipment or by any other means, and whether or not any tangible personal property is transferred in conjunction with the service, except such services as are rendered in the construction, remodeling, repair, or maintenance of real estate and such services as are rendered directly in conjunction with the processing, manufacturing, refining, or conversion of products for sale or resale.

(v) the charge for the service of printing or imprinting, photographing, or copying by any means whatsoever for a consideration for persons who furnish either directly or indirectly the materials used in conjunction with the rendition of the service.

(vi) the charge for barber and beauty services to persons and animals for a consideration whether or not any tangible personal property is transferred in conjunction with the performance of the service.

(vii) the charge for motor vehicle parking service or parking space in privately owned parking lots or garages and the charge for docking or storage space for boats in privately owned boat docks or marinas.

(viii) all charges for work relating to motor vehicles and boats of another whether or not any tangible personal property is transferred in conjunction with services performed.

(ix) the furnishing of intrastate telephonic and telegraphic communications and services.

(4) "Gross sales" means the sum total of all retail sales of tangible personal property or services as defined in this act, without any deduction whatsoever of any kind or character, except as provided in this act. "Gross sales" do not include the Federal retailers' excise tax if this excise tax is billed to the purchaser separately from the selling price of the article, or the retail sales or use tax, or any sales tax imposed by any county or city.

[1] Louisiana requires wholesalers to collect and prepay a portion of the sales tax liability of certain vendors who then merely remit the difference between the total liability and the amount they prepaid through wholesalers.

(5) "Sales price" means the total amount for which tangible personal property or services are sold, including any services that are a part of the sale, valued in money, whether paid in money or otherwise, and includes any amount for which credit is given to purchaser, consumer, or lessee by the dealer, without any deduction therefrom on account of the cost of the property sold, the cost of materials used, labor or service costs, losses or any other expenses whatsoever; but cash discounts allowed and taken on sales are not included in the sales price; nor shall the sales price include finance charges, carrying charges, service charges or interest from credit extended on sales of tangible personal property under conditional sales contracts or other conditional contracts providing for deferred payments of the purchase price or transportation charges separately stated. If used articles are taken in trade, or in a series of trades as a credit or part payment on the sale of new or used articles, the tax levied by this act shall be paid on the net difference between the sales price of the new or used articles and the credit for the used articles.

(6) "Cost price" means the actual cost of an item or article of tangible personal property computed in the same manner as the sales price in subparagraph (5) of this section without any deductions therefrom on account of the cost of materials used, labor, or service costs, transportation charges, or any expenses whatsoever.

(7) "Lease or rental" means the leasing or renting of tangible personal property and the possession of use thereof by the lessee or rentee for a consideration, without transfer of the title to the property.

(8) "Distribution" includes the transfer or delivery of tangible personal property for use, consumption, or storage by the distributee, and the use, consumption, or storage of tangible personal property by a person who has processed, manufactured, refined, or converted the property, but does not include the transfer or delivery of tangible personal property for resale or any use, consumption, or storage otherwise exempt under this act.

(9) "Gross proceeds" means the charges made or voluntary contributions received for the lease or rental of tangible personal property or for furnishing services, computed with the same deductions, where applicable, as for sales price in subsection (b) of this section over the term of the lease, rental, service, or use, but not less frequently than monthly.

(10) "Storage" means any keeping or retention of tangible personal property for use, consumption or distribution in this State, or for any purpose other than the sale at retail in the regular course of business.

(11) "Use" means the exercise of any right or power over tangible personal property incident to the ownership thereof, except that it does not include the sale at retail of that property in the regular course of business.

(12) "Business" means any activity engaged in by any person, or caused to be engaged in by him, with the object of gain, benefit or advantage, either direct or indirect.

(13) "Retailer" means every person engaged in the business of making sales of tangible personal property and taxable services as defined in this act.

(14) "Commissioner" means the [State Tax Commissioner].

(15) "Tangible personal property" means personal property, which may be seen, weighed, measured, felt, or touched, or is in any other manner perceptible to the senses. The term "tangible personal property" does not include stocks, bonds, notes, insurance or other obligations or securities.

(16) "Use tax" means the tax imposed upon the use, consumption, distribution, and storage of tangible personal property as herein defined.

(17) "In this state" or "in the state" means within the exterior limits of the state of [ ] and includes all territory within these limits owned by or ceded to the United States of America.

(18) The words "import" and "imported" apply to tangible personal property imported into this state from other states as well as from foreign countries, and the words "export" and "exported" apply to tangible personal property exported from this state to other states as well as to foreign countries.

Section 3. Imposition of Sales Tax. – There is hereby levied and imposed, in addition to all other taxes and fees of every kind now imposed by law, a license or privilege tax upon every person who engages in the business of selling at retail or distributing tangible personal property in this state, or who rents or furnishes any of the things or services taxable under this act, or who stores for use or consumption in this state any item or article of tangible personal property as defined in this act, or who leases or rents such property within this state, the same to be collected in the amount to be determined by applying the rate of [ ] percent to:

(1) the sales price of each item or article of tangible personal property when sold at retail or distributed in this state, the tax to be computed on gross sales.

(2) the gross proceeds derived from the lease or rental of tangible personal property, as defined in this act, where the lease or rental of such property is an established business, or part of an established business, or is incidental or germane to the business.

(3) the cost price of each item or article of tangible personal property stored in this state for use or consumption in this state.

(4) the gross proceeds derived from the sale or charges for rooms, lodgings or accommodations furnished to transients as set out in sub-paragraph (3)(i), section 2 of this act.

(5) the gross sales of all services taxable under this act. No services are taxable under this act except those expressly enumerated and made taxable.

Section 4. Imposition of Use Tax. – There is levied and imposed, in addition to all other taxes and fees of every kind except the tax imposed under section 3 of this act, a tax upon the use or consumption of tangible personal property in this state, to be collected in the amount determined by applying the rate of [ ] percent to the cost price of each item or article of tangible personal property used or consumed in this state: Provided, that tangible personal property which has been acquired after the effective date of this act for use outside this state and subsequently becomes subject to the tax imposed hereunder shall be taxed on the basis of its cost price if such property is brought within this state for use within six months of its acquisition; but if so brought within this state six months or more after its acquisition, the property shall be taxed on the basis of the current market value (but not in excess of its cost price) of the property at the time of its first use within this state: Provided, further, that the tax shall be based on such proportion of the cost price or current market value as the duration of time of use within this state bears to the total useful life of the property (but it shall be presumed in all cases that the property will remain within this state for the remainder of its useful life unless convincing evidence is provided to the contrary).

Section 5. Exclusions and Exemptions.[1] "Retail sale" or "sale at retail," do not include the sale of:

(1) tangible personal property which becomes an ingredient or component part or, or is consumed or destroyed or loses its identity in the manufacture of tangible personal property for later sale but does include fuel and electricity;

(2) specific machinery and processing equipment and repair parts or replacements thereof, exclusively designed and made for and specifically used in the manufacture of a product or the rendering of a taxable service;

(3) materials, containers, labels, sacks, cans, boxes, drums or bags and other packing, packaging, or shipping materials for use in packing, packaging or shipping tangible personal property;

(4) tangible personal property delivered pursuant to bona fide written contracts entered into before the date of the enactment of this act, provided delivery is made within ninety days after the effective date of this act; and building supplies, fixtures or equipment that enter into or become a part of a building or other kind of structure in this state, where plans, specifications, and the construction contract for a specific project has been entered into prior to the date of the enactment of this act, provided delivery is made within the time specified in such contract for the completion of such specific project;

[1]This legislation takes the approach that exclusions and exemptions should be held to the minimum consistent with the need to avoid tax pyramiding. As the introductory statement notes, there is ample justification for reducing the regressivity of the sales tax either by providing exemptions for food and drugs or by adopting the income tax credit-tax rebate approach. There is no similar compelling justification for exempting sales to State and local governments or to nonprofit educational, religious and charitable organizations. Accordingly, this section makes no provision for any of the foregoing exemptions.

(5) commercial feeds, seed, plants, fertilizers, liming materials, breeding and other livestock, semen, breeding fees, baby chicks, turkey poults, agricultural chemicals, fuel for drying or curing crops, containers for fruits and vegetables, or farm machinery, and all other agricultural supplies provided they are sold to and purchased by farmers for use in agricultural production for market;

(6) tangible personal property sold or leased to a public utility for use or consumption by the utility directly in the rendition of its public service;

(7) school lunches sold and served to pupils and employees of schools and subsidized by government, and school textbooks sold by a local school board or authorized agency thereof; and school textbooks sold by a college or other institution of learning, not conducted for profit, for use of students attending the institution of learning;

(8) tangible personal property not held or used by a seller in the course of an activity for which he is required to hold a certificate of registration, sometimes referred to as "casual sales' "

(9) tangible personal property for future use by a person for taxable lease or rental as an established business or part of an established business, or incidental or germane to the business, including a simultaneous purchase and taxable leaseback.

(10) Tangible personal property and taxable services for use or consumption by the United States; but this exclusion shall not apply to sales and leases to privately owned financial and other privately owned corporations chartered by the United States.

(11) Delivery of tangible personal property outside this state for use or consumption outside this state.

Section 6. Credit for Taxes Paid in Another State. – A credit shall be granted against the taxes imposed by this act with respect to a person's use in this state of tangible personal property purchased by him in another state. The amount of the credit shall be equal to the tax paid by him to another state or political subdivision thereof by reason of the imposition of a similar tax on his purchase or use of the property. The amount of the credit shall not exceed the tax imposed by this act.

Section 7. Applicability or Inapplicability of Use Tax in Certain Cases. – The use tax does not apply to tangible personal property owned or acquired in this state or imported into this state, or held or stored in this state, prior to the effective date of this act. The use tax does apply to all tangible personal property imported or caused to be imported into this state on or after the effective date of this act except as provided in this act, unless the property has previously been subject to a sales or use tax in another state or political subdivision equal to or greater than the tax imposed by this act for which credit is given under section 9, or unless proof is furnished that the tangible personal property imported or caused to be imported into this state was owned or acquired prior to the effective date of this act, or otherwise is exempt under this act, but the use tax does not apply to the use of any article or tangible personal property brought into the state by a non-resident individual for his personal use while visiting within the state.

Section 8. Moving Residence or Business into State; Use Tax. – The use tax does not apply to tangible personal property purchased outside this state for use outside this state by a then non-resident natural person or a business entity not actually doing business within this state who or which later brings the tangible personal property into this state in connection with his establishment of a permanent residence or business in this state, provided that the property was purchased more than six months prior to the date it was first brought into this state or prior to the establishment of the residence or business, whichever first occurs. This section does not apply to tangible personal property temporarily brought into this state for the performance of contracts for the construction, reconstruction, installation, repair, or for any other service with respect to real estate or fixtures thereon.

Section 9. Diversion of Tangible Personal Property to Personal Use – The use tax applies to tangible personal property and taxable services of persons holding themselves out as sellers of goods and services when tangible personal property or taxable services are diverted to the personal use of the person, his family, or his employees.

Section 10. Dealers. The tax levied in section 3 and section 4 shall be collected from "dealers." For the purpose of this act, "dealer" means:

(1) any person physically located in this state who:

(i) manufactures or produces tangible personal property for sale at retail, for use, consumption, or distribution, or for storage to be used or consumed in this state;

(ii) imports or causes to be imported into this state tangible personal property from any state or foreign country, for sale at retail for use, consumption, or distribution, or for storage to be used or consumed in this state;

(iii) sells at retail, or offers for sale at retail, or has in possession for sale at retail, or for use, consumption, or distribution, or for storage to be used or consumed in this state, tangible personal property and taxable services as defined in this act;

(iv) has sold at retail, or used, consumed, or distributed, or stored for use or consumption in this state, tangible personal property or who has performed taxable services, and who cannot prove that the tax levied by this act has been paid on the sale at retail, the use, consumption, distribution, or storage of such tangible personal property or the charge for the rendition of taxable services;

(v) leases or rents tangible personal property, as defined in this act, for a consideration, permitting the use or possession of the property without transferring title thereto; and

(2) every other person who:

(i) maintains or has within this state, directly, or by an agent or a subsidiary, an office, distributing house, sales room, or house, warehouse, or other place of business;

(ii) solicits business in this state either by employees, independent contractors, agents or other representatives, and by reason thereof makes sales to persons within this state of tangible personal property, the use of which is taxed by this act; and any other person making sales to persons within this state of tangible personal property, the use of which is taxed by this act, who may be authorized by the commissioner to collect such tax;

(iii) as a representative, agent, or solicitor, for an out-of-state principal, solicits, receives and accepts orders from persons in this state for future delivery and whose principal refuses to register under this act;

(iv) shall become liable to and shall owe this state any amount of tax imposed by this act, whether or not he holds, or is required to hold, a certificate of registration under this act.

Section 11. Contractors. – (a) Any person who contracts orally in writing, or by purchase order, to perform construction, reconstruction, installation, repair, or any other service with respect to real estate or fixtures thereon and in connection therewith to furnish tangible personal property or taxable services, shall be deemed to have purchased the tangible personal property for use or consumption. Any sale, distribution, or lease to or storage for such person shall be deemed a sale, distribution, or lease to or storage for the ultimate consumer and not for resale, and the dealer making the sale, distribution, or lease to or storage for the person shall collect the tax to the extent required by this act.

(b) Any person who contracts to perform services in this state and is furnished tangible personal property for use under the contract by the person, or his agent or representative, for whom the contract is performed, and if a sale or use tax has not been paid to this state by the person supplying the tangible personal property, shall be deemed to be the consumer of the tangible personal property so used, and shall pay a use tax based on the fair market value of the tangible personal property so used, irrespective of whether or not any right, title or interest in the tangible personal property becomes vested in the contractor; but this subsection does not apply to the sale of tangible personal property which becomes an ingredient or component part of, or is consumed or destroyed or loses its identity in the manufacture of tangible personal property for later sale or governmental exclusion set out in section 5 of this act.

(c) Any person who contracts orally, in writing, or by purchase order to perform any service in the nature of equipment rental, and the principal part of that service is the furnishing of equipment or machinery which will not be under the exclusive control of the contractor, shall be liable for the sales or use tax on the gross proceeds from such contract to the same extent as the lessor of tangible personal property.

(d) Tangible personal property incorporated in real property construction which loses its identity as tangible personal property shall be deemed to be tangible personal property used or consumed within the meaning of this section.

(e) Nothing in this section shall be construed to affect or limit the resale exclusion provided for in this act, nor shall anything contained herein be construed to impose any sales or use tax with respect to the use in the performance of contracts with the United States or this State and its political subdivisions, of tangible personal property owned by a governmental body which actually is not used or consumed in the performance thereof.

Section 12. Certificates of Registration. – (a) Every person desiring to engage in or conduct business as a dealer in this State shall file with the Commissioner an application for a certificate of registration for each place of business in this state.

(b) Every application for a certificate of registration shall be made upon a form prescribed by the Commissioner and shall set forth the name under which the applicant transacts or intends to transact business, the location of his place or places of business, and such other information as the Commissioner requires. The application shall be signed by the owner if a natural person; in the case of an assocation or partnership, by a member of partner; in the case of a corporation, by an executive officer or some person specifically authorized by the corporation to sign the application.

(c) When the required application has been made the Commissioner shall issue to each applicant a separate certificate of registration for each place of business within this State. A certificate of registration is not assignable and is valid only for the person in whose name it is issued and for the transaction of business at the place designated therein. It shall be at all times conspicuously displayed at the place for which issued.

(d) Whenever any person fails to comply with any provision of this act or any rule or regulation of the Commissioner relating thereto, the Commissioner, upon hearing after giving such person ten days' notice in writing, specifying the time and place of hearing and requiring him to show cause why his certificate of registration should not be revoked or suspended, may revoke or suspend any one or more of the certificates of registration held by such person. The notice may be personally served or served by certified mail directed to the last known address of the person. A dealer whose certificate of registration has been previously suspended or revoked shall pay the Commissioner a fee of [ ] dollars for the renewal or re-issuance of a certificate of registration.

(e) Any person who engages in busines as a dealer in this State without obtaining a certificate of registration or after a certificate of registration has been suspended or revoked, and each officer of any corporation which so engages in business is guilty of a misdemeanor; each day's continuance in business in violation of this section is a separate offense.

(f) If the holder of a certificate of registration ceases to conduct his business at the place specified in his certificate, the certificate expires; and the holder shall inform the Commissioner in writing within thirty days after he has ceased to conduct the business at that place; but, if the holder of a certificate of registration desires to change his place of business to another place in this State, he shall so inform the Commissioner in writing, and his certificate shall be revised accordingly.

(g) This section also applies to any person who engages in the business of furnishing any of the things or services taxable under this act. Also, it applies to any person who is liable only for the collection of the use tax, but that person may be issued a certificate of registration in relevant form.

Section 13. Exemption Certificates. – (a) All sales or leases are subject to the tax until the contrary is established. The burden of proving that a sale, distribution, lease, or storage of tangible personal property is not taxable is upon the person who makes the sale, distribution, lease, or storage, unless he takes from the purchaser or lessee a certificate to the effect that the property is exempt under this act.

(b) The certificate mentioned in this section relieves the person who takes the certificate from any liability for the payment or collection of the tax, except upon notice from the commissioner that the certificate is no longer acceptable. The certificate shall be signed by and bear the name and address of the purchaser or lessee, indicate the number of the certificate of registration (if any) issued to the purchaser, or lessee, indicate the general character of the taxable service rendered or tangible personal property sold, distributed, leased, or stored (or to be sold, distributed, leased, or stored under a blanket exemption certificate) and be substantially in such form as the commissioner prescribes.

(c) If a purchaser or lessee who gives a certificate under this section makes any use of the property other than an exempt use or retention, demonstration, or display while holding property for resale, distribution, or lease in the regular course of business, the use shall be deemed a taxable sale by the purchaser or lessee as of the time the property or service is first used by him, and the cost of the property to him shall be deemed the sales price of the retail sale. If the sole use of the property other than retention, demonstration, or display in the regular course of business is the rental of the property while holding it for sale distribution, or lease, the purchaser shall pay the tax on the cost of the property to him and when the property is sold shall collect and pay the tax on the difference between the cost of the property to him and the retail sales price.

(d) If a purchaser gives a certificate under this section with respect to the purchase of fungible goods and thereafter commingles these goods with other fungible goods not so purchased, but of such similarity that the identity of the constituent goods in the commingled mass cannot be determined, sales or distribution from the mass of commingled goods shall be deemed to be sales or distributions of the goods so purchased until a quantity of commingled goods equal to the quantity of purchased goods so commingled has been sold or distributed.

Section 14. Collection. – The tax levied by this act shall be paid by the dealer, but the dealer shall separately state the amount of the tax and add the tax to the sales price or charge; and thereafter, the tax shall be a debt from the purchaser, consumer, or lessee to the dealer until paid and shall be recoverable at law in the same manner as other debts, but no action at law or suit in equity under this act may be maintained in this state by any dealer who is not registered under this act, or is delinquent in the payment of the taxes imposed under this act.

To eliminate separate statement of the amount of tax in fractions of one cent, dealers shall add to the sales price or charge and collect from the purchaser, consumer, or lessee such amounts as may be prescribed by the commissioner to carry out the purposes of this section.

Notwithstanding any exemption from taxes which any dealer enjoys under the Constitution or laws of this or any other state, or of the United States, the dealer shall collect the tax from the purchaser, consumer, or lessee and shall pay it over to the Commissioner as herein provided.

Any dealer who neglects, fails, or refuses to collect the tax upon each and every taxable sale, distribution, lease or storage of tangible personal property made by him, his agents, or employees shall be liable for and pay the tax himself, and the dealer shall not thereafter be entitled to sue for or recover in this state any part of the purchase price or rental from the purchaser until the tax is paid. Also, any dealer who neglects, fails or refuses to pay or collect the tax herein provided, either by himself or through his agents or employees, is guilty of a misdemeanor.

Section 15. Absorption of Tax Prohibited. – No person shall advertise or hold out to the public, in any manner, directly or indirectly, that he will absorb all or any part of the sales or use tax, or that he will relieve the purchaser, consumer, or lessee of the payment of all or any part of the tax, except as authorized under section 31. Any person who vilates this section is guilty of a misdemeanor.

Section 16. Returns by Dealers. – Every dealer required to collect or pay the sales or use tax, on or before the [twenty-eighth] day of the month following the month in which the tax shall become effective, shall transmit to the Commissioner, upon a form prescribed, prepared and furnished by him, a return showing the gross sales, gross proceeds, or cost price, as the case may be, arising from all transactions taxable under this act during the preceding calendar month; and thereafter a like return shall be prepared and transmitted to the Commissioner by every dealer on or before the [twenty-eighth] day of each month, for the preceding calendar month. The return also shall contain a statement showing the amount in each class of exclusions and exemptions which are not subject to the tax imposed by this act, or if the form so provides, the total amount thereof without specifying each class. In the case of dealers regularly keeping books and accounts on the basis of an annual period which varies fifty-two to fifty-three weeks, the Commissioner may make rules and regulations for reporting consistent with the accounting period. When the tax for which any dealer is liable under this act does not exceed [ ] dollars in any month, or [ ] dollars in any annual reporting period, the Commissioner may permit a dealer upon written application to file an annual return and pay the amount of tax due on the last day of the month following the end of the annual period. When the tax for which any dealer is liable under this act does not exceed [   ] dollars in any month, or [   ] dollars in any annual reporting period, the Commissioner may permit a dealer upon written application to file a quarterly return and pay the amount of tax due on the last day of the month following end of the quarterly period.

Section 17. Payment to Accompany Dealer's Return. – At the time of transmitting to the Commissioner the return required under section 16, the dealer shall remit to the Commissioner therewith the amount of tax due under the applicable provisions of this act after making appropriate adjustments for purchases returned, repossessions, and accounts uncollectible and charged off as provided in sections 18, 19, and 20. The tax imposed by this act for each month becomes delinquent on the day following the [twenty-eighth] day of the succeeding month if not theretofore paid.

Section 18. Returned Goods. – If purchases are returned to the dealer by the purchaser or consumer after the tax imposed by this act has been collected or charged to the account of the purchaser, the dealer is entitled to reimbursement of the amount of tax collected or charged by him, in the manner prescribed by the commissioner, but the amount of tax so reimbursed to the dealer shall not include the tax paid upon any cash retained by the dealer after the return of merchandise; and if the tax has not been remitted by the dealer, the dealer may deduct it in submitting his return. The dealer shall be issued a refund by the commissioner equal to the net amount remitted by the dealer for the tax collected if the dealer can establish that the tax was not due.

Section 19. Repossessions. – A dealer who has paid the tax on tangible personal property sold under a retained title, conditional sale, or similar contract, may take credit for the tax paid by him upon the unpaid balance due him when he repossesses the property, the credit to be administered by the commissioner in the same manner as provided for returned purchases under section 18. When repossessed property is resold, the sale is subject in all respects to this act.

Section 20. Bad Debts. In any return filed under the provisions of this act, the dealer, under rules and regulations prescribed by the commissioner, may credit against the tax shown to be due on the return the amount of sales or use tax previously returned and paid on accounts which during the period covered by the current return have been found to be worthless and actually charged off for income tax purposes; except that if any accounts so charged off are thereafter in whole or in part paid to the dealer, the amount paid shall be included in the first return filed after the collection and the tax paid accordingly.

Section 21. Extensions. – The commissioner may grant an extension upon written application therefor to the end of the calendar month in which any tax return is due hereunder or for a period not exceeding thirty days, and no interest or penalty shall be charged, assessed or collected by reason of the granting of the extension, except that when an extension is granted beyond the end of the calendar month in which any tax return is due, interest on the tax at the rate of one-half of one percent per month, or fraction thereof, shall be charged.

Section 22. Civil Penalties. – When any dealer fails to make any return and pay the full amount of the tax required by this act, there shall be imposed, in addition to other penalties provided herein, a specific penalty to be added to the tax in the amount of [$10] and ten percent of the tax due if the failure is for not more than thirty days, with an additional five percent for each additional thirty days, or fraction thereof, during which the failure continues, not to exceed twenty-five percent in the aggregate; but, if the failure is due to providential cause shown to the satisfaction of the Commissioner, the return with remittance may be accepted exclusive of penalties. In the case of a false or fraudulent return, where willful intent exists to defraud the state of any tax due under this act, a specific penalty of fifty percent of the amount of the proper tax shall be assessed. All penalties and interest imposed by this act shall be payable by the dealer and collectible by the commissioner as if they were a part of the tax imposed.

Section 23. Assessment Based on Estimate. – (a) If any dealer fails to make a return as provided by this act, or makes a grossly incorrect return, or a return that is false or fraudulent, the commissioner shall make an estimate for the taxable period of the retail sales or distributions of the dealer, or of the gross proceeds from leases of tangible personal property, or taxable services by the dealer, or the cost price of all articles of tangible personal property imported by the dealer for use or consumption in the state or storage by the dealer of tangible personal property to be used or consumed in the state, and assess the tax, plus penalties. The commissioner shall give the dealer ten days' notice in writing requiring the dealer to appear before him or an assistant with such books, records, and papers as he requires relating to the business of the dealer for the taxable period; and the commissioner may require the dealer or the agents and employees of the dealer to give testimony or to answer interrogatories under oath administered by the commissioner or his assistants respecting the sale, distribution, lease, use, consumption, or storage of tangible personal property, or taxable services or the failure to make a return thereof as provided in this act. If any dealer fails to make any return or refuses to permit an examination of his books, records, or papers, or to appear and answer questions within the scope of an investigation relating to the sale, distribution, lease, use consumption, or storage of tangible personal property, or taxable services, the commissioner may make the assessment based upon information available to him and issue a warrant for the collection of the taxes and penalties found to be due. The assessment shall be deemed prima facie correct.

(b) If the dealer has imported the tangible personal property and fails to produce an invoice showing the sales price of the articles, or the invoice does not reflect the true or actual sales price as defined in this act, the Commissioner shall ascertain, in any manner feasible, the true sales price and assess and collect the tax, with penalties, to the extent they have accrued, on the true sales price as ascertained by him. The assessment shall be deemed prima facie correct.

(c) In the case of the lease of tangible personal property, if the consideration given or reported by the dealer, in the judgment of the commissioner, does not represent the true or actual consideration, the commissioner may fix it and assess and collect the tax thereon as above provided, with penalties as have accrued. The assessment shall be deemed prima facie correct.

Section 24. Records. – (a) Every dealer required to make a return and pay or collect any tax under this act shall keep and preserve suitable records of the sales, leases, or purchases, as the case may be, taxable under this act, and other books of account as necessary to determine the amount of tax due hereunder, and other pertinent information as required by the commissioner; and every dealer shall keep and preserve for a period of four years all invoices and other records of goods, wares, and merchandise, or other subjects of taxation under this act, and all the books, invoices, and other records shall be open to examination at all reasonable hours by the commissioner or any of his duly authorized agents.

(b) In order to aid in the administration and enforcement of the provisions of this act, all wholesalers and jobbers in this state shall keep a record of all sales of tangible personal property, whether the sales be for cash or on terms of credit. The records required to be kept by all wholesalers and jobbers shall include the name and address of the purchaser, the number of the certificate of registration issued to the purchaser, the date of the purchase, the article purchased, and the price at which the article is sold to the purchaser. These records shall be kept for a period of four years and shall be open to the inspection of the commissioner or his authorized agents at all reasonable hours during the day. The failure of any wholesaler or jobber in this state to keep the records, or the failure of any wholesaler or jobber in this state to permit an inspection of the records by the commissioner as aforesaid, is a misdemeanor. Moreover, if any person who is both a retailer and a wholesaler or jobber fails to keep proper records showing wholesale sales and retail sales separately, he shall pay the tax as a retailer on both classes of his business.

(c) For the purpose of enforcing the collection of the tax levied by this act, the commissioner through his authorized agents may examine at all reasonable hours during the day the books, records, and other documents of all transportation companies, agencies, firms, or persons that conduct their business by truck, rail, water, airplane, or otherwise, in order to determine what dealers are importing or otherwise are shipping articles of tangible personal property which are liable for the tax. If the transportation company, agency, firm or person refuses to permit an examination of its or his books, records, and other documents by the commissioner, it or he shall be deemed guilty of a misdemeanor. Moreover, the Commissioner may proceed by citing the transportation company, agency, firm, or person to show cause before any court of record why the books, records, and other documents should not be examined pursuant to the injunction of the court, and why a bond should not be required with proper security in the penalty of not more than $2,000 conditioned upon compliance with the provisions hereof for a period of not more than one year.

Section 25. Sale of Business. – If any dealer liable for any tax, penalty, or interest levied hereunder sells out his business or stock of goods or quits the business, he shall make a final return and payment within fifteen days after the date of selling or quitting the business. The return shall include any sales made at retail during liquidation. His successors or assigns, if any, shall withhold sufficient of the purchase money to cover the amount of taxes, penalties, and interest due and unpaid until the former owner produces a receipt from the commissioner showing that they have been paid or a certificate stating that no taxes, penalties, or interest are due. If the purchaser of a business or stock of goods fails to withhold the purchase money as above provided, he shall be personally liable for the payment of the taxes, penalties and interest due and unpaid on account of the operation of the business by any former owner. Nothing heren shall be deemed to qualify or limit the exemption as to such a sale as is covered by section 5.

Section 26. Bond. – The commissioner, if necessary and advisable in order to secure the collection of the tax levied by this act, may require any person subject to the tax to file with him a bond of a surety company authorized to do business in this state as surety, in such reasonable amount as the commissioner fixes, to secure the payment of any tax, penalty or interest due or which may become due from the person. In lieu of a bond, securities approved by the commissioner may be deposited with the [state treasurer] which securities shall be kept in the custody of the [state treasurer], and shall be sold by him, at the request of the commissioner, at public or private sale, without notice to the depositor thereof, if necessary in order to recover any tax, penalty or interest due the state under this act. Upon the sale, the surplus, if any, above the amounts due under this act, shall be returned to the person who deposited the securities.

Section 27. Jeopardy Assessment. – If the Commissioner deems that the collection of any tax or any amount of tax, required to be collected and paid under this act, may be jeopardized by delay, he shall make an assessment of the tax or amount of tax required to be collected and shall mail or issue a notice of the assessment to the taxpayer together with a demand for immediate payment of the tax or of the deficiency in tax declared to be in jeopardy including penalties. In the case of a tax for a current period, the commissioner may declare the taxable period of the taxpayer immediately terminated and shall cause notice of the finding and declaration to be mailed or issued to the taxpayer together with a demand for immediate payment of the tax based on the period declared terminated and the tax shall be immediately due and payable, whether or not the time otherwise allowed by law for filing a return and paying the tax has expired. Assessments provided for in this section shall become immediately due and payable, and if any tax, penalty or interest is not paid upon demand of the

Commissioner, he shall proceed to collect it by legal process, or, in his discretion, he may require the taxpayer to file a bond sufficient to protect the interest of the state.

Section 28. Direct Payment Permits. – (a) Notwithstanding any other provision of this act, the commissioner may authorize (1) a manufacturer, mine operator, or public service corporation that is a user, consumer, distributor, or lessee to which sales, distributions, leases, or storage of tangible personal property are made under circumstances which normally make it impossible at the time thereof to determine the manner in which the property will be used by the person, or (2) any person who stores tangible personal property in this state for use both within and outside this state, to pay any tax levied by this act directly to this state and waive the collection of the tax by the dealer; but no such authority shall be granted or exercised except upon application to the Commissioner and the issuance by the Commissioner of a direct payment permit. If a direct payment permit is granted, payment of the tax on all sales, distributions, and leases, including sales, distributions, leases, and storage of tangible personal property and sales of taxable services for use known at the time thereof, shall be made directly to the commissioner by the permit holder.

(b) On or before the [twenty-eighth] day of each month every permit holder shall make and file with the commissioner a return for the preceding month in the form prescribed by the Commissioner showing the total value of the tangible personal property used, the amount of tax due from the permit holder (which amount shall be paid to the commissioner with such return) and such other information as the commissioner deems necessary. The commissioner, upon written request by the permit holder, may grant a reasonable extension of time for making and filing returns and paying the tax. Interest on the tax at the rate of one-half of one percent per month, or fraction thereof, shall be charged on every extended payment.

(c) It is the duty of every permit holder required to make a return and pay tax under this section to keep and preserve suitable records of purchases, together with invoices of purchases, bills of lading, and other pertinent records and documents in the form the commissioner requires by regulation. All records and other documents shall be open during business hours to the inspection of the commissioner or his duly authorized agents and shall be preserved for a period of four years, unless the commissioner, in writing, authorizes their destruction or disposal at an earlier date.

(d) A permit granted pursuant to this section shall continue to be valid until surrendered by the holder or cancelled for cause by the commissioner.

(e) Persons who hold a direct payment permit which has not been cancelled shall not be required to pay the tax to the dealer as otherwise herein provided. Such persons shall notify each dealer from whom purchases or leases of tangible personal property are made of their direct payment permit number and that the tax is being paid directly to the commissioner. Upon receipt of the notice, the dealer shall be absolved from all duties and liabilities imposed by this act for the collection and remittance of the tax with respect to sales, distributions, leases, or storage of tangible personal property to the permit holder. Dealers who make sales upon which the tax is not collected by reason of the provisions of this section shall maintain records in such manner that the amount involved and identity of each purchaser may be ascertained.

(f) Upon the cancellation or surrender of a direct payment permit, the provisions of this act, shall thereafter apply to the person who previously held the permit, and the person shall promptly notify in writing dealers from whom purchasers, leases, and storage of tangible personal property are made of the cancellation or surrender. Upon receipt of the notice, the dealer shall be subject to the provisions of this act, with respect to all sales, distributions, leases, or storage of tangible personal property thereafter made to the person.

Section 29. Vending Machine Sales. – Whenever a dealer makes sales of tangible personal property through vending machines, or in any other manner making collection of the tax impractical, the commissioner may authorize the dealer to prepay the tax and waive collection from the purchaser and may require the dealer to furnish bond sufficient to secure prepayment of the tax. The dealer shall be required to print upon the property sold or post on the vending machine a statement to the effect that the tax has been paid in advance. The terms and conditions of this section are inapplicable unless the dealer makes application to the commissioner for the authority herein contained, and unless the commissioner finds that the collection of the tax in the manner otherwise provided in this act is impractical.

Section 30. Tax Warrants. – The commissioner, when any tax becomes delinquent under this act, may issue a warrant for the collection of the tax, penalty, and interest from each delinquent taxpayer.

Section 31. Erroneous Assessments. – Upon any claim of an erroneous or illegal assessment or collection, the taxpayer shall have his remedy under the [cite applicable statutes]. The sections cited are applicable to all sales and use taxes imposed under this act.

Section 32. Period of Limitations. – The taxes imposed by this act shall be assessed within three years from December 31 of the year in which the taxes became due and payable; but in the case of a false or fraudulent return with intent to evade payment of the taxes imposed by this act, or a failure to file a return, the taxes may be assessed, or a proceeding in court for the collection of such taxes may be begun without assessment at any time within six years from December 31 of the year in which the taxes became due and payable.

Section 33. Violation of Act by Dealer a Misdemeanor. – Any dealer subject to the provisions of this act who fails or refuses to furnish any return herein required to be made, or fails or refuses to furnish a supplemental return or other data required by the commissioner, or who makes a false or fraudulent return with intent to evade the tax hereby levied, or who makes a false or fraudulent claim for refund, or who gives or knowingly receives a false or fraudulent exemption certificate, or who violates any other provision of this act, punishment for which is not otherwise herein provided, is guilty of a misdemeanor.

Section 34. Administration. – The commissioner shall administer and enforce the assessment and collection of the taxes and penalties imposed by this act. He shall design, prepare, print, and furnish to all dealers, or make available to them, all necessary forms for filing returns together with instructions to assure a full collection from dealers and an accounting for the taxes due, but failure of any dealer to receive or procure forms or instructions, or both, shall not relieve him from the payment of the tax at the time and in the manner herein provided.

Section 35. Rules and Regulations. – The commissioner may make and publish reasonable rules and regulations not inconsistent with this act, other applicable laws, or the Constitution of this state, or of the United States, for the enforcement of the provisions of this act and the collection of the revenue hereunder.[1]

Section 36. Administration of Oaths. – The commissioner and such other officers or employees of the [department of taxation] as the commissioner authorizes in writing, may administer oaths for the purpose of enforcing and administering the provisions of this act.

Section 37. Secrecy of Information. – Except in accordance with proper judicial order, or as provided by law, it is unlawful for the commissioner or any agent, auditor, or other officer or employee to divulge or make known in any manner the amount of sales, the amount of tax paid, or any other particulars set forth or disclosed in any return required by this act. Nothing in this act shall be construed to prohibit the publication of statistics so classified as to prevent the identity of particular reports or returns and the items thereof, or the inspection by the legal representative of this state of the report or return of any taxpayer who applies for a review or appeal from any determination or against whom an action or proceeding is about to be instituted or has been instituted to recover any tax or penalty imposed by this act.

Section 38. Exchange of Information with Other Tax Officials. – The commissioner may furnish to the tax officials of any other state and its political subdivision, the political subdivisions of this state, the District of Columbia, and the United States and its territories, any information contained in tax returns and reports and related schedules and documents filed pursuant to the tax laws of this

[1] States with personal income tax statutes may wish to add a provision as follows: The commissioner shall promulgate and publish sales tax deduction guides for the purpose of aiding the taxpayer in calculating allowable deductions, relevant to income taxes, which guides shall be based on the following factors: size of income, size of family, and rate of tax. The guides so promulgated shall not preclude any taxpayer from claiming as a deduction the amount of taxes, levied under the provisions of this act, actually paid by him.

state, or in the report of an audit or investigation made with respect thereto: Provided, that said jurisdictions grant similar privileges to this state and that the information is to be used only for tax purposes.

Section 39. Personnel, Supplies, Equipment, Other Expenses. – The commissioner may employ all necessary personnel and purchase supplies and purchase or rent equipment and incur other expenses necessary for the administration of this act. All the costs and expenses shall be paid out of appropriations made to the [department of taxation].

Section 40. Separability. – If any provision of this act be held unconstitutional or invalid by a court of competent jurisdiction the same shall not affect the remaining provisions of this act but all such provisions not held unconstitutional or invalid shall remain in full force and effect. If, however, a court of competent jurisdiction holds that the sales tax or the use tax levied by this act is for any reason invalid in its relationship to national banks, it is hereby provided that state banks shall thenceforth enjoy immunity from such tax or taxes to the same extent as national banks.

Section 41. Effective date of tax. – The taxes imposed by this act shall be in full force and effect on and after [insert date].

STATE TAX CONCESSIONS FOR NEW INDUSTRY

The growing state desire to share in the fruits of national economic growth has altered the pragmatic thinking that underpins state business tax policies. There is still keen concern lest taxes drive industry "out," or that the tax system will get too far out of line with those of neighboring jurisdictions. This defensive tax psychology is now being supplemented by aggressive tax strategies designed to bring industry "in." State legislative bodies have singled out manufacturing plants for special tax concessions in the belief that growth in manufacturing employment will have the multiplier effect – additional jobs in marketing, transportation and finance.

Although the practice of granting special tax concession does not constitute a serious problem for our federal system so long as the economy sustains full employment, interstate competition for industrial payrolls could take on a rather ruthless character should the economy dip into a major recession. In view of the rising state interest in promoting economic development, even a "flattening out" of the economy could be expected to generate considerable demand that the state compete more aggressively by stepping up its efforts on the tax concession front.

Present state tax inducement strategies cut across the entire benefit spectrum ranging from the most general, designed to extend benefits to most or all firms, to the highly particular – tailored to benefit a single firm. General benefit policies include those that promote (a) taxpayer convenience (state collection of local sales tax levies), (b) taxpayer certainty (clear-cut jurisdictional rules to govern the reach of state and local sales and income tax collectors; the substitution of state administered taxes for the local tax on business inventories), and (c) taxpayer equity (state equalization of local property tax assessments). Across the board reductions in business taxes also stand out as rather costly and politically hazardous examples of the nondiscriminatory means for improving the jurisdiction's business tax climate.

The familiar state authorized tax concession – the property, sales, or income tax reduction granted by the legislature to designated classes of taxpayers – stands about midway between the general and the particular benefit extremes. In this case the legislature not only designates the beneficiary class (i.e., any firm that meets the definition of a "new industry" or that constructs a "research and development facility"), it also prescribes the amount and duration of the tax reduction. In sharp contrast to the general benefit approach for improving the business tax climate, this type of "class" legislation is fairly discriminatory.

The state negotiated tax concession contract with individual firms, however, stands out as the extreme case of a particular benefit, and the most discriminatory method that a state can employ to entice a potential industrial prospect into its jurisdiction. Louisiana's recent "breakthrough" on this front serves as the case in point. In December 1966, the state legislature authorized the Louisiana Council on New Industry, with certain safeguards, to negotiate contracts with manufacturers which in effect will allow Louisiana to meet the best (lowest) tax offer of any other state in which a manufacturer contemplates locating.

While the negotiated contract can be justified on efficiency grounds – the most enticement "bang" for each tax reduction "buck" – the apparent efficiency of this most highly discriminatory and selective method for zeroing in on potential industrial targets could quickly trigger retaliatory actions that would both subvert the interests of intergovernmental comity and taxpayer equity.

The practice of making special tax concession to new industry can have baneful effects on our federal system by setting in motion a self-defeating cycle of competitive tax undercutting and irrational discriminations among business firms. Therefore, states should avoid policies calculated to provide special tax advantages or concessions to selected groups of business firms, and frame their business tax policies along general rather than special benefit lines.

REAL ESTATE TRANSFER TAX

With repeal of the Federal real estate transfer tax, the states may wish to consider imposing such a tax. More than thirty states, the District of Columbia, and a number of local governments already do so: some for revenue purposes only; others for its byproduct value as well – for the information on real estate prices such a tax provides, useful in assessment of real estate for property tax purposes.

The accompanying suggested legislation is based in part on the West Virginia "Realty Transfer Tax" statute (W. Va. Code, Ch. 11, Art. 22). The suggested draft language includes, in addition to the usual provisions for imposition and collection of the tax, with definitions and exemptions, a provision (Section 4) requiring that a sworn statement of the actual selling price or current market value of the transferred property be attached to each deed presented for recordation. A provision of this kind would strengthen administration of the tax and facilitate the ready availability of sales price data for sales-assessment ratio studies in connection with property tax administration.

Suggested Legislation

[Title should conform to state requirements. The following is a suggestion: "An act imposing a real estate transfer tax."]

(Be it enacted, etc.)

Section 1. Definitions. As used in this act:

(1) "Deed" means [insert the definition applied in the state's law pertaining to real estate].

(2) "Registrar" means [insert title of local official responsible for recording deeds].

(3) "Value" means: (i) in the case of any deed not a gift, the amount of the full actual consideration therefor, paid or to be paid, including the amount of any lien or liens thereon; and (ii) in the case of a gift, or any deed with nominal consideration or without state consideration, the estimated price the property would bring in an open market and under the then prevailing market conditions in a sale between a willing seller and a willing buyer, both conversant with the property and with prevailing general price levels.

Section 2. Imposition of Tax. A tax is imposed at the rate of [$ for each $ of value or fraction thereof] [per centum of the value], which value is declared in the affidavit required by Section 4, upon the privilege of transferring title to real property.

Section 3. Collection of Tax.

(a) If any deed evidencing a transfer of title subject to the tax herein imposed is offered for recordation, the [Registrar] shall ascertain and compute the amount of the tax due thereon and shall collect such amount as prerequisite to acceptance of the deed for recordation.

(b) The amount of tax shall be computed on the basis of the value of the transferred property as set forth in the affidavit required by Section 4 of this act.

Section 4. Declaration of Value.

(a) Each deed evidencing a transfer of title subject to the tax as herein provided shall have appended thereto an affidavit of the parties to the transaction or their legal representatives declaring the value of the property transferred. If the transfer is not subject to the tax as herein provided, the affidavit shall specify the reasons for the exemption.

(b) The form of affidavit shall be prescribed by the [state tax agency] which shall provide an adequate supply of such forms to each [Registrar] in the state.

(c) The [Registrar] shall transmit two true copies of the affidavit to the [Assessor] who shall insert the most recent assessed value of each parcel of the transferred property on both copies and shall transmit one copy to the [state tax agency].

Section 5. Disposition of Proceeds. [Insert appropriate language as to disposition of proceeds.][1]

Section 6. Powers and Duties of [state tax agency].

(a) The [state tax agency] may prescribe such rules and regulations as reasonably necessary to facilitate and expedite the imposition, collection, and administration of the tax imposed pursuant to this act.

(b) [If not already provided by applicable statutes insert additional subsections conferring such powers and imposing such duties as the [state tax agency] may need to compel the production of taxpayer records, to extend the time for the filing of the declaration of value, and to provide for refunding erroneous payments.]

Section 7. Penalty for Recording Without Tax. Any [Registrar] who willfully shall record any deed upon which a tax is imposed by this act without collecting the proper amount of tax required by this act based on the declared value indicated in the affidavit appended to such deed shall, upon conviction, be fined [fifty dollars ($50)] for each offense.

Section 8. Penalty for Falsifying Value. Any person who shall willfully falsify the value of transferred real estate on the affidavit required by Section 4 of this act shall, upon conviction, be subject to a fine of not more than [$1,000 or to imprisonment of not more than one year, or to both such fine and imprisonment] for each offense.

Section 9. Exemptions. The tax imposed by this act shall not apply to a transfer of title:

(1) recorded prior to the effective date of this act;

(2) to the United States of America, this state, or any instrumentality, agency, or subdivision thereof;

(3) solely in order to provide or release security for a debt or obligation;

[1]Disposition of the proceeds is a matter for state policy determination. Some states will wish to use the entire proceeds for state purposes. Others will wish to share the real estate transfer tax with their local governments; still others will make the entire proceeds available to their local governments.

(4) which confirms or corrects a deed previously recorded;

(5) between husband and wife, or parent and child with only nominal actual consideration therefor;

(6) on sale for delinquent taxes or assessments;

(7) on partition;

(8) pursuant to mergers of corporations;

(9) by a subsidiary corporation to its parent corporation for no consideration, nominal consideration, or in sole consideration of the cancellation or surrender of the subsidiary's stock.

Section 10. Effective Date. [Insert effective date.]

EXCHANGE OF TAX RECORDS AND INFORMATION

Administrative cooperation between federal, state and local tax administrations has had legislative and executive endorsement, in principle, at both state and federal levels for more than a generation. Its application, however, has been rather limited to date despite the significant dividends it can yield in terms of increased revenues, enforcement cost economies, and improved taxpayer compliance.

The case for intergovernmental cooperation among state and local tax administrations and between them and the federal government is self-apparent. Tax information assembled by one can be useful to one or more of the others. Moreover, just as taxpayers' respect for federal tax administration has complementary benefits for state administrations, so improved state and local tax enforcement eases the federal task. Conversely, each discouragement to under-reporting of federal tax liability increases the odds against under-reporting to state and local governments and vice versa.

The exchange of tax records and information among states and between the states and the Federal Internal Revenue Service is basic to intergovernmental efforts to secure better reporting by taxpayers. The Revenue Act of 1926 and subsequent Congressional enactments contain explicit authority for giving state tax officials access to federal tax returns. In some states, however, statutory authority for the exchange of tax information is limited and may even be completely lacking as to a specific tax.

Accordingly, states are urged to examine their existing statutes relative to the exchange of tax information with tax officials of other jurisdictions so as to insure that they are clear-cut and adequate. Consideration might also be given to the enactment of a generally applicable statute which would uniformly authorize the exchange of information as to all taxes imposed in the state instead of enacting such authority separately in connection with each different tax. The suggested legislation limits the exchange of information to jurisdictions which reciprocate the service and undertake to use the information soley for tax enforcement purposes.

Suggested Legislation

[Title should conform to state requirements]

(Be it enacted, etc.)

Section 1. The [tax commissioner] at his discretion may furnish to the taxing officials of any other state and its political subdivisions, the political subdivisions of this state, the District of Columbia, the United States and its territories, [Canada and the Provinces of Canada] any information contained in tax returns and reports and related schedules and documents filed pursuant to the tax laws of this state, or in the report of an audit or investigation made with respect thereto, provided that said jurisdictions grant similar privileges to this state and provided further that such information is to be used only for tax purposes.

Section 2. The political subdivisions of this state may enter into agreements with the [Tax Commissioner] to provide for exchange of tax information authorized by Section 1 of this act.

METROPOLITAN EDUCATIONAL EQUALIZATION AUTHORITY

Shortcomings in educational programs resulting from the unequal distribution of tax resources and the unequal costs of educating children can be tackled by marshalling resources within a region rather than the entire state. If a state does not provide a fully effective statewide program for equalizing opportunity, a limited or metropolitan approach offers a method for supplementing a deficient state aid program. This metropolitan educational finance measure is designed to deal with one of the most pressing social problems of our time – the need to design a system for financing education that enables all school districts within the metropolitan area to implement the concept of equal educational opportunity. While the disparities between central city and suburbs claim most public attention, anyone familiar with the fiscal landscape of suburbia is keenly aware of the fact that it does not present a uniform picture of affluence. On the contrary, suburbia fairly bristles with contrasts between rich, poor, and middle income jurisdictions.

To create a financial environment that contributes substantially to equality of educational opportunity, four remedial financial steps should be taken.

1. To eliminate the accidents of local property tax geography, the measure set forth below would subject all taxable property within the metropolitan area to a basic school levy and thereby largely remove the possibility that industrial enclaves and local fiscal zoning will shield certain property from the legitimate burdens borne by the wider community for public schools.

2. To provide special assistance to those school districts confronted with the task of educating a disproportionately large number of "high cost" students (the educational over-burden problem), the formula for distributing the proceeds of the areawide tax would recognize and compensate for the unequal distribution of socially and culturally deprived students among the school districts within the metropolitan area.

3. To provide special assistance to those school districts hampered in their efforts to finance an acceptable level of education due to extraordinary tax demands for their municipal-type functions such as public safety, public welfare, and other public services and facilities (the municipal over-burden problem), the formula for distributing the proceeds of the areawide tax would give due weight to the overall local tax burden (school and non-school) borne by taxpayers in each local school district.

4. To assure that state aid to local school districts within the metropolitan area reinforces this compensatory approach, this measure would direct the head of the State education department to channel all general state aid compensatory funds for local school districts within the metropolitan region through the regional financing authority. These state aid funds could then be distributed in the same equalizing fashion as the locally derived funds are distributed among local school districts.

The proposal embodied in the following draft legislation would increase fiscal support of the schools in greatest need while keeping school policy and school administration in the hands of the area's individual school districts.

It will *not* interfere with the right of each local school district to (a) select its own superintendent, (b) to chart its own educational policy consistent with state law and (c) to impose a supplemental rate if it wants to underwrite a program above the areawide standard.

In order to match resources with educational needs, the proposed legislation directs the Governor to create a metropolitan educational equalization authority if the chief educational officer of the State finds that significant disparities exist among school districts in the metropolitan area. The proposal sets forth specific guidelines for determining the existence of significant disparities between resources and educational needs.

In addition, equalization guidelines are provided for the members of the metropolitan equalization authority to follow in drawing up a specific formula for distributing the proceeds of the areawide tax among the constituent school districts. The guidelines place heavy emphasis on the need to compensate for both educational and municipal over-burden factors.

To insure that a substantial degree of equalization is effected, the draft legislation sets forth a "standby" distribution formula that becomes operative unless representatives of the local school boards representing at least 80 percent of the school children within the metropolitan area concur in their own formula for inter-district equalization. As an additional incentive to encourage agreement on a local formula, the draft bill provides that state aid be channeled to local districts in accordance with a local formula approved with the concurrence of representatives of school districts containing a large proportion of the combined pupil enrollment.

In some states, a constitutional amendment may be necessary prior to the enactment of this legislation. A suggested amendment is set forth below, following the proposed legislation.

Suggested State Legislation

[Title should conform to state requirements. The following is a suggestion: "An Act to Authorize Metropolitan Educational Equalization Authorities."]

(Be it enacted, etc.)

Section 1. Purpose. The purpose of this act is to lessen fiscal disparities among the various school districts within the same metropolitan area and thereby more nearly equalize educational opportunity for all public school students residing in that area.

Section 2. Urban Metropolitan School Districts. Within each Standard Metropolitan Statistical Area (SMSA), as defined by the U. S. Bureau of the Census,[1] that lies wholly or partly in this state, the [chief state school officer] shall designate as an urban-metropolitan school district any local school district in which [50] percent or more of the student body reside in the urbanized area of the SMSA.

Section 3. Determination of Resources and Needs. The [chief state school officer] shall determine and report to the governor the percentage by which each urban-metropolitan district deviates from the average of all urban-metropolitan districts within a Standard Metropolitan Statistical Area with respect to the following indicators of resources and needs:

(1) equalized property tax value per pupil;

(2) current operating expenditures per pupil;

(3) proportion of students who fall below minimum educational competence as determined on the basis of standardized tests authorized for use by the [chief state school officer];

[1]States may wish to establish the definition of an urbanized area in accordance with their own demographic, economic, and jurisdictional criteria.

(4) proportion of school age population not attending school;

(5) proportion of educationally deprived students as defined under Title I of Public Law 89-10, 20 U.S.C.A. 241c.

Section 4. Metropolitan Educational Financing Districts. Whenever, pursuant to section 3, an urban-metropolitan school district is reported to fall at least [25] percent below the average of all urban-metropolitan school districts within a SMSA with respect to any of the indicators of resources and needs contained in subdivision (1), (2), (3), (4), or (5) of section 3, the governor shall establish a metropolitan educational financing district embracing all urban-metropolitan school districts within the SMSA.

Section 5. Metropolitan Educational Equalization Authority. The governor shall create, for each metropolitan educational financing district, a metropolitan educational equalization authority that shall be comprised of [at least one][1] school board member appointed by the school board of each urban-metropolitan school district in the metropolitan educational financing district. The authority shall convene for purposes of carrying out the provision of this act upon notification by the governor that a metropolitan educational equalization authority has been created.

The authority shall meet at least once each year at the time and in the place its members may determine and may meet at other times at the call of the chairman. The members of the authority shall elect a chairman and may make and alter by-laws for its organization and the conduct of its affairs. A majority of the members from the urban-metropolitan school districts represented in the authority constitutes a quorum for the transaction of the business and the exercise of the power of the authority.

Section 6. Determination of Levy Rate. A metropolitan educational equalization authority shall levy a tax rate which when applied to the equalized assessed value of taxable property in the metropolitan educational financing district will produce an amount equivalent to the combined amount required by [cite appropriate state school aid statutes] to be raised from local revenue sources in each urban-metropolitan school district.

Section 7. Distribution Formula. (a) *Adoption of Formula.* The metropolitan educational equalization authority shall distribute the proceeds of the levy to each urban-metropolitan school district in accordance with a formula adopted by the authority. The formula shall equalize, as nearly as possible, educational opportunity by taking into account educational cost and tax burden differentials among local school districts within the metropolitan area.

(b) *Consideration of High Cost Students.* In order to compensate the urban-metropolitan school districts which have a disproportionately large number of high cost students, the distribution formula

[1] Representation should be consistent with constitutional and statutory requirements regarding representation on elected local governing bodies.

shall give due weight to the relative proportion of school age children in each district that: (a) fall below minimum educational competence, (b) fail to complete twelve grades prior to reaching age [19] and (c) are counted as educationally deprived children for purposes of determining the grant from the Federal government under Title I of Public Law 89-10, 20 U.S.C.A, 241c.

(c) *Consideration of Local Tax Burdens.* In order to compensate the urban-metropolitan school districts hampered in the competition for tax dollars by demands for expenditures on public safety, public health, public welfare, and other municipal-type services and facilities, the distribution formula shall also give due weight to the overall local tax burden in each urban-metropolitan district.

(d) *Lack of Concurrence on a Formula.* Unless the representatives of the urban-metropolitan school districts containing at least [80] percent of the combined pupil enrollment of a metropolitan educational financing district concur in a formula, the proceeds of the levy provided for in section 6 shall be distributed among urban-metropolitan school districts as follows:

(i) [50] percent of the proceeds in the proportion that the school age population in each component school district bears to the total school age population in the metropolitan educational financing district, and

(ii) [50] percent of the proceeds in the proportion that each component district shares in the funds for educationally deprived children provided to all component districts comprising the metropolitan educational financing district under Title I of Public Law 89-10, 20 U.S.C.A. 241c.

(e) *State Educational Aid Funds.* If a metropolitan educational equalization authority approves a formula with the concurrence of representatives of urban-metropolitan school districts containing more than [80] percent of the combined pupil enrollment, the [chief state school officer] shall disburse any state educational aid entitlement of an urban-metropolitan school district to the metropolitan educational equalization authority for distribution in accordance with the approved formula.

Section 8. Responsibilities of the [chief state school officer]. The [chief state school officer] shall collect, compile, and make available to a metropolitan educational equalization authority, all records necessary to determine an equitable distribution formula. The records shall include, for each local school district: (1) the number of pupils falling below minimum educational competence as established by standardized tests, (2) the number of children under [19] not attending school who have not completed twelve grades, (3) the number of children counted in determining a grant from the Federal government under Title I of Public Law 89-10, 20 U.S.C.A. 241c, and (4) the relative local tax burden for education and non-educational purposes.

Section 9. Tax Collections. The taxes levied pursuant to this act shall be assessed and collected in the same manner as other taxes and the proceeds shall be deposited to the credit of the metropolitan educational equalization authority.

Section 10. Permission to Levy Additional Taxes. Nothing in this act shall preclude any individual school district or municipality within a metropolitan educational financing district established by this act from levying additional taxes for the support of its own school program.

Section 11. Separability [Insert separability clause].

Section 12. Effective date [Insert effective date].

Suggested Constitutional Amendment

Section 1. The [legislature] may authorize the establishment of educational financing districts consisting of one or more counties or parts thereof and may authorize a uniform property tax rate within the districts for the support of public education.

Section 2. [All parts of the Constitution in conflict with this amendment are hereby repealed.] [sections (identify those sections of Constitution to be repealed) are hereby repealed.]

Section 3. [Insert appropriate language, consistent with state election laws, for submission of the proposed amendment to the electorate.]

STATE TAX POLICIES TO COMBAT INTERLOCAL DISPARITIES IN METROPOLITAN AREAS

It is in the public interest that local jurisdictions in metropolitan areas provide their residents and businesses with a reasonably comparable level of basic government services. This is difficult when taxable wealth, income, and business activity as well as the need for governmental services vary drastically among the several jurisdictions comprising the area. It is made doubly difficult when state fiscal policies encourage the proliferation of local governments because the smaller the governmental units the greater the likelihood of wider fiscal disparities among them.

The larger the geographic area for which governmental services are provided, the greater the opportunity to equalize the level of services financed from the fiscal resources of the geographic area. Thus, a broad-based state tax draws funds from all parts of the state, wealthy and poor, in accordance with the way in which its taxable base is distributed. The state can then provide a comparable level of services throughout its area, regardless of where the money is collected. State functional grants-in-aid to local governments can be distributed with the same effect, so as to mitigate interlocal disparities.

The advantages of statewide financing can also be realized by the shared-tax device, provided the proceeds are shared on some equalizing basis. Michigan, for example, distributes part of its sales tax revenue to cities and towns in proportion to population, and most of the remainder to school districts on the basis of an equalization formula. Interlocal disparities are aggravated when a state shares income or consumer taxes with its localities solely on the basis of origin of collections (i.e., residence in the case of personal income taxes; place where the sale is made in the case of consumer taxes) because income and commercial activity are unequally distributed among local jurisdictions. For example, where part of a state income tax is returned to incorporated places on the basis of the residence of taxpayer, as in Wisconsin,[1] wealthy citizens are encouraged to settle in the suburbs and to incorporate satellite communities. By the same token, if states sales tax collections are returned to the jurisdiction in which they originate, large suburban shopping centers beyond city boundaries are encouraged to incorporate into separate municipalities. In both instances, much of the taxable wealth of the central city would be chipped away and its fiscal capacity to provide adequate governmental services diminished.

Increasingly, as the desire for more and better local government services grows and property tax burdens approach economic and legal ceilings, metropolitan communities can be expected to press state legislatures for nonproperty taxing powers. When authorizing such local nonproperty taxes, states should consider their possible effect upon local government organization. By authorizing countywide or even metropolitan-areawide local sales or income taxes, the states can discourage proliferation of local governments and relieve some of the fiscal disparities between contiguous localities. Under the county-preemption approach cities are allowed to enact a supplement to the state sales tax only if the county has not done so. Once a countywide sales tax is enacted, however, the city taxes are invalid, and the county tax is shared with all the cities on a per capita basis.

In contrast, the city-preemption approach to local sales taxation, adopted by California, tends to encourage municipal incorporation.[2] There both counties and cities are authorized to impose a supplement to the state sales tax. The county and city sales taxes together may not exceed one percent. If both the county and city levy such a tax, the county is required to allow a credit for the city tax. Thus, a city can preempt the entire local sales tax that originates within its jurisdiction. In these circumstances, it could be advantageous for a group of people living in the unincorporated part of a county to incorporate around a large suburban shopping center and thus retain the sales tax in its own jurisdiction.

[1] Wisconsin *Statutes,* Chapter 71, Section 71.14.
[2] *California Revenue and Taxation Code,* Section 7200.

When authority for local income or sales taxes is limited to cities, it has the same proliferation-disparity effects as a state-shared tax distributed on an origin basis. Wealthy central city residents subject to local income taxes levied to finance costly public municipal services, such as education, public welfare, and crime prevention, the costs of which are attributable mainly to the economically disadvantaged residents, may well move out. Their local taxes would thereby contribute nothing to the central city from which they earn their livelihood. Michigan has mitigated this problem by coupling the authority for a municipal income tax with the requirement that the proceeds be shared equally by both the city of residence and the city of employment if both levy the tax.[3] However, the county or metropolitan-areawide approach to local sales or income taxation is preferable.

The county-preemption approach to local sales taxation is adaptable for use in multi-county metropolitan areas. A state which contains such areas could require concomitant enactment of the local sales tax by all counties in the metropolitan area. Maryland adopted this approach in 1965 when it authorized the city of Baltimore, Baltimore County, and Anne Arundel County, comprising the Baltimore metropolitan area, to impose a sales tax supplement to the state general sales tax by "mutual and unanimous agreement."[4]

An attempt to accomplish a similar objective in the Denver area was halted by the Colorado Supreme Court. The state legislature adopted an enabling act in 1961 authorizing Denver and the three counties in the Denver metropolitan area to establish a metropolitan capital improvement district to be financed by a 2 percent areawide sales tax.[5] The Denver Metropolitan Capital Improvement District began to collect the 2 percent sales tax in January 1962, the proceeds to be allocated to the respective jurisdictions on a per capita basis. However, the state Supreme Court declared the state enabling act unconstitutional on the ground that it interfered with the home rule powers granted by the state constitution to one of the municipalities encompassed by the capital improvement district whose voters had rejected the proposal.[6]

This multiple country approach to local sales taxation holds significant promise, particularly in those metropolitan areas where capital improvement programs would be facilitated by areawide handling. Those states considering its usefulness will need to anticipate the implications of their constitutional home rule provisions, possibly by including in their enabling legislation explicit language to waive otherwise applicable home rule provisions in the csae of jurisdictions in the affected metropolitan areas.

[3] *Compiled Laws of the State of Michigan,* 1948, Sec. 141.501-141.699 (Act 284 of 1964).

[4] *Annotated Code of Maryland, 1957,* Art. 81, Sec. 411A. The communities involved have not acted upon this authorization.

[5] *Colorado Laws of 1961,* Chapter 179.

[6] *Four-County Metropolitan Capital Improvement District, et. al. v. The Board of County Commissioners of Adams County, et. al.* (1962), 149 Colo. 284, 369 P. (2d) 67.

REMOVAL OF CONSTITUTIONAL RESTRICTIONS ON STATE BORROWING

Because of the financial crises of the nineteenth century and ill-fated State efforts to finance internal improvements, the great majority of States have placed severe restrictions on the legislature's power to incur public debt.

Only nine States (Connecticut, Delaware, Louisiana, Maryland, Massachusetts, Minnesota, New Hampshire, Tennessee, and Vermont) permit their legislatures to borrow without restriction as to amount. The rest limit the legislature by constitutional provisions, or by the requirement of electoral referendum approval, or both.

Today, however, States increasingly are asked to participate in numerous Federal grant-in-aid programs for capital improvement projects, such as airports, hospitals, and university buildings. In addition, local governments have sought State aid in contributing to the non-Federal share of Federally-aided programs administered locally.

These demands, added to the State's own growing needs, have created intense pressure for expanded borrowing authority, leading to circumventions of various kinds. There has been increased use of revenue bonds, public corporations, lease-purchase agreements, and reimbursement obligations. The debt created by these devices is called non-guaranteed debt, since the States do not pledge their general funds to repay it.

Use of these methods to by-pass restrictive debt limits has had some undesirable consequences. Because the States do not pledge their credit or taxing power to retire the bonds, they pay higher interest rates. Frequently, States have had to create, at additional cost, special administrative organizations. Whenever an independent authority administers an activity financed with non-guaranteed debt, it has the further undesirable effect of moving political accountability one step further from the public than when the legislature itself authorizes debt secured by the full faith and credit of the State.

The severity of business downturns, one of the causes of past bond defaults, has diminished. Countercyclical devices now are built into the American economy, and the Federal Government has developed fiscal tools to dampen fluctuations of the business cycle. Moreover, the growth and expansion of each State's economic base in recent years, coupled with the diversified tax systems now found in many States, assure greater stability in State revenues.

In the face of urgent needs, and in the light of new economic circumstances, States should re-examine constitutional restraints on State borrowing authority to assure that the State is not deprived of any legitimate fiscal power.

The provisions which follow are patterned after the Maryland constitutional convention draft. The legislature is given authority to incur indebtedness "for any public purpose," to be secured by an irrevocable pledge of the full faith and credit and unlimited taxing power of the State.

The virtue of placing the full faith and credit of the State and its unlimited taxing power behind such indebtedness is that it expresses clearly and precisely the concept of a State debt. This approach strengthens the State's credit by removing ambiguity that has often led to a stream of litigation. The provision in the fourth sentence, which in effect makes the State debt a first charge upon the general funds of the State, also serves to strengthen the State's credit position.

Nothing in this amendment precludes the State or any of its agencies from continuing to issue revenue bonds secured, not by a pledge of the full faith and credit of the State, but by the revenues of the project for which the revenue bonds are issued.

Suggested Constitutional Amendment

[Title, format, and procedural practice for constitutional amendment should conform to State practice and requirements.]

Section 1. The [legislature] may incur indebtedness for any public purpose prescribed by law. All such indebtedness shall be secured by an irrevocable pledge of the full faith and credit and unlimited taxing power of the state. Unless the law authorizing the creation of an obligation includes such an irrevocable pledge, the obligation shall not be considered an indebtedness of the state. If at any time the [legislature] fails to appropriate sufficient funds to provide for the timely payment of the interest upon and installment of principal of all state indebtedness, there shall be set apart from the first revenues thereafter received applicable to the general funds of the state a sum sufficient to pay such interest and installments of principal. All state indebtedness shall mature within [ ] years from the time such indebtedness is incurred. The legislature may authorize the issuance of revenue bonds, which shall not be an indebtedness of the state, but which shall be secured by receipts from the project for which the bonds are issued.

Section 2. [All parts of the constitution in conflict with this amendment are hereby repealed.] [Sections (identify those sections of constitution to be repealed) are hereby repealed.]

Section 3. [Insert appropriate language, consistent with the referendum requirements for amending the constitution and with state election laws, for submission of the proposed amendment to the electorate.]

PROPERTY TAX SURVEY COMMISSION

This bill authorizes the creation of a Property Tax Survey Commission to examine certain basic property tax policy issues which must be resolved by each state. These policy issues include: (a) the adequacy of the legal structure underpinning property tax administration, (b) exemptions from taxation, (c) changes in tax rate and debt limits which would be required if market value determinations based on assessment-sales ratio studies replace assessed valuations as the measurement base, and (d) the extent to which the state should become involved in the actual administration of the property tax.

Each state should take a hard, critical look at its property tax laws and rid it of all features that are impossible to administer as written, which force administrators to condone evasion, and which encourage taxpayer dishonesty. Ad valorem taxes on most classes of property, real and personal, can be administered with reasonable competence if a state is willing to provide suitable means; but the extent to which some personal property tax laws have become legal fictions is notorious. Evasion and condoning of evasion are so widespread as to make such laws a tax on integrity.

The use of exemptions from property taxes without regard for their secondary effects has drastically changed the distribution of the property tax burden and a re-examination of exemptions is urgently needed. States have long had a propensity, which is continuing, to fritter away the local property tax base by concealed subsidies in the form of special tax exemptions to promote private causes of questionable public importance, provide welfare aid, advance undertakings for social and economic reform, and reward public service. Typically these special tax exemptions are mandatory upon local taxing jurisdictions; they have to be honored by them, regardless of their revenue cost or the preference of the local community.

Suggested Legislation

[Title should conform to state requirements. The following is a suggestion: "An act creating a property tax survey commission, and for related purposes."]

(Be it enacted, etc.)

Section 1. Property Tax Survey Commission. There is hereby created a property tax survey commission of [ ] members for the purpose of making a thorough examination of the property tax and its administration. The commission shall make a report of its study and examination together with such specific recommendations as it may adopt to the governors and to the legislature not later than [ ] of each [ ] numbered years.

Section 2. Commission Duties. The commission shall:

(1) ascertain whether the [state tax agency] is making adequate provision for continuing study and analysis of the property tax so as to insure that this revenue source is given attention commensurate with its major importance in the overall state and local revenue structure;

(2) determine (i) whether provision of the constitution or any statute, ordinance or charter unduly restricts legislative or administrative flexibility and responsibility for producing and maintaining

a productive and administrable property tax system and, (ii) whether the property tax laws need revision or recodification;

(3) examine the state's property tax exemption policies and make recommendations implementing the principle that exemptions be provided only on clear demonstration of public interest and be limited to those cases in which the tax exemption method is preferable to outright grants supported by appropriations;

(4) examine the question of reimbursing local communities for the amounts of tax loss sustained in the instance of mandatory tax exemptions;

(5) Make a thorough review of all classes of partial and total exemptions from tax liability based on assessed valuations made by assessment officials, study the desirability of their continuance from the point of view of sound policy, and with respect to those exemptions that may be continued, recommend adjustments as would be called for by the adoption of the market value determinations made or to be made by the [state tax agency] as the uniform measure for all exemptions from property tax liability;[1]

(6) study all limits on the taxing and borrowing powers of local governments imposed by state law or municipal charter that are related to assessed valuation set by local assessment officials; consider the desirability of their continuance or modification, and for any that may be continued recommend adjustments as would be made necessary by the adoption of the market value determinations made or to be made by the [state tax agency] as the uniform base for restricting the taxing and borrowing powers of local government;

(7) study all state financial grants to school districts and local governments that are measured by assessed valuations set by local assessment officials and recommend adjustments as may be necessitated by the adoption of the market value determinations of the [state tax agency] as an equalized measure of local fiscal capacity and tax effort;

(8) evaluate the structure, powers, facilities, and competence of the [state tax agency] and local property tax offices and on the basis of the evaluation recommend an organizational policy from among the following alternatives:

(i) centralized property tax administration, with each local government determing the amount of its own tax levies, within any applicable limitations, and with the state providing all professional services for the assessment, collection and enforcement of the property tax liability;

(ii) centralized property assessment administration, with the valuations certified to local officials as the basis for their billing and collection of taxes;

[1] To the extent that exemptions can be justified, the tax credit method employed by some states has considerable merit because it completely removes the assessor from dollar determinations of the privilege.

(iii) coordinated joint state-local administration with the [state tax agency] granted all appropriate supervisory powers and facilities but whose assessment responsibilities would be confined to property of types that customarily lie in more than one district and do not lend themselves to piecemeal local assessment, that require appraisal specialists beyond the specialized skills of most local district staffs, and that can be more readily discovered and valued by a central agency than by a local assessment office; or

(iv) some other uniform method of property assessment administration.

(9) evaluate the present administrative-judicial appeal procedure for assessment review in order to determine whether taxpayers have ready and inexpensive access to effective legal remedies, and make recommendations with respect thereto.

Section 3. Commission Membership. The governor shall appoint the members of the commission and shall designate the chairman thereof. The term of each commissioner authorized shall be [four] years. Any vacancy on the commission shall be filled in the same manner as original appointments thereto and shall be for the unexpired term.

Section 4. Staff. The commission may employ such research or administrative staff as it deems necessary within or without the [state merit system].

Section 5. Hearings. The commission may hold public hearings in various parts of the state and prescribe any necessary rules for the conduct thereof.

Section 6. Per Diem and Expenses. Members of the commission shall receive per diem of $[ ] for each full day of attendance at a meeting of the commission plus their actual and necessary expenses incurred in the discharge of their official duties. Members of the commission who are salaried members of the legislature or full-time public officers or employees shall not receive per diem but shall be entitled to reimbursement for their actual and necessary expenses.

Section 7. Duration. Sections 1-6 of this act shall cease to be of any force or effect on and after [four years after effective date of this act] and the commission established hereby shall terminate as of [same date].

Section 8. Appropriation. [Use this section to make initial appropriation to the commission.]

Section 9. Separability. [Insert separability clause.]

Section 10. Effective Date. [Insert effective date.]

PROPERTY TAX ORGANIZATION AND ADMINISTRATION

In 49 of the 50 states (all except Hawaii), property assessment administration is a joint state and local responsibility. Most recent efforts to improve the quality of property assessment have concentrated on making the joint system work better. To knit this two-level system into a well-coordinated, smoothly-functioning organization is difficult but possible of accomplishment.

The prevailing pattern for state-local property tax administration, subject to innumerable variations, is: (1) local assessment districts responsible for the bulk of the primary assessing; (2) local or county boards of review; (3) county boards of equalization; and (4) a state agency or agencies responsible variously for supervision of local assessing, provision of technical aid to local assessors, hearing taxpayer appeals, interarea equalization of assessment, central assessment of some classes of property, and valuation research.

The proposal would provide for well-coordinated state-local administrative organization with a central directing authority. At the state level, administrative responsibilities would be vested in a single agency professionally organized and equipped for the job, with adequate powers of supervision and regulation clearly defined by law. At the local level, county assessment units would be organized and staffed so as to make competent assessing feasible. The overall goal is to produce a workable apportionment of two-level responsibilities, with careful coordination of assessment standards and procedures.

The suggested legislation vests in the single state agency responsibility for assessment supervision and equalization, assessment of all state assessed property, and valuation research, with adequate powers clearly defined by law. It provides that no assessment district shall be less than countywide, and when, as in many instances, counties are too small to comprise efficient assessment districts, the bill authorizes the creation of multi-county assessment districts. In order to eliminate wasteful duplication of assessment effort, all overlapping assessment districts (township and municipal) are eliminated. It also provides that county assessors be appointed on the basis of demonstrated merit and be subject to removal for good cause by the appointing official.

It should be noted that the suggested act in setting forth the qualifications for assessors and appraisers makes no mention of residence requirement. Since it is desirable to encourage the employment of assessors and appraisers on a professional basis, the Advisory Commission on Intergovernmental Relations recommends that states omit a residence requirement. If this is to be done, it may be necessary to make an appropriate exception by amending the relevant general personnel statutes or by writing an affirmative exemption into this statute.

This draft legislation draws on Oregon, Maryland, and Kentucky experience, particularly as it relates to the provision of state technical assistance to local assessment jurisdictions.

Suggested Legislation

[Title should conform to state requirements. The following is a suggestion: "An act establishing a division of property taxation within the [state tax agency]; providing for the qualifications, duties, and responsibilities of county assessors and related personnel; providing for state-county relations in respect of assessment and appraisal of property, and for related purposes."]

(Be it enacted, etc.)

Section 1. Division of Property Taxation.[1] (a) There shall be in the [state tax agency] a division of property taxation, hereinafter called the "division." The head of the division shall be the director, appointed by the [head of the state tax agency] in accordance with the provisions of the [state merit system law]. The director shall serve in accordance with the provisions of such law. He shall have experience and training in the fields of taxation and property appraisal.

(b) The employees of the division shall be in the [state merit service]. The director may contract for the services of expert consultants to the division.

(c) In addition to any duties, power, or responsibilities otherwise conferred upon the division, it shall administer and enforce all laws related to the state supervision of local property tax administration and the central assessment of property subject to ad valorem taxation. Whenever the division assesses or appraises property, or provides services therefor, it shall prescribe the methods and specifications for such assessment or appraisal.

Section 2. Assessors and Appraisers, Qualifications and Certification. (a) Except as expressly permitted by statute, no person shall perform the duties or exercise the authority of an assessor or appraiser of property in or on behalf of any county unless he is the holder of an assessor's or appraiser's certificate, as the case may be, issued by the division.

(b) The division shall provide for the examination of applicants for such certificates. No certificate shall be issued to any person who has not demonstrated to the satisfaction of the division that he is competent to perform the work of an assessor or appraiser, as the case may be; but any applicant for a certificate who is denied the same shall have a right to review of such denial [in accordance with the state administrative procedure act] [by a court of appropriate jurisdiction].

Section 3. Collection and Publication of Property Tax Data.[2] (a) The division annually shall make and issue comprehensive assessment ratio studies of the average level of assessment, the degree of

[1] As an alternative for states in which organization for tax administration is diffused, the agency should be given prominence as a separate department or bureau. It may be desirable to have the career administrator serve under a multimember commission appointed for overlapping terms.

[2] Subsection (a) of this section is similar to section 3, and subsection (c) of this section is similar to section 5 of the act entitled "An act establishing assessment standards and performance measurements; establishing interdistrict and intradistrict tax equalization procedures, and for related purposes," which appears below. This duplication is necessary because the provisions are desirable in each act standing alone.

assessment uniformity, and overall compliance with assessment requirements for each major class of property in each county in the state. In order to determine the degree of assessment uniformity and compliance in the assessment of major classes of property within each county, the division shall compute the average dispersion. As used in this section, "average dispersion" means the percentage which the average of the deviations of the assessment ratio of individual sold [or appraised] properties bears to their median ratio.

(b) The division may require assessors and other local officers to report to it data on assessed valuations and other features of the property tax for such periods and in such form and content as the division shall require. The division shall so construct and maintain its system for the collection and analysis of property tax facts as to enable it to make intrastate comparisons as well as interstate comparisons based on property tax and assessment ratio data compiled for other states by the United States Bureau of the Census, or any agency successor thereto.

(c) The [state tax agency] shall publish annually the findings of the division's assessment ratio studies together with digests of property tax data.

Section 4. Tax Exemption Information. The county assessor regularly shall assess all tax exempt property within the county, calculate the total assessed valuation for each type of exemption, and compute the percentages of total assessed valuations thus exempt. The totals and computations thus made and obtained, together with summary information on the function, scope and nature of exempted activities, shall be published annually by the county.

Section 5. Forms. The division shall devise, prescribe, [supply,] and require the use of all forms deemed necessary for effective administration of the property tax laws. So far as practicable the forms shall be uniform, but nothing herein shall be deemed to prevent the prescribing of substitute or additional forms where special circumstances require.

Section 6. Tax Maps. The division shall require each county assessor to maintain tax maps in accordance with standards specified by the division. Whenever necessary to correct mapping deficiencies, the division shall install standard maps or approve mapping plans and supervise map production. The [state tax agency] [shall] [may] require the county to reimburse the state for tax maps installed by the division. The amount or amounts of such reimbursement shall be deposited in the [state treasury] to the account of the [state tax agency].[1]

Section 7. Provision of Tax Manuals and Guides. The division shall prepare, issue, and periodically revise guides for local assessors in the form of handbooks of rules and regulations, appraisal manuals, special manuals and studies, cost and price schedules, news and reference bulletins and digests of property tax laws suitably annotated.

[1] In place of the last two sentences of section 6, a state may prefer the following: Costs of map production and installation incurred pursuant to this section shall be county charges.

Section 8. Data Processing. To expedite the preparation of assessment rolls, tax rolls, and tax bills, the division is authorized to take action as may be appropriate to enable counties to receive the benefits of modern data processing methods.

Section 9. Provision of Engineering, Professional and Technical Services. Whenever a county by or pursuant to action of its [governing board] requests the [state tax agency] to provide engineering, professional or technical services for the appraisal or reappraisal of properties, the [state tax agency] may, within its available resources, and in accord with its determination of the need therefor, provide these services. The county shall pay to the [state tax agency] the actual cost of the services in accordance with a schedule of standard fees and charges furnished, and from time to time, revised by the [state tax agency]. All payments received by the [state tax agency] pursuant to this section shall be deposited in the [state treasury] to the account of the [state tax agency].

Section 10. Appraisal of Major Industrial and Commercial Properties. The division shall provide to each county or multi-county assessment district the services of certified appraisers for the appraisal of major industrial and commercial properties. The properties to be appraised shall be determined by the division after consultation with county assessors. In making such determinations, the division shall take into account the ability of the county assessor to perform such appraisals with the resources at his disposal. [Provide for such reimbursement or county charge as may be appropriate.]

Section 11. Inspections, Investigations and Studies. The division may make such inspections, investigations and studies as may be necessary for the adequate administration of its responsibilities pursuant to this act. Such inspections, investigations and studies may be made in cooperation with other state agencies, and, in connection therewith, the division may utilize reports and data of other state agencies.

Section 12. Training Programs. The division shall conduct or sponsor in-service, pre-entry, and intern training programs on the technical, legal, and administrative aspects of the assessment process. For this purpose it may cooperate with educational institutions, local, regional, state, or national assessors' organizations, and with any other appropriate professional organizations. The division may reimburse the participation expenses incurred by assessors and other employees of the state and its subdivisions whose attendance at in-service training programs is approved by the division.

Section 13. Enforcement of Assessment and Appraisal Standards. (a) In order to promote compliance with the requirements of law, the division shall issue and, from time to time, may amend or revise rules and regulations containing minimum standards of assessment and appraisal performance. Such standards shall relate to: (1) adequacy of tax maps and records; (2) types and qualifications of personnel; (3) methods and specifications for the appraisal or reappraisal of property; and (4) administration. For failure to meet the standards contained in the rules and regulations the division may suspend, in whole or in part, performance of the assessment or appraisal function by a county.

(b) If the division finds that a county has failed or is failing to meet the standards contained in the rules or regulations in force pursuant to subsection (a) of this section, it shall notify the county assessor of the fact and nature of the failure. The notice shall be in writing and shall be served upon the county assessor and the [county governing board].

(c) If within one year from the service of the notice the failure has not been remedied, the division may, at any time during the continuance of such failure, issue an order requiring the county assessor and [county governing board] to show cause why the authority of the county with respect to assessments or any matter related thereto should not be suspended, shall set a time and place at which the director of the division shall hear the county assessor and [county governing board] on the order, and after the hearing shall determine whether and to what extent the assessment function of the county shall be so suspended.

(d) During the continuance of a suspension pursuant to subsection (c) of this section, the division shall succeed to the authority and duties from which the county has been suspended and shall exercise and perform the same. Such exercise and performance shall be a charge on the suspended county. The suspension shall continue until the division finds that the conditions responsible for the failure to meet the minimum standards contained in the rules and regulations of the division have been corrected.

(e) Any county aggrieved by a determination of the division made pursuant to this section or alleging that its suspension is no longer justified may have review of such determination or continued suspension [as provided in the state administrative procedure act] [by a court of appropriate jurisdiction].

Section 14. County Assessor. (a) On and after [January 1, 19[ ]] the county assessor shall be appointed by the [chief executive officer of the county] and shall hold office [for an indefinite term] [for a term of five years]. No person shall be eligible for appointment as county assessor who does not hold an assessor's certificate issued by the division pursuant to section 2 of this act.

(b) A county assessor may be removed from office by the [chief executive officer of the county] or by the commissioner of the [state tax agency]. The [chief executive officer] may not remove such assessor, except for cause and the commissioner may remove such assessor only for failure to comply with the orders of the division. [Add provision making appropriate statute relating to hearings and appeals applicable, or supply procedural detail.]

(c) Notwithstanding any provision of this section, any county assessor holding office on the effective date of this act by virtue of election by the people shall be entitled to complete the term for which he was elected.

[(d) If other statutes or provisions of local law do not affirmatively empower county assessors to assess, appraise and classify property, use this subsection to confer such power.]

Section 15. Governing Valuations. [Each local taxing unit] shall be bound by the assessed valuations established by the county assessor for all property subject to its taxing power.

Section 16. Multi-County Assessment Districts.[1] (a) Any two or more contiguous counties may enter into an agreement for joint or cooperative performance of the assessment function.

(b) Such agreement shall provide for:

(1) the division, merger, or consolidation of administrative functions between or among the parties, or the performance thereof by one county on behalf of all the parties;

(2) the financing of the joint or cooperative undertaking;

(3) the rights and responsibilities of the parties with respect to the direction and supervision of work to be performed under the agreement;

(4) the duration of the agreement and procedures for amendment or termination thereof; and

(5) any other necessary or appropriate matters.

(c) The agreement may provide for the suspension of the powers and duties of the office of county assessor in any one or more of the parties.

(d) Unless the agreement provides for the performance of the assessment function by the assessor of one county for and on behalf of all other counties party thereto, the agreement shall prescribe the manner of appointing the assessor, and the employees of his office, who shall serve pursuant to the agreement. Each county party to the agreement shall be represented in the procedure for choosing such assessor. No person shall be appointed assessor pursuant to an agreement who could not be so appointed for a single county. Except to the extent made necessary by the multi-county character of the assessment agency, qualifications for employment as assessor or in the assessment agency, and terms and conditions of work shall be similar to those for the personnel of a single county assessment agency. Any county may include in any one or more of its employee benefit programs an assessor serving pursuant to an agreement made under this section and the employees of his assessment agency. As nearly as practicable, such inclusion shall be on the same basis as for similar employees of a single county only. An agreement providing for the joint or cooperative performance of the assessment function may provide for such assessor and employee coverage in county employee benefit programs.

(e) No agreement made pursuant to this section shall take effect until it has been approved in writing by the commission of the [state tax agency] and the [attorney general].

(f) Copies of any agreement made pursuant to this section, and of any amendment thereto, shall be filed in the office of the [secretary of state] and the [state office of local government].

[1] The possibility of including this paragraph may depend in a particular state on constitutional or statutory considerations.

Section 17. State Performance of County Assessment Function. The [governing board] of a county may, [by resolution], request the [state tax agency] to assume the county assessment function and to perform the same in and for the county. If the commissioner of the [state tax agency] finds that direct state performance of the function is necessary or desirable to the economic and efficient performance thereof, he may direct the division to undertake such performance pursuant to the request. Unless otherwise authorized by law, the division shall undertake and perform the function only after the execution of a suitable agreement between the county and the [state tax agency] providing for responsibility for costs. During the continuance of performance of the county assessment function by the division, the office and functions of the county assessor shall be suspended, and the performance thereof by the division shall be deemed performance by the county assessor.

Section 18. Discontinuance of Certain Assessors' Office. On and after [date] assessment of property for purposes of taxation, unless pursuant to agreement as authorized in section 16 of this act, shall be only by the county and state in accordance with law. However, any assessor in office on [date] who is serving a fixed term as provided by statute or local law may continue in office until the expiration of such term, and the jurisdiction of which he is the assessor shall continue to have the assessment function previously conferred upon it until the expiration of such term. Any vacancy in an elective or appointive office permitted to continue by reason of this section shall be filled only for the unexpired portion of the term.

Section 19. Separability. [Insert separability clause.]

Section 20. Effective Date. [Insert effective date.]

PROPERTY TAX ASSESSMENT STANDARDS AND EQUALIZATION

The laws of most states provide for the assessment of property at market value. Nevertheless, fractional assessment is a pervasive practice. Recent assessment ratio findings indicate that on a nationwide basis, residential real estate is being assessed at less than 30 percent of market value. Moreover, most states have not equalized local assessment levels at any uniform percentage of market value.

One possible course of action is for state tax authorities to order local tax officials to raise depressed assessment levels to the legal valuation standard.

For states not wanting to take this approach, the conflict between law and practice can be resolved by amending state assessment laws to bring them into harmony with fractional valuation practice. Either of two courses of action appears to be possible. One, a state can repeal the full value assessment laws, select a percentage figure which conforms most nearly to prevailing local assessment practices, and direct that assessment levels be brought into line with this fractional valuation standard. Two, a state can give assessors discretion to assess property within their respective jurisdictions at any uniform percentage of current market value (subject to the enforcement of a specific minimum level of assessment). In this case the state supervisory agency should determine annually by assessment ratio studies the average level of assessment in each county and make this information available to taxpayers.

The draft legislation incorporates the second approach – the flexible local assessment standard – reinforced by state assessment ratio findings. The requirement of a minimum level guards against the danger that the quality of assessing will deteriorate if the assessment level is too low.

To secure intracounty tax equalization, the draft legislation requires all classes of property within a county to be assessed at a uniform percentage of current market value. The legislation directs the state tax agency to make county assessment ratio studies and, following the example set by Oregon, to give their findings the widest possible circulation. The features of this legislation which provide for maximum publicity to be given assessment ratio and related information are of special importance because they would furnish knowledge on the basis of which administration and compliance could be improved.

To secure intercounty equalization, the draft legislation directs a taxing unit such as a sewer district lying in more than one county to apportion its levy among the counties in which it is situated in accordance with the market value determinations derived from assessment ratio studies made by the state tax agency. This approach, pioneered by Wisconsin, permits an equitable distribution of the tax load without state-ordered adjustments in local assessment levels.

Suggested Legislation

[Title should conform to state requirements. The following is a suggestion: "An act establishing assessment standards and performance measurements; establishing interdistrict and intradistrict tax equalization procedures, and for related purposes."]

(Be it enacted, etc.)

Section 1. Definitions. As used in this act:

(1) "Current market value" means the estimated price a property would bring in an open market and under the then prevailing market conditions in a sale between a willing seller and a willing

buyer, both conversant with the property and with prevailing general price levels.

(2) "Assessment level" means the percentage relationship which the assessed value of taxable property bears to its current market value.

(3) "Assessment ratio study" means the comparison, on a sampling basis, of the current market value determined from the best information available which may include, but is not limited to appraisals, deed recordings, documentary or tax stamps and statements of parties to the transaction with their assessed valuations, and the application of statistical procedures to determine assessment levels and to measure nonuniformity of assessments.

(4) "Average dispersion" means the percentage which the average of the deviations of the assessment ratios of individual sold [or appraised] properties bears to their median ratio.

Section 2. Tax Base Determination. All classes of taxable property shall be assessed at the same percentage of current market value within each county. No assessment level shall be lower than [ ] percent of current market value as found by the assessment ratio studies made by the division of property taxation [of the state tax agency], hereinafter called the "division." Whenever the prevailing general assessment level within a county, as shown in an assessment ratio study, is below the minimum assessment level in force pursuant to this section and the division deems it necessary to the proper administration of the tax laws to order such uniform percentage adjustments in the assessment base, it may issue such order. Whenever such prevailing general assessment level is 10 percent or more below the minimum assessment level in force pursuant to this section, the county assessor shall make such uniform percentage adjustment in the assessment base as is necessary to secure compliance with law. The failure of the division to issue an order pursuant to this paragraph shall be of no evidentiary significance in any proceeding for the abatement or modification of an assessment.

Section 3. Preparation of Assessment Ratio Studies.[1] The division annually shall make and issue comprehensive assessment ratio studies of the average level of assessment, the degree of assessment uniformity and overall compliance with assessment requirements for each major class of property in each county in the state. In order to determine the degree of assessment uniformity and compliance in the assessment of major classes of property within each county, the division shall compute the average dispersion.

Section 4. Notice to Assessor and [Chief County Fiscal Officer]; Hearing. (a) At least [sixty] days prior to the issuance of an assessment ratio study, the division shall furnish each county assessor and each [chief county fiscal officer] a copy of the tentative assessment ratio study for his county. The copy shall be accompanied by a notice stating that, unless the assessor or [chief county fiscal officer] files a written demand for a hearing thereon, the tentative assessment ratio study, together with all findings, shall be final.

[1] See footnote 2,

(b) Upon demand for hearing filed pursuant to subsection (a) of this section, the division shall fix a hearing. The hearing shall be not less than [ten] days nor more than [twenty] days from the date when the demand therefor is received, but in no event shall such hearing be less than [five] days from the date notice is served upon the county assessor and [chief county fiscal officer] of the county from which a demand has been filed.

(c) As promptly as may be after such hearing, the division shall inform the county assessor and [chief county fiscal officer] whether it has determined to make any changes in the tentative assessment ratio study, and if so, of their precise content. If the county assessor or [chief county fiscal officer] is not satisfied with the study as then proposed to be issued, he may have review of any finding ing or findings, contained therein which formed the basis of the demand for hearing, [as provided in the state administrative procedure act] [by a court of appropriate jurisdiction].

[(d) For the purposes of this section, the assessor for a multi-county assessment district shall be deemed the assessor in and for every county for which he is in fact the assessor by virtue of the agreement made pursuant to [cite appropriate section of statute authorizing multi-county assessment districts].]

Section 5. Publication of Assessment Ratio Information. Immediately on the issuance thereof, the division shall publish each of its assessment ratio studies and shall publish a summary of each such study in convenient form. The division shall take such additional steps as may be appropriate to disseminate to the general public the information contained in its studies.

Section 6. Property Tax Equalization. (a) Whenever, in the view of the division, an assessment ratio for a particular class of property within a county deviates to the degree that a uniform adjustment in the assessment base is necessary for the proper administration of the tax laws, the division shall order the county assessor to make uniform adjustments in the assessment base as are necessary to remove such deviation. A deviation of 10 percent or more shall require the division to issue such order. The failure of the division to issue an order pursuant to this subsection shall be of no evidentiary significance in any proceeding for the abatement or modification of an assessment.

(b) In any case where a [tax levying unit of government] is situated in more than one county, the state and the [tax levying unit of government] shall apportion their tax levies among the various counties in the same proportion that the current market value of the property subject to the tax of the [tax levying unit of government] in each county bears to the current market value of all property subject to the tax of the [tax levying unit of government]. Such apportionment shall be based upon the current market value determinations derived from the annual assessment ratio studies made by the division. Thereafter the tax rates of the [tax levying unit of government] shall be fixed in the respective counties in such manner as is calculated to raise the amounts so apportioned when applied to the assessed values therein.

Section 7. Separability. [Insert separability clause.]

Section 8. Effective Date. [Insert effective date.]

PROPERTY TAX REVIEW AND APPEAL PROCEDURE

In many states the hierarchy of administrative and judicial review and appeal agencies for the protection of the property taxpayers is elaborate; but actual protection under the various systems is illusory because, first, the tribunals to which the taxpayer must appeal are not well constituted and staffed for the purpose and second, the burden of proving his case is too onerous and costly. The small taxpayer, in particular, is helpless if he has no simple, inexpensive, and dependable recourse. While numerous states have been undertaking to improve assessment administration by such means as better state supervision, better training for assessors, statewide revaluations, experimentation with fractional assessment, and the use of assessment ratio studies for equalization purposes, they have tended to ignore the need to improve the procedure for assessment review and appeal.

This legislation provides procedures for the hearing and determination of taxpayer protests of assessments. Such protests would be heard by county assessors or local boards of property tax review or, in the case of state assessed property, by the commissioner of the state tax agency. Appeals could be taken from these initial review agencies to a state tax court, established by the suggested act. At each level of review, emphasis is placed on informality of procedure. At the state tax court level a small claims procedure is established.

The legislation specifically provides that the parties to an assessment protest proceeding may make use of data contained in assessment ratio studies. In any proceeding relating to a protested assessment the court or other review agency is directed to accept as conclusive evidence of inequitable assessment a proven deviation of 10 percent or more from the relevant county assessment ratio and grant appropriate relief.

Since other provisions of the suggested legislation here presented make such assessment ratio studies freely available, the result should be a simplification of evidence gathering and presention in litigation relating to assessments. The appeals procedure above is patterned along the general lines of the Maryland and Massachusetts review systems.

Suggested Legislation

[Title should conform to state requirements. The following is a suggestion: "An act providing for protests of assessments, establishing a state tax court, and for related purposes."]

(Be it enacted, etc.)

Section 1. Jurisdiction to Hear Protest. A taxpayer who desires to protest an assessment of his property may make such protest as provided in this act. Jurisdiction to hear and determine protest of assessments shall be only in the courts and agencies upon whom such jurisdiction is conferred by this act.

Section 2. Assessors and Boards of Review. (a) In all counties of less than [ ] population there shall be a [local board of property tax review] to consist of [specify membership, method of appointment, and term]. Such board shall hear and determine assessment protests, and shall have power to alter or modify any protested assessment in order that it may conform with law. In connection therewith, the board may make such review of assessments and order such equalization thereof as may be necessary. At any time when the county assessor has in his regular employ [three] or more appraisers holding appraiser's certificates issued by the division of property taxation [of the state tax agency], hereinafter called "division," one of such appraisers shall sit with and advise the board, but no appraiser shall sit with the board on its hearing of, or advise the board concerning any protest of an assessment of property previously appraised by him.

(b) In any county [   ] or more population, the county assessor shall have in his regular employ at least [three] appraisers holding appraiser's certificates issued by the division. In any such county, the county assessor shall have the functions and jurisdiction of a [local board of property tax review] and there shall be no such board. In hearing and determining a protest of an assessment the assessor shall be assisted by an appraiser regularly employed in his office who has not previously appraised the property in question.

(c) If the assessment function is performed by an assessor acting for and on behalf of more than one county as provided in an agreement made pursuant to [cite appropriate section of state statute authorizing multi-county assessment districts], a protest of assessment shall be heard and determined by the assessor's office functioning under such agreement, if the office has in its regular employ at least [three] appraisers holding appraiser's certificates from the division or a [local board of property tax review] established by the agreement.

(d) In the case of property assessed by the state, neither a [local board of property tax review] nor a county assessor shall have jurisdiction to hear or determine a protest. Any such protest shall be heard and determined by the [head of the state tax agency].

(e) Review of determinations of a [local board of property tax review], a county assessor when acting on a protest of assessment, and of determinations of the [head of the state tax agency] when acting on a protest of assessment, may be had only in the state tax court as established in section 4 of this act.

Section 3. Initiation of Protests. (a) Within [thirty] days of his receipt of a notice of assessment or reassessment of property, the owner thereof may protest such assessment or reassessment. The protest shall be in writing on a form provided by the [county assessor] [division]. The protest may include or be accompanied by a written statement of the grounds for the protest, and may include a request for a hearing. The protest, together with the accompanying statement, if any, shall be filed with the county assessor having jurisdiction to hear the protest or the [local board of property tax review], as the case may be. Thereupon, such county assessor or [local board of property tax review], if a hearing has been requested, shall fix the time and place where the protest shall be heard and shall serve a notice thereof on the protesting taxpayer.

(b) If the taxpayer has requested a hearing, but does not appear in person, he may appear by an agent. Such agent shall have power to appear for and act on behalf of the protesting taxpayer only if the protest states the taxpayer's intention so to appear and clearly identifies the agent.

(c) Any agent who appears for or with a taxpayer at a hearing held pursuant to this section shall not be deemed to be engaged in the practice of any licensed trade or profession by reason of such appearance.

(d) At, or in connection with any hearing held pursuant to this section, the protesting taxpayer shall be entitled to the assistance of an agent and such other persons as he may wish.

Section 4. Tax Court. (a) There is hereby established the state tax court which, for administrative purposes only, shall be in the [state tax agency], but which shall be an independent administrative tribunal. The court shall consist of a chief judge and [four] associate judges, appointed by the governor [with the consent of the state senate] [with the consent of the state legislature]. The term of each judge of the court shall be [six] years. The initial appointments shall be as follows: the chief judge for a term of [six] years; one associate judge for a term of [two] years; one associate judge for a term of [three] years; one associate judge for a term of [four] years; and one associate judge for a term of [five] years. Vacancies on the court shall be filled for the unexpired term in the same manner as appointments to full terms. During his continuance in office neither the chief judge nor an associate judge shall have any other employment, but shall devote full time to his duties as such judge.

(b) Subject only to review by the [state supreme court], the state tax court shall have jurisdiction to determine all appeals from determinations of the [local board of property tax review], the county assessor, and the [head of the state tax agency] relative to protested assessments. The state tax court may affirm, reverse, or modify any determination of the [local board of property tax review], county assessor when acting on a protested assessment, or the [head of the state tax agency] when acting on a protested assessment.

(c) Any taxpayer dissatisfied with the disposition of his protested assessment by the [local board of property tax review], county assessor, or [head of the state tax agency] may appeal therefrom to the state tax court by filing with the court a written notice of appeal and serving on the appropriate county assessor or the [head of the state tax agency], as the case may be, a certified copy of such notice. In order to be valid and effective, any such notice shall be filed and served within [thirty] days of the disposition from which the appeal is to be taken.

(d) Consistent with this act and [cite statutes applicable to proceedings of administrative tribunals], the state tax court shall provide by rule for practice before it and the conduct of its proceedings.

(e) The state tax court may hear and determine all issues of fact and of law de novo, but a determination of a [local board of property tax review], county assessor, or the [head of the state tax agency] shall be affirmed unless contrary to a preponderance of the evidence.

(f) If a protested assessment cannot otherwise be brought into conformity with law, the state tax court may order such adjustments with respect to other assessments of property as are necessary to produce full conformity with law.

(g) Appeals from determinations of the state tax court may be taken to the [state supreme court] only on questions of law. [Provide procedures for appeals to the state supreme court.]

Section 5. Taking of Testimony. (a) Any judge of the state tax court, or any employee of such court, designated in writing for the purpose by the chief judge, may administer oaths, and the court may summon and examine witnesses and require by subpoena the production of any returns, books, papers, documents, correspondence, and other evidence pertinent to the matter under inquiry, at any designated place of hearing, and may authorize the taking of a deposition before any person competent to administer oaths. In the case of a deposition, the testimony shall be reduced to writing by the person taking the deposition or under his direction and the deposition shall then be subscribed by the deponent.

(b) The protesting taxpayer whose assessment is in question and the county assessor or [head of the state tax agency] may obtain an order of the state tax court summoning witnesses or requiring the production of any returns, books, papers, documents, correspondence and other evidence pertinent to the matter under inquiry in the same manner in which witnesses may be summoned and evidence may be required to be produced for the purpose of trials in the [court of appropriate jurisdiction]. Any witness summoned or whose deposition is taken shall receive the same fees and mileage as witnesses in the [court of appropriate jurisdiction].

Section 6. Small Claims. (a) The state tax court shall establish by rule a small claims procedure which, to the greatest extent practicable, shall be informal. The court shall take special care to provide all protesting taxpayers, wherever located within the state, reasonable and convenient access to the court, and shall sit at such times and places as may be appropriate to promote such accessibility.

(b) Any protesting taxpayer who, pursuant to the disposition of his protest by the county assessor, [local board of property tax review], or [head of the state tax agency], would incur a tax liability of less than $[1,000.00] by reason of the protested assessment in the first year to which such assessment applies may elect to employ such procedure to appeal from such disposition, upon payment of a $[2.00] filing fee.

(c) The appellant shall file with the state tax court a written statement of the facts in the case, together with a waiver of the right to appeal to the [state supreme court]. The state tax court shall cause a notice of the appeal and a copy of such statement to be served on the county assessor or [head of the state tax agency] whose assessment is in question. If the sole defense offered is that the property was not overassessed, no further pleadings shall be required.

Section 7. Appeal to [State Supreme Court]. [Use this section to provide procedure for appeal of tax court determinations to state supreme court.]

Section 8. Effect of Assessment Ratio Evidence. (a) Reports of assessment ratios contained in assessment ratio studies of the division shall be conclusive evidence of what the reported ratio is in fact, unless a party to such proceedings establishes that such ratio is not supported by substantial evidence or was derived or established in a manner contrary to law.

(b) In any proceeding relating to a protested assessment it shall be a sufficient defense of such assessment that it is accurate within reasonable limits of practicality; but a proven deviation of ten percent or more from the relevant county assessment ratio shall establish conclusively the invalidity of such defense.

Section 9. Separability. [Insert separability clause.]

Section 10. Effective Date. [Insert effective date.]

PROPERTY TAX RELIEF FOR LOW-INCOME FAMILIES

The property tax can quickly create a disproportionate claim on a family's financial resources once retirement, the death or physical disability of the bread-winner, or unemployment reduces sharply the flow of income. Local governments as a rule have neither the legal authority nor the fiscal capacity to alleviate these potential property tax over-burden situations, but States have both. Wisconsin and Minnesota have developed an efficient tax relief mechanism designed to avoid the special hardships frequently experienced by low-income property-owners. Low-income, elderly homeowners and renters in these states either claim a credit against their State income tax liability or, if the credit exceeds their income tax liability, receive a rebate from the State for that portion of their property tax liability deemed by the legislature to be excessive in relation to their household income.

In a number of States, homestead exemption, a durable by-product of the 1930's depression, offers some protection from undue property tax burdens on low-income occupants of dwellings and farms. This method, however, bestows property tax relief to all homeowners, not just those with low incomes, and misses completely the low-income families in rented properties. The policy of granting homestead exemptions involves a substantial amount of injustice among individual taxpayers and taxing jurisdictions at a large and usually unwarranted sacrifice of local property tax revenue.[1] If the exemption privilege is restricted to low income households and the State reimburses local governments for the cost of this program, the more obvious defects of the exemption approach could be minimized. It is not, however, flexible enough to alleviate extraordinary property tax burdens that may be experienced indirectly by low income households in rented quarters.

As a means of preventing fiscal overburdens, the tax credit-tax rebate technique has unique advantages. Because this tax relief program is financed from State funds and administered by a State agency, it neither erodes the local tax base nor interferes in any way with the local assessment or rate-setting processes. It can be designed to maximize the amount of aid extended to low-income homeowners and renters while minimizing loss of revenue. It operates in the "right" direction from both inter-jurisdictional and inter-personal standpoints; because the poor tend to be clustered together, the major portion of the relief will redound to the benefit of low-income households and low-income communities.

To assure that the aid goes only to those in need of it, this legislation restricts the benefits to households with annual incomes below a maximum set by the State legislature and requires that the beneficiaries report all money income. Income for this purpose means not only income as defined for income tax purposes but also social security, pension and annuity payments, nontaxable interest, workman's compensation, and the gross amount of "loss of time" insurance. To protect the State against "doubling-up" on the charge against public funds, any person who is a recipient of public funds for the payment of taxes or rent during the period for which the claim is filed may not claim tax relief under the act.

To the extent that landlords can shift the property tax to tenants, low income households in rented quarters also feel the pinch of extraordinary property tax burdens in relation to current income. Minnesota and Wisconsin have recognized this by establishing percentages, 20 and 25 percent respectively, of gross rent as rent constituting property taxes accrued. This percentage serves as the property tax equivalent which renters may use in claiming income tax credit or rebate.

[1] Advisory Commission on Intergovernmental Relations, *The Role of the States in Strengthening the Property Tax* (Washington, D.C., 1963).

The following suggested legislation is of course patterned after the pioneering Wisconsin and Minnesota statutes but language has been included for States without a personal income tax that desire to grant this type of relief, (alternative Section 5) that would provide outright rebate to those who qualify.

Suggested Legislation

[Title should conform to state requirements. The following is a suggestion: "An Act to Reimburse Low-Income Householders for Extraordinary Property Tax Burdens.]

(Be it enacted, etc.)

Section 1. Short Title. This act may be cited as the "Extraordinary Tax Relief Act."

Section 2. Purpose. The purpose of this act is to provide relief, through a system of income tax credits and refunds and appropriations from the general fund, to certain persons who own or rent their homestead.

Section 3. Definitions. As used in this act:

(1) "Income" means the sum of federal adjusted gross income as defined in the Internal Revenue Code of the United States,[1] the amount of capital gains excluded from adjusted gross income, alimony, support money, nontaxable strike benefits, cash public assistance and relief (not including relief granted under this act), the gross amount of any pension or annuity (including railroad retirement benefits, all payments received under the federal social security act, State unemployment insurance laws, and veterans disability pensions), nontaxable interest received from the Federal Government or any of its instrumentalities, workman's compensation, and the gross amount of "loss of time" insurance. It does not include gifts from nongovernmental sources, or surplus foods or other relief in kind supplied by a governmental agency.

(2) "Household" means a claimant and spouse.

(3) "Household income" means all income received by all persons of a household in a calendar year while members of the household.

(4) "Homestead" means the dwelling, whether owned or rented, and so much of the land surrounding it, not exceeding one acre, as is reasonably necessary for use of the dwelling as a home, and may consist of a part of a multi-dwelling or multi-purpose building and a part of the land upon which it is built. ("Owned" includes a vendee in possession under a land contract and of one or more joint tenants or tenants in common.) It does not include personal property such as furniture, furnishings or appliances, but a mobile home may be a homestead.

[1] Minnesota uses gross income as defined in its statutes; Wisconsin uses adjusted gross income as defined in its statutes.

(5) "Claimant" means a person who has filed a claim under this act and was domiciled in this state during the entire calendar year preceding the year in which he files claim for relief under this act. In the case of claim for rent constituting property taxes accrued, the claimant shall have rented property during the entire preceding calendar year in which he files for relief under this act and shall have occupied the same residence quarters for at least six months of the preceding calendar year.[1] When two individuals of a household are able to meet the qualifications for a claimant, they may determine between them as to who the claimant shall be. If they are unable to agree, the matter shall be referred to the [tax commissioner] and his decision shall be final. If a homestead is occupied by two or more individuals, and more than one individual is able to qualify as a claimant, and some or all the qualified individuals are not related, the individuals may determine among them as to who the claimant shall be. If they are unable to agree, the matter shall be referred to the [tax commissioner], and his decision shall be final. If a homestead is occupied by two or more individuals, and more than one individual is able to qualify as a claimant, and some or all the qualified individuals are not related, the individuals may determine among them as to who the claimant shall be. If they are unable to agree, the matter shall be referred to the [tax commissioner], and his decision shall be final.

(6) "Rent constituting property taxes accrued" means [20 or 25[2]] percent of the gross rent actually paid in cash or its equivalent in any calendar year by a claimant and his household soley for the right of occupancy of their (name of state) homestead in the calendar year, and which rent constitutes the basis, in the succeeding calendar year, of a claim for relief under this act by the claimant.

(7) "Gross rent" means rental paid soley for the right of occupancy (at arms-length) of a homestead, exclusive of charges for any utilities, services, furniture, furnishings or personal property appliances furnished by the landlord as a part of the rental agreement, whether or not expressly set out in the rental agreement. If the landlord and tenant have not dealt with each other at arms-length, and the [tax commissioner] is satisfied that the gross rent charges was excessive, he may adjust the gross rent to a reasonable amount for purposes of this act.

(8) "Property taxes accrued" means property taxes (exclusive of special assessments, delinquent interest, and charges for service) levied on a claimant's homestead in this State in [calendar year] or any calendar year thereafter. If a homestead is owned by two or more persons or entitites as joint tenants or tenants in common, and one or more persons or entities are not a member of claimant's household, "property taxes accrued" is that part of property taxes levied on the homestead which reflects the ownership percentage of the claimant and his household. For purposes of this paragraph

[1] Sentence included in Minnesota statute; omitted in Wisconsin.

[2] Twenty percent used in Minnesota; 25 percent in Wisconsin.

property taxes are "levied" when the tax roll is delivered to the local [treasurer] for collection. If a claimant and spouse own their homestead part of the preceding calendar year and rent it or a different homestead for part of the same year, "property taxes accrued" means only taxes levied on the homestead when both owned and occupied by the claimant at the time of the levy, multiplied by the percentage of 12 months that such property was owned and occupied by the household as its homestead during the preceding year. When a household owns and occupies two or more different homesteads in this State in the same calendar year, property taxes accrued shall relate only to that property occupied by the household as a homestead on the levy date. If a homestead is an integral part of a larger unit such as a farm, or a multi-purpose or multi-dwelling building, property taxes accrued shall be that percentage of the total property taxes accrued as the value of the homestead is of the total value. For purposes of this paragraph "unit" refers to the parcel of property covered by a single tax statement of which the homestead is a part.

Section 4. Claim is Personal. The right to file claim under this act shall be personal to the claimant and shall not survive his death, but such right may be exercised on behalf of a claimant by his legal guardian or attorney-in-fact. If a claimant dies after having filed a timely claim, the amount thereof shall be disbursed to another member of the household as determined by the [tax commissioner]. If the claimant was the only member of his household, the claim may be paid to his executor or administrator, but if neither is appointed and qualified within 2 years of the filing of the claim, the amount of the claim shall escheat to the state.

Section 5. Claim as Income Tax Credit or Rebate. Subject to the limitations provided in this act, a claimant may claim in any year as a credit against [name of State] income taxes otherwise due on his income, property taxes accrued, or rent constituting property taxes accrued, or both in the preceding calendar year. If the allowable amount of such claim exceeds the income taxes otherwise due on claimant's income, or if there are no [state] income taxes due on claimant's income, the amount of the claim not used as an offset against income taxes, after audit [or certification] by the [tax commissioner], shall be paid to claimant from balances retained by the [treasurer] for general purposes. No interest shall be allowed on any payment made to a claimant pursuant to this act.[1]

[Alternative Section 5 for States not imposing a personal income tax. *Claim as Rebate From State Funds.* Subject to the limitations provided in this act, a claimant may claim in any year a rebate for property taxes accrued or rent constituting property taxes accrued or both in the preceding year. The amount of the rebate, after audit or certification by the [tax commissioner] shall be paid to claimant from balances retained by the [treasurer] for general purposes.]

[1] Minnesota permits interest to be paid; Wisconsin does not.

Section 6. Filing Date. No claim with respect to property taxes accrued or with respect to rent constituting property taxes accrued shall be paid or allowed, unless the claim is actually filed with and in the possession of the [tax department] on or before [date for filing initial claim]. Subject to the same conditions and limitations, claims may be filed on or before (income tax filing date or other specified date) with respect to property taxes accrued of the next preceding calendar year.

Section 7. Satisfaction of Outstanding Tax Liabilities. The amount of any claim otherwise payable under this act may be applied by the [tax department] against any liability outstanding on the books of the department against the claimant, or against his or her spouse who was a member of the claimant's household in the year to which the claim relates.

Section 8. One Claim Per Household. Only one claimant per household per year shall be entitled to relief under this act.

Section 9 (based on Wisconsin statute). Limits. The amount of any claim pursuant to this act shall be determined as follows:

(1) If the household income of the claimant's household was [$1,000] or less in the year to which the claim relates, the claim shall be limited to [75] percent of the amount by which the property taxes accrued or rent constituting property taxes accrued in such year on the claimant's homestead is in excess of [3%] of household income exceeding [$500] but not exceeding [$1,000].

(2) If the household income of the claimant's household was more than [$1,000] in the year to which the claim relates, the claim shall be limited to [60%] of the amount by which the property taxes accrued, or rent constituting property taxes accrued in such year on the claimant's homestead is in excess of [3%] of the household income exceeding [$500] but not exceeding [$1,000], [6%] of the household income exceeding [$1,000] but not exceeding [$1,500], [9%] of household income exceeding [$1,500] but not exceeding [$2,000], [12%] of household income exceeding [$2,000] but not exceeding [$2,500] and [15%] of all household income over [$2,500].

(3) The [tax commissioner] shall prepare a table under which claims under this act shall be determined. The table shall be published in the department's official rules and shall be placed on the appropriate tax blanks. The amount of claim as shown in the table for each bracket shall be computed only to the nearest 10 cents.

(4) The claimant, at his election, shall not be required to record on his claim the amount claimed by him. The claim allowable to persons making this election shall be computed by the department, which shall notify the claimant by mail of the amount of his allowable claim.]

Section 9 (based on Minnesota statute). Limits. The amount of any claim pursuant to this act shall be determined in accordance with the following schedule:

Income Range	*Percent Tax*
0 – 499	(75) percent
500 – 999	(70) percent
1,000 – 499	(50) percent
1,500 – 1,999	(40) percent
2,000 – 2,499	(30) percent
2,500 – 2,999	(20) percent
3,000 – 3,499	(10) percent

In any case in which property taxes accrued, or rent constituting property taxes accrued, or both, in any one year in respect of any one household exceeds [$300], the amount thereof shall, for purposes of this act, be deemed to have been [$300/].

Section 10. Administration. The [tax commissioner] shall make available suitable forms with instructions for claimants, including a form which may be included with or as a part of the individual income tax blank. The claim shall be in such form as the [tax commissioner] may prescribe.

Section 11. Proof of Claim. Every claimant under this act shall supply to the [department of taxation], in support of his claim, reasonable proof of rent paid, name and address of owner or managing agent of property rented,[1] property taxes accrued, changes of homestead, household membership, household income, size and nature of property claimed as the homestead and a statement that the property taxes accrued and used for purposes of this act have been or will be paid by him and that there are no delinquent property taxes on the homestead.

Section 12. Audit of Claim. If on the audit of any claim filed under this act the [tax commissioner] determines the amount to have been incorrectly determined, he shall redetermine the claim and notify the claimant of the redetermination and his reasons for it. The redetermination shall be final unless appealed within 30 days of notice.

Section 13. Denial of Claim. If it is determined that a claim is excessive and was filed with fraudulent intent, the claim shall be disallowed in full, and, if the claim has been paid or a credit has been allowed against income taxes otherwise payable, the credit shall be canceled and the amount paid may be recovered by assessment (as income taxes are assessed), and the assessment shall bear interest from the date of payment or credit of the claim, until refunded or paid, at the rate of one percent per month.[2] The claimant in such case, and any person who assisted in the preparation or filing of such excessive claim or supplied information upon which such excessive claim was prepared, with

[1] Omitted in Wisconsin statute; included in Minnesota

[2] Minnesota provides "A penalty of 25 percent shall be imposed and such assessment shall bear interest from the due date of the return, until refunded or paid, at the rate of four percent per annum."

fraudulent intent, is guilty of a misdemeanor. If it is determined that a claim is excessive and was negligently prepared, 10 percent of the corrected claim shall be disallowed, and if the claim has been paid or credited against income taxes otherwise payable, the credit shall be reduced or canceled, and the proper portion of any amount paid shall be similarly recovered by assessment (as income taxes are assessed), and the assessment shall bear interest at one percent per month from the date of payment until refunded or paid.

Section 14. Rental Determination. If a homestead is rented by a person from another person under circumstances deemed by the [tax commission] to be not at arms-length, he may determine rent constituting property taxes accrued as at arms-length, and, for purposes of this act, such determination shall be final.

Section 15. Appeals. Any person aggrieved by the denial in whole or in part of relief claimed under this act, except when the denial is based upon late filing of claim for relief [or is based upon a redetermination of rent constituting property taxes accrued as at arms-length] [1] may appeal the denial to the [appropriate state agency] by filing a petition within 30 days after such denial.

Section 16. Public Welfare Recipients Excluded. No claim for relief under this act shall be allowed to any person who is a recipient of public funds for the payment of the taxes or rent during the period for which the claim is filed.

Section 17. Disallowance of Certain Claims. A claim shall be disallowed, if the department finds that the claimant received title to his homestead primarily for the purpose of receiving benefits under this act.

Section 18. Extension of Time for Filing Claims. In case of sickness, absence, or other disability, or if, in his judgment, good cause exists, the [tax commissioner] may extend for a period not to exceed six months the time for filing a claim.

Section 19. Separability [Insert separability clause].

Section 20. Effective date. [Insert effective date].

[1] Omitted in Minnesota statute.

PROPERTY TAX RELIEF ON BUSINESS INVENTORIES AND REIMBURSEMENT TO LOCAL GOVERNMENTS

There are substantial reasons for abolishing the tax on tangible personal property in any state that can possibly raise revenue in another way. This tax is particularly difficult to administer; and when adequately administered, it is a poor means of measuring either the benefit to or the ability of an individual or business firm. On both these grounds, no other tax is as roundly condemned as this levy.

The concern for a favorable tax image has prompted a number of states to initiate business tax reform to maximize taxpayer certainty and evenhanded treatment, and to minimize those features of the tax system that are particularly discriminatory in character. De-emphasizing the personal property tax, especially on business inventories, is perhaps the most significant step states can take to improve both their business tax climate and their business tax structure. The major obstacle to outright repeal of the personal property tax on business is most frequently lack of available replacement revenue for local governments critically dependent upon property tax receipts.

In recent years Connecticut, Wisconsin, Michigan, Oregon, Arizona, Florida, and Ohio have all reduced the local tax on business personalty. When confronted with this issue of revenue replacement, the Oregon state legislature provided for a gradual scaling down of assessments on tangible personal property. The revenue loss to local governments is met from state revenue sources. Wisconsin earmarked a part of the revenue of a new sales tax for this same replacement purpose. New Jersey solved the local revenue replacement problem by reimbursing local governments from revenue derived from raising the state corporation income tax rate and by the enactment of state taxes on machinery and gross receipts. The substitution of other taxes for the highly discriminatory local tax on business personalty is justified not only on equity grounds but also on the basis of improving a state's business tax climate.

The suggested legislation below is based largely on the New Jersey statute.

Suggested Legislation

[Title should conform to state requirements.]

(Be it enacted, etc.)

Section 1. Repeal of Tax. [Sections (identify those sections of the state law pertaining to the tax on business inventories) of the state property tax code are hereby repealed.]

Section 2. Replacement of Revenue. The taxes received from the following: [insert business taxes that are to be distributed to political subdivisions] shall be for the benefit of the [insert appropriate political subdivisions] of the state, in replacement of revenues derived by such [insert appropriate political subdivisions] from local taxation of [business inventories] as repealed in section 1 of this act.

Section 3. Certification by [state tax agency]. The [state tax agency] shall determine the greatest amount received by each [appropriate political subdivisions] from the local levy upon [business inventories] for the three years prior to the repeal of the tax, and shall on or before [insert date] certify to the [state treasurer] the amounts so determined for each [appropriate political subdivisions] and the total amount for all [appropriate political subdivisions].[1]

Section 4. Additional Certification by [state tax agency]. The [state tax agency] shall, on or before [insert date] and on or before [insert date] annually thereafter, determine from the information then available the total amount of revenue (1) that will be raised during the 12-month period ending on or before [insert date] of that calendar year from the taxes set forth in section 2 of this act and (2) that will be available by way of appropriation for the purposes of this act, and shall certify this amount to the [state treasurer].

The [state tax agency] shall, on or before [insert date] and on or before [insert date] annually thereafter, certify to the [state treasurer] any changes or adjustments in the certification filed earlier in the year.

Section 5. Allocation of Revenue to [appropriate political subdivisions]. If the amount determined by the [state tax agency] in section 4 hereof shall exceed the amount determined by the [state tax agency] in section 3 hereof, the [state tax agency] shall allocate the excess amount among the [appropriate political subdivisions] of this state in accordance with the following formula:

There shall be allocated to each [appropriate political subdivisions] an amount as will be in the same ratio to the excess amount, as the local property tax levied in the municipality in the preceding calendar year upon commercial, industrial, and farm real estate (excluding railroad property) is to the total taxes levied upon the property in all [appropriate political subdivisions] in the state in the same year.

The [state tax agency] shall total the amounts allocated to each [appropriate political subdivisions] under the provisions of this section and shall certify this amount to the [state treasurer] on or before [insert date] and on or before [insert date] annually thereafter.

Section 6. Payment by State Treasurer. The [state treasurer] annually, on or before the date set forth in section 7 of this act, upon the certification of the [state tax agency] and upon the warrant of the [state comptroller] shall pay and distribute to each [appropriate political subdivisions] the amount determined in accordance with the provisions of section 3 and 5 of this act:

(1) from the moneys collected from the taxes described in section 2 of this act; and

(2) from such other funds as shall be appropriated by law for this purpose.

Section 7. Distribution Dates. The distribution required to be made by the [state treasurer] under this act shall be made as follows: the first installment shall be payable annually on [insert date] commencing on [insert date] and shall consist of 1/2 of the amount certified under section 3

[1] In those states where exemption of personal property was optional the state may choose to distribute funds on a per capita basis.

hereof; and the second installment shall be payable on the succeeding [insert date] of each year and shall consist of the balance of the amount certified under section 3 hereof plus the [appropriate political subdivision's] distributive share of the excess, if any, allocated under section 5 hereof.

Section 8. County Equalization Tables. For the purpose of apportioning the amounts to be raised in the respective taxing districts of the county, the [county board of taxation] shall, for each taxing district, include in the equalization table for the county the assumed assessed value of the property represented by the money received by each taxing district pursuant to the provisions of this act.

Commencing with the tax year [insert date] and thereafter, the assumed assessed value of such property in each taxing district shall be determined by the [county board of taxation] in the following manner: (a) the amount of money received by each taxing district during the preceding tax year pursuant to the provisions of this act, shall be divided by the general tax rate of the taxing district for such preceding tax year to obtain an assumed assessed value of such property; (b) this assumed assessed value shall be divided by the fraction produced by dividing the aggregate assessed value by the aggregate true value of the real property, exclusive of [centrally assessed property] in the taxing district; and (c) the resulting quotient shall be included in the net valuation of each taxing district on which county taxes are apportioned.

Section 9. Appeals. When considering an appeal or review taken by any person or [appropriate political subdivisions] with respect to any of the provisions of this act, the [review court] shall not try or determine the case de novo except in the case of an arithmetical or typographical error in the calculation of the distribution, but the facts shall be considered and determined exclusively upon the record filed with the court. A finding, decision, or determination of the [state tax agency] shall not be set aside or disturbed if it complies with the procedural requirements of this act and is supported by substantial, reliable, and probative evidence.

Section 10. Powers of [state tax agency]. (a) The [state tax agency] is authorized to make any rules and regulations, and to require any facts and information from local tax assessors, [county boards of taxation] and agencies of the state government as he may deem necessary to carry out the provisions of this act.

(b) The [state tax agency] may delegate to any officer or employee of the [state tax agency] any powers as necessary to carry out efficiently the provisions of this act, and the person or persons to whom such power has been delegated shall possess and may exercise all of the powers and perform all of the duties herein conferred and imposed upon the [state tax agency].

Section 11. Separability. [Insert separability clause.]

Section 12. Effective Date. [Insert effective date.]

COLLECTION OF LOCAL NON-PROPERTY TAXES BY THE STATE

Over the past few years an increasing number of states have authorized local governments to levy non-property taxes as a means of securing additional revenues. Today many cities, counties, and even school districts levy the same kinds of taxes that are levied by the state. In order to levy such taxes, local governments typically have set up tax collection machinery which creates added administrative costs and increases the cost of tax compliance to the tax-paying public, while at the same time the effectiveness of local tax collection is hampered because of the limited local funds available for tax administration.

In the sales tax field, states such as California, Illinois, Mississippi, New Mexico, and Utah have, for some time, authorized a state agency to collect locally levied sales taxes. In addition to sales taxes, a number of states permit local governments to levy taxes on income, gasoline, alcoholic beverages, cigarettes and tobacco, amusements, motor vehicles, and others. During 1963, Colorado enacted broad legislation which would permit a state agency to collect any non-property tax for a local government where the state and local government levy the same tax.

The suggested legislation below is based on the Colorado statute. It should clearly be noted that this legislation does not in any sense constitute an authorization for local government to levy non-property taxes. It merely provides for a procedure where the state, on a reimbursable basis, can collect local government non-property taxes where such taxes are otherwise authorized by state law.

Suggested Legislation

[Title should conform to state requirements]

(Be it enacted, etc.)

Section 1. Authority to contract. The director of [tax department] is hereby authorized to negotiate and contract with any political subdivision of the state for the purpose of arranging for the collection by the [tax department] of any tax levied by a political subdivision of the state which is also levied and collected by the [tax department] for the state. Such agreements shall include a fee to be paid by the political subdivision to the [tax department] in such amount as may be necessary fully to cover the cost of collection of the local portion of the tax by the [tax department.] Pursuant to the agreement the director shall transmit to such political subdivisions on or before [date] all taxes so collected on behalf of such political subdivisions less the agreed upon collection fee.

STATE SUPPORT OF LOCAL TAX ENFORCEMENT

States can strengthen the finances of local governments by assisting them to collect taxes imposed at the local level. In some situations the state can condition issuance of state licenses and privileges upon compliance with and payment of local taxes. Local administration of personal property taxes on automobiles is measurably eased in states where evidence of their payment is made prerequisite to state registration of motor vehicles. Georgia provides the most recent example of this type of assistance to local tax administration. Similarly, states can condition state motor vehicle registration upon payment of the local motor vehicle registration fee.

The opportunities for state support in the collection of local taxes are particularly good with respect to those activities which are subject to licensing by the state. States usually require annual licenses for certain types of business and occupations. For example, alcoholic beverage wholesalers and retailers are generally required to obtain an annual license. The states could require an affidavit that local personal property taxes have been paid as a precondition to alcoholic beverage license renewal. States also require the payment of an annual renewal fee for corporations generally. As a precondition to the continued exercise of the corporate business, states could require an affidavit certifying that all local personal property and business license fees have been paid. A similar requirement could be made a precondition to the renewal of professional licenses.

While the scope for state support of local tax enforcement is broad, this suggested legislation is designed only to make the payment of local *ad valorem* and vehicle registration taxes a precondition of state motor vehicle registration.

Suggested Legislation

[Title should conform to state requirements. The following is a suggestion: "An Act to make payment of local taxes on motor vehicles a prerequisite to motor vehicle registration."]

(Be it enacted, etc.)

Section 1. No vehicle shall be registered and licensed by the [state motor vehicle licensing authority and its agents] unless a signed statement [tax receipt] accompanies the application certifying that all county and municipal taxes legally due by the applicant on the vehicle concerned have been paid.

Section 2. [Appropriate penalty provision or reference to a statutory citation providing a penalty for making a false statement on the tax return.]

COOPERATIVE TAX ADMINISTRATION AGREEMENTS

Some 70,000 counties, municipalities, towns, townships, school districts, and special districts now levy and collect taxes. Most employ only property taxes. A substantial number impose also one or more non-property taxes including sales, incomes, and excise taxes.

Local jurisdictions, particularly the smaller ones, find it difficult to finance adequate tax enforcement to obtain first quality taxpayer compliance and tax collections. The cost of tax enforcement in relation to collections is nonetheless high because the number of taxpayers within individual taxing jurisdictions is relatively small and local tax rates are necessarily relatively low.

In those situations where adjoining local jurisdictions employ the same kind of tax, the pooling of tax enforcement efforts and resources can improve tax collections with reduced cost of administration and reduced compliance burdens for taxpayers. The pooled administration of two or more local jurisdictions' taxes has proven successful in the administration of property taxes, as where the county assesses and/or collects the levies of some of the smaller taxing jurisdictions within its borders. It is potentially useful in other tax areas as well.

In a number of states statutory authority for cooperative tax administration is inadequate or totally lacking. The suggested legislation to authorize it is couched in general terms: (1) to embrace both property taxes and different kinds of nonproperty taxes, and (2) to permit two or more local jurisdictions to provide joint administration or to permit them to contract to administer one another's taxes.

Suggested Legislation

[Title should conform to state requirements]

(Be it enacted, etc.)

Section 1. For the purpose of reducing duplication of effort and to provide for more effective tax administration, a political subdivision of this state including a special district or governmental authority may enter into an agreement with other political subdivisions of this state for the assessment and collection of a tax levied by such jurisdictions. The agreement may provide for joint administration or for administration by one political subdivision on behalf of one or more political subdivisions that are parties to such an agreement and shall provide for the allocation of the cost of such administration among the parties.

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