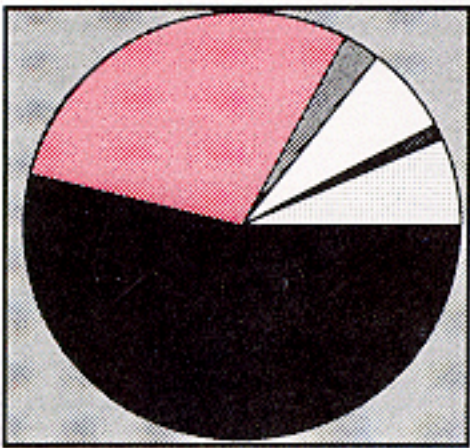
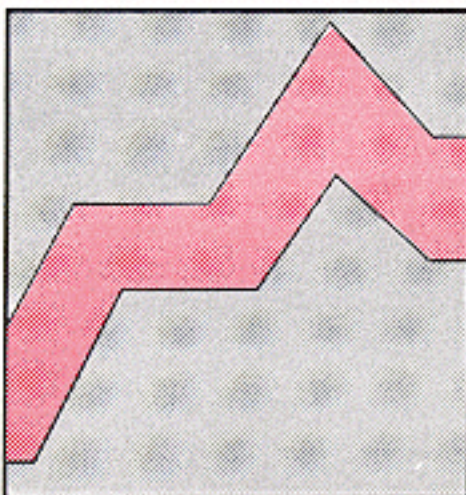


**Significant
Features
of Fiscal
Federalism
1988 Edition
Volume I**



Section I
Fiscal Trends

Section II
Tax Rates



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COMMISSION ON
INTERGOVERNMENTAL
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Washington, DC 20575
December 1987 M-155

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**Significant
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Preface

Release of this volume of *Significant Features of Fiscal Federalism* represents an important departure from earlier editions of this report—namely, its December publication date. In order to respond more readily to the needs of state executive and legislative officials, their staffs, and those who interact with them, this volume is being released immediately prior to the opening of the 1988 state legislative sessions. In the past, *Significant Features* has been released in mid-spring. It is hoped that this early release date will enable the many users of *Significant Features* to make better and more informed decisions based on more timely information. It is ACIR's intention to continue issuing *Significant Features* in two volumes, commencing with this 1988 edition.

This volume is devoted primarily to federal, state and local tax information, including material relating to tax rates, bases, exemptions, exclusions and deductions. A flurry of tax activity occurred in state and local governments during 1987 in response to the *Tax Reform Act of 1986* as well as fluctuations in local and regional economies, state and local program initiatives and changes in federal policies that directly or indirectly affected state and local governments. The magnitude and significance of this activity can be observed throughout this volume.

Volume I contains updated information for income, general sales, property, gasoline and cigarette taxes, information that is included every year in *Significant Features*. Users will also find data on alcoholic beverage taxes; estate, inheritance and gift taxes; property transfer taxes; and fees and taxes on automobiles. This information is published only periodically in *Significant Features*. It is hoped that policymakers

and public finance analysts find the new as well as updated information helpful in their research.

Of course, given the early publication date, certain data series typically found in *Significant Features* were omitted from this volume. Nearly all of the omitted series of tables rely on data collected by the Governments Division of the U.S. Bureau of the Census—data that were not released until December 1987. Based on these data, Volume II of *Significant Features, 1988*, will be issued in the spring of 1988. The second volume will contain state-by-state information on the distribution of revenue sources for state governments, local governments and state-local governments combined; the distribution of expenditures by function (percentage of government budgets devoted to education, highways, public welfare, etc.) will also be included. The various time-series data found in earlier editions of *Significant Features* will be published in Volume II—such as the percentage of particular government functions funded in each state by the federal, state and local governments, and measures of state centralization of the various government functions. Rankings of state-local revenues and expenditures will also be incorporated into Volume II as will updates of the first eight tables of Volume I—the national trends in revenues, expenditures, interest payments and debt for federal, state and local governments.

We believe this “early bird” volume of *Significant Features of Fiscal Federalism* reflects ACIR's sensitivity to the need of decision makers to have ready access to timely and accurate data. We trust you will continue to find this publication helpful in your studies of public finance and fiscal federalism.

**Robert B. Hawkins, Jr.,
Chairman**

Acknowledgments

This report on *Significant Features of Fiscal Federalism* was prepared by ACIR research associate Clay Dursthoff and Kathryn Smerko, summer research associate. Michael Lawson, public finance analyst for the Commission, closely supervised all phases of the preparation of the report.

Mary Dominguez was indispensable in bringing this report to fruition. The professional secretarial assistance provided by Ms. Dominguez was greatly appreciated.

A sincere expression of gratitude is due the staff members of state executive and legislative offices for responding to our requests to review preliminary versions of numerous tables included in this publication. A special thanks goes out to those who spent additional time clarifying particularly perplexing points over the telephone.

Of course, full responsibility for the content and accuracy of this report rests with the Commission and its staff.

**John Shannon,
Executive Director**

**John Kincaid,
Research Director**

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Section I

Fiscal Trends

Table 1
GOVERNMENT EXPENDITURES, FROM OWN SOURCE,¹
SELECTED YEARS 1929-87

<u>Calendar Year</u>	<u>Total Public Sector</u>	<u>Federal Government</u>	<u>Total State-Local Government</u>	<u>State Government</u>	<u>Local Government</u>
Amount (in billions of current dollars)					
1929	\$10.4	\$2.7	\$7.7	\$2.1 ²	\$5.6 ²
1939	17.6	9.0	8.6	3.7 ²	4.9 ²
1949	60.0	42.0	18.0	8.8 ²	9.2 ²
1954	97.6	70.3	27.3	12.8 ²	14.5 ²
1959	131.9	91.7	40.2	19.0	21.2
1964	177.9	119.5	58.4	28.2	30.2
1969	290.3	191.3	99.0	51.4	47.6
1974	467.5	305.5	162.0	90.9	71.1
1979	768.3	521.1	247.2	144.7	102.4
1981	1,006.8	703.3	303.5	177.0	126.5
1982	1,111.6	781.2	330.4	191.4	139.0
1983	1,189.9	835.9	354.0	202.1	151.9
1984r	1,277.9	895.6	382.3	224.8	157.7
1985r	1,401.4	984.6	416.8	246.9	169.9
1986r	1,487.0	1,032.0	455.0	265.6	189.5
1987e	1,568.3	1,062.4	505.9	n.a.	n.a.

As a Percentage of GNP

1929	10.0%	2.6%	7.4%	2.0%	5.4%
1939	19.3	9.9	9.4	4.1	5.4
1949	23.0	16.1	6.9	3.4	3.5
1954	26.2	18.9	7.3	3.4	3.9
1959	26.6	18.5	8.1	3.8	4.3
1964	27.4	18.4	9.0	4.3	4.6
1969	30.1	19.8	10.3	5.3	4.9
1974	31.7	20.7	11.0	6.2	4.8
1979	30.6	20.8	9.9	5.8	4.1
1981	33.0	23.0	9.9	5.8	4.1
1982	35.1	24.7	10.4	6.0	4.4
1983	34.9	24.5	10.4	5.9	4.5
1984r	33.9	23.7	10.1	6.0	4.2
1985r	34.9	24.6	10.4	6.2	4.2
1986r	35.1	24.4	10.7	6.3	4.5
1987e	34.9	23.7	11.3	n.a.	n.a.

Per Capita, in Constant (1982) Dollars

1929	\$585	\$152	\$433	\$118	\$315
1939	1,059	541	517	223	295
1949	1,711	1,198	513	251	262
1954	2,276	1,640	637	299	338
1959	2,440	1,696	744	351	392
1964	2,818	1,893	925	447	478
1969	3,599	2,372	1,227	637	590
1974	4,048	2,645	1,403	787	616
1979	4,343	2,946	1,397	818	579
1981	4,654	3,251	1,403	818	585
1982	4,781	3,360	1,421	823	598
1983	4,878	3,426	1,451	828	623
1984r	5,006	3,509	1,498	881	618
1985r	5,267	3,700	1,566	928	639
1986r	5,394	3,744	1,651	964	687
1987e	5,475	3,709	1,766	n.a.	n.a.

(continued on next page)

Table 1 (cont.)
GOVERNMENT EXPENDITURES, FROM OWN SOURCE,¹
SELECTED YEARS 1929-87

<u>Calendar Year</u>	<u>Total Public Sector</u>	<u>Federal Government</u>	<u>Total State-Local Government</u>	<u>State Government</u>	<u>Local Government</u>
Percentage Distribution by Level of Government					
1929	100.0%	26.0%	74.0%	20.2%	53.8%
1939	100.0	51.1	48.9	21.0	27.8
1949	100.0	70.0	30.0	14.7	15.3
1954	100.0	72.0	28.0	13.1	14.9
1959	100.0	69.5	30.5	14.4	16.1
1964	100.0	67.2	32.8	15.9	17.0
1969	100.0	65.9	34.1	17.7	16.4
1974	100.0	65.3	34.7	19.4	15.2
1979	100.0	67.8	32.2	18.8	13.3
1981	100.0	69.9	30.1	17.6	12.6
1982	100.0	70.3	29.7	17.2	12.5
1983	100.0	70.2	29.8	17.0	12.8
1984r	100.0	70.1	29.9	17.6	12.3
1985r	100.0	70.3	29.7	17.6	12.1
1986r	100.0	69.4	30.6	17.9	12.7
1987e	100.0	67.7	32.3	n.a.	n.a.

Exhibit: Supplemental Data

<u>Calendar Year</u>	<u>GNP (in billions of current dollars)</u>	<u>GNP Implicit Price Deflator (1982=100)</u>	<u>GNP (in billions of 1982 dollars)</u>	<u>Average Annual Percentage Change in Real GNP</u>	<u>Average Annual Percentage Change in GNP Implicit Price Deflator</u>
1929	\$103.9	14.6	\$ 709.6	n.a.	n.a.
1939	91.3	12.7	716.6	0.1% (1929-39)	-1.4%
1949	260.4	23.5	1,109.0	4.5 (1939-49)	6.3
1954	372.5	26.3	1,416.2	5.0 (1949-54)	1.1
1959	495.8	30.4	1,629.1	2.8 (1954-59)	1.5
1964	649.8	32.9	1,973.3	3.9 (1959-64)	1.6
1969	963.9	39.8	2,423.3	4.2 (1964-69)	3.9
1974	1,472.8	54.0	2,729.3	2.4 (1969-74)	6.3
1979	2,508.2	78.6	3,192.4	3.2 (1974-79)	7.8
1981	3,052.6	94.0	3,248.8	0.9 (1979-81)	9.4
1982	3,166.0	100.0	3,166.0	-2.5	6.4
1983	3,405.7	103.9	3,279.1	3.6	3.9
1984r	3,772.2	107.7	3,501.4	6.8	3.7
1985r	4,010.3	111.2	3,607.5	3.0	3.2
1986r	4,235.0	114.1	3,713.3	2.9	2.6
1987e	4,488.5	117.5	3,820.0	2.9	3.0

n.a.—state-local split not available for 1987.

r—revised from last year's edition.

e—yearly data estimated by the ACIR staff from the first three quarters of 1987.

¹Federal aid to state and local governments counted as federal government expenditure. State aid to local governments counted as state government expenditure. Compare to Table 2.

²The Bureau of Economic Analysis has not published figures allocating state-local expenditures between state and local governments prior to 1959. The figures listed are estimated on the basis of ratios calculated from state and local expenditure data reported in U.S. Bureau of the Census, *Historical Statistics of the United States: Colonial Times to 1970, Part 2, 1975*, pp. 1127, 1131.

Sources: ACIR staff calculations based on Department of Commerce, Bureau of Economic Analysis, The National Income and Product Accounts, Historical Series, 1929-85; revised figures for 1984-86 and 1987 estimates from *Survey of Current Business*, October 1987. The allocation of state-local expenditures between state and local governments from *Survey*, November 1987. Population citation on Table 2.

**GOVERNMENT EXPENDITURES, AFTER INTERGOVERNMENTAL TRANSFERS,¹
SELECTED YEARS 1929-87**

<u>Calendar Year</u>	<u>Total Public Sector</u>	<u>Federal Government</u>	<u>Total State-Local Government</u>	<u>State Government</u>	<u>Local Government</u>
Amount (In billions of current dollars)					
1929	\$10.4	\$2.6	\$7.8	\$2.2 ²	\$5.6 ²
1939	17.6	8.0	9.6	3.0 ²	6.6 ²
1949	60.0	39.8	20.2	7.7 ²	12.5 ²
1954	97.6	67.4	30.2	10.7 ²	19.4 ²
1959	131.9	84.9	47.0	16.7	20.3
1964	177.9	109.1	68.8	23.9	44.8
1969	290.3	171.0	119.3	43.1	76.3
1974	467.5	261.6	205.9	76.7	129.2
1979	768.3	440.6	327.7	125.6	202.1
1981	1,006.8	615.4	391.4	154.0	237.5
1982	1,111.6	697.3	414.3	163.4	250.8
1983	1,189.9	749.7	440.2	173.6	266.6
1984r	1,277.9	803.8	475.9	191.9	284.1
1985r	1,401.4	887.1	516.5	209.2	307.3
1986r	1,487.0	928.1	561.9	227.5	334.5
1987e	1,568.3	961.5	606.8	n.a.	n.a.
As a Percentage of GNP					
1929	10.0%	2.5%	7.5%	2.1%	5.4%
1939	19.3	8.8	10.5	3.3	7.2
1949	23.0	15.3	7.8	3.0	4.8
1954	26.2	18.1	8.1	2.9	5.2
1959	26.6	17.1	9.5	3.4	6.1
1964	27.4	16.8	10.6	3.7	6.9
1969	30.1	17.7	12.4	4.5	7.9
1974	31.7	17.8	14.0	5.2	8.8
1979	30.6	17.6	13.1	5.0	8.1
1981	33.0	20.2	12.8	5.0	7.8
1982	35.1	22.0	13.1	5.2	7.9
1983	34.9	22.0	12.9	5.1	7.8
1984r	33.9	21.3	12.6	5.1	7.5
1985r	34.9	22.1	12.8	5.2	7.7
1986r	35.1	21.9	13.2	5.4	7.9
1987e	34.9	21.4	13.5	n.a.	n.a.
Per Capita, in Constant (1982) Dollars					
1929	\$585	\$146	\$439	\$124	\$315
1939	1,059	481	578	180	397
1949	1,711	1,135	576	220	357
1954	2,276	1,572	704	250	452
1959	2,440	1,570	869	309	560
1964	2,818	1,728	1,090	379	710
1969	3,599	2,120	1,479	534	946
1974	4,048	2,265	1,783	664	1,119
1979	4,343	2,491	1,853	710	1,142
1981	4,654	2,845	1,809	712	1,098
1982	4,781	2,999	1,782	703	1,079
1983	4,878	3,073	1,804	712	1,093
1984r	5,006	3,149	1,857	752	1,113
1985r	5,267	3,334	1,933	786	1,155
1986r	5,394	3,367	2,027	825	1,213
1987e	5,475	3,357	2,118	n.a.	n.a.

n.a.—state-local split not available for 1987.

r—revised from last year's edition.

e—yearly data estimated by the ACIR staff from the first three quarters of 1987.

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Table 2 (cont.)
GOVERNMENT EXPENDITURES, AFTER INTERGOVERNMENTAL TRANSFERS,¹
SELECTED YEARS 1929-87

<u>Calendar Year</u>	<u>Total Public Sector</u>	<u>Federal Government</u>	<u>Total State-Local Government</u>	<u>State Government</u>	<u>Local Government</u>
Percentage Distribution by Level of Government					
1929	100.0%	25.0%	75.0%	21.2%	53.8%
1939	100.0	45.5	54.5	17.0	37.5
1949	100.0	66.3	33.7	12.8	20.8
1954	100.0	69.1	30.9	11.0	19.9
1959	100.0	64.4	35.6	12.7	23.0
1964	100.0	61.3	38.7	13.4	25.2
1969	100.0	58.9	41.1	14.8	26.3
1974	100.0	56.0	44.0	16.4	27.6
1979	100.0	57.3	42.7	16.3	26.3
1981	100.0	61.1	38.9	15.3	23.6
1982	100.0	62.7	37.3	14.7	22.6
1983	100.0	63.0	37.0	14.6	22.4
1984r	100.0	62.9	37.1	15.0	22.2
1985r	100.0	63.3	36.7	14.9	21.9
1986r	100.0	62.4	37.6	15.3	22.5
1987e	100.0	61.3	38.7	n.a.	n.a.

Exhibit: Supplemental Data

<u>Calendar Year</u>	<u>Per Capita Personal Income²</u>	<u>Consumer Price Index (1967 = 100)⁴</u>	<u>Per Capita Personal Income in Constant (1967) Dollars</u>	<u>Average Annual Increase in the Consumer Price Index</u>	<u>Population (in thousands)⁵</u>
1929	\$692	51.3	\$1,350	n.a.	121,767
1939	551	41.6	1,324	-2.1% (1929-39)	130,880
1949	1,383	71.4	1,938	5.6 (1939-49)	149,188
1954	1,797	80.5	2,233	2.4 (1949-54)	163,026
1959	2,197	87.3	2,517	1.6 (1954-59)	177,830
1964	2,659	92.9	2,862	1.3 (1959-64)	191,889
1969	3,813	109.8	3,473	3.4 (1964-69)	202,677
1974	5,659	147.7	3,831	6.1 (1969-74)	213,854
1979	9,038	217.4	4,157	8.0 (1974-79)	225,055
1981	10,954	272.4	4,021	11.9 (1979-81)	230,138
1982	11,486	289.1	3,973	6.1	232,520
1983	12,089	298.4	4,051	3.2	234,799
1984r	13,117	311.1	4,216	4.3	237,001
1985r	13,904	322.2	4,315	3.6	239,283
1986r	14,629	328.4	4,455	1.9	241,596
1987e	15,312	340.6	4,496	3.7	243,773

¹Federal aid to state and local governments spent by state and local governments counted as state and local government expenditure. State aid to local governments counted as local government expenditure. Compare to Table 1.

²The Bureau of Economic Analysis has not published figures allocating state-local expenditures between state and local governments prior to 1959. The figures listed are estimated on the basis of ratios calculated from state and local expenditure data reported in U.S. Bureau of the Census, *Historical Statistics of the United States: Colonial Times to 1970, Part 2*, 1975, pp. 1127, 1131.

³Per capita personal income, in current dollars. Total personal income figures as reported in the National Income and Product Accounts were divided by the population figures cited in the last column. See *Survey of Current Business*, Table 2.1.

⁴Data beginning in 1978 are for all urban consumers (CPI-U); earlier data are for urban wage earners and clerical workers (CPI-W). Based on 1972-73 Bureau of Labor Statistics survey of consumer expenditure patterns, of points of purchase and of the pattern of specific items sold by retail outlet. See *Economic Report of the President*, January 1987, B-60; Bureau of Labor Statistics monthly data for 1987.

⁵Total population including Armed Forces overseas as of July of each year. See U.S. Bureau of the Census, "Estimates of the Population of the United States," Series P-25.

Sources: ACIR staff calculations based on Department of Commerce, Bureau of Economic Analysis, The National Income and Product Accounts, Historical Series, 1929-85; revised figures for 1984-86 and 1987 estimates from *Survey of Current Business*, October 1987. The allocation of state-local expenditures between state and local governments from *Survey*, May 1986. See also, *Survey*, [monthly].

Table 3
**GOVERNMENT RECEIPTS¹,
 SELECTED YEARS 1929-87**

Calendar Year	Total Public Sector	Federal Government	State-Local From Own Sources			Federal Aid	After Federal Aid Transfers
			Total	State	Local		State and Local Receipts After Federal Aid
Amount (in billions of current dollars)							
1929	\$11.3	\$3.8	\$7.5	\$2.3 ^a	\$5.2 ^a	\$0.1	\$7.6
1939	15.4	6.8	8.6	3.1 ^a	5.5 ^a	1.0	9.6
1949	56.7	39.4	17.3	9.0 ^a	8.3 ^a	2.2	19.5
1954	90.3	64.2	26.1	13.4 ^a	12.7 ^a	2.9	29.0
1959	130.4	90.6	39.8	20.2	19.5	6.8	46.6
1964	175.6	116.2	59.4	30.2	29.0	10.4	69.8
1969	300.2	199.7	100.5	54.8	45.6	20.3	120.8
1974	463.1	293.9	169.2	95.4	73.8	43.9	213.1
1979	779.8	505.0	274.8	165.6	109.1	80.5	355.3
1981	977.2	639.5	337.7	202.1	135.5	87.9	425.6
1982	1,000.8	635.3	365.5	214.3	151.2	83.9	449.4
1983	1,061.4	659.9	401.5	236.6	165.0	86.2	487.7
1984r	1,172.9	726.0	446.9	265.7	181.3	93.6	540.5
1985r	1,268.5	788.6	479.9	283.4	196.5	99.7	579.6
1986r	1,339.3	827.4	511.9	301.0	210.9	106.9	618.8
1987e	1,446.3	904.0	542.3	n.a.	n.a.	103.8	646.1
As a Percentage of GNP							
1929	10.9%	3.7%	7.2%	2.2%	5.0%	0.1%	7.3%
1939	16.9	7.4	9.4	3.4	6.0	1.1	10.5
1949	21.8	15.1	6.6	3.5	3.2	0.8	7.5
1954	24.2	17.2	7.0	3.6	3.4	0.8	7.8
1959	26.3	18.3	8.0	4.1	3.9	1.4	9.4
1964	27.0	17.9	9.1	4.6	4.5	1.6	10.7
1969	31.1	20.7	10.4	5.7	4.7	2.1	12.5
1974	31.4	20.0	11.5	6.5	5.0	3.0	14.5
1979	31.1	20.1	11.0	6.6	4.3	3.2	14.2
1981	32.0	20.9	11.1	6.6	4.4	2.9	13.9
1982	31.6	20.1	11.5	6.8	4.8	2.7	14.2
1983	31.2	19.4	11.8	6.9	4.8	2.5	14.3
1984r	31.1	19.2	11.8	7.0	4.8	2.5	14.3
1985r	31.6	19.7	12.0	7.1	4.9	2.5	14.5
1986r	31.6	19.5	12.1	7.1	5.0	2.5	14.6
1987e	32.2	20.1	12.1	n.a.	n.a.	2.3	14.4
Per Capita, in Constant (1982) Dollars							
1929	\$636	\$214	\$422	\$129	\$292	\$6	\$427
1939	926	409	517	187	331	60	578
1949	1,617	1,124	493	257	237	63	556
1954	2,106	1,497	609	313	296	68	676
1959	2,412	1,676	736	374	361	126	862
1964	2,781	1,841	941	478	459	165	1,106
1969	3,722	2,476	1,246	679	565	252	1,498
1974	4,010	2,545	1,465	826	639	380	1,845
1979	4,408	2,855	1,553	936	617	455	2,009
1981	4,517	2,956	1,561	934	626	406	1,967
1982	4,304	2,732	1,572	922	650	361	1,933
1983	4,351	2,705	1,646	970	676	353	1,999
1984r	4,595	2,844	1,751	1,041	710	367	2,118
1985r	4,767	2,964	1,804	1,065	738	375	2,178
1986r	4,859	3,002	1,857	1,092	765	388	2,245
1987e	5,049	3,156	1,893	n.a.	n.a.	362	2,256

(continued on next page)

Table 3 (cont.)
**GOVERNMENT RECEIPTS¹,
 SELECTED YEARS 1929-87**

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Calendar Year	Total Public Sector	Federal Government	State-Local From Own Sources			After Federal Aid Transfers	
			Total	State	Local	Federal Aid	State and Local Receipts After Federal Aid
Percentage Distribution by Level of Government							
1929	100.0%	33.6%	66.4%	20.4%	46.0%	0.9%	67.3%
1939	100.0	44.2	55.8	20.1	35.7	6.5	62.3
1949	100.0	69.5	30.5	15.9	14.6	3.9	34.4
1954	100.0	71.1	28.9	14.8	14.1	3.2	32.1
1959	100.0	69.5	30.5	15.5	15.0	5.2	35.7
1964	100.0	66.2	33.8	17.2	16.5	5.9	39.7
1969	100.0	66.5	33.5	18.3	15.2	6.8	40.2
1974	100.0	63.5	36.5	20.6	15.9	9.5	46.0
1979	100.0	64.8	35.2	21.2	14.0	10.3	45.6
1981	100.0	65.4	34.6	20.7	13.9	9.0	43.6
1982	100.0	63.5	36.5	21.4	15.1	8.4	44.9
1983	100.0	62.2	37.8	22.3	15.5	8.1	45.9
1984r	100.0	61.9	38.1	22.7	15.5	8.0	46.1
1985r	100.0	62.2	37.8	22.3	15.5	7.9	45.7
1986r	100.0	61.8	38.2	22.5	15.7	8.0	46.2
1987e	100.0	62.5	37.5	n.a.	n.a.	7.2	44.7

n.a.—state-local split not available for 1987.

r—revised from last year's edition.

e—yearly data estimated by the ACIR staff from the first three quarters of 1987.

¹National Income and Product Accounts, Department of Commerce, Bureau of Economic Analysis. See citations below.

²The Bureau of Economic Analysis has not published figures that allocate state-local revenues between state and local governments prior to 1959. The figures listed are estimated on the basis of ratios calculated from state and local revenue data reported in U.S. Bureau of the Census, *Historical Statistics of the United States: Colonial Times to 1970*, Part 2, 1975, pp. 1127, 1131.

Sources: ACIR staff calculations based on Department of Commerce, Bureau of Economic Analysis, The National Income and Product Accounts, Historical Series, 1929-85; revised figures for 1984-86 and 1987 estimates from *Survey of Current Business*, October 1987. The allocation of state-local revenues between state and local governments from *Survey*, May 1986. Population and GNP data from Table 2 of this publication.

Table 4
GOVERNMENT DEBT,¹ SELECTED YEARS 1929-87

<u>Fiscal Year</u>	<u>Total Public Sector</u>	<u>Federal Government</u>	<u>Total State-Local Government</u>	<u>State</u>	<u>Local</u>
Amount (in billions of current dollars)					
1929	\$33.4	\$16.9	\$16.5	\$2.3	\$14.2
1939	60.5	40.4	20.1	3.5	16.6
1949	273.7	252.8	20.9	4.0	16.9
1954	309.7	270.8	38.9	9.6	29.3
1959	348.8	284.7	64.1	16.9	47.2
1964	409.0	316.8	92.2	25.0	67.2
1969	500.7	367.1 ^a	133.6	39.6	94.0
1974	692.8	486.2	206.6	65.3	141.3
1979	1,137.9	833.8	304.1	111.7	192.4
1981	1,367.7	1,003.9	363.8	134.8	229.0
1982	1,546.3	1,147.0	399.3	147.5	251.8
1983	1,836.4	1,381.9	454.5	167.3	287.2
1984	2,081.7	1,576.7	505.0	186.4	318.7
1985r	2,398.8	1,827.5	571.4	211.9	359.4
1986r	2,788.4	2,129.5	658.9	247.7	411.2
1987e	n.a.	2,354.3	n.a.	n.a.	n.a.
As a Percentage of GNP					
1929	32.1%	16.3%	15.9%	2.2%	13.7%
1939	66.3	44.2	22.0	3.8	18.2
1949	105.1	97.1	8.0	1.5	6.5
1954	83.1	72.7	10.4	2.6	7.9
1959	70.4	57.4	12.9	3.4	9.5
1964	62.9	48.8	14.2	3.8	10.3
1969	51.9	38.1	13.9	4.1	9.8
1974	47.0	33.0	14.0	4.4	9.6
1979	45.4	33.2	12.1	4.5	7.7
1981	44.8	32.9	11.9	4.4	7.5
1982	48.8	36.2	12.6	4.7	8.0
1983	53.9	40.6	13.3	4.9	8.4
1984r	55.2	41.8	13.4	4.9	8.4
1985r	59.8	45.6	14.2	5.3	9.0
1986r	65.8	50.3	15.6	5.8	9.7
1987e	n.a.	52.5	n.a.	n.a.	n.a.
Per Capita, in Constant (1982) Dollars					
1929	\$1,879	\$951	\$928	\$129	\$799
1939	3,640	2,431	1,209	211	999
1949	7,807	7,211	596	114	482
1954	7,223	6,316	907	224	683
1959	6,452	5,266	1,186	313	873
1964	6,479	5,018	1,460	396	1,064
1969	6,207	4,551	1,656	491	1,165
1974	5,999	4,210	1,789	565	1,224
1979	6,433	4,714	1,719	631	1,088
1981	6,322	4,641	1,682	623	1,059
1982	6,650	4,933	1,717	634	1,083
1983	7,528	5,665	1,863	686	1,177
1984r	8,156	6,177	1,978	730	1,249
1985r	9,015	6,868	2,147	796	1,351
1986r	10,115	7,725	2,390	899	1,492
1987e	n.a.	8,219	n.a.	n.a.	n.a.

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Table 4 (cont.)
GOVERNMENT DEBT,¹ SELECTED YEARS 1929-87

<u>Fiscal Year</u>	<u>Total Public Sector</u>	<u>Federal Government</u>	<u>Total State-Local Government</u>	<u>State</u>	<u>Local</u>
Percentage Distribution by Level of Government					
1929	100.0%	50.6%	49.4%	6.9%	42.5%
1939	100.0	66.8	33.2	5.8	27.4
1949	100.0	92.4	7.6	1.5	6.2
1954	100.0	87.4	12.6	3.1	9.5
1959	100.0	81.6	18.4	4.8	13.5
1964	100.0	77.5	22.5	6.1	16.4
1969	100.0	73.3	26.7	7.9	18.8
1974	100.0	70.2	29.8	9.4	20.4
1979	100.0	73.3	26.7	9.8	16.9
1981	100.0	73.4	26.6	9.9	16.7
1982	100.0	74.2	25.8	9.5	16.3
1983	100.0	75.3	24.7	9.1	15.6
1984	100.0	75.7	24.3	9.0	15.3
1985	100.0	76.2	23.8	8.8	15.0
1986r	100.0	76.4	23.6	8.9	14.7
1987e	n.a.	n.a.	n.a.	n.a.	n.a.

n.a.—not available

r—revised from last year's edition.

e—yearly data estimated by the ACIR staff from the first three quarters of 1987.

¹Total debt outstanding at the end of the fiscal year. These debt figures include all long-term credit obligations backed by the governments' full-faith and credit as well as nonguaranteed debt, and all interest-bearing short-term credit obligations. Includes judgment, mortgage and revenue bonds.

²During 1959, three government-sponsored enterprises became completely privately-owned and their debt was removed from the totals for the federal government. At the date of their conversion, federal debt was reduced by \$10.7 billion.

Sources: ACIR staff compilation based on U.S. Bureau of the Census, *Governmental Finances in [year]* (Table 2 in the 1985-86 edition); FY87 federal debt figure from U.S. Department of the Treasury, "Final Monthly Treasury Statement of Receipts and Outlays of the United States Government," for Fiscal Year 1987, p. 20. GNP, GNP deflator and population figures from Tables 1 and 2 of this publication. Federal debt figures include debt amounts held in government accounts (approximately \$444 billion in FY 87); compare to federal debt figures in Table 7 of this publication.

Table 5
**NET INTEREST PAYMENTS,
SELECTED YEARS 1929-87**

<u>Calendar Year</u>	<u>Total Public Sector</u>	<u>Federal Government</u>	<u>Total State-Local Government</u>	<u>State Government</u>	<u>Local Government</u>
Amount (in billions of current dollars)					
1929	0.668	0.256	0.412	n.a.	n.a.
1939	1.130	0.617	0.513	n.a.	n.a.
1949	4.475	4.264	0.211	n.a.	n.a.
1954	4.980	4.648	0.332	n.a.	n.a.
1959	6.920	6.168	0.752	n.a.	n.a.
1964	9.146	7.990	1.156	n.a.	n.a.
1969	13.536	12.698	0.838	n.a.	n.a.
1974	20.828	20.677	0.151	n.a.	n.a.
1979	41.510	42.535	-1.025	n.a.	n.a.
1981	68.519	72.363	-3.844	n.a.	n.a.
1982	82.060	84.560	-2.500	n.a.	n.a.
1983	96.011	94.270	1.741	n.a.	n.a.
1984r	117.732	115.617	2.115	n.a.	n.a.
1985r	131.990	130.182	1.808	n.a.	n.a.
1986r	138.800	135.700	3.100	n.a.	n.a.
1987e	n.a.	140.700	n.a.	n.a.	n.a.

As a Percentage of GNP

1929	0.6%	0.2%	0.4	n.a.	n.a.
1939	1.2	0.7	0.6	n.a.	n.a.
1949	1.7	1.6	0.1	n.a.	n.a.
1954	1.3	1.2	0.1	n.a.	n.a.
1959	1.4	1.2	0.2	n.a.	n.a.
1964	1.4	1.2	0.2	n.a.	n.a.
1969	1.4	1.3	0.1	n.a.	n.a.
1974	1.4	1.4	*	n.a.	n.a.
1979	1.7	1.7	*	n.a.	n.a.
1981	2.2	2.4	-0.1	n.a.	n.a.
1982	2.6	2.7	-0.1	n.a.	n.a.
1983	2.8	2.8	0.1	n.a.	n.a.
1984r	3.1	3.1	0.1	n.a.	n.a.
1985r	3.3	3.2	*	n.a.	n.a.
1986r	3.3	3.2	0.1	n.a.	n.a.
1987e	n.a.	3.1	n.a.	n.a.	n.a.

Per Capita, in Constant (1982) Dollars

1929	\$38	\$14	\$23	n.a.	n.a.
1939	68	37	31	n.a.	n.a.
1949	128	122	6	n.a.	n.a.
1954	116	108	8	n.a.	n.a.
1959	128	114	14	n.a.	n.a.
1964	145	127	18	n.a.	n.a.
1969	168	157	10	n.a.	n.a.
1974	180	179	1	n.a.	n.a.
1979	235	240	-6	n.a.	n.a.
1981	317	335	-18	n.a.	n.a.
1982	353	364	-11	n.a.	n.a.
1983	394	386	7	n.a.	n.a.
1984r	461	453	8	n.a.	n.a.
1985r	496	489	7	n.a.	n.a.
1986r	504	492	11	n.a.	n.a.
1987e	n.a.	491	n.a.	n.a.	n.a.

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Table 5 (cont.)
**NET INTEREST PAYMENTS,
 SELECTED YEARS 1929-87**

<u>Calendar Year</u>	<u>Total Public Sector</u>	<u>Federal Government</u>	<u>Total State-Local Government</u>	<u>State Government</u>	<u>Local Government</u>
Percentage Distribution by Level of Government					
1929	100.0%	38.3%	61.7%	n.a.	n.a.
1939	100.0	54.6	45.4	n.a.	n.a.
1949	100.0	95.3	4.7	n.a.	n.a.
1954	100.0	93.3	6.7	n.a.	n.a.
1959	100.0	89.1	10.9	n.a.	n.a.
1964	100.0	87.4	12.6	n.a.	n.a.
1969	100.0	93.8	6.2	n.a.	n.a.
1974	100.0	99.3	0.7	n.a.	n.a.
1979	100.0	102.5	-2.5	n.a.	n.a.
1981	100.0	105.6	-5.6	n.a.	n.a.
1982	100.0	103.0	-3.0	n.a.	n.a.
1983	100.0	98.2	1.8	n.a.	n.a.
1984r	100.0	98.2	1.8	n.a.	n.a.
1985r	100.0	98.6	1.4	n.a.	n.a.
1986r	n.a.	97.8	2.2	n.a.	n.a.
1987e	n.a.	n.a.	n.a.	n.a.	n.a.

Negative figures indicate net interest revenue.

n.a.—not available.

*—less than +/- 0.1%

r—revised from last year's edition.

e—yearly data estimated by the ACIR staff from the first three quarters of 1987.

Note: Net interest payments are equal to total interest paid on government debt less interest earned on cash and securities holdings. Interest earnings from state-local social insurance trusts were excluded from the net interest figures cited in this table while earnings from federal social insurance trusts were included. This adjustment was necessary because of the fundamental difference in the way these trusts are financed. Note also that state-local net interest payments reflect an imputation for the value of services provided by financial institutions for which governments receive no remuneration.

Sources: ACIR staff compilation and computations based on Department of Commerce, Bureau of Economic Analysis, The National Income and Product Accounts, Historical Series, 1929-85; figures for 1984-86 from *Survey of Current Business*, July 1987, Tables 3.15 and 3.16. Population, GNP and GNP deflator data from Tables 1 and 2 of this publication.

Table 6
**FEDERAL GOVERNMENT EXPENDITURES,
SELECTED YEARS 1954-87**

<u>Calendar Year</u>	<u>Total Federal Expenditure</u>	<u>Net Interest Paid</u>	<u>National Defense</u>	<u>Total Domestic Programs*</u>	<u>Social Security¹</u>	<u>Federal Aid to State and Local Governments²</u>	<u>All Other</u>
Amount (in billions of current dollars)							
1954	\$ 70.3	\$ 4.6	\$ 41.6	\$ 24.0	\$ 3.7	\$ 2.8	\$ 17.5
1959	91.7	6.2	46.4	39.1	10.4	6.7	22.0
1964	119.5	8.0	50.6	60.9	16.5	10.1	34.3
1969	191.3	12.7	79.1	99.5	34.0	19.9	45.5
1974	305.5	20.7	82.9	201.9	72.3	43.3	86.3
1979	521.1	42.5	122.5	356.1	135.0	79.3	141.8
1981	703.3	72.4	168.3	462.6	185.9	86.3	190.5
1982	781.2	84.6	194.7	501.9	208.8	82.1	211.0
1983	835.9	94.3	214.9	526.7	226.2	84.6	215.8
1984r	895.6	115.6	235.1	544.9	240.4	91.8	212.7
1985r	984.6	130.2	260.5	593.9	258.4	97.5	238.0
1986r	1,032.0	135.7	279.6	616.7	274.3	103.9	238.5
1987e	1,062.4	141.3	295.0	626.1	291.2	100.9	234.0

As a Percentage of Gross National Product

1954	18.9%	1.2%	11.2%	6.4%	1.0%	0.8%	4.7%
1959	18.5	1.2	9.4	7.9	2.1	1.3	4.4
1964	18.4	1.2	7.8	9.4	2.5	1.6	5.3
1969	19.8	1.3	8.2	10.3	3.5	2.1	4.7
1974	20.7	1.4	5.6	13.7	4.9	2.9	5.9
1979	20.8	1.7	4.9	14.2	5.4	3.2	5.7
1981	23.0	2.4	5.5	15.2	6.1	2.8	6.2
1982	24.7	2.7	6.1	15.9	6.6	2.6	6.7
1983	24.5	2.8	6.3	15.5	6.6	2.5	6.3
1984r	23.7	3.1	6.2	14.4	6.4	2.4	5.6
1985r	24.6	3.2	6.5	14.8	6.4	2.4	5.9
1986r	24.4	3.2	6.6	14.6	6.5	2.5	5.6
1987e	23.7	3.1	6.6	13.9	6.5	2.2	5.2

Per Capita, in Constant (1982) Dollars

1954	\$1,639	\$108	\$971	\$ 560	\$ 87	\$ 66	\$407
1959	1,696	114	859	723	193	123	407
1964	1,893	127	802	965	261	161	543
1969	2,371	157	981	1,233	422	247	565
1974	2,645	179	718	1,749	626	375	747
1979	2,946	240	692	2,013	763	448	801
1981	3,251	335	778	2,139	859	399	881
1982	3,360	364	837	2,159	898	353	908
1983	3,427	386	881	2,159	927	347	885
1984r	3,509	453	921	2,135	942	360	833
1985r	3,700	489	979	2,232	971	366	894
1986r	3,744	492	1,014	2,237	995	377	865
1987e	3,709	493	1,030	2,186	1,017	352	817

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Table 6 (cont.)
**FEDERAL GOVERNMENT EXPENDITURES,
 SELECTED YEARS 1954-87**

<u>Calendar Year</u>	<u>Total Federal Expenditure</u>	<u>Net Interest Paid</u>	<u>National Defense</u>	<u>Total Domestic Programs*</u>	<u>Social Security¹</u>	<u>Federal Aid to State and Local Governments²</u>	<u>All Other</u>
Percentage Distribution by Function							
1954	100.0%	6.6%	59.2%	34.2%	5.3%	4.0%	24.9%
1959	100.0	6.7	50.6	42.6	11.4	7.3	24.0
1964	100.0	6.7	42.4	51.0	13.8	8.5	28.7
1969	100.0	6.6	41.4	52.0	17.8	10.4	23.8
1974	100.0	6.8	27.1	66.1	23.7	14.2	28.2
1979	100.0	8.2	23.5	68.3	25.9	15.2	27.2
1981	100.0	10.3	23.9	65.8	26.4	12.3	27.1
1982	100.0	10.8	24.9	64.3	26.7	10.5	27.0
1983	100.0	11.3	25.7	63.0	27.1	10.1	25.8
1984r	100.0	12.9	26.3	60.8	26.8	10.3	23.7
1985r	100.0	13.2	26.5	60.3	26.2	9.9	24.2
1986r	100.0	13.1	27.1	59.8	26.6	10.1	23.1
1987e	100.0	13.3	27.8	58.9	27.4	9.5	22.0

*All federal expenditures less defense spending and interest payments.

r—revised from last year's edition.

e—yearly data estimated by the ACIR staff from the first three quarters of 1987.

¹Old age, survivors, disability and health (Medicare) insurance.

²To avoid double-counting, federal aid figures listed below exclude the relatively small amounts of federal payments to state and local governments for the purposes of national defense and social security; these amounts are included in the columns labeled "National Defense" and "Social Security." In 1986, these expenditures were \$2.135 b. and \$0.775 b., respectively.

Sources: ACIR staff compilation and computations from Department of Commerce, Bureau of Economic Analysis, The National Income and Product Accounts, 1929-82, Statistical Tables (for 1929-82 data); *Survey of Current Business*, July 1986 (for 1983 data); *Survey*, July 1987 (for 1984-86 figures); estimates for 1987 based on data in *Survey*, October 1987.

Table 7
**FEDERAL BUDGET RECEIPTS, OUTLAYS, SURPLUS OR DEFICIT,
 TOTAL DEBT AND INTEREST ON DEBT, 1789-1989**
 (dollar amounts in billions)

(1) Fiscal Year	Budget		Annual Budgetary Surplus or Deficit			Total Debt Outstanding and Interest on Debt			
	(2) Receipts	(3) Outlays	(4) Amount	(5) As a Percent of Receipts	(6) As a Percent of Outlays	(7) Total Debt	(8) Debt as a Percent of GNP	(9) Net Interest Paid on Federal Debt	(10) Net Interest Paid as Percent of Outlays
1789-1849	\$1.160	\$1.090	\$0.070	6.0%	6.4%	\$0.063	n.a.	n.a.	n.a.
1850-1900	14.462	15.453	-0.991	-6.9	-6.4	1.263	n.a.	n.a.	n.a.
1901-16	10.218	10.155	0.063	0.6	0.6	1.225	n.a.	n.a.	n.a.
1917-19	9.876	33.124	-23.248	-235.4	-70.2	25.485	n.a.	n.a.	n.a.
1920-29	43.181	35.556	7.625	17.7	21.4	16.931	16.4%	n.a.	n.a.
1930-39	40.015	60.896	-20.881	-52.2	-34.3	40.440	44.5	n.a.	n.a.
1940	6.548	9.468	-2.920	-44.6	-30.8	42.772	44.6	\$0.899	9.5%
1941	8.712	13.653	-4.941	-56.7	-36.2	48.223	42.7	0.943	6.9
1942	14.634	35.137	-20.503	-140.1	-58.4	67.753	47.6	1.052	3.0
1943	24.001	78.555	-54.554	-227.3	-69.4	127.766	72.7	1.529	1.9
1944	43.747	91.304	-47.557	-108.7	-52.1	184.796	91.5	2.219	2.4
1945	45.159	92.712	-47.553	-105.3	-51.3	235.182	110.7	3.112	3.4
1946	39.296	55.232	-15.936	-40.6	-28.9	241.861	113.6	4.111	7.4
1947	38.514	34.496	4.018	10.4	11.6	224.339	100.3	4.204	12.2
1948	41.560	29.764	11.796	28.4	39.6	216.270	87.3	4.341	14.6
1949	39.415	38.835	0.580	1.5	1.5	214.322	81.2	4.523	11.6
1950	39.443	42.562	-3.119	-7.9	-7.3	219.023	82.1	4.812	11.3
1951	51.616	45.514	6.102	11.8	13.4	214.326	68.0	4.665	10.2
1952	66.167	67.686	-1.519	-2.3	-2.2	214.758	62.7	4.701	6.9
1953	69.608	76.101	-6.493	-9.3	-8.5	218.383	59.7	5.156	6.8
1954	69.701	70.855	-1.154	-1.7	-1.6	224.499	60.8	4.811	6.8
1955	65.451	68.444	-2.993	-4.6	-4.4	226.616	58.6	4.850	7.1
1956	74.587	70.640	3.947	5.3	5.6	222.226	53.2	5.079	7.2
1957	79.990	76.578	3.412	4.3	4.5	219.421	49.8	5.354	7.0
1958	79.636	82.405	-2.769	-3.5	-3.4	226.363	50.3	5.604	6.8
1959	79.249	92.098	-12.849	-16.2	-14.0	235.003	48.8	5.762	6.3
1960	92.492	92.191	0.301	0.3	0.3	237.177	46.8	6.947	7.5
1961	94.388	97.723	-3.335	-3.5	-3.4	238.604	46.0	6.716	6.9
1962	99.676	106.821	-7.145	-7.2	-6.7	248.373	44.5	6.889	6.4
1963	106.560	111.316	-4.756	-4.5	-4.3	254.461	43.3	7.740	7.0
1964	112.613	118.528	-5.915	-5.3	-5.0	257.553	40.9	8.199	6.9
1965	116.817	118.228	-1.411	-1.2	-1.2	261.614	38.9	8.591	7.3
1966	130.835	134.532	-3.697	-2.8	-2.7	264.690	35.8	9.386	7.0
1967	148.822	157.464	-8.642	-5.8	-5.5	267.529	33.7	10.268	6.5
1968	152.973	178.134	-25.161	-16.4	-14.1	290.629	34.2	11.090	6.2
1969	186.882	183.640	3.242	1.7	1.8	279.483	30.1	12.699	6.9
1970	192.807	195.649	-2.842	-1.5	-1.5	284.880	28.8	14.380	7.4
1971	187.139	210.172	-23.033	-12.3	-11.0	304.328	28.8	14.841	7.1
1972	207.309	230.681	-23.372	-11.3	-10.1	323.770	28.1	15.478	6.7
1973	230.799	245.707	-14.908	-6.5	-6.1	343.045	26.8	17.349	7.1
1974	263.224	269.359	-6.135	-2.3	-2.3	346.053	24.4	21.449	8.0
1975	279.090	332.332	-53.242	-19.1	-16.0	396.906	26.1	23.244	7.0
1976	298.060	371.779	-73.719	-24.7	-19.8	480.300	28.3	26.714	7.2
1976TQ	81.232	95.973	-14.741	-18.1	-15.4	498.327	27.8	6.946	7.2
1977	355.559	409.203	-53.644	-15.1	-13.1	551.843	28.5	29.886	7.3
1978	399.561	458.729	-59.168	-14.8	-12.9	610.948	28.1	35.441	7.7
1979	463.302	503.464	-40.162	-8.7	-8.0	644.589	26.3	42.615	8.5
1980	517.112	590.920	-73.808	-14.3	-12.5	715.105	26.8	52.512	8.9
1981	599.272	678.209	-78.937	-13.2	-11.6	794.434	26.6	68.734	10.1
1982	617.766	745.706	-127.940	-20.7	-17.2	929.427	29.6	84.995	11.4
1983	600.562	808.327	-207.765	-34.6	-25.7	1,141.771	34.4	89.774	11.1
1984	666.457	851.781	-185.324	-27.8	-21.8	1,312.589	35.6	111.058	13.0
1985	734.057	946.316	-212.259	-28.9	-22.4	1,509.857	38.3	129.430	13.7
1986	769.091	990.231	-221.140	-28.8	-22.3	1,746.141	41.9	135.969	13.7
1987	854.143	1,002.147	-148.005	-17.3	-14.8	1,913.600	43.2	138.519	13.8
1988e	909.000	1,032.300	-123.300	-13.6	-11.9	2,015.800	42.6	146.300	14.2
1989e	972.700	1,085.400	-112.700	-11.6	-10.4	2,107.500	41.5	153.000	14.1

n.a.—not available

TQ—Transition Quarter

Sources: ACIR staff compilation and computations from: Office of Management and Budget, *Budget of the United States Government, Fiscal Year 1988*, Summary Table 11 (Cols. 1-4); Historical Tables, *Budget*, FY88, Table 7.1 (Cols. 7-8), Table 6.1 (Col. 9), Table 6.2 (Col. 10); Debt figures prior to 1940 from U.S. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1970*, Part 2, Series Y493, p. 1117. Debt figures exclude amounts held in government accounts; compare to Table 4 of this publication. Final figures for 1987 from "Final Monthly Treasury Statement for Month and Year Ending September 30, 1987."

Table 8
**FEDERAL GRANTS-IN-AID IN RELATION TO STATE-LOCAL OUTLAYS,
 TOTAL FEDERAL OUTLAYS AND GROSS NATIONAL PRODUCT, 1955-88**
 (dollar amounts in billions)

Fiscal Year ¹	Federal Grants-in-Aid (current dollars)					Exhibits:				
	Amount	Percent Increase or Decrease (-)	As a Percentage of—			Federal Grants in Constant Dollars (1982 Dollars, GNP Deflator)	Percent Real Increase/Decrease (-)	Number of Federal Grant Programs ²	Grants for Payments to Individuals	
			Total State-Local Outlays ²	Total Federal Outlays	Gross National Product				Amount	Percent of Total Grants
1955	\$3.2	4.9%	10.2%	4.7%	0.8%	\$12.7	4.1%	n.a.	\$1.6	50.0
1956	3.7	15.6	10.4	5.0	0.9	13.9	9.4	n.a.	1.7	45.9
1957	4.0	8.1	10.5	5.2	0.9	14.8	6.5	n.a.	1.8	45.0
1958	4.9	22.5	11.7	6.0	1.1	17.6	18.9	n.a.	2.1	42.9
1959	6.5	32.7	14.1	7.0	1.3	23.0	30.7	n.a.	2.4	36.9
1960	7.0	7.7	14.5	7.6	1.4	24.7	7.4	132	2.5	35.7
1961	7.1	1.4	13.7	7.3	1.4	24.8	0.4	n.a.	2.6	36.7
1962	7.9	11.3	14.1	7.4	1.4	27.1	9.3	n.a.	2.9	37.1
1963	8.6	8.9	14.2	7.7	1.5	28.7	5.9	n.a.	3.3	38.0
1964	10.1	17.4	15.4	8.6	1.6	33.6	17.1	n.a.	3.5	34.9
1965	10.9	7.9	15.1	9.2	1.6	35.4	5.4	n.a.	3.7	33.9
1966	13.0	19.3	16.1	9.6	1.7	40.6	14.7	n.a.	4.3	33.2
1967	15.2	16.9	16.9	9.7	1.9	46.0	13.3	379	4.8	31.3
1968	18.6	22.4	18.3	10.4	2.2	53.4	16.1	n.a.	6.0	32.3
1969	20.3	9.1	17.8	11.0	2.2	54.8	2.6	n.a.	7.1	35.5
1970	24.0	18.2	19.0	12.3	2.4	61.2	11.7	n.a.	8.6	35.8
1971	28.1	17.1	19.7	13.4	2.7	66.8	9.2	n.a.	10.4	36.9
1972	34.4	22.4	21.7	14.9	3.0	77.2	15.6	n.a.	13.8	40.1
1973	41.8	21.5	24.0	17.0	3.3	88.9	15.2	n.a.	13.7	32.7
1974	43.4	3.8	22.3	16.1	3.1	84.6	-4.8	n.a.	14.6	33.6
1975	49.8	14.7	22.6	15.0	3.3	87.1	3.0	442	16.4	33.0
1976	59.1	18.7	24.1	15.9	3.5	96.2	10.4	n.a.	19.6	33.2
1977	68.4	15.7	25.5	16.7	3.5	103.6	7.7	n.a.	22.2	32.4
1978	77.9	13.9	26.5	17.0	3.6	109.7	5.9	492	24.2	31.0
1979	82.9	6.4	25.8	16.5	3.4	106.7	-2.7	n.a.	26.9	32.4
1980	91.5	10.4	25.8	15.5	3.4	105.9	-0.7	n.a.	31.9	34.9
1981	94.8	3.6	24.7	14.0	3.2	100.7	-4.9	539	36.9	39.0
1982	88.2	-7.0	21.6	11.8	2.8	88.2	-12.4	441	37.9	42.9
1983	92.5	4.9	21.3	11.4	2.8	88.8	0.7	n.a.	41.6	45.0
1984	97.6	5.5	21.0	11.5	2.6	90.2	1.6	405	44.3	45.4
1985	105.9	8.5	21.0	11.2	2.7	93.7	3.9	n.a.	48.1	45.4
1986	112.4	6.1	20.6	11.4	2.7	95.0	1.4	n.a.	51.4	45.7
1987	109.9	-2.2	19.1	10.8	2.5	90.2	-5.1	435	54.2	49.3
1988e	106.3	-3.3	17.1	10.4	2.3	84.1	-6.8	n.a.	52.9	49.8

e—estimated.

n.a.—not available.

See *Special Analysis H* of the *Budget of the United States* for explanation of differences between grant-in-aid figures published by the National Income and Product Accounts, Census and OMB.

¹For 1955-76, years ending June 30; 1977-88, years ending September 30.

²As defined in the national income and product accounts. Figures can be interpreted as follows: for 1986, 20.6% of all state-local spending was paid for by the federal government. To adjust the state and local NIPA figures (calculated on a calendar year basis) to the federal aid figures (based on the federal fiscal year), state-local expenditures were weighted 1/2 for the current year and 1/2 for the previous year (1955-76); for 1977-88, the figures were weighted 3/4 for the current year and 1/4 for the previous year, this to account for the change in the federal fiscal year in 1977.

³Includes categorical grants, block grants and revenue sharing. In 1987, there were 422 categorical grants, 13 block grants for a total of 435 grants.

Sources: ACIR staff compilation and calculations based on U.S. Office of Management and Budget, *Budget of the United States Government FY 1988* [see also, *Budget, FY 1988, Historical Tables*, Table 12.1]; U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, [monthly]; ACIR, *A Catalog of Federal Grant-in-Aid Programs to State and Local Governments: Grants Funded FY 1987*, August 1987.

Table 9
**PER CAPITA FEDERAL EXPENDITURE BY STATE AND REGION,
 FISCAL YEAR 1986**

State and Region	(1) Index of Per Capita Federal Expenditures (U.S. Ave. = 100)	(2) Total	(3) Grants to State and Local Govern- ments	(4) Salaries and Wages	(5) Direct Pay- ments to Indi- viduals	(6) Procure- ment Contract Awards	(7) Other	Exhibit: [High = 1; Low = 51] All Expendi- tures	Grants Only
United States	100	\$3,331	\$452	\$496	\$1,497	\$775	\$110		
New England	117	3,909	515	368	1,569	1,340	117		
Connecticut	127	4,230	471	314	1,456	1,834	156	8	24
Maine	96	3,187	572	388	1,639	549	38	28	11
Massachusetts	128	4,276	528	356	1,633	1,622	136	7	13
New Hampshire	87	2,896	393	542	1,409	504	47	40	41
Rhode Island	99	3,305	585	451	1,742	459	68	23	9
Vermont	80	2,652	617	287	1,394	279	76	47	8
Mideast*	110	3,654	585	577	1,658	725	108		
Delaware	85	2,821	496	400	1,464	411	51	42	17
Washington, DC*	695	23,155	2,367	11,906	2,395	4,407	2,080	1	1
Maryland	146	4,858	438	1,117	1,641	1,518	143	3	31
New Jersey	88	2,927	440	359	1,544	541	42	39	30
New York	100	3,344	696	294	1,607	657	91	21	5
Pennsylvania	95	3,149	480	352	1,785	469	63	29	20
Great Lakes	81	2,689	441	276	1,451	435	85		
Illinois	78	2,610	434	346	1,450	261	119	48	35
Indiana	80	2,668	363	263	1,405	545	93	46	46
Michigan	77	2,559	476	214	1,475	339	54	49	22
Ohio	89	2,959	443	295	1,477	693	51	34	29
Wisconsin	76	2,547	483	197	1,406	335	126	50	19
Plains	104	3,465	437	388	1,492	758	389		
Iowa	88	2,927	406	212	1,545	288	476	38	40
Kansas	107	3,558	359	514	1,531	880	273	14	48
Minnesota	89	2,950	501	242	1,298	635	275	36	15
Missouri	124	4,124	391	462	1,606	1,309	356	10	43
Nebraska	98	3,261	414	484	1,515	317	531	25	39
North Dakota	125	4,150	638	648	1,424	462	978	9	7
South Dakota	104	3,465	645	544	1,506	301	469	16	6
Southeast	98	3,260	398	573	1,571	657	61		
Alabama	97	3,232	434	598	1,588	559	53	26	33
Arkansas	91	3,026	473	323	1,669	430	130	31	23
Florida	102	3,386	278	427	2,027	619	35	19	51
Georgia	91	3,032	447	611	1,278	648	48	30	26
Kentucky	101	3,357	479	458	1,496	885	39	20	21
Louisiana	83	2,748	453	329	1,301	569	97	44	25
Mississippi	97	3,228	512	436	1,496	699	85	27	14
North Carolina	75	2,487	360	500	1,330	242	56	51	47
South Carolina	88	2,944	391	642	1,348	528	35	37	42
Tennessee	100	3,314	443	424	1,451	947	49	22	28
Virginia	145	4,844	344	1,504	1,619	1,255	123	4	49
West Virginia	85	2,819	554	253	1,804	167	41	43	12
Southwest	92	3,049	350	491	1,314	803	91		
Arizona	103	3,437	364	471	1,557	981	65	18	45
New Mexico	144	4,794	579	746	1,372	2,018	80	5	10
Oklahoma	89	2,950	424	602	1,483	294	147	35	37
Texas	85	2,837	312	451	1,227	761	86	41	50
Rocky Mountain	101	3,355	488	629	1,232	849	158		
Colorado	106	3,524	379	703	1,245	1,088	109	15	44
Idaho	90	2,995	434	412	1,327	640	182	33	34
Montana	103	3,444	723	504	1,503	193	521	17	4
Utah	99	3,304	485	706	1,055	975	82	24	18
Wyoming	90	3,000	925	525	1,105	359	87	32	3
Far West*	110	3,671	426	552	1,408	1,197	88		
California	112	3,738	418	558	1,370	1,306	86	13	38
Nevada	116	3,866	434	494	1,431	1,481	26	11	32
Oregon	82	2,746	497	339	1,615	220	76	45	16
Washington	114	3,781	427	661	1,509	1,067	117	12	36
Alaska	153	5,090	1,243	1,661	727	1,421	37	2	2
Hawaii	131	4,372	445	1,847	1,428	583	69	6	27

Note: This table includes federal expenditures only; it does not include any state or local own-source revenues used to match or supplement these federal expenditures. Note all federal expenditures are included in this table. Expenditures that cannot be allocated to individual states (such as net interest on the federal debt, international payments, payments to U.S. territories and foreign aid) have been excluded.

(continued on next page)

**PER CAPITA FEDERAL EXPENDITURE BY STATE AND REGION,
FISCAL YEAR 1986**

*Because of the unique nature of the District of Columbia, the figures for Washington, DC, should not be compared to other states. See also note 4.

(Notes 1-7 refer to column numbers)

1—Thus a figure such as 127 for Connecticut indicates that federal expenditures for Connecticut are 127% of the U.S. average (or, alternatively, 27% greater than the U.S. average.) Conversely, the index figure of 75 for North Carolina indicates that federal expenditures for North Carolina are only 75% of the U.S. average. (Regional figures are population-weighted averages.)

2—Details may not sum to totals because of independent rounding.

3—Among the largest programs included in this category are (federal expenditures only) Medicaid, AFDC, highway programs, low-rent housing, general revenue sharing, wastewater treatment, etc.

4—Federal civilian and military salaries and wages were reported by location of workplace. Hence, the expenditure for wages and salaries in the District of Columbia is overstated. Figures for Maryland and Virginia, to a lesser extent, would be understated. The effect on other states would be negligible.

5—Among the largest programs included in this category are Social Security, Medicare, federal retirement benefits as well as supplemental security income and food stamps.

6—Defense contracts account for 80% of the total in this category for the U.S. as a whole.

7—Agricultural programs represent approximately 40% of the total amount in the "other" category.

8—In the figures cited for the Mideast region, the figures for the District of Columbia were included in the calculations (although, as for all regions, the figures were population-weighted.)

9—Excluding Alaska and Hawaii.

Source: ACIR staff compilation based on U.S. Bureau of the Census, *Federal Expenditures by State for Fiscal Year 1986*, (unpublished draft, April 1987).

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Section II

Tax Rates

**Table 10
FEDERAL INDIVIDUAL INCOME TAX RATES**

Rates for Single Taxpayers

**Rates for Married Persons—
Joint Returns and Surviving Spouses**

Tax Year 1986			Tax Year 1987			Tax Year 1986			Tax Year 1987		
Taxable Income	Tax on Lower Amount	Rate on Excess	Taxable Income	Tax on Lower Amount	Rate on Excess	Taxable Income	Tax on Lower Amount	Rate on Excess	Taxable Income	Tax on Lower Amount	Rate on Excess
\$2,480*	no tax	11%	\$1,800			\$3,670*	no tax	11%	\$3,000		
3,670	\$130.90	12	or less*	11%	—	5,940	\$249.70	12	or less*	11%	—
4,750	260.50	14	1,800	\$198	15%	8,200	520.90	14	3,000	\$330	15%
7,010	576.90	15	16,800	2,448	28	12,840	1,170.50	16	28,000	4,080	28
9,170	900.90	16	27,000	5,304	35	17,270	1,879.30	18	45,000	8,840	35
11,650	1,297.70	18	54,000	14,754	38.5	21,800	2,694.70	22	90,000	24,590	38.5
13,920	1,706.30	20				26,550	3,739.70	25			
16,190	2,160.30	23				32,270	5,169.70	28			
19,640	2,953.80	26				37,980	6,768.50	33			
25,360	4,441.00	30				49,420	10,543.70	38			
31,080	6,157.00	34				64,750	16,369.10	42			
36,800	8,101.80	38				92,370	27,969.50	45			
44,780	11,134.20	42				118,050	39,525.50	49			
59,670	17,388.00	48				175,250	67,553.50	50			
88,270	31,116.00	50							\$29,750		
									or less*	15%	—
									29,750	\$4,462.50	28%

*The zero-bracket amount of \$2,480 in 1986 is replaced by a standard deduction of \$2,540 in 1987 and \$3,000 in 1988 (indexed to the inflation rate after 1988). To make a rough comparison of the 1987 and 1988 rates to those of 1986, one should increase the tax brackets in 1987 and 1988 by these standard deduction amounts. In any case, only rough comparisons of rates can be made between the various tax years because the numerous revisions in the tax code have changed the definition of taxable income.

*The zero-bracket amount of \$3,670 in 1986 is replaced by a standard deduction of \$3,760 in 1987 and \$5,000 in 1988 (indexed to the inflation rate after 1988). To make a rough comparison of the 1987 and 1988 rates to those of 1986, one should increase the tax brackets in 1987 and 1988 by these standard deduction amounts. In any case, only rough comparisons of rates can be made between the various tax years because the numerous revisions in the tax code have changed the definition of taxable income.

**Rates for Married Persons
Filing Separate Returns**

Rates for Heads of Households

Tax Year 1986			Tax Year 1987			Tax Year 1986			Tax Year 1987		
Taxable Income	Tax on Lower Amount	Rate on Excess	Taxable Income	Tax on Lower Amount	Rate on Excess	Taxable Income	Tax on Lower Amount	Rate on Excess	Taxable Income	Tax on Lower Amount	Rate on Excess
\$1,835*	no tax	11%	\$1,500			\$2,480*	no tax	11%	\$2,500		
2,970	\$124.85	12	or less*	11%	—	4,750	\$249.70	12	or less*	11%	—
4,100	260.45	14	1,500	\$165	15%	7,010	520.90	14	2,500	\$275	15%
6,420	585.25	16	14,000	2,040	28	9,390	854.10	17	23,000	3,350	28
8,635	939.65	18	22,500	4,420	35	12,730	1,421.90	18	38,000	7,550	35
10,900	1,347.35	22	45,000	12,295	38.5	16,190	2,044.70	20	80,000	22,250	38.5
13,275	1,869.85	25				19,640	2,734.70	24			
16,135	2,584.85	28				25,360	4,107.50	28			
18,990	3,384.25	33				31,080	5,709.10	32			
24,710	5,271.85	38				36,800	7,539.50	35			
32,375	8,184.55	42				48,240	11,543.50	42			
46,185	13,984.75	45				65,390	18,746.50	45			
59,025	19,762.75	49				88,270	29,042.50	48			
87,625	33,776.75	50				116,870	42,770.50	50			
									\$23,900		
									or less*	15%	—
									23,900	\$3,585	28%

*The zero-bracket amount of \$1,835 in 1986 is replaced by a standard deduction of \$1,880 in 1987 and \$2,500 in 1988 (indexed to the inflation rate after 1988). To make a rough comparison of the 1987 and 1988 rates to those of 1986, one should increase the tax brackets in 1987 and 1988 by these standard deduction amounts. In any case, only rough comparisons of rates can be made between the various tax years because the numerous revisions in the tax code have changed the definition of taxable income.

*The zero-bracket amount of \$2,480 in 1986 is replaced by a standard deduction of \$2,540 in 1987 and \$4,400 in 1988 (indexed to the inflation rate after 1988). To make a rough comparison of the 1987 and 1988 rates to those of 1986, one should increase the tax brackets in 1987 and 1988 by these standard deduction amounts. In any case, only rough comparisons of rates can be made between the various tax years because the numerous revisions in the tax code have changed the definition of taxable income.

Source: ACIR staff compilations based on Research Institute of America, *Master Federal Tax Manual*, 1987 edition.

**Table 11
FEDERAL CORPORATE INCOME TAX RATES**

Taxable Income	Not Over	Tax Year	Tax Year
		Beginning before July 1, 1987	Beginning on or after July 1, 1987
\$ 0	\$ 25,000	15%	15%
25,000	50,000	18	15
50,000	75,000	30	25
75,000	100,000	40	34
100,000	46	34

Source: ACIR staff compilations based on the Research Institute of America, *Master Federal Tax Manual*, 1987 Edition.

Table 12
SELECTED FEDERAL EXCISE TAX RATES
(As of December 1987)

<u>Type of Tax</u>	<u>Rate</u>	<u>Type of Tax</u>	<u>Rate</u>
Alcohol taxes:			
1. Distilled spirits	\$12.50 per proof gallon	7. Other firearms, shells & cartridges	11.0% of mfr. price
2. Beer \$ 9.00/barrel or	\$.29 gallon ¹	8. Fishing equipment	10.0% of mfr. price
3. Wine:		9. Bows, arrows, etc.	11.0% of mfr. price
(a) Still Wine		10. Coal—underground mines	\$1.10 ton ^a
14% alcohol or less	\$.17 per wine gallon	11. Coal—surface mines	\$.55 ton ^a
over 14% to 21%	\$.67 gallon	12. Gas guzzler tax:	
over 21% to 24%	\$ 2.25/gallon	Purchase of automobiles, 1986 model with	
over 24%	\$12.50/gallon	mileage ratings (per gallon) of:	
(b) Sparkling Wine or Champagne	\$3.40/wine gallon	22.5 or more	\$ 0.
artificially carbonated	\$2.40/wine gallon	21.5 but less than 22.5	\$ 500.
Tobacco taxes:			
Cigarettes	\$.16/pack of 20	20.5 but less than 21.5	\$ 650.
Miscellaneous taxes:			
1. Telephone service	3.0% ²	19.5 but less than 20.5	\$ 850.
2. Transportation by air:		18.5 but less than 19.5	\$1,050.
(a) Domestic passenger tickets	8.0% ²	17.5 but less than 18.5	\$1,300.
(b) International passenger tickets	\$3.00	16.5 but less than 17.5	\$1,500.
3. Tires, weighing		15.5 but less than 16.5	\$1,850.
40 lbs. or less	no tax	14.5 but less than 15.5	\$2,250.
41 lbs. to 70 lbs	\$.15/lb.	13.5 but less than 14.5	\$2,700.
71 lbs. to 90 lbs	\$4.50 + \$.30/lb.	12.5 but less than 13.5	\$3,200.
over 90 lbs	\$10.50 + \$.50/lb.	Less than 12.5	\$3,850.
4. Gasoline	\$.09/gallon	Windfall profit tax:	
5. Diesel Fuel	\$.15/gallon	There is a federal excise tax on the windfall profit from	
6. Pistols and revolvers	10.0% of mfr. price	domestically produced crude oil. With limited exceptions,	
		domestic crude oil falls into one of three tiers, taxed at 70% (tier	
		one), 60% (tier two), and 30% (tier three). For newly discovered	
		oil, the tax rate ranges from 22.5% in 1987, 20% in 1988, and	
		15% in 1989 and thereafter. Independent producers are	
		entitled to special rates on limited quantities of tier one and tier	
		two oil. A royalty owner is entitled to a limited exemption from	
		tax of 3 barrels of oil per day.	

¹A barrel of beer equals 31 gallons.

²Telephone and air transportation taxes are scheduled to expire at the end of 1987. However, legislation before Congress in mid-December 1987, if approved, would extend these taxes until 1990.

³The tax may not exceed 4.4% of the price at which such ton of coal is sold by the producer.

Source: ACIR staff compilations based on Research Institute of America, *Master Federal Tax Manual*, 1987 edition; December 1987 updates from telephone interviews with U.S. Department of Treasury officials.

Table 13
SELF-EMPLOYMENT, SOCIAL SECURITY, AND
UNEMPLOYMENT COMPENSATION TAXES

Self-Employment Tax—Tax year 1983, a tax rate of 9.35% (social security—8.05%; medicare 1.3%) was imposed for social security and hospital insurance purposes on self-employment income through \$35,700. For a tax year beginning in 1984, the rate increased to an effective rate of 11.3%. (14% less 2.7% tax credit) and applied to a \$37,800 earnings base. The effective tax rate for 1985 was 11.8% (14.1% less 2.3% credit) and applied to a \$39,600 earnings base. The effective rate for 1986 and 1987 is 12.3%. The tax base was \$42,000 in 1986, \$43,800 for 1987, and \$45,000 for 1988. The rates are scheduled to be 13.02% for 1988-89 and 15.30% for 1990 and thereafter.

Social Security-Hospital Insurance (FICA)—For the calendar year 1983, a tax rate of 6.7% (social security—5.4%; medicare—1.3%) was imposed on employers and employee on wages through \$35,700. For 1984, the wage base increased to \$37,800, and the tax rate increased to 7% with a 0.3% tax credit for employees against 1984 taxes. For 1985, the wage base was \$39,600 and the tax rate increased to 7.05% for both employers and employees. For 1986-87, the rate is 7.15%; the base in 1986 was \$42,000 in 1986, \$43,800 in 1987, and \$45,000 in 1988; 1988-89, 7.51%; 7.65% in 1990 and thereafter.

Unemployment Compensation—A tax of 3.5% is imposed on the first \$7,000 of wages paid in 1984 to a covered employee by an employer who employs one or more persons in covered employment in each of 20 days in the current or preceding year, each day being in a different week, or who has a payroll for covered employment of at least \$1,500 in a calendar quarter (or \$20,000 in a calendar quarter for agricultural labor or \$1,000 in a calendar quarter for domestic labor) in the current or preceding calendar year. The rate increased to 6.2% of the first \$7,000 of each employee's income for 1985 and currently (1987) remains at 6.2% of the first \$7,000 of each employee's income. The employer can take a tax credit of up to 5.4% of wages paid into a state unemployment insurance fund.

Source: ACIR staff compilations based on Research Institute of America, *Master Federal Tax Manual*, 1987 edition; 1988 earnings ceiling for Social Security from the Congressional Budget Office, December 1987.

Table 14
1987 CHANGES BY STATE

A personal income tax "windfall" received is counted as a tax increase, but a "windfall" avoided is not counted. Corporation income tax "windfalls" are not included in revenue because consistent, reliable estimates are unavailable for many states. Extensions of tax increases scheduled to expire, fee increases, or revenue from accelerating collections are not reflected in totals. Totals are expressed in annual rates as if FY 1988 rates had been in effect for full year and may include changes not shown separately. Actions involving less than \$2 million are not shown. Revenue from extending a tax rate that was scheduled to be reduced is indicated by *.

State	Tax	Total Revenue (in millions)
Alabama	Kept "windfall" Accelerated insurance premium tax payments	FY88 = \$20
Alaska	No major tax action	
Arizona	Avoided "windfall" by providing special deduction	
Arkansas	Conformed to some but not all federal changes and retained portion of "windfall" Repealed sales tax exemptions for cigarettes, cable television, interstate telephone calls and leases and rentals Increased corporation franchise tax Increased real estate transfer tax	FY88 = \$26 FY88 = \$20 FY88 = \$3 FY88 = \$4 Total = \$64
California	Revised Personal Income Tax. Lowered marginal rates.	
Colorado	Restructured income tax and retained portion of "windfall" Enacted Corporation income tax reduction beginning in 1989	FY88 = \$117
Connecticut	Avoided "windfall" Increased gas tax 1 cent as provided in previous legislation Revised business services tax to avoid unintended tax liability	
Delaware	Kept portion of "windfall" Increased motor fuel tax 3 cents	FY88 = \$4 FY88 = \$11 Total = \$18
Florida	Extended sales tax to many services Increased diesel tax Increased documentary stamp tax	FY88 = \$761 FY89 = \$1,200 FY88 = \$36 FY88 = \$26 Total = \$823
Georgia	Avoided "windfall"	
Hawaii	Avoided "windfall" Reduced corporation income tax rate to avoid corporate "windfall" Exempted goods exported from state (including consumer software) from general excise tax	FY88 = (3) Total = (\$3)
Idaho	Kept "windfall" Increased personal income tax rates Increased corporation income tax rate Increased cigarette tax 8.9 cents Extended temporary sales tax increase	FY88 = \$7 FY88 = \$6 FY88 = \$1.4 FY88 = \$2 FY88 = \$47* Total = \$16
Illinois	Kept "windfall"	FY88 = \$100
Indiana	Kept "windfall" Increased personal income tax rate Increased corporation income tax rate Increased cigarette tax 5 cents	FY88 = \$50 FY88 = \$197 FY88 = \$63 FY88 = \$30 Total = \$358
Iowa	Avoided most of "windfall"; restructured individual income tax. Lowered marginal rates.	FY88 = \$37

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Table 14 (cont.)
1987 CHANGES BY STATE

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State	Tax	Total Revenue (in millions)
Kansas	Kept "windfall" Expanded severance tax exemptions	FY88 = \$143
Kentucky	No session in 1987 Kept part of "windfall"	FY88 = \$25
Louisiana	Kept "windfall"	FY88 = \$30
Maine	Avoided "windfall" Expanded property tax circuitbreaker Reformed telecommunications taxes Provided 5% corporation income tax credit for 1 year	FY88 = (\$4)
Maryland	Avoided part of "windfall" Increased motor fuel tax 5 cents Increased motor vehicle registration fee	FY88 = \$57 FY88 = \$113 FY88 = \$36 Total = \$206
Massachusetts	Tax activity not completed at time of publication	
Michigan	Tax activity not completed at time of publication	
Minnesota	Avoided "windfall" and restructured personal income tax Extended sales tax to numerous services and products Increased and restructured corporation income tax (amount shown does not include "windfall") Increased tobacco taxes Postponed repeal of telephone gross earnings tax Increased insurance premiums tax Increased taxes on liquor, beer, and wine Increased taxes on railroads and barges Increased local deed and mortgage registration taxes	FY88-89 = \$224 FY88-89 = \$128 FY88-89 = \$119 FY88-89 = \$98* FY88-89 = \$24 FY88-89 = \$15 FY88-89 = \$20 FY88-89 = \$45 Total = \$531
Missouri	Kept "windfall" Increased gasoline tax 4 cents Increased truck fees	FY88 = \$157 FY88 = \$125 FY88 = \$4 Total = \$286
Mississippi	Kept "windfall" Increased motor fuel tax but repealed sales tax on motor fuel, resulting in a net revenue increase, with additional increases when later rate increases become effective	FY88 = \$10 FY88 = \$10 Total = \$20
Montana	Kept "windfall" Imposed 10% income tax surcharge for 2 years Repealed worldwide unitary apportionment, and imposed 1-year 4% surcharge Placed 2% tax on autos in place of flat fee Reduced coal severance tax through 1991	FY88 = \$25 FY88 = \$24 FY88 = \$0 FY88 = (\$2) Total = \$61
Nebraska	Restructured personal income tax Restructured corporate income tax and adopted package of business tax incentives Increased cigarette tax 4 cents Decreased parimutuels tax	FY88 = \$6 FY88 = (\$4) FY88 = \$6 FY88 = (\$4) Total = \$6
Nevada	Increased cigarette tax 5 cents Increased gas tax 3 cents (diesel, 4 cents)	FY88 = \$6 FY88 = \$19 Total = \$34
New Hampshire	Reduced business profits tax but by smaller amount than scheduled Reduced real estate transfer tax but by smaller amount than scheduled	FY88 = (\$5) FY88 = (\$3) Total = (\$8)

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Table 14 (cont.)
1987 CHANGES BY STATE

State	Tax	Total Revenue (in millions)
New Jersey	No major tax actions (cigarette tax increased according to formula)	
New Mexico	Kept "windfall"	FY88 = \$54
	Extended suspension of food and medical credits on income tax and enacted low-income credit instead	
	Increased motor vehicle excise tax	FY88 = \$4
	Increased gas tax 3 cents and special fuels tax 5 cents	FY88 = \$30
	Increased motor vehicle registration fee	FY88 = \$20
	Increased truck trip tax	FY88 = \$4
		Total = \$112
New York	Restructured and reduced personal income tax	FY88 = (\$700)
	Restructured corporation income tax to avoid "windfall"	
North Carolina	Kept "windfall"	FY88 = \$25
	Increased corporation income tax rate	FY88 = \$95
	Eliminated merchants' discount on sales tax	FY88 = \$66
	Repealed property tax on inventories	FY88 = (\$54)
		Total = \$79
North Dakota	Increased sales tax from 5 to 5.5% and applied it to cable television	FY88-89 = \$46
	Imposed 10% personal income tax surcharge for 1 year	FY88 = \$8
	Repealed worldwide unitary apportionment	
	Increased cigarette tax 9 cents	FY88-89 = \$10
	Restructured oil taxes	FY88-89 = \$0
	Increased insurance premium tax	FY88-89 = \$4
	Reduced coal severance tax	
		Total = \$38
Ohio	Increased cigarette tax 4 cents	FY88 = \$40
	Increased motor fuel tax 2.7 cents	FY88 = \$154
	Restructured taxes on telecommunications	FY88 = \$48
	Increased income tax revenue by raising taxes on part-year residents and repealing home improvement credit	FY88 = \$21
	Increased intangibles tax	FY88 = \$4
	Total = \$271	
Oklahoma	Kept "windfall"	FY88 = \$121
	Increased sales tax 3/4 cents	FY88 = \$135
	Increased gas tax 6 cents and diesel tax 3 cents	FY88 = \$116
	Increased cigarette tax 5 cents	FY88 = \$17
	Increased liquor taxes	FY88 = \$7
		Total = \$396
Oregon	Avoided most of "windfall"	FY88 = \$7
	Reduced corporation income tax rate to avoid "windfall"	
	Increased motor fuel tax 2 cents per year for 3 years	FY88-89 = \$46
		Total = \$30
Pennsylvania	Reduced business franchise tax and utility gross receipts tax	FY88 = (\$90)
	Increased income tax relief for poor	FY88 = (\$11)
		Total = (\$102)
Rhode Island	Reduced income tax rate by failing to offset federal tax cut (tax is percentage of federal liability)	FY88 = (\$17)
South Carolina	Restructured numerous income tax provision	FY88 = \$21
	Reduced corporation income tax rate in 2 steps starting in 1988	
	Increased motor fuels tax 2 cents in 1987 and 1 cent in 1988	FY88 = \$40
		Total = \$64
South Dakota	Increased sales tax 1 cent for 1 year	FY88 = \$40
	Repealed sales tax exemption for cigarettes	FY88 = \$3
		Total = \$43

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Table 14 (cont.)
1987 CHANGES BY STATE

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State	Tax	Total Revenue (in millions)
Tennessee	No major tax actions	
Texas	Increased sales tax from 5.25% to 6% (had been scheduled to fall to 4.125%)	FY88-89 = \$1,200 FY88-89 = \$1,800*
	Expanded sales tax base	FY88-89 = \$733
	Increased franchise tax	FY88-89 = \$400
	Increased cigarette tax 5 1/2 cents and tax on smokeless tobacco	FY88-89 = \$126
	Increased hotel-motel tax	FY88-89 = \$51
	Increased motor vehicle sales tax; extended temporary increase	FY88-89 = \$317
	Increased insurance taxes	FY88-89 = \$110
	Imposed occupational taxes on professions	FY88-89 = \$50
	Increased bank franchise tax	FY88-89 = \$29
	Extended motor fuel tax increase that was scheduled to expire	FY88-89 = \$889*
		Total = \$1508
Utah	Kept "windfall" while restructuring numerous provision of income tax	FY88 = \$55
	Increased sales tax 1/2 cent	FY88 = \$30
	Increased cigarette tax 11 cents	FY88 = \$7
	Increased gasoline tax 5 cents	FY88 = \$40
		Total = \$132
Vermont	Reduced income tax rate by failing to offset federal tax cut (tax is percentage of federal liability)	CY88 = (\$5)
Virginia	Avoided "windfall"	
Washington	Increased motor vehicle excise tax	FY88-89 = \$21
	Increased real estate excise tax	FY88-89 = \$13
		Total = \$17
West Virginia	Restructured income tax and avoided "windfall"	
	Removed discount for early payment of consumer sales tax	FY88 = \$10
Wisconsin	Reduced personal income tax	FY88-89 = (217)
	Established corporate minimum tax	FY88 = \$4
	Increased cigarette tax 5 cents	FY88 = \$21
	Increased motor fuels tax 2 cents	FY88 = \$41
	Phased out inheritance tax over 5 years	FY88 = (\$1) FY89 = (\$14)
		Total = (\$41)
Wyoming	Reduced tax on stripper oil wells	

SOURCE: National Conference of State Legislatures, *State Budget Actions in 1987*, Denver, August 1987.

Table 15

**SUMMARY OF STATE GOVERNMENT INDIVIDUAL INCOME TAXES,
PERSONAL EXEMPTIONS, STANDARD DEDUCTIONS, AND DEDUCTIBILITY OF FEDERAL INCOME TAXES,
TAX YEAR 1987**

[As of October 1987. Only basic rates, brackets and exemptions are shown. Local income tax rates, even those mandated by the state, are not included. Taxable income and brackets listed below apply to single individuals and married taxpayers filing "combined separate" returns (in states where this is permitted).]

State	Income Tax Rates (range in percent)	Taxable Income Brackets		Personal Exemptions			Size of Standard Deduction ¹			Federal Income Tax Deductible ²
		Lowest Amount Under	Highest Amount Over	Single	Married-Joint Return	Dependents	Percent	Single	Married-Joint Return	
Alabama + *	2.0-5.0	\$500	\$3,000	\$1,500	\$ 3,000	\$300	20%	\$2,000	\$4,000	yes
Alaska					No State Income Tax					
Arizona ³	2.0-8.0	1,155	6,930	1,996	3,992	1,198	19.4	998	1,996	yes*
Arkansas	1.0-7.0	3,000	25,000	20 ⁴	40 ⁴	20 ⁴	10	1,000	1,000	no
California ³	1.0-9.3	3,650	23,950	51 ⁴	102 ⁴	51 ⁴	X	1,880	3,760	no
Colorado					5% of federal taxable income					no
Connecticut*					Limited Income Tax					
Delaware + *	1.0-8.8*	1,000	40,000	1,000	2,000	1,000	10	1,000	1,000	no
Washington, DC	6.0-10.0	10,000	20,000	885*	1,770*	885*	X	2,000	2,000	no
Florida					No State Income Tax					
Georgia	1.0-6.0	750	7,000	1,500	3,000	1,500	15 ¹	2,300	3,000	no
Hawaii*	2.25-10.0	1,000	20,000	1,900	3,800	1,900	X	1,000	1,700	no
Idaho*	2.0-8.2	1,000	20,000				Same as federal ⁵			no
Illinois	2.5	—Flat Rate—		1,000	2,000	1,000	X	X	X	no
Indiana +	3.2*	—Flat Rate—		1,000	2,000	1,000	X	X	X	no
Iowa + ³	0.4-9.98	1,000	45,000	20 ⁴	40 ⁴	15 ⁴	15 ¹	1,230	3,030	yes
Kansas	2.0-9.0	2,000	25,000	1,000	2,000	1,000	16 ¹	2,400	2,800	yes*
Kentucky +	2.0-6.0	3,000	8,000	20 ⁴	40 ⁴	20 ⁴	X	650	650	yes
Louisiana	2.0-6.0	10,000	50,000	4,500*	9,000*	1,000	*	*	*	yes
Maine ³	1.0-10.0	2,000	25,000	1,000	2,000	1,000	16 ¹	2,500	3,100	no
Maryland + *	2.0-5.0	1,000	3,000	1,000*	2,000*	1,000*	15	2,000	4,000	no
Massachusetts*	5.0	—Flat Rate—		2,200	4,400	1,000	X	X	X	no
Michigan +	4.6	—Flat Rate—		1,500	3,000	1,500	X	X	X	no
Minnesota	4.0-9.0*	3,000	16,000				Same as federal ⁵			no
Mississippi	3.0-5.0	5,000	10,000	6,000	9,500	1,500	15	2,300	3,400	no
Missouri + *	1.5-6.0	1,000	9,000	1,200	1,200	400	X	Same as federal ⁵		yes
Montana ³	2.0-11.0	1,300	46,400	1,060	2,120	1,060	20	1,990	3,980	yes
Nebraska	2.0-5.9	1,800	27,000	1,000	2,200	1,100	X	2,530	3,740	no
Nevada					No State Income Tax					
New Hampshire*					Limited Income Tax					
New Jersey*	2.0-3.5	20,000	50,000	1,000	2,000	1,000	X	X	X	no
New Mexico	1.8-8.5	5,200	41,600	2,000	4,000	2,000	—Same as federal ⁵ —			no
New York + *	2.0-8.50	1,000	14,000	900*	1,800*	900*	X	3,600	5,300	no
North Carolina	3.0-7.0	2,000	10,000	1,100	2,200*	800	10	550	*	no
North Dakota*	2.67-12.0	3,000	50,000				Same as federal ⁵			yes*
Ohio + *	0.751-6.9	5,000	100,000	650*	1,300*	650*	X*	X*	X*	no
Oklahoma*	0.5-6.0	1,000	7,500	1,000	2,000	1,000	15	2,000	2,000	yes*
Oregon ³	5.0-9.0	2,000	5,000	85 ⁴	170 ⁴	85 ⁴	13 ¹	1,800	3,000	yes*

Pennsylvania +	2.1	—Flat Rate—		X	X	X	X	X	X	no	PA
Rhode Island				23.46% of federal income tax liability						no	RI
South Carolina³	3.0-7.0	4,000	10,000	Same as federal ⁵						no	SC
South Dakota				No State Income Tax							SD
Tennessee*				Limited Income Tax							TN
Texas				No State Income Tax							TX
Utah	2.75-7.75	750	3,750	750	1,500	750	15 ¹	1,000	2,000	yes	UT
Vermont*				25.8% of federal income tax liability						no	VT
Virginia	2.0-5.75	3,000	14,000*	700*	1,400*	700*	15	2,000	4,000	no	VA
Washington				No State Income Tax							WA
West Virginia	3.0-6.5	10,000	60,000	2,000	4,000	2,000	See note below			no	WV
Wisconsin^{3*}	4.9-6.93	7,500	15,000	20 ⁴	40 ⁴	20 ⁴	X	5,200*	7,560*	no	WI
Wyoming				No State Income Tax							WY

X = Not applicable.

+ = States in which one or more local governments levy a local income tax.

*See notes below.

¹The lesser of (1) the percentage indicated, multiplied by adjusted gross income or (2) the dollar value listed. Of states that have a maximum standard deduction with a percent of A.G.I. provision, Iowa, Georgia, Kansas, Maine, Maryland, Oregon and Utah have a minimum deduction as well.

²A state provision that allows the taxpayer to deduct fully the federal income tax reduces the effective marginal tax rate for persons in the highest state and federal tax brackets by approximately 30% of the nominal tax rate—the deduction is of a lesser benefit to other taxpayers with lower federal and state top tax brackets.

³Indexed by an inflation factor. The brackets shown are for 1986. Oregon and Wisconsin are scheduled to begin indexing in 1987. South Carolina repealed indexing and reverted to pre-indexation tax brackets. 1987 inflation adjustment will be determined in late 1987.

⁴Tax credit.

⁵Personal exemptions on the 1987 federal return are \$1,900 each; the standard deduction for those filing as single is \$2,540 and those filing joint returns \$3,760.

AL Social Security (FICA) taxes are deducted from taxable income.

AZ Federal income tax deduction limited to 46% of federal tax liability or \$475, whichever is greater.

CT There is an income tax on interest, capital gains and dividend income *only*. The rate of this tax ranges from 1% of interest and dividend income for taxpayers with an A.G.I. of \$54,000-\$57,999 to 12% of such income of taxpayers with an A.G.I. over \$100,000. Capital gains are taxed at 7% after an exemption of \$100 is applied.

DC Exemption will increase to \$1,370 by 1990.

DE Top tax rate reduced to 7.7% in 1988. Exemptions will increase to \$1,250 each; standard deduction will increase to \$1,300 single, \$1,600 joint.

HI A refundable tax credit of \$45 per exemption is granted; an additional credit of \$1 per exemption is granted for 1987.

IA Tax cannot reduce after-tax income of taxpayer to below \$5,000 (single) or \$7,500 (married filing joint, head-of-household, surviving spouse).

IN 3.4% rate took effect on 7/1/87. Prior to 7/1/87 the rate was 3%. The rate for tax year 1987 is 3.2%

KS Social Security taxes (FICA) are also deductible. Deductions for federal taxes may be taken without itemizing other deductions.

LA The personal exemption and standard deduction are combined.

MD All counties have a local income tax surcharge of at least 20% of the state tax liability; most counties have a surcharge of 50%. Personal exemption increases to \$1,100 in 1989.

ME A \$9 credit for each exemption is permitted in 1987 only.

MA 10% (flat rate) imposed on net gains, interest and dividends. No tax is imposed on a single person whose gross income is \$8,000 or less (\$12,000 married). Social Security (FICA) taxes are deducted from taxable income.

MO For taxpayers itemizing deductions, Social Security (FICA) taxes are deductible.

MN In 1988, there will be two tax rates: 5% of taxable income not over \$13,000 and 8% above \$13,000.

NH There is a 5% tax on interest and dividends (excluding income from savings bank deposits) in excess of \$1,200 (\$2,400 married).

NJ No taxpayer is subject to tax if gross income is \$3,000 or less (\$1,500 married, filing separately).

NY An additional tax on unearned income imposed at a rate of 3% for single taxpayers with A.G.I. over \$100,000; rates are scheduled to be reduced further in 1988-90. In 1990 the top rate will be 7%.

NC An additional exemption of \$1,100 is allowed the spouse with the smallest income. Joint returns are not allowed.

ND Taxpayers have the option of paying a tax of 14% of the taxpayers' adjusted federal income tax liability or using the long form with a separate schedule; taxpayers using the long form may deduct federal income tax paid. A surtax of 10% is imposed in 1987.

OH Taxpayers may choose between an additional \$350 personal exemption or a \$20 tax credit per exemption.

OK These rates and brackets apply to single persons not deducting federal income tax. For individuals deducting the tax rates range from 0.5% of the first \$1,000 to 17% on income over \$49,000.

OR Federal tax deduction limited to \$7,000 (\$3,500 married, filing separately).

TN Interest and dividends taxed at 6%.

VT After tax year 1987, the rate is scheduled to be reduced to 25% of federal tax liability.

VA Exemptions increase to \$800 in 1988. Top tax bracket is increased to \$17,000 by 1990. Standard deductions increase to \$3,000 single and \$5,000 joint in 1989.

WI The standard deduction is gradually phased-out as income increases; deduction is completely phased out at \$50,830 of adjusted gross income.

WV Eliminated standard deduction; all itemized deductions prohibited—replaced with the larger personal exemptions as listed above.

Source: ACIR staff compilations (November 1987) based on Commerce Clearing House, *State Tax Reporter*.

Table 16
STATE INDIVIDUAL INCOME TAX RATES FOR TAX YEAR 1987
 Compiled October 1987

(All Rates for Single Individuals or Married, Filing Separately)

State	Marginal Taxable Income	Rate (percent)	Special Rates or Features
Alabama	First \$500	2.0%	Married persons filing jointly are taxed at 2% of the first \$1,000 of taxable income, 4% on the next \$5,000, and 5% on any excess over \$6,000. Local income taxes are additional.
	\$501-\$3,000	4.0	
	Over \$3,000	5.0	
Alaska	No tax	.	
Arizona	First \$1,155	2.0%	Tax brackets reflect 1986 inflation adjustments. Tax brackets, personal exemptions, standard deductions and some credits are adjusted annually to reflect changes in the Consumer Price Index. For married joint returns, the tax brackets are exactly doubled. In 1987, every individual may subtract from Arizona gross income 46% of his or her federal income tax liability, or \$475, whichever is greater.
	\$1,156-\$2,310	3.0	
	\$2,311-\$3,465	4.0	
	\$3,466-\$4,620	5.0	
	\$4,621-\$5,775	6.0	
	\$5,776-\$6,930	7.0	
\$6,930 and over	8.0		
Arkansas	First \$2,999	1.0%	Two-earner married taxpayers may file separately on the same return (rather than jointly) in order to minimize their income tax liability.
	\$3,000-\$5,999	2.5	
	\$6,000-\$8,999	3.5	
	\$9,000-\$14,999	4.5	
	\$15,000-\$24,999	6.0	
Over \$25,000	7.0		
California	\$0-\$3,650	1.0%	
	\$3,651-\$8,650	2.0	
	\$8,651-\$13,650	4.0	
	\$13,651-\$18,950	6.0	
	\$18,951-\$23,950	8.0	
Over \$23,950	9.3		
Colorado	Federal Taxable Income	5.0%	
Connecticut	\$54,000-\$57,999	1.0%	Income tax applies to interest and dividend income only and then only when federal adjusted gross income falls within income brackets at left. A 7% tax is imposed on all net gains from the sales or exchange of capital assets (e.g., same capital gains base as federal income tax).
	\$58,000-\$61,999	2.0	
	\$62,000-\$65,999	3.0	
	\$66,000-\$69,999	4.0	
	\$70,000-\$73,999	5.0	
	\$74,000-\$77,999	6.0	
	\$78,000-\$81,999	7.0	
	\$82,000-\$85,999	8.0	
	\$86,000-\$89,999	9.0	
	\$90,000-\$99,999	11.0	
\$100,000 and over	12.0		
Delaware	First \$1,000	1.0%	These tax rates are for 1987. Two-earner married taxpayers may file separately on the same return (rather than jointly) in order to minimize their liability. Effective January 1, 1988, the rates range between 3.2% of taxable income over \$2,000 but not over \$5,000, and 7.7% of taxable income over \$40,000.
	\$1,001-\$2,000	1.4	
	\$2,001-\$3,000	2.3	
	\$3,001-\$4,000	3.2	
	\$4,001-\$5,000	3.9	
	\$5,001-\$6,000	4.6	
	\$6,001-\$8,000	5.4	
	\$8,001-\$10,000	6.0	
	\$10,001-\$15,000	6.1	
	\$15,001-\$20,000	6.3	
	\$20,001-\$25,000	6.5	
	\$25,001-\$30,000	7.0	
	\$30,001-\$40,000	8.2	
Over \$40,000	8.8		
Washington, DC	First \$10,000	6.0%	The tax on unincorporated businesses is 9% plus a 2.5% surtax. Minimum tax is \$100. Two-earner married taxpayers may file separately on the same return (rather than jointly) in order to minimize their tax liability. For tax years beginning after 1987, the rate for taxable income over \$20,000 is reduced to 9.5%
	Second \$10,000	8.0	
	Over \$20,000	10.0	

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STATE INDIVIDUAL INCOME TAX RATES FOR TAX YEAR 1987

Compiled October 1987

(All Rates for Single Individuals or Married, Filing Separately)

State	Marginal Taxable Income	Rate (percent)	<u>Special Rates or Features</u>
Florida	No tax		
Georgia	First \$750	1.0%	If married taxpayers file joint federal returns, they must file joint state returns. The rates for these taxpayers range from 1% of the first \$1,000 of taxable income to 6% of taxable income over \$10,000.
	\$751-\$2,250	2.0	
	\$2,251-\$3,750	3.0	
	\$3,751-\$5,250	4.0	
	\$5,251-\$7,000	5.0	
	Over \$7,000	6.0	
Hawaii	First \$1,000	2.25%	Married taxpayers filing jointly pay at rates of 2.25% of the first \$2,000 of taxable income to 10% of taxable income over \$40,000. In tax year 1988, each of the income brackets at left will be increased by \$200. In tax year 1989 and thereafter, the income brackets at left will be increased by \$500.
	\$1,001-\$2,000	4.25	
	\$2,001-\$3,000	6.25	
	\$3,001-\$5,000	7.25	
	\$5,001-\$10,000	8.25	
	\$10,001-\$14,000	9.25	
	\$14,001-\$20,000	9.75	
	Over \$20,000	10.0	
Idaho	First \$1,000	2.0%	If joint federal return is filed, joint state return is required. Brackets for married filing jointly are twice those at left (e.g., 8.2% over \$40,000). Community property state in which, generally, one-half of the community income is taxable to each spouse. Each person (joint returned deemed one person) filing a return pays an additional \$10.
	\$1,001-\$2,000	4.0	
	\$2,001-\$3,000	4.5	
	\$3,001-\$4,000	5.5	
	\$4,001-\$5,000	6.5	
	\$5,001-\$7,500	7.5	
	\$7,501-\$20,000	7.8	
	Over \$20,000	8.2	
Illinois	Taxable Net Income	2.5%	Additional personal property replacement tax of 1.5% of net income is imposed on partnerships, trusts and subchapter S corporations.
Indiana	Adjusted Gross Income	3.2%	The rate of 3.0% changed to 3.4% as of July 1, 1987 (rate for 1987 = 3.2%). County income taxes may add up to an additional 1.0%.
Iowa	\$0-\$1,000	0.4%	State tax may not reduce income below \$5,000 (single), or \$7,500 (married filing joint, head-of-household, surviving spouse). Federal income tax liability is deductible from state taxable income.
	\$1,001-\$2,000	0.8	
	\$2,001-\$4,000	2.7	
	\$4,001-\$9,000	5.0	
	\$9,001-\$15,000	6.8	
	\$15,001-\$20,000	7.2	
	\$20,001-\$30,000	7.55	
	\$30,001-\$45,000	8.8	
	Over \$45,000	9.98	
Kansas	First \$2,000	2.0%	Two-earner married taxpayers may file separately on the same return (rather than jointly) in order to minimize their tax liability. Bracket amounts for married taxpayers filing joint returns are double those shown to the left. The rates remain the same.
	\$2,001-\$3,000	3.5	
	\$3,001-\$5,000	4.0	
	\$5,001-\$7,000	5.0	
	\$7,001-\$10,000	6.5	
	\$10,001-\$20,000	7.5	
	\$20,001-\$25,000	8.5	
	Over \$25,000	9.0	
Kentucky	First \$3,000	2.0%	Local income taxes are additional. Two-earner married taxpayers may file separately on the same return (rather than jointly) in order to minimize their tax liability.
	\$3,001-\$4,000	3.0	
	\$4,001-\$5,000	4.0	
	\$5,001-\$8,000	5.0	
	Over \$8,000	6.0	
Louisiana	First \$10,000	2.0%	Two-earner married taxpayers may file separately on the same tax return (rather than jointly) in order to minimize their tax liability. Tax rates for married couples filing jointly are doubled. Community property state in which, generally, one-half of the community income is taxable to each spouse.
	\$10,000-\$50,000	4.0	
	Over \$50,000	6.0	

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STATE INDIVIDUAL INCOME TAX RATES FOR TAX YEAR 1987

Compiled October 1987

(All Rates for Single Individuals or Married, Filing Separately)

State	Marginal Taxable Income	Rate (percent)	<u>Special Rates or Features</u>
Maine	First \$2,000	1.0%	Tax brackets reflect 1986 inflation adjustment. The tax brackets are adjusted annually for inflation except for the two highest brackets. For unmarried or legally separated individuals who qualify as heads of households, the tax rates range between 1% if taxable income is not over \$3,300 and 10% if taxable income is over \$37,500. For married individuals filing jointly and widowers permitted to file a joint federal return, the tax rates range between 1% if taxable income is not over \$4,400 and 10% if taxable income is over \$50,000.
	\$2,001-\$4,400	2.0	
	\$4,401-\$6,400	3.0	
	\$6,401-\$8,600	6.0	
	\$8,601-\$10,800	7.0	
	\$10,801-\$16,100	8.0	
\$16,101-\$25,000	9.2		
	Over \$25,000	10.0	
Maryland	First \$1,000	2.0%	Local income taxes are additional. Most taxpayers have a local tax surcharge of 50% of the state tax which, in effect, results in a 7.5% combined rate for taxpayers in the top tax bracket.
	\$1,001-\$2,000	3.0	
	\$2,001-\$3,000	4.0	
	Over \$3,000	5.0	
Massachusetts	Interest, dividends, net capital gains	10.0%	
	Earned income, annuities	5.0	
Michigan	Taxable income	4.6%	Local income taxes are additional. Persons with business activity allocated or apportioned to Michigan are also subject to a single business tax of 2.35% on an adjusted tax base.
Minnesota	\$0-\$3,000	4.0%	After the 1987 tax year, income up to \$13,000 would be taxed at 6% and 8% for taxable income over \$13,000.
	\$3,001-\$9,000	6.0	
	\$9,001-\$16,000	8.0	
	Over \$16,000	9.0	
Mississippi	First \$5,000	3.0%	Two-earner married taxpayers may file separately on the same return (rather than jointly) in order to minimize their tax liability.
	\$5,001-\$10,000	4.0	
	Over \$10,000	5.0	
Missouri	First \$1,000	1.5%	Local income taxes are additional. Married taxpayers are not allowed to split income deductions, exemptions, etc. equally between spouses; they must be split according to amount of income earned. If the taxable income of each spouse is greater than \$9,000, the tax liability will not be affected. (The percent listed may vary at times by 0.5%.) A 1.5% state income tax surcharge is imposed after 9/25/87 on taxpayers residing in the Kansas City, MO, school district.
	\$1,001-\$2,000	2.0	
	\$2,001-\$3,000	2.5	
	\$3,001-\$4,000	3.0	
	\$4,001-\$5,000	3.5	
	\$5,001-\$6,000	4.0	
	\$6,001-\$7,000	4.5	
	\$7,001-\$8,000	5.0	
	\$8,001-\$9,000	5.5	
Over \$9,000	6.0		
Montana	\$0-\$1,300	2.0%	Tax brackets reflect 1986 inflation adjustments. The tax brackets, personal exemption, and standard deduction are adjusted annually for inflation. Two-earner married taxpayers may file separately on the same return (rather than jointly) in order to minimize their tax liability. Until 1990, a 10% surtax is in effect.
	\$1,301-\$2,600	3.0	
	\$2,601-\$5,300	4.0	
	\$5,301-\$7,900	5.0	
	\$7,901-\$10,600	6.0	
	\$10,601-\$13,200	7.0	
	\$13,201-\$18,500	8.0	
	\$18,501-\$26,500	9.0	
	\$26,501-\$46,400	10.0	
	Over \$46,400	11.0	
Nebraska	\$0-\$1,800	2.0%	
	\$1,801-\$16,800	3.2	
	\$16,801-\$27,000	5.0	
	Over \$27,000	5.9	
Nevada	No tax		
New Hampshire	Interest and dividends only	5.0%	\$1,200 of each taxpayer's interest and dividend income is exempt.
New Jersey	First \$20,000	2.0%	Rates are for <i>both</i> single taxpayers and married taxpayers filing jointly.
	\$20,001-\$50,000	2.5	
	Over \$50,000	3.5	

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STATE INDIVIDUAL INCOME TAX RATES FOR TAX YEAR 1987

Compiled October 1987

(All Rates for Single Individuals or Married, Filing Separately)

State	Marginal Taxable Income	Rate (percent)	<u>Special Rates or Features</u>
New Mexico	First \$5,200	1.8%	Taxpayers filing jointly and heads of households pay at rates ranging from 2.4% on net income not over \$8,000 to 8.5% on net income over \$64,000. Special rates are provided for married persons filing separately. Community property state in which, generally, one-half of the community income is taxable to each spouse.
	\$5,201-\$10,400	3.0	
	\$10,401-\$15,600	4.5	
	\$15,601-\$23,400	5.8	
	\$23,401-\$31,200	6.9	
	\$31,201-\$41,600	7.7	
	Over \$41,600	8.5	
New York	First \$1,000	2.0%	Lower tax rates are scheduled to be phased in through 1990. In 1990, there will be two tax rates: 5.5% of taxable income up to \$12,500 and 7% of taxable income over \$12,500. Local income taxes for New York City and Yonkers are additional.
	\$1,001-\$3,000	3.0	
	\$3,001-\$5,000	4.0	
	\$5,001-\$7,000	5.0	
	\$7,001-\$9,000	6.0	
	\$9,001-\$11,000	7.0	
	\$11,001-\$14,000	8.0	
	Over \$14,000	8.5	
North Carolina	First \$2,000	3.0%	Two-earner married taxpayers may file separately on the same return. Joint returns are not permitted.
	\$2,001-\$4,000	4.0	
	\$4,001-\$6,000	5.0	
	\$6,001-\$10,000	6.0	
	Over \$10,000	7.0	
North Dakota	First \$3,000	2.6%	Individuals, estates and trusts are allowed an optional method of computing the tax. Two-earner married taxpayers may file separately on the same return (rather than jointly) in order to minimize their tax liability. Taxpayers have the option of paying 14% of their federal income tax liability or using the rates at the left, whichever is less. Beginning in 1987 a 10% surtax is imposed.
	\$3,001-\$5,000	4.0	
	\$5,001-\$8,000	5.33	
	\$8,001-\$15,000	6.67	
	\$15,001-\$25,000	8.0	
	\$25,001-\$35,000	9.33	
\$35,001-\$50,000	10.67		
	Over \$50,000	12.0	
Ohio	First \$5,000	0.751%	Two-income couples filing joint federal returns must file joint state returns; however, alternate rates are not available to these taxpayers. Instead, a joint filing credit of between 5%-20% of state liability is granted to these taxpayers, depending on total income. The rates will range from 0.751% of taxable income \$5,000 or less to 6.9% of taxable income over \$100,000, if Ohio's unemployment rate is 7% or more; 0.724% to 7.242% if unemployment is less than 7%.
	\$5,001-\$10,000	1.502	
	\$10,001-\$15,000	3.004	
	\$15,001-\$20,000	3.755	
	\$20,001-\$40,000	4.506	
	\$40,001-\$80,000	5.257	
	\$80,001-\$100,000	6.008	
	Over \$100,000	6.9	
Oklahoma	First \$1,000	0.5%	Bracket amounts are exactly double those shown to the left for married taxpayers filing jointly (e.g., 6% of income over \$15,000). Optional rates (ranging from .5% to 17%) apply for taxpayers who elect to deduct federal income taxes.
	\$1,001-\$2,500	1.0	
	\$2,501-\$3,750	2.0	
	\$3,751-\$5,000	3.0	
	\$5,001-\$6,250	4.0	
	\$6,251-\$7,500	5.0	
	Over \$7,500	6.0	
Oregon	First \$2,000	5.0%	Rates shown are for single individuals and are the same for joint filers; however, bracket amounts are exactly double (e.g., top bracket \$10,000).
	\$2,001-\$5,000	7.0	
	Over \$5,000	9.0	
Pennsylvania	Specified classes of taxable income	2.1%	For nearly all taxpayers, the tax base is broader than federal taxable income.
Rhode Island	Modified federal income tax liability	23.46%	The rate for tax year 1988 will be 22.96%.
South Carolina	First \$4,000	3.0%	
	\$4,001-\$6,000	4.0	
	\$6,001-\$8,000	5.0	
	\$8,001-\$10,000	6.0	
	Over \$10,000	7.0	
South Dakota	No tax		

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Table 16 (cont.)
STATE INDIVIDUAL INCOME TAX RATES FOR TAX YEAR 1987
Compiled October 1987
 (All Rates for Single Individuals or Married, Filing Separately)

State	Marginal Taxable Income	Rate (percent)	Special Rates or Features
Tennessee	Certain interest and dividends only	6.0%	Individuals are taxable only on certain interest and dividend income.
Texas	No tax		
Utah	First \$750 \$751-\$1,500 \$1,501-\$2,250 \$2,251-\$3,000 \$3,001-\$3,750 Over \$3,750	2.75% 3.75 4.75 5.75 6.75 7.75	Brackets amounts are exactly double those shown to the left for married taxpayers filing jointly (e.g., 7.75% over \$7,500). Educational funding tax of 4% of tax liability was instituted in 1986.
Vermont	Federal income tax liability	25.8%	
Virginia	First \$3,000 \$3,001-\$5,000 \$5,001-\$14,000 Over \$14,000	2.0% 3.0 5.0 5.75	Two-earner married taxpayers may separately file on the same return (rather than jointly) in order to minimize their tax liability. For tax year 1988, the 5% rate applies to taxable income over \$5,000 but not over \$15,000 and the 5.75% rate applies to taxable income over \$15,000. For tax year 1989, the 5% rate applies to taxable income over \$5,000 but not over \$16,000 and the 5.75% rate applies to taxable income over \$16,000. For tax year 1990, the 5% rate applies to taxable income over \$5,000 but not over \$17,000 and the 5.75% rate applies to taxable income over \$17,000.
Washington	No tax		
West Virginia	First \$10,000 \$10,001-\$25,000 \$25,001-\$40,000 \$40,001-\$60,000 Over \$60,000	3.0% 4.0 4.5 6.0 6.5	Rates shown are for taxpayers filing separate returns. A minimum tax is also imposed equal to the excess by which an amount equal to 25% of any federal minimum tax or alternative minimum tax year exceeds the total tax due for that tax year. For 1987 and thereafter, standard as well as itemized deductions have been eliminated as has the federal income tax deduction. The personal exemption is \$2,000 each.
Wisconsin	\$0-\$7,500 \$7,501-\$15,000 \$15,001-\$30,000 Over \$30,000	5.0% 6.6 7.5 7.9	Beginning in 1987, the tax brackets will be indexed for inflation. Married couples filing joint returns pay at rates ranging from 5% of the first \$10,000 of taxable income to 7.9% of income over \$40,000.
Wyoming	No tax		

Source: ACIR staff compilations based on the Commerce Clearing House, *State Tax Guide*, updated continuously.

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Table 17

**STATE INDIVIDUAL INCOME TAXES:
EXCLUSIONS AND ADJUSTMENTS TO INCOME, TAX YEAR 1986**

State	Interest Income	Dividend Income	Capital Gains	Pensions	Social Security Benefits	Unemployment Benefits	Lottery Winnings	Moving Expenses	Individual Retirement Accounts	Married Couple "Deduction"	Combined/Separate Returns Allowed?
Federal Income Tax	All	All ¹	All ²	All	5k/\$32k (50%)	All ³	All	Item ⁴	Ltd Amt ⁵	No ⁶	No
Alabama	All	All	All	All	Exempt	Exempt	All	Item	Fed Amt	No	No
Alaska	No State Income Tax										
Arizona	All	\$100/\$200	60%	All	Exempt	All	Up to \$5,000	Item	Fed Amt	No	JS
Arkansas	All	All	All	\$6k each	Exempt	Exempt	All	Item	Fed Amt	No	Yes
California	All	All	All	All	Exempt	Exempt	CA Exempt	In State	Fed Amt	No	JS
Colorado	All	All	All	\$20k each	\$25k/\$32k (50%)	All	All	No	Fed Amt	No	n.a.
Connecticut	All	All	60%	Only Interest, Dividends and Capital Gains are Taxed							
Delaware	All	All	All	\$2k each	Exempt	All	DE Exempt	Item	Fed Amt	No	Yes
Washington	All	All	All	All	Exempt	All	DC Exempt	Item	Fed Amt	No	Yes
Florida	No Tax										
Georgia	All	All	All	\$4k each	25k/\$32k (50%)	\$14k/\$18k (50%)	All	Item	Fed Amt	No	No
Hawaii	All	All	60%	All	Exempt	All	All	Item	Fed Amt	No	JS
Idaho	All	All	60%	All	Exempt	All	All	Item	Fed Amt	No	No
Illinois	All	All	All	None	Exempt	All	All	No	Fed Amt	No	n.a.
Indiana	All	All	All	All	25k/\$32k (50%)	\$12k/\$18k (50%)	All	No	Fed Amt	No	n.a.
Iowa	All	\$100/\$200	60%/\$17,500	All	\$25k/\$32k (50%)	All	All	Item	Fed Amt	No	Yes
Kansas	All	All	All	All	\$25k/\$32k (50%)	All	All	Item	Fed Amt	No	No
Kentucky	All	\$100/\$200	60%	All	Exempt	\$12k/\$18k (50%)	All	Special	Special	No	Yes
Louisiana	All	All	All	All	Exempt	All	All	Item	Fed Amt	No	No
Maine	All	All	All	All	Exempt	All	All	Item	Fed Amt	No	JS
Maryland	All	All	40%	\$9.1k each	Exempt	All	All	Item	Fed Amt	No	Yes
Massachusetts	\$100/\$200	All	50%	All	Exempt	All	All	No	No	No	n.a.
Michigan	All	All	All	\$7.5k/\$10k	Exempt	All	MI Exempt	No	Fed Amt	No	n.a.
Minnesota	All	All	All	All	\$25k/\$32k (50%)	Exempt	All	Item	Fed Amt	No	No
Mississippi	All	All	All	\$5k each	Exempt	All	All	Item	Fed Amt	No	Yes
Missouri	All	\$100/\$200	60%	All	\$25k/\$32k (50%)	All	Exempt	Item	Fed Amt	No	Yes
Montana	All	All	No	All	\$25k/\$32k (50%)	Exempt	All	Item	Fed Amt	No	Yes
Nebraska	All	All	All	All	\$25k/\$32k (50%)	All	All	Item	Fed Amt	No	JS
Nevada	No State Income Tax										
New Hampshire	All	All	Only Interest and Dividends are Taxed								
New Jersey	All	All	All	\$7.5k/\$10k	Exempt	Exempt	NJ Exempt	No	No	No	No
New Mexico	All	All	All	All	Exempt	All	All	Item	Fed Amt	No	No

New York	All	All	All	All	Exempt	All	All	Item	Ltd Amt	Special	Yes
North Carolina	All	All	All	All	Exempt	All	All	Item	Fed Amt	No	Yes
North Dakota	\$300/\$600	All	All	All	\$25k/\$32k (50%)	All	All	Item	Fed Amt	No	No
Ohio	All	\$100/\$200	60%	All	Exempt	All	All	Item	Fed Amt	No	JS
Oklahoma	All	\$100/\$200	60%	All	Exempt	All	All	Item	Fed Amt	No	No
Oregon	All	All	All	All	Exempt	All	OR Exempt	Item	Fed Amt	No	No
Pennsylvania	All	All	All	Exempt	Exempt	Exempt	PA Exempt	Special	No	No	n.a.
Rhode Island	State Tax Calculated as a Percentage of Federal Liability										
South Carolina	Based on Federal Taxable Income										
South Dakota	No State Income Tax										
Tennessee	Some	Some	Very Limited Tax						No	No	Yes
Texas	No State Income Tax										
Utah	All	All	All	\$3.6k	\$25k/\$32k (50%)	All	All	Item	Fed Amt	No	JS
Vermont	State Tax Calculated as a Percentage of Federal Liability										
Virginia	All	All	All	All	Exempt	All	All	Item	Fed Amt	No	Yes
Washington	No State Income Tax										
West Virginia	All	All	All	All	\$25k/\$32k (50%)	All	WV Exempt	No	Fed Amt	No	No
Wisconsin	All	All	60%	All	\$25k/\$32k (50%)	\$12k/\$18k (50%)	All	Item	Fed Amt	No	JS
Wyoming	No State Income Tax										

See "Key to Table" and "Notes" on following pages.

The *Tax Reform Act of 1986 (TRA)* altered the tax status of numerous types of income. Listed below are several.

¹Up to \$100 (\$200 joint return) of dividend income could be excluded from taxable income prior to the 1987 tax year. Under the provisions of *TRA*, this is no longer permitted.

²For tax years prior to 1987, 60% of long-term capital gains could be excluded from taxable income. The *TRA* made all capital gains subject to tax, i.e., capital gains are taxed as ordinary income. For 1987 only, the top rate on capital gains is "capped" at 28%.

³For tax years prior to 1987, taxpayers reporting less than \$12,000 (\$18,000 joint return) could exclude all unemployment benefits from taxable income; above those income levels, 50% or more of unemployment benefits became taxable. At higher levels of income, all unemployment benefits become taxable. Under the *TRA*, all unemployment benefits—regardless of income level—are to be reported as taxable income.

⁴For tax years prior to 1987, moving expenses could be subtracted from taxable income regardless of whether or not the taxpayer itemized his or her deductions (this was often referred to as an "above-the-line" deduction). The *TRA* reclassified moving expenses as an itemized deduction and thus made them deductible only to the extent that the sum of all itemized deductions exceed the zero-bracket amount.

⁵Prior to tax year 1987, all taxpayers were eligible to reduce their taxable income by depositing up to \$2,000 in an "Individual Retirement Account" (subject to a few stipulations and requirements). In tax year 1987 and thereafter, only taxpayers who are not active participants in retirement plans or taxpayers whose adjusted gross income is less than \$25,000 (\$40,000 joint return) may still deduct up to \$2,000 from their taxable income; the amount deductible phases completely out at \$35,000 (\$50,000 joint return). Interest earned on IRAs remains tax deferred.

⁶The "above-the-line" deduction for two-earner married couples was eliminated in tax year 1987 and thereafter by the *Tax Reform Act of 1986*.

(continued on next page)

Table 17 (cont.)
KEY TO TABLE 17

[Special Note: Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming do not have a personal income tax; Connecticut, New Hampshire and Tennessee tax only interest and dividend income—subject to various exemptions and exclusions.]

EXCLUSIONS TO INCOME

Interest Income

- All Indicates all interest income is subject to state taxation (except income from U.S. debt obligations and qualifying "tax exempt" bonds from in-state political entities). Taxpayers receiving interest from United States debt obligations must pay federal income tax on such interest.
- [100] or [100/200] If a state permits certain amounts to be excluded from income, these amounts are indicated in the table. Amounts listed are for single filers [e.g., \$100] or, where permitted, for joint filers [e.g., \$100/\$200].

Dividend Income

- All Indicates all dividend income is subject to taxation.
- [100] or [100/200] If a state permits certain amounts to be excluded from income, these amounts are indicated in the table. Amounts listed are for single filers [e.g., \$100] or, where permitted, for joint filers [e.g., \$100/\$200].

Capital Gains

- All Indicates capital gains are taxed as ordinary income; no exclusion is permitted.
- [60%; 35%] If a portion of capital gains is permitted to be excluded from income, the percentage exclusion is noted in brackets. Unless otherwise noted, the first \$125,000 of gain from the sale of a principal residence can be completely excluded (for taxpayers over age 55; a once-in-a-life-time exclusion, however).

Pensions

- All Indicates all pension benefits (in excess of employee lifetime contributions) are taxed as ordinary income; no exclusion applies (aside from the employee's lifetime contributions).
- [\$6000] The amount of pension benefits permitted to be excluded from income are indicated in brackets.

Social Security

- Exempt Indicates all Social Security benefits are exempt. This means that the taxpayer is permitted to subtract "excess" or "federally taxable" Social Security benefits listed on line 21b of the federal 1040 form from state adjusted gross (or taxable) income.
- \$25k/\$32k (50%) Indicates 50% of gross Social Security benefits are taxable for taxpayers with income greater than \$25,000 (single) or \$32,000 (married)—same as federal law for 1986.

Unemployment Compensation

- Exempt Indicates all unemployment compensation is exempt.
- \$12k/\$18k (50%) Indicates at least 50% of unemployment benefits are taxable for taxpayers with income greater than \$12,000 (single) or \$18,000 (married)—same tax status as federal law provided in 1986. If income is high enough, all unemployment benefits are taxable.
- All Indicates all unemployment compensation is taxable. Beginning in tax year 1987, all unemployment compensation is counted as income for federal tax purposes.

Lottery Winnings

- All All lottery winnings are taxable.
- [PA] Exempt Indicates only in-state lottery winnings are exempt.

ADJUSTMENTS TO INCOME

Moving Expenses

- Item Indicates taxpayers are allowed to subtract—as an *itemized deduction only*—the amount of moving expenses claimed on federal tax returns. This does not necessarily indicate that this state tax provision ties directly to the federal code, however.
- No Adjustment for moving expenses not allowed.

(continued on next page)

Table 17 (cont.)
KEY TO TABLE 17

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Individual Retirement Accounts

Fed Amt	Indicates taxpayers are allowed to deduct the same amount as on the federal form 1040 for 1987. This does not necessarily indicate that this state tax provision ties automatically to the federal code, however. If a state permits taxpayers to deduct other amounts, these amounts are listed.
No	Deductions for IRA's not permitted.

Married Couple Deduction

No	Not allowed. Note, however, this deduction is irrelevant in states that permit married taxpayers to file "combined separate" returns because there is no marriage penalty. Under the <i>Tax Reform Act</i> , the married couple deduction is no longer permitted on the federal return. Only New York still has a married couple deduction—and this for 1987 only.
----	--

Combined Separate Returns Allowed?

Yes	For states that have graduated rate structures and do not permit the marriage couple deduction (see previous column), a "marriage penalty" can occur if the income of the lower-income spouse is less than the top income tax bracket; in effect, the lower-income spouse is taxed at a marginal rate equal to or greater than the higher-income spouse. To avoid this potential marriage penalty, numerous states permit two-income couples to file "combined separate returns"—where each spouse lists income, deductions, etc. separately on the same tax form. These states are designated "Yes."
JS	States designated "JS" have special "joint rate schedules" for married couples that substantially eliminate any marriage penalty.
N.A.	A marriage penalty does not occur in states that have flat tax rates, hence there is no need for combined separate returns or special tax rates for joint returns.
No	A "no" indicates that two-earner couples may pay a higher tax amount than if they were filing as two unmarried individuals.

(continued on next page)

Table 17 (cont.)
NOTES TO TABLE 17

Alabama—Can exclude first \$10,000 of benefits received from military retirement system (including U.S. Public Health Service). The first \$8,000 of retirement pay received by a qualified Alabama peace officer and the first \$8,000 of retirement pay received by an eligible firefighter can also be excluded (begins in 1987). The following pensions are exempt: Alabama teachers retirement system, state employees retirement system, judicial retirement system, federal civil service retirement system and the federal railroad retirement system. Will continue to allow the moving expense deduction from gross income.

Arizona—Maximum exclusion on lottery winnings is \$5,000. Exclusion on civil service retirement benefits—maximum is \$2,500 per taxpayer. All benefits from Arizona state retirement system are excluded.

Arkansas—The first \$6,000 of pension income is exempt. All benefits received from Arkansas state retirement system are excluded if retirement occurs by December 31, 1989, after which date only \$6,000 exclusion is allowed.

Colorado—Effective January 1, 1987, Colorado adopted a flat tax of 5% based on federal taxable income with a very limited number of exclusions and adjustments. There is a \$20,000 pension exclusion allowed to each pension recipient.

Connecticut—For taxpayers over 65 years of age, any capital gain resulting from the sale of residence owned and used five of the eight preceding years is exempt from tax. No limits are imposed on the amount of the capital gain. This is a once-in-a-lifetime exclusion.

Delaware—For tax year 1987, the state pension exclusion remains \$2,000 for persons under age 60 and is now \$3,000 for persons over age 60.

Washington, DC—District and federal government retirees who are 62 years of age or older may exclude up to \$3,000 of pension, annuity or survivor benefits.

Georgia—Georgia state retirement benefits are excluded from income. Each taxpayer who has earned income of \$1,200 or less during 1986 and (a) is 62 years of age or older during any part of 1987 or (b) is permanently and totally disabled is eligible for the exclusion of retirement income from any source up to \$4,000 per year. Taxpayers with regular taxable pensions are not subject to the limitation of earned income.

Hawaii—Hawaii public employee retirement systems are exempt and any compensation received in the form of a pension for past services. Capital Gains—55% of gains properly taken after December 31, 1986, and before April 1, 1987. After April 1, 1987, all gains are taxable.

Idaho—Those persons 65 years of age or over receiving benefits from civil service, fireman, police (Idaho) and military retirement systems can deduct \$9,394/\$14,090.

Indiana—Civil service retirement benefits—can deduct up to \$2,000 (less social security benefits received). Military retirement benefits—can deduct up to \$2,000 also.

Iowa—Benefits received from Iowa state retirement systems are excluded. Civil service benefits, if over 62, disabled or are survivors of annuitant who would have qualified for the exclusion on the basis of age or disability, can exclude \$5,627 if on a single return and \$8,184 if on a joint return (less any Social Security benefits received). Sixty percent of capital gains are excluded up to a maximum exclusion amount of \$17,500. The state will grant rebates to taxpayers affected by capital gains ceilings to the extent that the additional state revenue resulting from this ceiling exceeds \$8 million.

Kansas—Benefits received from civil service annuities and Kansas state retirements systems are excluded.

Kentucky—Benefits received from Kentucky state retirement systems are excluded. Civil service retirement system and military retirement income are allowed an exclusion of \$4,000 per year. Moving expenses, employee business expenses expenses, and individual retirement accounts are based on federal rules prior to the *Tax Reform Act*.

Louisiana—Louisiana state employees retirement and teacher retirement benefits are excluded. Up to \$6,000 exclusion for each person 65 or over with pension income taxable on federal form.

(continued on next page)

Table 17 (cont.)
NOTES TO TABLE 17

ACIR 39

Maryland—Must reduce any pension exclusion amount by any Social Security that is received and must be 65 or over to take the exclusion.

Massachusetts—The \$100/\$200 exclusion on interest is only for interest earned on savings deposits in Massachusetts banks. Allowable business expense is Part 1 only of US Form 2106. Moving expenses are deductible only to the extent of the employer's reimbursement (which, in turn, must be included in gross income).

Michigan—Benefits received from Michigan state retirement systems are excluded.

Mississippi—Mississippi Public Employee retirement system benefits are exempt. Moving expenses are only deductible if employment is in the State of Mississippi.

Missouri—Missouri Public Employee retirement system benefits are exempt. Lottery winnings are exempt until July 1, 1988. Thereafter, winnings of \$600 or more are subject to state and local earnings tax.

Montana—If 65 or over can exclude up to \$800 of interest and deduct up to \$3,600 of private pension plan benefits and up to \$3,600 of federal government retirement plan benefits. Montana Public Employee retirement system benefits are exempt. Moving expenses are allowed as an itemized deduction.

New Hampshire—Interest excluded for savings on deposits in credit unions and banks in New Hampshire and Vermont. Dividends received from banks, credit unions, national banks and building and loan associations in New Hampshire excluded. The exclusion amount for dividends and interest is \$1,200 times the number of exemptions.

New Jersey—Over 55 years of age, once-in-a-lifetime exclusion of \$125,000 on sale of principal residence.

New Mexico—New Mexico Public Employee retirement benefits are exempt. Up to \$3,000 of federal civil service and military retirement income are excluded. Persons 65 or over can exclude up to \$8,000 of income; amount depends on AGI and equals \$8,000 for federal AGI of \$18,000 or less (\$30,000 for married filing joint, \$15,000 for married filing separate), declines in \$1,000 increments for AGI over \$18,000 up to \$22,500 (over \$30,000 up to \$45,000 for married filing joint) and is \$0 above \$22,500 (\$45,000 for married filing joint). Moving expenses, income and other deductions are prorated by ratio of instate source taxable income to federal taxable income.

New York—New York state pensions are exempt. For other retirement systems for persons over 59-and-one-half can exclude up to \$20,000. Two-earner married couple deduction available for 1987 only.

North Carolina—North Carolina state retirement system benefits are exempt. North Carolina state and local government retirement benefits are exempt. Up to \$3,000 of military and federal civil service retirement pay is excludable. Dividends are deductible (in itemized personal deductions) in the proportion that the net income of the declaring corporation was taxable in North Carolina.

North Dakota—\$5,000 exclusion for benefits received from U.S. Civil Service retirement system. This must be reduced by any Social Security benefits that are received. Income tax law provides two methods of computing an individual income tax liability: The majority of taxpayers use the short form which "requires taxpayers to pay 14% of federal tax liability." The information in this table pertains to the second (long) form. Taxpayers are advised to compare the two forms and file that which yields the lowest tax. Pensions—Exclusion of benefits up to \$5,000 received from the U.S. Civil Service, North Dakota city firemen's relief, city policemen's fund, or military retirement. In each case, the amount received or \$5,000, whichever is lower, must be reduced by any Social Security retirement benefits received. Also, an individual must be at least 60 years of age to qualify for the military retirement pay exclusion.

Oklahoma—Oklahoma state retirement system benefits are exempt. \$4,000 may be excluded from U.S. Civil Service retirement benefits.

Oregon—Oregon state retirement system benefits are exempt.

Pennsylvania—As is indicated on the table, capital gains are fully taxable, except for the sale of an individual residence in which case the owner must be 55 years of age or older on the date of the sale and must have used the residence as principal residence for a total of three years during a five-year period preceding the sale. This exclusion is only allowable for sales on or after July 1, 1987. The maximum exclusion is \$100,000 per transaction.

(continued on next page)

Table 17 (cont.)
NOTES TO TABLE 17

South Carolina—South Carolina state retirement system benefits are exempt. \$3,000 may be excluded on benefits received from U.S. Civil Service retirement system. Age 65 or over can exclude \$3,000 of any other retirement income.

Tennessee—Interest excluded on bonds from State of Tennessee and U.S. government, certificates of deposit and savings accounts represented by passbook. Dividends received from national banks, state banks of Tennessee, savings and loan associations in Tennessee and company credit unions are excluded. Each individual can exclude \$1,250 that can be applied against taxable dividend and interest income before computing the tax. Married couples filing jointly may exclude \$2,500 of taxable income before computing the tax.

Utah—For pension benefits that are received \$4,800 can be excluded for persons under 65 and \$6,000 for persons 65 and over. Persons 65 or over may include interest and dividends received to reach exclusion amount. Utah state retirement system benefits are exempt.

Vermont—Vermont residents over 65 may exclude the lesser of \$1,000 or gains on federal form. Vermont state lottery winnings are exempt. This includes winnings in the Tri-State Megabucks (VT, NH, ME). For part-year residents of Vermont, moving expenses from federal Form 1040, line 24 will be allocated to Vermont only when the move is being made into the state. Moving expenses for part-year residents will not be allowed when the move is made outside Vermont.

Virginia—Retirement benefits of Virginia state government, its political subdivisions, and agencies are exempt. For part-year residents of Virginia, moving expenses from federal form 1040, line 24 will be allocated to Virginia only when the move is being made into the state. Moving expenses for part-year residents will not be allowed when the move is made outside of Virginia. Effective December 1, 1987, prizes of less than \$600 awarded by the Virginia State Lottery Department are excludable.

West Virginia—West Virginia state retirement system benefits are exempt. Public safety retirement benefits are exempt. The first \$2,000 of either West Virginia state retirement system benefits or military retirement benefits are exempt. Individuals over age 65 and/or permanently disabled are allowed an income exclusion of up to \$8,000.

Wisconsin—Certain amounts for Milwaukee city/county pensioners who retired before 1964 are excludable. Moving expenses are deductible only if the move is in or into the State of Wisconsin. Although the two-earner couple deduction is not permitted, a special married persons credit is provided.

Source:: Commerce Clearing House, *State Tax Reporter*, various state volumes, updated continuously.

**[This page was left blank intentionally
to preserve proper table sequence.]**

Missouri	Yes†	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Montana	Yes	No	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes
Nebraska	No	No	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes
Nevada	No Income Tax												
New Hampshire	Only Interest and Dividends are Taxed. No Itemized Deductions Permitted												
New Jersey	No	No	Yes	No	No	No	No	No	Yes	No	No	No	No
New Mexico	No	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
New York	No	No	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes
North Carolina	No	No	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes
North Dakota	Yes†	No	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes
Ohio	No Itemized Deductions Permitted												
Oklahoma	Yes†	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Oregon	Limited†	No	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes
Pennsylvania	No Itemized Deductions Permitted												
Rhode Island	Tax Calculated as a Percentage of Federal Liability												
South Carolina	No	No	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes
South Dakota	No Income Tax												
Tennessee	Only Interest and Dividends are Taxed. No Itemized Deductions Permitted												
Texas	No Income Tax												
Utah	Yes†	No	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes
Vermont	State Tax Calculated as a Percentage of Federal Liability												
Virginia	No	No	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	Yes
Washington	No Income Tax												
West Virginia	No	No	No	No	No	No	No	No	No	No	No	No	No
Wisconsin	No	No	No	No	No	No	No	No	Special credits apply				
Wyoming	No Income Tax												

¹For federal tax purposes, unreimbursed medical expenses are deductible only to the extent such expenses exceed 7.5% of adjusted gross income. Most states that permit taxpayers to deduct unreimbursed medical expenses will follow the federal 7.5% floor.

²"Other Interest" includes interest paid on all loans except mortgage and home equity loans (e.g., consumer installment debt, auto/boat loans, student loans). The deductibility of these types of interest expenses will be phased out over a four-year period. In tax year 1987, 65% of such interest may be deducted; 1988, 40%; 1989, 20%; 1990, 10%; none in 1991 and thereafter. Most states that permit taxpayers to deduct "other interest" also will follow the phase-out provisions of the federal tax code.

³For federal tax purposes, casualty losses must exceed \$100 per loss. Furthermore, only total annual losses in excess of 10% of adjusted gross income are deductible (i.e., a 10% "floor" exists for casualty loss deductions). Most states that permit taxpayers to deduct casualty losses apply the same restrictions as those imposed under the federal tax code.

†Not an itemized deduction; all taxpayers may subtract this from state taxable income.

(continued on next page)

Alabama—Medical deductions limited to expenses greater than 3% of adjusted gross income.

Arizona—Renters can take a deduction for the property tax portion of rent payments. (In addition, renters are allowed a credit equal to 5% of the rent or a maximum of \$100.) Medical expenses are deductible, no floor. Dividends are deductible from corporations doing 50% or more of their business in Arizona (can not include any dividends already excluded). Federal tax liability is deductible. Arizona income tax liability is limited to 46% of federal tax liability or \$475, whichever is greater.

Arkansas—Medical deduction limited to expenses greater than 5% of adjusted income. Charitable contributions such as art and literary contributions are deductible.

California—All deductions are the same as federal except for state, foreign and local taxes which are not deductible.

Colorado—Deductions are the same as are allowed for federal income tax purposes. (Previously, state and local taxes were not deductible and federal tax liability was deductible.)

Delaware—Federal tax liability deduction limited to \$300 single, \$600 joint; this is available to all taxpayers. All other deductions are the same as on federal schedules except for state income tax which is not deductible.

Washington, DC—Same as for federal schedules except for state and local income tax of which is not deductible. For taxation purposes, Washington, DC, is considered to be a state.

Georgia—All deductions are the same as federal schedules except for state income tax which is limited to Georgia only.

Hawaii—Deductions are the same as on the federal schedules.

Idaho—Deductions are the same as on the federal schedules except for state income tax which is not deductible.

Illinois—No "typical" standard deductions except for property tax (no zero-bracket).

Indiana—Allows deductions for sales taxes due on out-of-state purchases. Allows a renters deduction of \$1,500 maximum and a \$1,000 maximum on insulation (material and labor). No itemized deductions (no zero-bracket).

Iowa—Deductions are the same as on federal schedules except for Iowa income tax which is not deductible. There are additional deductions allowable for mileage for charitable purposes, care of a disabled relative, and adoption expenses. Filers taking standard deduction can take the deduction for charitable contributions.

Kansas—All unreimbursed medical, dental and drug expenses in excess of \$50, social security tax, self-employment tax, and state and local gas tax are deductible by itemizing taxpayers only. Federal tax deductions available to all taxpayers. Federal deductions subject to slight modification: if Kansas state adjusted gross income is less than federal adjusted gross income, take percent and apply to federal tax liability (mostly pension benefits subtracted from federal adjusted gross income is used to obtain Kansas state adjusted gross income). Federal tax on these benefits (which are not subject to Kansas state tax) is not deductible. The casualty loss deduction is permitted for losses in excess of \$100.

Kentucky—Allows all taxpayers charitable contribution deductions. Benefits from several state pensions systems are exempt from state taxation even though such benefits may be taxable under federal tax law.

Louisiana—Same deductions are allowed on federal schedules, limited to the amount in excess of the federal standard deduction. Full deduction allowed for federal income tax paid. Allows a \$100 credit for deafness, loss of limb, mental incapacity, and blindness. Also allows credit of 10% of federal credits for child care, elderly, energy, political contributions, and other credits, up to a maximum of \$25.

Massachusetts—Allows deduction (limited to \$2,000 per taxpayer) for social security tax or contribution to Massachusetts retirement system; \$600 for each child under 12 years of age or federal child care expenses; 50% on rent paid up to \$2,500; and adoption fees. Medical deduction is same as on federal schedule (i.e., medical in excess of the 7.5% floor). [No itemized deductions, all taxpayers can take the deductions listed above.]

Table 18 (cont.)
NOTES TO TABLE 18

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Michigan—No deductions, however, credits are provided as follows: property tax credit, heating, solar and farmland preservation credits.

Minnesota—Only those taxpayers taking itemized deductions may deduct school expenses: tuition, transportation and nonreligious textbooks and rental fees for musical instruments for children in public or private schools (non-profit), grades K through 12. Deductions are also allowed for children attending schools in surrounding states as long as you are a resident of Minnesota.

Missouri—Can deduct social security tax, railroad retirement tax and self employment tax paid only if you itemize deductions. All taxpayers may deduct their federal tax liability. Local income tax can be deducted only if you itemize.

Montana—Only taxpayers itemizing may deduct federal tax liability.

Nebraska—All deductions are implicit because the state tax paid is a percent of federal tax liability (which permits most of the listed deductions).

New Jersey—May deduct residential property tax or a portion of rent paid on principal residence. Minimum amount for homeowners for income \$20,000 or less is \$3,250; for greater than \$20,000 but less than \$50,000 is \$2,600; and for over \$50,000 is \$1,857. For renters the minimum is \$1,750, \$1,400, and \$1,000 respectively. May deduct medical expenses in excess of 2% of adjusted gross income. No itemized deductions per se in that all taxpayers may take these deductions; no zero bracket amount exists.

New Mexico—The greater of federal itemized deductions or state standard deduction amount is allowed (\$4,000 married filing joint, \$3,500 head of household, \$3,000 single, \$2,000 married filing separate). There are special credits and rebates for low income comprehensive tax rebate, low income food and medical tax rebate, day care, property tax rebate for taxpayers 65 and older, solar equipment and solar irrigation.

North Carolina—Medical expenses in excess of 5% of adjusted gross income are deductible.

North Dakota—Federal tax liability is deductible (with minor exception for federal credits allowed). There is a second (short) form available for taxpayers. State taxpayers pay 10.5% of federal tax liability and all federal deductions are implicit.

Ohio—No itemized deductions allowed, only adjustments to income.

Oklahoma—Deductions are the same as on federal schedules. Two tax rate schedules are available—one allowing federal tax deductions and one not. Taxpayers may choose the one that results in the least amount of tax to be paid. Federal tax liability may be deducted for taxpayers using appropriate rate schedule.

Oregon—Taxpayers use federal deductions (less state income tax). Deduction of federal tax liability is available to all taxpayers. Maximum federal tax deduction limited to \$3,000 (\$1,500 separately).

Pennsylvania—Generally does not allow "typical" itemized deductions. Several deductions are allowed for eligible taxpayers; allowable business expenses, moving expenses, educational expenses, office at home expenses, union dues, work clothes and uniforms expense, small tools expense and license fees. Tax forgiveness allowed for low-income taxpayers under special provisions.

Rhode Island—Tax based on federal tax liability. Adjustments available for taxpayers in a small number of special cases (e.g. out-of-state bonds) less self employment tax. All deductions are implicit because the state tax paid is a percent of federal tax liability, (which permits most of the listed deductions.)

South Carolina—No state or local income tax deductions allowed. Other deductions same as on federal schedules.

Utah—Same deductions as on federal schedules except for state income tax which is not deductible. Adoption expenses up to \$1,000 per year are allowed for all taxpayers.

Virginia—Deductions are the same as on federal schedule A line 24 less state and local income taxes.

West Virginia—Deductions are the same as on federal schedule A line 24 less state and local income taxes.

Wisconsin—Individuals are allowed a 5% credit for certain interest expenses, medical expenses, charitable contributions, moving expenses for moves in or into Wisconsin and miscellaneous expenses. A school property tax credit of 6.9% of the first \$2,000 of property taxes or rent constituting property taxes paid on a principle dwelling is allowed.

Source: Commerce Clearing House, *State Tax Reporter*, various state volumes, updated continuously.

Table 19
**LOCAL GOVERNMENT UNITS WITH INCOME TAXES,
 SELECTED YEARS 1976-87**

State	1987	1986	1985	1984	1981	1979	1976
Alabama							
Cities	10	10	10	8	5	5	6
Delaware							
Cities (Wilmington)	1	1	1	1	1	1	1
Indiana							
Counties	51	45	44	43	38	37	38
Iowa							
School Districts	57	61	57	57	26	21	3
Kentucky							
Cities	85	78	67	61	59	59	59
Counties	25	14	11	9	8	8	
Maryland							
Counties	24	24	24	24	24	24	24
Michigan							
Cities	18*	17	16	16	16	16	16
Missouri							
Cities (Kansas City and St. Louis)	2	2	2	2	2	2	2
New York							
Cities (New York City and Yonkers)	2	2	2	2	1	1	1
Ohio							
Cities	482	480	467	460	n.a.	417	385
School Districts	6	6	6	6	n.a.	0	0
Pennsylvania							
Cities, Boroughs, Towns, Townships, and School Districts	2,782e	2,777e	2,758e	2,644e	n.a.	2,585e	2,553e
TOTAL (excluding Pennsylvania)	763	740	707	688	n.a.	597	535
TOTAL (including Pennsylvania)	3,545e	3,517e	3,465e	3,332e	n.a.	3,182e	3,088e

*Includes City of Walker which becomes effective 1/1/88.

e—Estimate.

Source: ACIR staff compilations based on *State Tax Guide*, Commerce Clearinghouse.

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to preserve proper table sequence.]**

Table 20
**LOCAL GOVERNMENT INCOME TAX RATES FOR
 SELECTED CITIES AND COUNTIES, BY STATE, 1987**
 (In percentages)

State	City Name (county)	City Tax Rate		County Tax Rate		Income Tax Based On—
		Resident	Non-resident	Resident	Non-resident	
Alabama	Auburn (Lee)	1.0	1.0			Salaries, wages, commission and other compensation earned in taxing cities.
	Birmingham (Jefferson)	1.0	1.0			
	Gadsen (Etowah)	2.0	2.0			
Delaware	Wilmington (New Castle)	1.25	1.25			Salaries, wages, commission and other compensation earned in taxing cities.
Indiana	Elkart (Elkart)			1.0	0.25	County adjusted gross income.
	Ft. Wayne (Wayne)			1.0	0.25	
	Indianapolis (Marion)			0.0	0.0	
Iowa (school districts)	CAL Community	5.75				Local income tax liability equals percentages at left multiplied by state income tax liability. Local tax is actually a school district tax levied on residents of the particular school district.
	Klemme Community	10.00				
	Lincoln-Central	7.5				
	Meservey-Thornton	8.5				
	Stratford Community	5.5				
	Woden-Crystal Lake	4.25				
Kentucky	Covington (Kenton)	2.5	2.5	0.5	0.5	Salaries, wages, commission and other compensation earned in the taxing cities and counties. City and county taxes do not overlap.
	Frankfort (Franklin)	1.0	1.0	1.0	1.0	
	Lexington (Fayette)			2.0	2.0	
	Louisville (Jefferson)	2.2	1.45	2.2	1.45	
Maryland	Annapolis (Anne Arundel)			50.0	0	Fifty percent of state income tax liability. All state residents pay a county tax ranging from 20-50% of state income tax liability. The vast majority of taxpayers pay at the 50% rate. In effect, the local rate translates into 2.5% of adjusted gross income greater than \$3,000.
	Baltimore (city as well as Baltimore county)			50.0	0	
	Bowie (Prince Georges)			50.0	0	
	Rockville (Montgomery)			50.0	0	
	Hagerstown (Washington)			50.0	0	
Michigan	Detroit (Wayne)	3.0	1.5			All earned income in taxing cities.
	Flint (Genessee)	1.0	0.5			
	Grand Rapids (Kent)	1.0	0.5			
	Lansing (Ingham)	1.0	0.5			
Missouri	Kansas City (Jackson)	1.0	1.0			Salaries, wages, commissions and other compensation earned in taxing cities.
	St. Louis City	1.0	1.0			
New York	New York City	1.5-4.1	0.45			NYC: City income tax for residents ranges from 1.5% of the first \$2,500 of state taxable income to 4.1% over \$60,000; tax on nonresidents equals 0.45% of earned income. Yonkers: Residents pay 15% of state tax liability (after property tax credit); nonresidents pay 0.5% of earned income.
	Yonkers (Westchester)	15.0	0.5			

(continued on next page)

Table 20 (cont.)
**LOCAL GOVERNMENT INCOME TAX RATES FOR
 SELECTED CITIES AND COUNTIES, BY STATE, 1987**
 (in percentages)

<u>State</u>	<u>City Name (county)</u>	<u>City Tax Rate</u>		<u>County Tax Rate</u>		<u>Income Tax Based On--</u>	
		<u>Resident</u>	<u>Non- resident</u>	<u>Resident</u>	<u>Non- resident</u>		
Ohio	Akron (Summit)	2.0	2.0			Salaries, wages, commission and other compensation earned in taxing cities.	
	Cincinnati (Hamilton)	2.0	2.0				
	Cleveland (Cuyahoga)	2.0	2.0				
	Columbus (Franklin)	2.0	2.0				
	Dayton (Montgomery)	2.25	2.25				
	Toledo (Lucas)	2.25	2.25				
	Youngstown (Mahoning)	2.0	2.0				
	School Districts					School district taxes are in addition to other local government income taxes. Only those school districts listed can impose income taxes.	
	Anna (Shelby)	0.5	0				
	Arlington (Hancock)	0.75	0				
	Bradford (Miami)	1.0	0				
	Licking Valley (Licking)	0.75	0				
	McComb (Hancock)	1.0	0				
West-Liberty Salem (Champaign)	0.5	0					
Pennsylvania	Allentown (Lehigh)	1.0	1.0			Salaries, wages, commissions and other income earned in the taxing cities. Only those school districts listed can impose income taxes.	
	Erie (Erie)	1.0	1.0				
	Philadelphia	4.96	4.3125				
	Pittsburgh (Allegheny)	2.125	1.0				
	Reading (Berks)	1.0	1.0				
	Scranton (Lackawanna)	2.2	1.0				
	School Districts						a--Unearned income, commonly called investment income. b--Is included on the same form as city tax. Residents of Pittsburgh pay 4% on earned income.
	Philadelphia	4.96a					
	Pittsburgh (Allegheny)	1.875b					

Taxes are imposed on the total payroll of employers in the following cities at the rates listed. Many public finance analysts believe that the burden of these taxes is shifted to employees.

California	Los Angeles	0.75%
	San Francisco	1.50%
New Jersey	Newark	0.75%
Oregon	Clackamas, Multnomah and Washington counties [Portland area]	0.60%

Source: Commerce Clearing House, *State Tax Reporter* (various volumes), October 1987.

Table 21
STATE CORPORATE INCOME TAX RATES FOR TAX YEAR 1987
 (As of October 1987)

State	Net Income	Marginal Rate (percent)	Income Tax Deductible	Federal Used as State Tax Base	Federal Income Allows Federal ACRS	Special Rates or Features
Alabama	—	5.0	Yes	No	Yes	
Alaska	First \$10,000 \$10,000-\$20,000 \$20,000-\$30,000 \$30,000-\$40,000 \$40,000-\$50,000 \$50,000-\$60,000 \$60,000-\$70,000 \$70,000-\$80,000 \$80,000-\$90,000 Over \$90,000	1.0 2.0 3.0 4.0 5.0 6.0 7.0 8.0 9.0 9.4	No	Yes	Yes	Decoupled from ACRS only for the oil and gas industry which account for about 90% of the state's corporate tax revenue.
Arizona	First \$1,000 \$1,000-\$2,000 \$2,000-\$3,000 \$3,000-\$4,000 \$4,000-\$5,000 \$5,000-\$6,000 Over \$6,000	2.5 4.0 5.0 6.5 8.0 9.0 10.5	Yes	Yes	Yes	
Arkansas	First \$3,000 \$3,000-\$6,000 \$6,000-\$11,000 \$11,000-\$25,000 Over \$25,000	1.0 2.0 3.0 5.0 6.0	No	No	Yes	
California	—	9.6	No	No	No	Financial corporations other than banks are allowed a limited offset for personal property taxes and license fees. Minimum tax, \$200.
Colorado	First \$50,000 \$50,001-\$200,000 Over \$200,000	5.25 5.5 6.0%	No	Yes	Yes	Prior to July 1987, tax is imposed at 6% of net income less the following tax reduction: if net income is <\$50,000, the reduction is equal to 0.75%; if net income is >\$50,000 and <\$200,000, the reduction is equal to \$375 plus 0.5% of the excess over \$50,000; if net income is >\$200,000, the reduction is \$1,125. For income tax years beginning 7/1/87, and thereafter, the rate is 5.5% reduced by the following: if net income is <\$50,000, the reduction is 0.5% of net income; if net income is >\$50,000 and <\$200,000, the reduction is \$250 plus 0.25% of excess over \$50,000; if net income is over \$200,000, the reduction is \$75.
Connecticut	—	11.5	No	Yes	Yes	To the extent they exceed the net income tax, the greater of the following taxes are imposed on capital stock: 3.1 mills/dollar (minimum, \$100; maximum, \$500,000) on capital stock and surplus, or 5% of 50% of net income allocated to Connecticut plus compensation paid to officers and shareholders owning over 1% of the company's stock.
Delaware	—	8.7	No	Yes	Yes	
Washington, DC	—	10.0	No	Yes	Yes	A 2.5% surtax is imposed.
Florida	—	5.5	No	Yes	Yes	Permits the option of using pre-1981 depreciation rules or adding back to taxable income a small percentage of ACRS deductions.
Georgia	—	6.0	No	Yes	Yes	
Hawaii	First \$25,000 \$25,001-\$100,000 Over \$100,000 Capital gains Financial Institutions	4.4 5.4 6.4 4.0 11.7	No	Yes	Yes	

(continued on next page)

Table 21 (cont.)
STATE CORPORATE INCOME TAX RATES FOR TAX YEAR 1987
 (As of October 1987)

<u>State</u>	<u>Net Income</u>	<u>Marginal Rate (percent)</u>	<u>Income Tax Deductible</u>	<u>Federal Used as State Tax Base</u>	<u>Federal Income Allows Federal ACRS</u>	<u>Special Rates or Features</u>
Idaho	—	7.7	No	Yes	Yes	Minimum tax, \$20. Additional \$10 tax on each corporation filing a return and having gross income during the tax year.
Illinois	—	4.0	No	Yes	Yes	Additional 2.5% personal property replacement tax imposed.
Indiana	Corporate income tax	3.0	No	Yes	Yes	Domestic and interstate corporations pay a tax of 3.4% of AGI from sources within Indiana. A supplemental net income tax is imposed on corporations, banks, trust companies, savings associations and domestic insurers at 4.5%. A gross income (receipts) tax of 0.3% also is levied.
	Supplemental Net Income	4.0				
Iowa	First \$25,000	6.0	Yes	Yes	Yes	The financial institutions franchise tax is 5% of taxable net income.
	\$25,000-\$100,000	8.0				
	\$100,000-\$250,000	10.0				
	Over \$250,000	12.0				
Kansas	—	4.5	No	Yes	Yes	A 2.25% surtax is imposed on taxable income in excess of \$25,000. Banks, 4.25% of net income plus 2.125% surtax on net income over \$25,000.
Kentucky	First \$25,000	3.0	No	Yes	No	
	\$25,000-\$50,000	4.0				
	\$50,000-\$100,000	5.0				
	\$100,000-\$250,000	6.0				
	Over \$250,000	7.25				
Louisiana	First \$25,000	4.0	Yes	Yes*	Yes	*Except for insurance companies.
	\$25,000-\$50,000	5.0				
	\$50,000-\$100,000	6.0				
	\$100,000-\$200,000	7.0				
	Over \$200,000	8.0				
Maine	First \$25,000	3.5	No	Yes	Yes	Financial institutions: franchise tax of 1% of Maine net income plus 8 cents per \$1,000 of Maine assets. Each year of a book net operating loss, a credit shall be allowed.
	\$25,000-\$75,000	7.93				
	\$75,000-\$250,000	8.33				
	Over \$250,000	8.93				
Maryland	—	7.0	No	Yes	Yes	Financial institutions, 7% of net earnings allowable to Maryland.
Massachusetts	—	8.33	No	Yes	Yes	Corporations pay an excise tax equal to the greater of the following: (1) \$2.60 (includes surtax) per \$1,000 of value of MA tangible property not taxed locally or net worth allocated to Massachusetts, plus 8.33% (excludes surtax) of net income; or (2) \$228 (includes surtax), whichever is greater. A surtax of 14% is imposed.
Michigan	—	2.35	No	Yes	Yes	State uses a Single Business Tax rather than a corporate income tax (which operates similar to a value-added tax). The 2.35% rate is applied to federal taxable income with adjustments. Other nonfederal components are also used in the tax base. The first \$40,000 of the tax base is exempt.
Minnesota		9.5	No	No	Yes	80% of ACRS is allowed for 3, 5, and 10-year property and 60% for 15-year real property. For tax years beginning after 1986 and before 1990, an alternative minimum tax is imposed equal to 0.1% of the alternative minimum tax base over regular franchise tax liability. For taxable years beginning after 1989, a federal piggyback alternative minimum tax is imposed. For tax years beginning after 1987, the rate will rise if there is a revenue shortfall.

(continued on next page)

Table 21 (cont.)
STATE CORPORATE INCOME TAX RATES FOR TAX YEAR 1987
 (As of October 1987)

<u>State</u>	<u>Net Income</u>	<u>Marginal Rate (percent)</u>	<u>Income Tax Deductible</u>	<u>Federal Used as State Tax Base</u>	<u>Federal Income Allows Federal ACRS</u>	<u>Special Rates or Features</u>
Mississippi	First \$5,000	3.0	No	No	Yes	
	\$5,000-\$10,000	4.0				
	Over \$10,000	5.0				
Missouri	—	5.0	Yes	Yes	Yes	Financial institutions are taxed at a rate equal to the sum of (1) the greater of \$25 or 0.05% of the par value of the institution's outstanding shares and surplus employed in Missouri and (2) 7% of the institution's net income for the income period minus tax computed on their shares and surplus under (1) and credits allowable for other state and local taxes.
Montana	—	6.75	No	Yes	Yes	Minimum tax, \$50, except \$10 for small business corporations. Beginning in 1988, corporations electing to use water's edge apportionment are taxed at 7%. A 4% surtax applies to all corporate taxpayers after 1987.
Nebraska	First \$50,000	4.75	No	Yes	Yes	
	Over \$50,000	6.65				
Nevada	No tax					
New Hampshire	—	8.0	No	Yes	Yes	8% of taxable business profits of business organizations.
New Jersey	—	9.0	No	Yes	No	All corporations pay additional tax on net worth. Corporations pay a tax of 9% of allocated net income plus additional mill levy on allocated net worth. A 7.25% corporation income tax is imposed on net income from New Jersey other than those subject to or exempt from the general income tax.
New Mexico	First \$500,000	4.8	No	Yes	Yes	
	Second \$500,000	6.4				
	Over \$1,000,000	7.6				
New York	—	9.0	No	Yes	Yes	Corporations are subject to a 9% tax on net income or a tax on three alternative bases, whichever produces the greatest tax. A 10% tax is imposed on unrelated business income, with modifications, of taxpayers subject to the federal tax on unrelated business income. Minimum tax, \$250. Surcharge imposed in Metropolitan Commuter Transportation District. New York City corporation income tax is 17% of tax imposed for tax years ending on or after 12/31/83, but before 12/31/90. Small business taxpayers are subject to a lower tax rate. An additional tax of 0.9 mills/\$1 of subsidiary capital is levied.
North Carolina	—	7.0	No	Yes	Yes	
North Dakota	First \$3,000	3.0	Yes	Yes	Yes	
	\$3,000-\$8,000	4.5				
	\$8,000-\$20,000	6.0				
	\$20,000-\$30,000	7.5				
	\$30,000-\$50,000	9.0				
	Over \$50,000	10.5				

(continued on next page)

Table 21 (cont.)

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STATE CORPORATE INCOME TAX RATES FOR TAX YEAR 1987
(As of October 1987)

<u>State</u>	<u>Net Income</u>	<u>Marginal Rate (percent)</u>	<u>Income Tax Deductible</u>	<u>Federal Used as State Tax Base</u>	<u>Federal Income Allows Federal ACRS</u>	<u>Special Rates or Features</u>
Ohio	First \$25,000	5.1	No	Yes	Yes	Minimum tax, \$50. If the tax based on net income exceeds the alternative tax, then a surtax is imposed until tax year 1987 when a 2.7% surtax is imposed. No surtax after 1987. For ACRS, taxpayer must add 25% of the amount by which the corporation's federal taxable income was reduced by ACRS depreciation, but a deduction of 20% of such addition is allowed in each of the five ensuing tax years. For tax years 1984 & 1985, financial institutions are subject to an additional tax.
	Over \$25,000	9.2				
	or 5.82 mills multiplied by value of stock, whichever is greater	5.4				
Oklahoma	—	5.0	No	Yes	Yes	
Oregon	—	6.6	No	Yes	Yes	Minimum tax, \$10. Qualified taxpayers may elect to pay alternative tax of 0.25% or 0.125% of gross sales.
Pennsylvania	—	8.5	No	Yes	Yes	Rate drops to 8.5% in 1987 and thereafter.
Rhode Island	—	8.0	No	Yes	Yes	
	or 40c per \$100 of net worth, whichever is greater					
South Carolina	—	6.0	No	Yes	Yes	Banks, 4.5% of South Carolina net income; savings and loan associations, 8% of SC net income. The tax is reduced to 5.5% for tax years beginning in 1988 and to 5% for tax years beginning after 1988.
South Dakota	No tax					Banks and financial institutions, 6% of federal taxable income with modifications minimum, \$200 per authorized business location.
Tennessee	—	6.0	No	Yes	Yes	Corporations are also subject to the 6% tax on dividends and interest.
Texas	No tax					
Utah	5.0	No	No	Yes	Minimum tax, \$100. A 4% surtax is imposed.
Vermont	First \$10,000	6.0	No	Yes	Yes	Minimum tax, \$75. For tax years beginning on or after January 1, 1988, the tax rates range between 5.5% and 8.25%.
	\$10,000-\$25,000	7.2				
	\$25,000-\$250,000	8.4				
	Over \$250,000	9.0				
Virginia	—	6.0	No	Yes	Yes	
Washington	No tax					
West Virginia	—	9.75	No	Yes	Yes	Beginning July 1, 1988, the rate is reduced by 0.15% per year for 5 successive years, such rate to be 9% on and after July 1, 1992.
Wisconsin	—	7.9	No	No	Yes	
Wyoming	No tax					

Source: Commerce Clearing House, *State Tax Guide*; CCH, *State Tax Reporter*, October 1987.

Table 22
MAJOR FEATURES OF STATE SALES TAX
 (effective October 1987)

State and Region	Tax Rate	States Exempting				States Granting Related Income Tax Credit	Degree of Taxation of Services ¹	State
		Food	Prescription Drugs	Consumer Electric and Gas Utilities	Clothing			
U.S. Median Rate	5.0%²	28	45	32	8	7		
New England								
Connecticut	7.5	X	X	X	X*		4	CT
Maine	5	X	X	X*			5	ME
Massachusetts	5	X	X	X	X*		5	MA
New Hampshire				No State Sales Tax				NH
Rhode Island	6	X	X	X	X*		5	RI
Vermont	4*	X	X	X		X	5	VT
Mideast								
Delaware				No State Sales Tax				DE
Washington, DC	6	X	X				3	DC
Maryland	5	X	X	X*			3	MD
New Jersey	6	X	X	X	X		3	NJ
New York*	4	X	X	X			3	NY
Pennsylvania	6	X	X	X	X		3	PA
Great Lakes								
Illinois +	5	X	X				5	IL
Indiana	5	X	X				5	IN
Michigan	4	X	X				5	MI
Ohio +	5	X	X	X			3	OH
Wisconsin +	5	X	X	X*			3	WI
Plains								
Iowa +	4	X	X				2	IA
Kansas +	4		X	X		X*	3	KS
Minnesota +	6	X	X	X*	X		5	MN
Missouri +	4.225*		X	X			5	MO
Nebraska +	4	X	X				5	NE
North Dakota +	5.5*	X	X	X			5	ND
South Dakota +	5*		X			X*	1	SD
Southeast								
Alabama +	4		X				5	AL
Arkansas +	4		X	X*			3	AR
Florida +	5	X	X	X			1	FL
Georgia +	3		X				5	GA
Kentucky +	5	X	X	X			5	KY
Louisiana +	4	X	X	X			3	LA
Mississippi	6		X				3	MS
North Carolina +	3	*	X	X			4	NC
South Carolina	5		X	X*	X*		4	SC
Tennessee +	5.5		X	X			3	TN
Virginia +	3.5		X	X			5	VA
West Virginia	5	X	X	X			2	WV
Southwest								
Arizona +	5	X	X				4	AZ
New Mexico +	4.75	*	*			X	1	NM
Oklahoma +	4		X	X			5	OK
Texas +	6*	X	X	X			3	TX
Rocky Mountain								
Colorado +	3	X	X	X			5	CO
Idaho +	5		X	X		X	5	ID
Montana				No State Sales Tax				MT
Utah +	5.0938*		X	X*			3	UT
Wyoming +	3		X			X*	3	WY
Far West								
California +	4.75		X	X	X		5	CA
Nevada +	5.75*	X	X	X			5	NV
Oregon				No State Sales Tax				OR
Washington +	6.5	X	X	X			2	WA
Alaska +				No State Sales Tax				AK
Hawaii	4	*	X			X	1	HI

X = Exempt

+ = Additional local sales tax rates may be additional. See Table 61 for local rates.

*See notes on next page.

Table 22 (cont.)
MAJOR FEATURES OF STATE SALES TAX
 Notes

Arkansas:	Exempts the first 500 kilowatt hours of electricity per month for residential customers whose income is not more than \$12,000 per year.
Connecticut:	Clothing less than \$75 and all children's clothing is exempt.
Hawaii:	Although Hawaii does not exempt food from the general sales tax, a tax credit is granted on the state income tax to help offset the sales tax (and other excise taxes). This credit is available to taxpayers earning \$20,000 or less.
Kansas:	Related income tax credit allowed for senior citizens depending on income level.
Maine:	The first 750 KWH per month is exempt.
Maryland:	Residential electric bills are exempt from sales tax, but natural gas bills are not.
Massachusetts:	Sales tax applies if an item of clothing or footwear is over \$175.
Minnesota:	Residential use of natural gas or electricity for heating purposes is exempt through the months of November–April.
Missouri:	The sales tax will decrease 1/10 of 1% in June 1990 to 4.125%.
New Mexico:	Although New Mexico does not exempt food and prescription drugs from the general sales tax, a tax credit (refundable if no tax is due) is available to taxpayers with modified gross income less than \$10,000—this to offset the sales tax on food and prescription drugs.
Nevada:	The state has a mandatory 3.75% county sales tax, which in practice gives the state a sales tax rate of 5.75%.
North Carolina:	Food purchased with food stamps is exempt. There is a non-refundable credit on the personal income tax to help offset the sales tax on food purchases. The credit ranges from \$15 to \$25 depending on income level. The credit is not available to taxpayers with taxable income greater than \$15,000.
North Dakota:	Rate will decrease to 5.0% on July 1, 1989.
Rhode Island:	Sales tax applies for sports clothing.
South Carolina:	Adopted a \$12.50 income tax credit to help offset the one percent sales tax increase passed in 1984.
South Dakota:	Rate will be reduced from 5.0% to 4.0% on May 1, 1988. Related income tax credit allowed for senior citizens depending on level of income.
Utah:	Rate will decrease to 5.0% on January 1, 1990. Utility sales tax rate on gas, electricity, heat, coal, fuel oil or other fuels for residential use is 2.0938% (2% effective January 1, 1990).
Wisconsin:	Residential use of natural gas or electricity for heating purposes is exempt through the months of November–April.
Wyoming:	Related income tax credit allowed for senior citizens depending on income level.

¹Degree of state taxation of professional and personal services other than utilities, admissions, and transient accommodations is divided into five (5) categories:

1. General taxation of most services (includes most professional and personal services);
2. Broad taxation of services (may include taxation of repairs; investment counseling; bank service charges; barber and beauty shops; carpentry; laundry and cleaning; photography; rentals; interior decorating; printing; packing; parking; and bookkeeping and collection services);
3. Substantial taxation of services (may include taxation of repair services; bookkeeping and collection services; laundry and dry cleaning; cable T.V.; parking; and landscaping);
4. Narrow taxation of services; (may include taxation of advertising selected business services, and laundry and dry cleaning); and
5. No (or little) taxation of services.

²Given the nature of the data, a "clean" median does not exist. Of the 46 states (and Washington, DC) with sales taxes, 13 states have rates above 5.0%, 19 states have rates below 5.0%, with 14 states and Washington, DC, having a rate of 5.0%.

Sources: ACIR staff compilations of rates, food and drug exemption information as of October 1987, based on Commerce Clearing House, *State Tax Guide*. Remaining exemption data from John F. Due and John L. Mikesell, *Sales Taxation: State and Local Structure and Administration*, Johns Hopkins University Press, 1983, as updated in the *Washington Post*, May 3, 1987, p. H-3.

STATE GENERAL SALES TAX RATES, IN PERCENT, AS OF JULY 1 OF EACH YEAR
(does not include local taxes)

<u>Region State</u>	<u>1987</u>	<u>1986</u>	<u>1985</u>	<u>1984</u>	<u>1982</u>	<u>1980</u>	<u>1978</u>
U.S. Median	5.0%	5.0%	4.75%	4.75%	4.0%	4.0%	4.0%
New England							
Connecticut	7.5	7.5	7.5	7.5	7.5	7.5	7.0
Maine	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Massachusetts	5.0	5.0	5.0	5.0	5.0	5.0	5.0
New Hampshire	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rhode Island	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Vermont	4.0	4.0	4.0	4.0	4.0	3.0	3.0
Mideast							
Delaware	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Washington, DC	6.0	6.0	6.0	6.0	6.0	5.0	5.0
Maryland	5.0	5.0	5.0	5.0	5.0	5.0	5.0
New Jersey	6.0	6.0	6.0	6.0	5.0	5.0	5.0
New York	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Pennsylvania	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Great Lakes							
Illinois	5.0	5.0	5.0	5.0	4.0	4.0	4.0
Indiana	5.0	5.0	5.0	5.0	4.0	4.0	4.0
Michigan	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Ohio	5.0	5.0	5.0	5.0	5.0	4.0	4.0
Wisconsin	5.0	5.0	5.0	5.0	5.0	4.0	4.0
Plains							
Iowa	4.0	4.0	4.0	4.0	3.0	3.0	3.0
Kansas	4.0	4.0	3.0	3.0	3.0	3.0	3.0
Minnesota	6.0	6.0	6.0	6.0	5.0	4.0	4.0
Missouri	4.225	4.225	4.225	4.125	3.125	3.125	3.125
Nebraska	4.0	3.5	3.5	3.5	3.5	3.0	3.0
North Dakota	5.5	4.0	4.0	4.0	3.0	3.0	3.0
South Dakota	5.0	4.0	4.0	4.0	4.0	5.0	4.0
Southeast							
Alabama	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Arkansas	4.0	4.0	4.0	4.0	3.0	3.0	3.0
Florida	5.0 ³	5.0	5.0	5.0	5.0	4.0	4.0
Georgia	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Kentucky	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Louisiana	4.0	4.0	4.0	4.0	3.0	3.0	3.0
Mississippi	6.0	6.0	6.0	6.0	5.0	5.0	5.0
North Carolina	3.0	3.0	3.0	3.0	3.0	3.0	3.0
South Carolina	5.0	5.0	5.0	5.0	4.0	4.0	3.0
Tennessee	5.5	5.5	5.5	5.5	4.5	4.5	4.5
Virginia	3.5	3.0	3.0	3.0	3.0	3.0	3.0
West Virginia	5.0	5.0	5.0	5.0	5.0	3.0	3.0
Southwest							
Arizona	5.0	5.0	5.0	5.0	4.0	4.0	4.0
New Mexico	4.75	4.75	3.75	3.75	3.5	3.75	3.75
Oklahoma	4.0	3.25	3.25	3.0	2.0	2.0	2.0
Texas	6.0 ¹	4.125	4.125	4.0	4.0	4.0	4.0
Rocky Mountain							
Colorado	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Idaho	5.0	5.0	4.0	4.0	3.0	3.0	3.0
Montana	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Utah	5.0938	4.5938	4.625	4.625	4.0	4.0	4.0
Wyoming	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Far West							
California	4.75	4.75	4.75	4.75	4.75	4.75	4.75
Nevada ²	5.75 ²	5.75 ²	5.75 ²	5.75 ²	5.75 ²	3.0	3.0
Oregon	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Washington	6.5	6.5	6.5	6.5	5.4	4.5	4.6
Alaska	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hawaii	4.0	4.0	4.0	4.0	4.0	4.0	4.0

¹State tax rate raised from 5.25% to 6% on October 1, 1987.

²Includes state mandated county tax of 3.75%.

³Tax on services repealed as of January 1, 1988. A 6% state rate becomes effective on February 1, 1988.

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Review*. See the following table for local rates, where applicable.

Table 24
**LOCAL GOVERNMENT UNITS WITH SALES TAXES,
 SELECTED YEARS 1975-87**

State, Type of Government	1987	1986	1984	1981	1979	1976	State, Type of Government	1987	1986	1984	1981	1979	1976
Alabama (Total)	382	374	353	321	301	265	Nevada (Total)*	7	5	1	1	13	12
Municipalities	326	323	310	281	270		Municipalities	—	—	—	—	—	1
Counties	56	51	43	40	31		Counties	7	5	1	1	12	
Alaska (Total)	93	97	99	92	93	86	New Mexico (Total)	128	134	120	84	99	32
Municipalities	87	91	92	85	86		Municipalities	100	101	98	76	93	
Boroughs	6	6	7	7	7		Counties	28	33	22	8	6	
Arizona (Total)	77	75	70	59	39	—	New York (Total)	85	81	87	74	70	68
Municipalities	75	74	70	59	39	38	Municipalities	26	27	29	29	25	
Counties	2	1	—	—	—	—	Counties	58	53	57	45	45	
Arkansas (Total)	111	78	60	2	1	1	Transit District	1	1	1	—	—	
Municipalities	76	59	44	2	1		North Carolina						
Counties	35	19	16	—	—		Counties	100	100	100	99	99	96
California (Total)²	444	443	443	441	441	438	North Dakota						
Municipalities	380	380	380	380	380		Municipalities	3	3	—	—	—	—
Counties	58	58	58	58	58		Ohio (Total)	81	76	65	55	51	33
Transit District	7	6	5	3	3		Counties	79	74	62	52	50	
Colorado (Total)	225	222	205	183	165	121	Transit District	2	2	3	3	1	
Municipalities	193	191	175	159	144		Oklahoma (Total)	473	466	447			
Counties	31	30	29	23	20		Municipalities	457	452	441	398	398	356
Transit District	1	1	1	1	1		Counties	16	14	6	—	—	—
Florida**							South Dakota						
Counties	0	0	—	—	—	—	Municipalities	111	107	82	61	46	18
Georgia (Total)	144	143	133	104	84	16	Tennessee (Total)	105	105	102	105	104	115
Municipalities	0	0	0	0	3		Municipalities	10	10	8	11	12	
Counties	143	142	132	103	80		Counties	95	95	94	94	92	
Transit District	1	1	1	1	1		Texas (Total)	1029	1032	1120	949	946	854
Illinois (Total)	1375	1376	1353	1359	1359	1342	Municipalities	1023	1026	1117	921	921	
Municipalities	1271	1272	1249	1256	1256		Transit District	6	6	3	28	25	
Counties	102	102	102	102	102		Utah (Total)	248	248	248	n.a.	230	204
Transit District	2	2	2	1	1		Municipalities	219	219	219	n.a.	201	
Kansas (Total)	168	168	139	40	20	7	Counties	29	29	29	29	29	
Municipalities	108	108	87	35	15		Virginia (Total)	136	136	136	136	136	133
Counties	60	60	52	5	5		Municipalities	41	41	41	41	41	
Louisiana (Total)	302	287	253	251	217	183	Counties	95	95	95	95	95	
Municipalities	192	177	158	152	136		Washington (Total)	307	305	306	302	302	300
Parishes	63	63	30	30	21		Municipalities	268	266	267	264	264	
School Districts	47	47	65	66	60		Counties	39	39	39	38	38	
Minnesota							Wisconsin						
Municipalities	3	1	2	1	1	1	Counties	12	2	—	—	—	—
Missouri (Total)	657	556	487	333	215	152	Wyoming						
Municipalities	474	458	406	332	214		Counties	15	14	15	15	13	5
Counties	114	98	81		1	1	U.S. Total	6892	6705	6492	5702 ¹	5448	4893
Transit Districts	69						Percentage Change from Previous Year Cited	1%	1%	14%	5%	11%	
Nebraska													
Municipalities	22	16	12	7	4	—							

*NV—In 1981, the state made the 3.75% county tax mandatory, which in effect raised the state rate and dedicated the tax for special purposes. That same year, authority was granted for counties to levy a transit tax and three counties currently exercise this option.

**FL—Florida counties had sales tax for only 1985.

¹In a small number of states, the exact number of units using the tax in 1981 was not available. Total figure is an estimate.

²Figures revised from prior editions of *Significant Features of Fiscal Federalism*.

Source: ACIR staff compilations based on Commerce Clearinghouse, *State Tax Reporter*; and National Conference of State Legislatures, *Legislative Finance Paper #24*, "Local Sales and Income Taxes: How Much Are They Used? Should They Be More Widespread?," Denver, CO, 1982.

**COMBINED STATE-LOCAL GENERAL SALES TAX RATES, SELECTED CITIES,
OCTOBER 1987**

<u>State and Region</u>	<u>City Name (county)</u>	<u>State Tax</u>	<u>County Tax</u>	<u>City Tax</u>	<u>Other Tax</u>	<u>Combined State-Local Sales Tax Rate</u>	
New England							
Connecticut	No local general sales taxes	7.5%				7.5%	
Maine	No local general sales taxes	5.0				5.0	
Massachusetts	No local general sales taxes	5.0				5.0	
New Hampshire	No state or local general sales taxes	0.0				0.0	
Rhode Island	No local general sales taxes	6.0				6.0	
Vermont	No local general sales taxes	4.0				4.0	
Mideast							
Delaware	No state or local general sales taxes	0.0				0.0	
Washington, DC	(not applicable)	n.a.		6.0		6.0	
Maryland	No local general sales taxes	5.0				5.0	
New Jersey	No local general sales taxes	6.0				6.0	
New York	Albany (Albany)	4.0	3.0			7.0	
	Buffalo (Erie)	4.0	4.0			8.0	
	New York City	4.0		4.0	0.25	8.25	
	Rochester (Monroe)	4.0	3.0			7.0	
	Syracuse (Onondaga)	4.0	3.0			7.0	
	Yonkers (Westchester)	4.0	1.5	2.5	0.25	8.25	
Pennsylvania	No local general sales tax	6.0				6.0	
Great Lakes							
Illinois	Chicago (Cook)	5.0	1.0	1.0	1.0	8.0	
	Peoria (Peoria)	5.0	1.25	1.0		7.25	
	Rockford (Winnebago)	5.0	1.25	1.0		7.25	
	Springfield (Sangamon)	5.0	1.25	1.0		7.25	
	Indiana	No local general sales tax	5.0				5.0
Michigan	No local general sales tax	4.0				4.0	
Ohio	Akron (Summit)	5.0	0.5			5.5	
	Cincinnati (Hamilton)	5.0	0.5			5.5	
	Cleveland (Cuyahoga)	5.0	0.5		1.0	6.5	
	Columbus (Franklin)	5.0	0.5			5.5	
	Dayton (Montgomery)	5.0	0.5		0.5	6.0	
	Toledo (Lucas)	5.0	1.0			6.0	
	Youngstown (Mahoning)	5.0	0.5			5.5	
	Wisconsin	Barron (Barron)	5.0	0.5			5.5
		Madison (Dane)	5.0				5.0
		Menomonie (Dunn)	5.0	0.5			5.5
Milwaukee (Milwaukee)	5.0				5.0		
Plains							
Iowa	(see Iowa note)	4.0	1.0*			5.0	
Kansas	Kansas City (Wyandotte)	4.0	1.0	1.0		6.0	
	Topeka (Shawnee)	4.0		1.0		5.0	
	Wichita (Sedgwick)	4.0	1.0			5.0	
Minnesota	Duluth (St. Louis)	6.0		1.0		7.0	
	Minneapolis (Hennepin)	6.0		0.5		6.5	
Missouri	Independence (Jackson)	4.225	0.5	1.0		5.725	
	Kansas City (Jackson)	4.225	0.5	1.0	0.5	6.225	
	St. Louis City	4.225		1.375	0.5	6.100	
	Springfield (Greene)	4.225	0.5	1.0		5.725	
Nebraska	Lincoln (Lancaster)	4.0		1.5		5.5	
	Omaha (Douglas)	4.0		1.5		5.5	
	North Dakota	Grand Forks (Grand Forks)	5.0		1.0		6.0
	Bismarck (Burleigh)	5.0		1.0		6.0	
	Minot (Ward)	5.0		1.0		6.0	
South Dakota	Sioux Falls (Minnehaha)	4.0		2.0		6.0	
	Pierre (Hughes)	4.0		1.0		5.0	
Southeast							
Alabama	Birmingham (Jefferson)	4.0	1.0	2.0		7.0	
	Huntsville (Madison)	4.0	1.0	3.0		8.0	
	Mobile (Mobile)	4.0		3.0		7.0	
	Montgomery (Montgomery)	4.0	2.0	2.0		8.0	

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Table 25 (cont.)
**COMBINED STATE-LOCAL GENERAL SALES TAX RATES, SELECTED CITIES,
 OCTOBER 1987**

<u>State and Region</u>	<u>City Name (County)</u>	<u>State Tax</u>	<u>County Tax</u>	<u>City Tax</u>	<u>Other Tax</u>	<u>Combined State-Local Sales Tax Rate</u>
Southeast (cont.)						
Arkansas	Fayetteville (Washington)	4.0	1.0	1.0		6.0
	Fort Smith (Sebastian)	4.0				4.0
	Little Rock (Pulaski)	4.0	1.0			5.0
	Pine Bluff (Jefferson)	4.0		1.0		5.0
Florida	No local general sales tax	5.0				5.0
Georgia	Atlanta (Fulton)	3.0	1.0		1.0	5.0
	Columbus (Muscogee)	3.0	1.0			4.0
	Macon (Bibb)	3.0	1.0			4.0
	Savannah (Chatham)	3.0	1.0		1.0	5.0
Kentucky	No local general sales taxes	5.0				5.0
Louisiana	Baton Rouge (E. Baton Rouge)	4.0	3.0			7.0
	Lafayette (Lafayette)	4.0	2.0	2.0		8.0
	Lake Charles (Calcasieu)	4.0	1.5	2.0		7.5
	Monroe (Ouachita)	4.0	0.5	2.5		7.0
	New Orleans (Orleans)	4.0	5.0			9.0
	Shreveport (Caddo)	4.0	1.5	2.0		7.5
	Mississippi	No local general sales taxes	6.0			
North Carolina	Charlotte (Mecklenburg)	3.0	2.0			5.0
	Durham (Durham)	3.0	2.0			5.0
	Greensboro (Guilford)	3.0	2.0			5.0
	Raleigh (Wake)	3.0	2.0			5.0
	Winston-Salem (Forsyth)	3.0	2.0			5.0
South Carolina	No local general sales taxes	5.0				5.0
Tennessee	Chattanooga (Hamilton)	5.5	1.75			7.25
	Knoxville (Knox)	5.5	1.5			7.0
	Memphis (Shelby)	5.5	2.25			7.75
	Nashville (Davidson)	5.5	2.25			7.75
	Virginia	Alexandria (No County)	3.5		1.0	
	Newport News (No County)	3.5		1.0		4.5
	Norfolk (No County)	3.5		1.0		4.5
	Richmond (No County)	3.5		1.0		4.5
	Arlington County	3.5	1.0			4.5
	Chesterfield County	3.5	1.0			4.5
	Fairfax County	3.5	1.0			4.5
	Henrico County	3.5	1.0			4.5
	Prince William County	3.5	1.0			4.5
West Virginia	No local general sales taxes	5.0				5.0
Southwest						
Arizona	Phoenix (Maricopa)	5.0		1.2	0.5	6.7
	Tucson (Pima)	5.0		2.0		7.0
New Mexico	Albuquerque (Bernalillo)	4.75		0.25		5.0
	Santa Fe (Santa Fe)	4.75		0.625		5.375
Oklahoma	Tahlequah (Cherokee)	4.0	1.0	2.0		7.0
	Oklahoma City (Canadian)	4.0		2.0		6.0
	Okmulgee (Okmulgee)	4.0	1.0	3.0		8.0
	Tulsa (Tulsa)	4.0		3.0		7.0
Texas	Abilene (Taylor)	6.0		1.0		7.0
	Austin (Travis)	6.0		1.0	1.0	8.0
	Dallas (Dallas)	6.0		1.0	1.0	8.0
	Fort Worth (Tarrant)	6.0		1.0	0.25	7.25
	Houston (Harris)	6.0		1.0	1.0	8.0
	Lubbock (Lubbock)	6.0		1.0		7.0
	Pasadena (Harris)	6.0		1.0		7.0
Rocky Mountain						
Colorado	Colorado Springs (El Paso)	3.0		2.5		5.5
	Denver (Denver)	3.0		3.5	.6	7.1
	Golden (Jefferson)	3.0	0.5	2.0	.6	6.1
	Pueblo (Pueblo)	3.0		3.5		6.5
Idaho	No local general sales taxes	5.0				5.0
Montana	No state or local general sales taxes	0.0				0.0

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**COMBINED STATE-LOCAL GENERAL SALES TAX RATES, SELECTED CITIES,
OCTOBER 1987**

<u>State and Region</u>	<u>City Name (County)</u>	<u>State Tax</u>	<u>County Tax</u>	<u>City Tax</u>	<u>Other Tax</u>	<u>Combined State-Local Sales Tax Rate</u>
Rocky Mountain (cont.)						
Utah	Provo (Utah)	5.0938		0.91	0.25	6.253
	Orem (Utah)	5.0938		0.91	0.25	6.253
	Salt Lake City (Salt Lake)	5.0938		0.91	0.25	6.253
Wyoming	Cheyenne (Laramie)	3.0	2.0			5.0
	Casper (Natrona)	3.0	1.0			4.0
Far West						
California	Anaheim (Orange)	4.75	1.25			6.0
	Los Angeles (Los Angeles)	4.75	1.25		0.5	6.5
	Sacramento (Sacramento)	4.75	1.25			6.0
	San Diego (San Diego)	4.75	1.25			6.0
	San Francisco (San Francisco)	4.75	1.25		0.5	6.5
Nevada	Las Vegas (Clark)	5.75	0.25			6.0
	Reno (Washoe)	5.75	0.25		0.25	6.25
Oregon	No local general sales taxes	0.0				0.0
Washington	Seattle (King)	6.5		1.4		7.9
	Spokane (Spokane)	6.5		1.3		7.8
	Tacoma (Pierce)	6.5		1.3		7.8
Alaska	Anchorage (Anchorage)	0.0				0.0
	Fairbanks (Fairbanks/North Star)	0.0		3.0		3.0
	Juneau (Juneau)	0.0		4.0		4.0
Hawaii	No local general sales taxes	4.0				4.0

NOTES

- AL:** The City of Huntsville is not required to pay county sales taxes within its corporate limits. Both counties and cities are authorized to levy sales taxes. City sales taxes are in addition to any county sales taxes. Rate in police jurisdiction 1.5%.
- AK:** Boroughs may levy a sales and use tax not to exceed 6.0%. Cities outside boroughs may levy a tax not to exceed 3.0%. Cities within boroughs may levy a sales or use tax upon all sources taxed by the borough in the manner provided for boroughs but may not exceed 6.0%. City sales taxes are in addition to borough sales taxes.
- AZ:** Subject to voter approval, various counties are authorized to levy a transportation excise tax at a rate of not more than 10% of the state transaction privilege tax rate. Maricopa and Pinal Counties are the only ones to levy this tax.
- AR:** Cities (first, second class and incorporated towns) may impose a sales tax not to exceed 1.0%. They are allowed to impose an extra 0.5% or 1.0% for improvement of parks. Counties can levy a sales tax not to exceed 1.0%. City sales taxes are in addition to any county sales taxes. The City of Texarkana levies a sales tax of 1.0% plus an additional 1.0% sales tax in lieu of the state income tax.
- CA:** All counties have adopted a 1.25% sales tax. Cities may levy a conforming 1.0% tax (80% of the total local tax) and counties must allow a credit of 1.0% against the county rate. Total cannot exceed 6.0% except in transit district which cannot exceed 6.5%.
- CO:** The regional transportation district consisting of the City and County of Denver and the Counties of Adam, Arapahoe, Jefferson, Boulder and a portion of Douglas levy a 0.6% sales tax (with the exception of four cities). City sales taxes are in addition to any county sales taxes.
- FL:** Allowed local sales taxes only for 1985. The state rate becomes 6% on February 1, 1988; tax on services repealed January 1, 1988.
- GA:** The general assembly has authorized the imposition of joint county and municipal sales and use taxes. It created 159 special districts based on county lines which can impose a 1.0% tax. The Metropolitan Atlanta Rapid Transit Authority levies a additional sales tax of 1.0%.
- ID:** State tax rate scheduled to be reduced from 5.0% to 4.0% on July 1, 1987.
- IL:** Counties and Municipalities may impose a sales tax not to exceed 1.0%. City sales taxes are in addition to any county and transit sales taxes. Two transit districts levy an additional sales tax of 0.25% or 1.0%.
- IA:** The Cities of Betram and Polk City have a tax rate of 1.0%. Counties received the authority to have a maximum sales tax of 1% in 1985. Based on state sales tax laws.
- KS:** Cities and counties may impose a 0.5% or 1.0% sales tax. City sales taxes are in addition to any county sales taxes.
- LA:** Parishes and cities are authorized to levy a sales tax not to exceed 3.0%, unless specifically approved in a special election. City sales taxes are in addition to any county sales taxes. Any school board taxes are included in parish sales taxes.

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**COMBINED STATE-LOCAL GENERAL SALES TAX RATES, SELECTED CITIES,
OCTOBER 1987**

- MN:** Minneapolis is authorized to levy a 3.0% tax on sales of admissions, amusements and transient lodgings. Only three municipalities are authorized to levy a sales tax.
- MO:** Cities may impose a 0.50%, 0.875% or 1.0% sales tax, except St. Louis which may impose a 1.375% tax. Counties may impose a 0.25%, 0.375%, or 0.5% sales tax, except St. Louis County which may impose a 1.0% tax. No city within St. Louis county may impose a sales tax. City sales taxes are in addition to any county or transit sales taxes.
- NE:** Municipalities may impose a 0.5% or 1.0% sales tax. Omaha and Lincoln are allowed to impose a 1.5% tax. State tax rate rose from 3.5% to 4.0%, effective January 1, 1987.
- NV:** The state sales tax of 5.75% includes 1.5% for local school support tax and 2.25% for local relief tax. These taxes are mandatory in all 17 counties. Counties may levy an additional sales tax for public transportation, road construction or tourism. Seven counties impose a 0.25% sales and use tax.
- NM:** All incorporated municipalities impose a sales tax. This tax may not exceed 1.0%. Cities and counties may impose an additional sales tax not to exceed 0.50% for repair and replacement of infrastructure improvements. Counties have three kinds of sales taxes: (1) .25% to support indigent hospital patients, (2) .125% or 0.25% for county fire protection for areas not included in a municipality, and (3) 0.125% countywide sales tax. Cities with sales taxes are not subject to additional county sales taxes.
- NY:** Cities and counties may levy a sales tax not to exceed 3.0% except in New York City, Mt. Vernon, Yonkers, Erie County and Nassau County which may impose a 4.0% sales tax and Suffolk County which may impose a 3.25% tax.. An additional 0.25% sales tax for the Metropolitan Commuter Transit District may be imposed on New York City and the Counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester.
- NC:** Counties may impose a 1.5 or 2.0% sales tax.
- OH:** Counties may impose a sales tax not to exceed 1.0%. An additional transit tax is imposed in several counties but may not exceed 1.5%.
- OK:** Counties may impose a sales tax not to exceed 2.0%. City sales taxes are in addition to any county sales taxes.
- SD:** Municipalities may impose a 1.0% sales tax. If a sales tax in excess of 1% was enacted before July 1, 1983, the tax rate may continue to be in force, provided that no rate as of this date in excess of 2.0% may be increased.
- TN:** All counties may levy a local sales tax not to exceed 1/2 of state sales tax rate. City sales taxes are in addition to any county sales taxes, but the county levy takes priority. If a county levies a tax less than one-half of the state rate, a city can only levy the difference. If a city or county adopts a local option base, then the sales tax can only be applied to \$1,100 of the purchase price of a single item. If a local option base is not adopted, then there is a \$5 limit on any single item.
- TX:** Municipalities may impose a 1.0% sales tax. They may also impose an additional 0.50% tax to reduce property taxes. Some cities also impose a metropolitan transit authority sales.
- UT:** Cities and counties may impose a sales tax of 0.91 (1% effective January 1, 1990). Cities and counties are also authorized to levy a 0.25% transit tax. Resort communities may include an additional sales tax of up to 1.0%. City and county taxes do not overlap.
- VA:** Every city and county imposes a 1.0% sales tax, so total combined state wide sales tax is 4.5%. Cities are independent of counties in Virginia.
- WA:** Cities and counties may levy a local sales and use tax of 1.0%. They are also authorized to levy an additional sales tax not to exceed 0.6% for the purpose of transportation. Counties must allow a credit against county sales taxes for any city sales taxes.
- WI:** Counties may impose a sales tax at a rate of 0.5%.
- WY:** Counties are authorized to levy a sales tax rate not to exceed 1.0%.

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Reporter*.

Table 26
STATE CIGARETTE TAX RATES,* IN CENTS PER PACK
 As of July 1 of Each Year (does not include local taxes)

<u>State and Region</u>	<u>1987</u>	<u>1986</u>	<u>1985</u>	<u>1984</u>	<u>1982</u>	<u>1980</u>	<u>1978</u>
U.S. Median	\$.18	\$.17	\$.17	\$.16	\$.13	\$.125	\$.12
New England							
Connecticut	.26	.26	.26	.26	.21	.21	.21
Maine	.28	.28	.20	.20	.16	.16	.16
Massachusetts	.26	.26	.26	.26	.21	.21	.21
New Hampshire	.17	.17	.17	.17	.12	.12	.12
Rhode Island	.25	.25	.23 ⁴	.23	.23	.18	.18
Vermont	.17	.17	.17	.17	.12	.12	.12
Mideast							
Delaware	.14	.14	.14	.14	.14	.14	.14
Washington, DC	.17	.13	.13	.13	.13	.13	.13
Maryland	.13	.13	.13	.13	.13	.13	.10
New Jersey	.27	.25	.25	.25	.24	.19	.19
New York	.21	.21	.21	.21	.15	.15	.15
Pennsylvania	.18	.18	.18	.18	.18	.18	.18
Great Lakes							
Illinois	.20	.20	.12	.12	.12	.12	.12
Indiana	.155	.105	.105	.105	.105	.105	.105
Michigan	.21	.21	.21	.21	.21	.11	.11
Ohio	.18	.14	.14	.14	.14	.15	.15
Wisconsin	.30 ⁶	.25	.25	.25	.25	.16	.16
Plains							
Iowa	.26	.26	.18	.18	.18	.13	.13
Kansas	.24	.24	.16	.16	.11	.11	.11
Minnesota	.38	.39 ²	.23	.18	.18	.18	.18
Missouri	.13	.13	.13	.13	.13 ³	.09	.09
Nebraska	.27	.23	.18	.18	.18	.13	.13
North Dakota	.27	.18	.18	.18	.12	.12	.11
South Dakota	.23	.23	.23	.15	.15	.14	.12
Southeast							
Alabama	.165	.165	.165	.165	.16	.16 ⁴	.12
Arkansas	.21	.21	.21	.21	.1775	.1775	.1775
Florida	.24	.24	.21	.21	.21	.21	.21
Georgia	.12	.12	.12	.12	.12	.12	.12
Kentucky	.03	.03	.03	.03	.03	.03	.03
Louisiana	.16	.16	.16	.16	.11	.11	.11
Mississippi	.18	.18	.11	.11	.11	.11	.11
North Carolina	.02	.02	.02	.02	.02	.02	.02
South Carolina	.07	.07	.07	.07	.07	.07	.07
Tennessee	.13	.13	.13	.13	.13	.13	.13
Virginia	.025	.025	.025	.025	.025	.025	.025
West Virginia	.18	.17	.17	.17	.17	.17	.17
Southwest							
Arizona	.15	.15	.15	.15	.13	.13	.13
New Mexico	.15	.15	.12	.12	.12	.12	.12
Oklahoma	.25	.18	.18	.18	.18	.18	.13
Texas	.205	.205	.195 ⁵	.185	.185	.185	.185
Rocky Mountain							
Colorado	.20	.20	.15	.15	.10	.10	.10
Idaho	.18	.091	.091	.091	.091	.091	.091
Montana	.16	.16	.16	.16	.12	.12	.12
Utah	.23	.12	.12	.12	.12	.10	.08
Wyoming	.08	.08	.08	.08	.08	.08	.08
Far West							
California	.10	.10	.10	.10	.10	.10	.10
Nevada	.20	.15	.15	.15	.10	.10	.10
Oregon	.27	.27	.19	.19	.19	.09	.09
Washington	.31	.31	.23	.23	.208	.16	.16
Alaska	.16	.16	.08	.08	.08	.08	.08
Hawaii	40% ¹	40%	40%	40%	40%	40%	40%

*Note: State tax rates are *in addition* to the federal tax of \$.16.

¹Tax is 40% of wholesale price, approximately \$.29 per pack in 1986.

²Credit granted for federal excise tax paid (\$.16 in 1986).

³Effective August 13, 1982 (\$.09 until then).

⁴Effective July 28, 1980 (\$.12 until then).

⁵Tax increased to \$.205 on September 1, 1985.

⁶Effective September 1, 1987 (\$.25 until then).

Source: ACIR staff compilations from Commerce Clearing House, *State Tax Review*.

Table 27
STATE GASOLINE TAX RATES*, IN CENTS PER GALLON
 As of July 1 of Each Year (does not include local taxes)

Region and State	1987	1986	1985	1984	1982	1980	1978
U.S. Median	\$.145	\$.13	\$.12	\$.12	\$.10	\$.09	\$.08
New England							
Connecticut	.19	.17	.16	.15	.11	.11	.11
Maine	.14	.14	.14	.14	.09	.09	.09
Massachusetts	.11	.11	.11	.11	.104	.085	.085
New Hampshire	.14	.14	.14	.14	.14	.11	.10
Rhode Island	.13	.13	.13	.13	.10	.10	.10
Vermont	.13	.13	.13	.13	.11	.09	.09
Mideast							
Delaware	.16 ⁷	.11	.11	.11	.11	.09	.11
Washington, DC	.155	.155	.155	.155	.14	.10	.10
Maryland	.185	.135	.135	.135	.11	.09	.09
New Jersey	.08	.08	.08	.08	.08	.08	.08
New York	.08	.08	.08	.08	.08	.08	.08
Pennsylvania	.12	.12	.12	.12	.11	.11	.09
Great Lakes							
Illinois	.13	.13	.13	.12	.075	.075	.075
Indiana	.14	.14	.14	.111	.111	.085	.08
Michigan	.15	.15	.15	.15	.11	.11	.09
Ohio	.147	.12	.12	.12	.117	.07	.07
Wisconsin	.20 ⁹	.175	.165	.16	.13	.09	.07
Plains							
Iowa	.16	.16	.15	.13	.13	.10	.085
Kansas	.11	.11	.11	.11	.08	.08	.08
Minnesota	.17	.17	.17	.17	.13	.11	.09
Missouri	.11	.07	.07	.07	.07	.07	.07
Nebraska	.176	.19	.164	.149	.137	.105	.095
North Dakota	.17	.13	.13	.13	.08	.08	.08
South Dakota	.13	.13	.13	.13	.13	.12	.08
Southeast							
Alabama ⁴	.11	.11	.11	.11	.11	.11 ²	.07
Arkansas	.135	.135	.135	.095	.095	.095	.085
Florida ⁵	.04	.04	.04	.04	.08	.08	.08
Georgia ¹	.075 ¹	.075 ¹	.075 ¹	.075 ¹	.075 ¹	.075 ¹	.075 ¹
Kentucky	.15	.15	.10	.10	.098	.09	.09
Louisiana	.16	.16	.16	.16	.08	.08	.08
Mississippi	.15	.09	.09	.09	.09	.09	.09
North Carolina	.155	.12	.12	.12	.12	.09	.09
South Carolina	.15	.13	.13	.13	.13	.10	.09
Tennessee	.17	.17	.12	.09	.09	.07	.07
Virginia	.175	.15	.11	.11	.11	.11	.09
West Virginia	.105	.105	.105	.105	.105	.105	.105
Southwest							
Arizona	.16	.16	.13	.13	.10	.08	.08
New Mexico	.14	.11	.11	.11	.10	.08	.07
Oklahoma	.16	.10	.10	.09	.0658	.0658	.0658
Texas	.15	.10	.10	.05	.05	.05	.05
Rocky Mountain							
Colorado	.18	.18	.12	.13	.09	.07	.07
Idaho	.145	.145	.145	.145	.125	.095	.095
Montana	.20	.17 ³	.15	.15	.09	.09	.08
Utah	.19	.14	.14	.14	.11	.09	.09
Wyoming	.08	.08	.08	.08	.08	.08	.08
Far West							
California	.09	.09	.09	.09	.07	.07	.07
Nevada	.1425	.1125	.1125	.1025	.1025	.06	.06
Oregon	.12	.11	.10	.09	.08	.08	.07
Washington	.18	.18	.18	.18	.12	.12	.11
Alaska	.08	.08	.08	.08	.08	.08	.08
Hawaii ⁶	.11	.11	.11	.085	.085	.085	.085

Note: State tax rates are in addition to federal tax of 9¢ per gallon.

¹Plus additional tax of 3% of retail sales price, less the \$.075 tax.

²Effective August 1, 1980 (\$.07 until then).

³Effective August 1, 1986 (\$.15 until then).

⁴Local tax rates range from \$.01-\$.04.

⁵Local tax rates range from \$.01-\$.06.

⁶Local tax rates range from \$.04-\$.08.

⁷Effective September 1, 1987 (.13 until then).

⁸Effective August 1, 1987.

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Review*.

Table 28
STATE ALCOHOL BEVERAGE EXCISE TAX RATES—LICENSE STATES
as of July 1987

State	Beer over 3.2%	Wine	Spirits¹	Other Taxes²
Alaska	\$.35/gal	\$.85/gal	\$5.60/gal	*
Arizona	\$.16/gal	\$.84/gal for wine 24% or less \$.25/8 oz for wine over 24%	\$3.00/gal	*
Arkansas	\$.16/gal 3.2% or less \$.24/gal 3.2% or more	\$.75/gal	\$2.50/gal	Additional \$.25/bbl for beer Additional \$.05/case for sparkling and still wines. Additional \$.20/case for liquors and cordials. Additional 12% mixed drink tax.
California	\$.04/gal	\$.01/gal for wine 14% or less \$.02/gal for wine over 14% \$.30/gal for sparkling wine \$.02/gal for sparkling hard cider	\$2.00/gal for spirits 100@ or less \$4.00/gal for spirits over 100@	*
Colorado	\$.08/gal	\$.28/gal	\$2.28/gal	*
Connecticut	\$.10/gal	\$.30/gal for wine 21% or less \$.75/gal for wine over 21% and sparkling	\$3.00/gal	*
Delaware	\$.06/gal	\$.40/gal	\$1.50/gal for spirits 25% or less \$2.25/gal for spirits over 25%	Paid by wholesaler upon receipt—"floor tax."
Washington, DC	\$.08/gal	\$.15/gal for wine 14% or less \$.33/gal for wine over 14% \$.45/gal for sparkling wines	\$1.50/gal	6% sales tax on packaged liquor. 8% sales tax for on premise consumption.
Florida	\$.48/gal	\$2.25/gal for wine under 14% and wine coolers \$3.00/gal for wine 14% and over \$3.50/gal for sparkling wine	\$2.25/gal for spirits over 1% but but less than 14% \$6.50/gal for spirits 14-48% \$9.53/gal for spirits over 48%	
Georgia	\$.045/12 oz container \$.32/gal	\$1.52/gal \$2.54/gal for dessert wines	\$3.79/gal	*
Hawaii	\$.50/gal draft \$.81/gal other than draft	\$.81/gal "cooler" beverage \$1.30/gal still wine \$2.00/gal sparkling wine	\$5.20/gal distilled spirits	.5% wholesalers' tax 4% retailers' tax
Illinois	\$.07/gal	\$.23/gal for wine 14% or less \$.60/gal for wine over 14%	\$2.00/gal	*
Indiana	\$.115/gal	\$.47/gal for wine 21% or less \$2.68/gal for wine over 21%	\$2.68/gal	Distributors allows a 1.5% discount on excise taxes due if remittance is made on time and report is accurate.

Kansas	\$.18/gal	\$.30/gal on wine 14% or less \$.75/gal on wine over 14%	\$2.50/gal *	Additional enforcement tax of 8% and gross receipts tax on clubs of 10%.
Kentucky	\$.08/gal	\$.50/gal	\$1.92/gal	Additional 9% gross receipts on wholesalers. \$.05/case on wholesalers. Ad valorem property tax on distilled spirits. Packaged liquor is exempt from sales tax. *
Louisiana	\$.32/gal	\$.11/gal for wine 14% or less \$.21 for wine 14-24% \$1.58/gal for wine over 24% and sparkling	\$2.50/gal	*
Maryland	\$.09/gal	\$.40/gal	\$1.50/gal	*
Massachusetts	\$.11/gal	\$.30/gal for 3-6% cider \$.55/gal for 3-6% still wine \$.70/gal for sparkling wine	\$1.10 for spirits 15% or less \$4.05/gal for spirits over 15%	Additional gross receipts tax on sales of packaged and on premise liquor of .5%. *
Minnesota	\$.15/gal	\$.30/gal for wine under 14% \$.95/gal for wine 14-21% \$1.82/gal for wine 21-24% \$3.52/gal for wine over 24% \$1.82/gal for sparkling wine	\$5.03/gal	Additional 2.5% tax over and above regular 6% sales tax levied on sales of packaged and on-premise liquor.
Missouri	\$.06/gal	\$.34/gal	\$2.00/gal	*
Nebraska	\$.23/gal	\$.75/gal for wine 14% or less \$1.35/gal for wine 14%	\$3.00/gal	*
Nevada	\$.09/gal	\$.40/gal for wine 14% or less \$.75/gal for wine 14-22% \$2.95/gal for wine over 22%	\$2.05/gal	A 3% excise tax refund is granted for early payment of taxes. *
New Jersey	\$.03/gal	\$.30/gal	\$2.80/gal	A 7.3% wholesale tax is used in lieu of sales tax. *
New Mexico	\$.18/gal	\$.95/gal	\$3.94/gal	Gross receipt taxes are applicable to all retail stores. *
New York	\$.055/gal	\$.12/gal for still wine \$.66/gal for sparkling wine \$.33/gal for artificially carbonated wine	\$1.00/gal for spirits 24% or less \$4.09/gal for spirits over 24%	*
North Dakota	\$.08/gal for barrel and keg beer \$.16/gal for bottled and canned beer	\$.50/gal for wine less than 17% \$.60/gal for wine 17-24% \$1.00 for sparkling wine	\$2.50/gal	Sales tax is levied at 6.5%; 1% higher than the state rate.

(continued on next page)

Table 28
STATE ALCOHOL BEVERAGE EXCISE TAX RATES— LICENSE STATES
as of July 1987

<u>State</u>	<u>Beer over 3.2%</u>	<u>Wine</u>	<u>Spirits¹</u>	<u>Other Taxes²</u>
Oklahoma	.36/gal	\$.19/liter for wine 14% or less \$.37/liter for wine over 14% \$.55/liter for sparkling wine	\$4.00/gal \$5.56/gal	Additional gross receipt tax for mixed beverages of 12% *
Rhode Island	\$.06/gal	\$.040/gal still wine	\$2.50/gal	
South Carolina	\$.77/gal	\$1.08/gal (combines excise tax and additional wine tax)	\$2.72/gal	Additional 9% liquor surtax; plus 3 separate taxes on spirits: Wholesale tax \$1.81/case. Additional wholesale tax \$.56/case. Retailers' tax \$2.99/case. A 2% discount for taxes paid is allowed for beer and wine. The current rate is undergoing legal review. As a result, this rate may change once final legal judgement is rendered *
South Dakota	\$.27/gal	\$.93/gal for wine 14% of less \$1.45/gal for wine over 14-20% \$2.07/gal for wine over 20% and sparkling	\$3.93/gal	Additional wholesale tax of 2% of purchase price on alcoholic beverages except beer. *
Tennessee	\$.125/gal	\$1.10/gal	\$4.00/gal	Additional taxes include: Enforcement tax of \$.15/case. 15% gross receipts tax on drink licenses. Beer wholesalers tax of 17%, less 3% to cover collection costs.
Texas	\$.19/gal \$.20/gal	\$.204/gal for wine 14% or less \$.408/gal for wine over 14% \$.516/gal for sparkling wine	\$2.40/gal	Additional gross receipts tax for mixed beverages of .12%. *Sales tax has applied to the sale of beer and wine since 1969.
Wisconsin	\$.06/gal	\$.25/gal for wine 14% or less \$.45/gal for wine over 14-21%	\$3.25/gal	

Note: Special tax rates for native alcoholic beverages are not included. Does not include state and local license fees. The median tax rate for beer (excluding Hawaii) is \$.129/gal. Median rates for wine and spirits are too diversified to compute a median rate. Many states levy tax rates based on barrels or liters. These have been converted to gallons to help make tax rates comparable.

¹All taxes on spirits are levied at the rates shown below for a "proof gallon." A proof gallon is defined as a gallon of liquor containing 50% of ethyl alcohol. Taxes on liquor containing more or less than 50% alcohol are prorated accordingly.

²Sales of liquor, wine, and beer are generally subject to the sales tax. Only two states exempt all liquor: Massachusetts and Vermont. Special taxes in lieu of sales tax are used in Kansas and North Carolina. Maine and Virginia exempt from liquor sales through state stores. Washington applies a special \$.155 rate and surtax on liquor and New Jersey places a 6.5% rate on liquor at the wholesale level only. Kentucky exempts off-premises sales but applies an extra wholesale level tax.

*Local tax rates are additional.

Source: ACIR staff compilation from *Public Revenues from Alcohol Beverages*, 1981-82, Distilled Spirits Council of the United States, Inc.; Commerce Clearinghouse, *State Tax Reporter, Sales Taxation: State and Local Structure and Administration*, John F. Due and John L. Mikesell, Johns Hopkins University Press, 1983.

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to preserve proper table sequence.]**

STATE ALCOHOL BEVERAGE EXCISE TAX RATES, MARKUP AND METHOD OF CONTROL¹ – CONTROL STATES
as of July 1987

<u>State</u>	<u>Beer</u>	<u>Wine</u>	<u>Spirits</u>	<u>Other Taxes</u>	<u>Methods of Control</u>
Alabama	\$1.05/gal (includes \$.52/gal local tax)	\$.45/liter table wine 30% markup Subject to 6% sales tax	48% tax 30% markup	*	Monopoly on spirits at wholesale. State also owns some retail stores. Beer and wine with an alcohol content of less than 14% are sold at wholesale by distributor.
Idaho	\$.15/gal	\$.45/gal private outlet or 80% state store markup	45% markup plus bottle charge plus additional 3% markup	15% surcharge on goods sold at state stores 5% sales tax	State-owned retail stores sell spirits and wine. Licensed retailers may sell wine and beer.
Iowa	\$.19/gal	\$1.75/gal	50% markup	None	Licensed retailers may sell beer, wine and liquor. No state-owned stores as of June 1987.
Maine	\$.35/gal	\$.60/gal still wine \$1.24/gal sparkling wine	75% markup plus \$1.25/gal	Taxes include alcoholic rehabilitation dedication	State-owned retail stores and privately owned agency stores sell all spirits and spirituous wine of over 14.5% alcohol content.
Michigan	\$.20/gal	\$.51/gal for wine 16% or less. \$.76/gal for wine over 16%	12% tax 51% markup	Additional tax of 1.85% of retail price of liquor for off-premise consumption	State-owned retail stores and private "specially designated distributors" sell spirits. Licensed retailers sell wine and beer.
Mississippi	\$.43/gal \$.47/gal (\$.45 is earmarked)	\$.35/gal for still wines \$1.00/gal for sparkling 24.5% markup	\$2.50 tax 24.5% markup	3% alcohol abuse tax 1% warehouse surcharge	State monopoly of wholesale sales of alcoholic beverages over 4% by weight
Montana	\$.14/gal	\$1.02/gal 40-60% state store markup	26% tax 40% markup		State-operated retail stores and agencies sell spirits and wine. Licensed retailers may sell table wine and beer
New Hampshire	\$.30/gal	\$.30/gal for wine coolers of 6% or less alcohol content 55-63% markup	40-46% markup		State-owned retail stores sell alcoholic beverages. Licensed retailers may sell wine under 14% and beer.
North Carolina	\$.53/gal containers of 7.75 gal or less \$.48/gal containers of 7.75 gal or more.	\$.80/gal for wine 17% or less \$.91/gal for wine over 17% Varied markup for state stores	28%	\$.01-.05/bottle alcoholic rehabilitation tax \$15.00/gal mixed beverage tax	County and city-operated liquor stores in counties allowing sale. Licensed retailers may sell wine and beer
Ohio	\$.08/gal \$.00125/oz—12 oz or less bottle or can \$.0075/6 oz—12 oz or more bottle and can	\$.26/gal for wine 14% or less \$.62/gal for wine 14-21% \$1.27/gal for sparkling wine	\$2.25/gal 42.86% markup plus 5% markup		State-owned retail or agency stores sell alcoholic beverages over 21%. Licensed retailers sell wine under 21% and beer.

Oregon	\$.085/gal	\$.67 for wine 14% or less \$.77 for wine 14-21% (above apply to private outlets and include \$.02 for wine advisory board) 99% state store markup	99% markup		State-owned retail stores sell spirits and some wine. Licensed retailers sell wine and beer.
Pennsylvania	\$.08/gal	25% markup	25% markup	6% sales tax Additional tax of 18% of net price \$.46/unit handling charge for spirits and wine.	State-owned retail stores sell spirits and wine. Licensed retailers sell beer.
Utah	\$.355/gal in private and state stores 68.5% state store markup	\$.17/gal for wine 1-14% \$.67/gal for wine 14-21% \$2.25/gal for wine 21.1-24%	\$12.50/proof gal 103% markup	6.25% sales tax. 13% additional school lunch tax	State monopoly of sales of alcoholic beverages. Licensed retailers may sell beer under 4%
Vermont	\$.265/gal	\$.55 for private outlet wine 14% or less 25% tax and 36.5% markup in state stores	25% tax 41.5% markup		State-owned retail stores sell spirits, wine over 14% and beer over 6%. Licensed retailers may sell wine 14% or less and beer 6% or less.
Virginia	\$.26/gal bulk \$.02/bottle not more 7 oz \$.03/bottle 7-12 oz \$.03/bottle plus \$.02/oz for bottles over 12 oz	\$1.52/g private and state store 50% state store markup	20% tax 41.5% markup	\$.80/case handling for wine and spirits	State-owned retail stores sell spirits and Virginia-made wines. Licensed retailers may sell wine and beer.
Washington	\$.09/gal private outlet 70% state store markup	\$.83/gal private and state stores 50% state store markup	\$7.42/gal 17.1% sales tax 46% markup	5.9-8.1% state-local sales tax on all beer and wine sales.	Private retailers may sell only wine and beer. State may sell all beverages.
West Virginia	\$.18/gal	\$1.00/gal private outlet or 75% markup plus bottle tax at state store	55% specialty items 81% distilled spirits	10% sales tax	State-owned retail stores sell spirits and wine. Licensed retailers may sell wine 14% or less and beer.
Wyoming	\$.19/gal	\$.28/gal private outlet 17.6% markup	\$.94/gal	\$.17/case handling \$2.75/case freight out for wine and spirits *	State monopoly at wholesale level.

*Local government taxes are additional.

¹In 18 control states, retail or wholesale sales of spirits are mainly performed by state-owned outlets. In 16 of these states, off-premise retail sales are made by state-owned stores or agencies. In two states, wholesale sales are a state monopoly with sales at retail conducted by private outlets. Revenues in control states are derived from markups that yield profits for state governments. In addition to state profits, excise, sales, and other taxes also contribute revenues.

Source: ACIR staff compilation from *Public Revenues from Alcohol Beverages, 1986-87*, Distilled Spirits Council of the United States, Inc.; unpublished compilation from the *Wine Institute*, San Francisco; Commerce Clearinghouse, *State Tax Reporter, Sales Taxation: State and Local Structure and Administration*, John F. Due and John L. Mikesell, Johns Hopkins University Press, 1983.

**AVERAGE EFFECTIVE PROPERTY TAX RATES,
EXISTING SINGLE FAMILY HOMES WITH FHA INSURED MORTGAGES,
BY STATE AND REGION, SELECTED YEARS 1977-86¹**

State and Region	Effective Property Tax Rate, 1986	[High = 1; Low = 50] ² Rank	Percentage of Full Market Value								
			1985	1984	1983	1982	1981	1977	1971	1966	1958
U.S. Totals	1.16%		1.21%	1.23%	1.31%	1.26%	1.26%	1.67%	1.98%	1.70%	1.34%
New England											
Connecticut	1.46	12	1.64	1.68	1.60	n.a.	1.53	2.17	2.38	2.01	1.44
Maine	1.21	20	1.28	1.31	1.52	1.52	1.42	1.65	2.43	2.17	1.50
Massachusetts	1.08	27	1.33	1.57	1.85	n.a.	2.43	3.50	3.13	2.76	2.21
New Hampshire	1.55	10	1.87	2.02	2.23	2.39	n.a.	n.a.	3.14	2.38	1.81
Rhode Island	1.49	11	2.08	n.a.	2.01	n.a.	n.a.	n.a.	2.21	1.96	1.67
Vermont	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.53	2.27	1.63
Mideast											
Delaware	0.73	43	0.65	0.71	0.76	0.75	0.79	0.88	1.26	1.14	0.71
Washington, DC	1.17	21	1.19	1.14	1.17	1.15	1.22	n.a.	1.80	1.37	1.08
Maryland	1.30	18	1.30	1.26	1.38	1.37	1.25	1.69	2.24	2.05	1.47
New Jersey	2.33	1	2.47	2.62	2.54	2.55	2.53	3.31	3.01	2.57	1.77
New York	2.22	6	2.38	2.80	2.66	2.57	2.75	2.89	2.72	2.40	2.09
Pennsylvania	1.37	16	1.41	1.53	1.71	1.63	1.50	1.85	2.16	1.88	1.50
Great Lakes											
Illinois	1.59	9	1.57	1.63	1.72	1.59	1.47	1.90	2.15	1.96	1.35
Indiana	1.28	19	1.27	1.22	1.23	1.19	1.13	1.66	1.96	1.64	0.84
Michigan	2.26	5	2.27	2.78	2.68	2.68	2.74	2.63	2.02	1.81	1.45
Ohio	1.08	26	1.11	1.03	1.15	1.15	1.07	1.26	1.47	1.44	1.07
Wisconsin	2.27	3	1.99	2.00	1.90	2.01	1.75	2.22	3.01	2.31	1.82
Plains											
Iowa	1.96	8	1.96	1.63	1.67	1.64	1.75	1.76	2.63	2.12	1.34
Kansas	1.06	29	1.16	1.11	1.00	0.97	0.93	1.37	2.17	1.96	1.65
Minnesota	1.03	31	1.04	0.99	0.85	0.77	0.79	1.39	2.05	2.14	1.57
Missouri	0.89	38	0.98	1.02	1.09	1.17	0.95	1.59	1.79	1.64	1.12
Nebraska	2.21	7	2.29	2.11	2.12	2.23	2.31	2.48	3.15	2.67	1.90
North Dakota	1.37	15	1.26	1.25	1.26	1.10	1.01	1.26	2.08	1.81	1.54
South Dakota	2.31	2	1.96	1.63	1.75	1.77	1.69	1.79	2.71	2.64	2.01
Southeast											
Alabama	0.39	49	0.37	0.41	0.42	0.41	0.38	0.74	0.85	0.66	0.56
Arkansas	1.09	25	1.29	1.35	1.29	1.42	1.42	1.49	1.14	1.09	0.86
Florida	0.89	39	0.81	0.79	0.92	1.03	0.92	1.13	1.41	1.09	0.76
Georgia	0.90	36	1.00	1.08	1.16	1.21	1.21	1.27	1.44	1.30	0.84
Kentucky	1.10	22	n.a.	0.95	1.02	1.11	1.14	1.25	1.27	1.03	0.93
Louisiana	0.25	50	0.22	0.16	0.14	0.15	0.28	0.61	0.56	0.43	0.52
Mississippi	0.77	42	0.81	0.77	0.82	0.76	0.86	1.10	0.96	0.93	0.66
North Carolina	n.a.	33	n.a.	1.01	0.96	0.97	1.07	1.35	1.58	1.31	0.90
South Carolina	0.70	44	0.77	0.81	0.85	0.92	0.84	0.82	0.94	0.60	0.48
Tennessee	1.04	30	1.14	0.97	1.17	1.24	1.42	1.40	1.53	1.37	0.97
Virginia	1.42	14	1.07	1.00	1.28	1.44	1.39	1.21	1.32	1.13	0.90
West Virginia	0.88	40	n.a.	n.a.	0.68	n.a.	0.37	n.a.	0.69	0.71	0.56
Southwest											
Arizona	0.68	45	0.65	0.71	0.71	0.56	0.74	1.72	1.65	2.41	2.14
New Mexico	1.01	32	0.76	0.76	0.90	0.93	1.14	1.65	1.70	1.30	0.93
Oklahoma	0.90	37	0.95	0.95	0.89	0.74	0.82	0.95	1.35	1.11	0.86
Texas	1.44	13	1.36	1.32	1.36	1.40	1.68	1.84	1.91	1.62	1.36
Rocky Mountain											
Colorado	1.09	24	0.97	0.98	0.95	1.01	1.01	1.80	2.45	2.20	1.72
Idaho	0.91	35	0.81	1.01	1.02	1.04	0.94	1.46	1.72	1.23	1.14
Montana	1.32	17	1.28	1.14	1.17	1.14	1.08	1.31	2.19	1.70	1.32
Utah	0.93	34	0.96	0.87	0.97	0.92	1.03	1.03	1.49	1.52	1.05
Wyoming	0.57	47	n.a.	n.a.	0.45	0.48	0.47	0.87	1.38	1.34	1.17
Far West											
California	1.06	28	1.08	1.02	1.05	1.03	1.04	2.21	2.48	2.03	1.50
Nevada	0.61	46	0.60	0.63	0.68	0.77	1.13	1.71	1.48	1.47	1.06
Oregon	2.26	4	n.a.	2.22	2.27	2.06	1.56	2.25	2.33	1.98	1.55
Washington	1.10	23	1.14	1.01	1.03	1.01	0.95	1.75	1.62	1.14	0.92
Alaska	0.82	41	0.75	n.a.	n.a.	n.a.	n.a.	n.a.	1.61	1.42	1.12
Hawaii	0.51	48	0.51	0.51	0.60	n.a.	0.36	n.a.	0.92	0.81	0.62

Note: These effective rates are for existing FHA insured mortgages only, which represent varying percentages (by state) of total single-family homes. The United States average tax rate for 1986 (1.16) indicates that, on average, the property tax on a home with a market value of \$100,000 would be \$1,160.

n.a.—Data not available.

¹Effective tax rate is the percentage that tax liability is of the market value of the house.

²In cases where 1986 data were not available for a particular state, rankings were based on data for the most recent year for which data were available.

Source: Computed by ACIR staff from data contained in U.S. Department of Housing and Urban Development, Housing-FHA, Management Information Systems Division, Single Family Insured Branch, *Data for States and Selected Areas on Characteristics of FHA Operations Under Section 203(b)*, various years.

TYPES OF STATE DEATH TAXES, JULY 1, 1987

Type of Tax	Number	States
"Pick-Up" Tax Only	25	Alabama, Alaska, Arizona, Arkansas, California, Colorado, Washington, DC, Florida, Georgia, Hawaii, Illinois, Maine, Minnesota, Missouri, Nevada (applies only to resident decedents), New Mexico, North Dakota, Oregon, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wyoming.
Estate and "Pick-Up" Tax	7	Massachusetts, Mississippi, New York, Ohio, Oklahoma, Rhode Island (estate tax being phased out by 1/1/91), South Carolina.
Inheritance and "Pick-Up" Tax	19	Connecticut, Delaware, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan, Montana, Nebraska, New Hampshire, New Jersey, North Carolina, Pennsylvania, South Dakota, Tennessee, Wisconsin (inheritance tax being phased out by 1/1/93).
States with Added Gift Tax	7	Delaware, Louisiana, New York, North Carolina, South Carolina (repealed effective 1/1/92), Tennessee, Wisconsin.

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Reporter*, July 1987, and survey of state revenue officials (summer 1987).

General Description of Death, Gift and Inheritance Taxes

State governments as well as the federal government have estate and gift taxes. Estate taxes and gift taxes are, in most respects, the same tax; the major way that the taxes are distinguished from each other is the time at which the particular tax is paid. The significant difference is that gift taxes are paid on transfers (greater than \$10,000 in a single year, \$20,000 for a joint gift) made *while the donor is alive*; estate taxes are paid *after the donor's death*. Estate taxes are levied on the entire amount of a decedent's estate (less legal and accounting expenses incurred in settling the estate). Gift taxes are levied on the donor; gift taxes paid during the donor's lifetime are credited (dollar-for-dollar) against any estate taxes that may be due at the time of the death of the donor.

State inheritance taxes are paid by the recipient of a bequest and are based on [1] the amount of the bequest and [2] the recipient's relationship to the decedent (generally, the closer the familial relationship, the lower the tax rate). The federal government does not have an inheritance tax although several of the states do.

Interaction of Federal and State Taxes

In order to understand state estate and gift taxes, one must first understand the workings of the federal estate and gift tax laws. Very briefly, no federal estate taxes are due if the total estate is less than \$600,000. Rates from 37% to 50% apply to the amounts in excess of \$600,000 (amounts exceeding \$600,000 but less than \$750,000 are taxed at the 37% rate; amounts in excess of \$3 million are taxed at 55%). Gift taxes (less an annual exemption amount of \$10,000 for each recipient) are based on the estate tax rate schedule; the total amount of gifts given in a lifetime is subtracted from the \$600,000 exemption granted for the estate tax. In short, gift taxes would be due when a donor's lifetime gifts exceed \$600,000; when such a donor dies, the \$600,000 exemption does *not* apply to the estate tax because it has been "used up" by the provisions of the gift tax.*

The federal tax code permits the decedent's estate to recapture a dollar-for-dollar tax credit for *state* estate taxes paid up to certain amounts based on the total size of the estate (the so-called "pick-up" tax—see table below). All states have *at least* this "pick-up" tax; the federal government only receives tax amounts in excess of the "pick-up" tax. (In short, the state "pick-up" tax costs the decedent's estate nothing—if a state did not have a "pick up" tax, the same amount of money would flow to the federal treasury rather than the state treasury. For a list of the "pick-up" tax states, see previous page.)

Seven states have estate taxes that exceed the amount of the "pick-up" tax (see *Table 31* above).

Unlike the aforementioned seven states, 19 states tax the amount of the *bequest* (i.e., the inheritance) received by various relatives and other beneficiaries of the decedent rather than taxing the entire estate as a whole (see *Table 31* above).

In seven states, gift taxes apply to transfers occurring while the donor is alive. Like the federal gift tax, this tax could be generally viewed as an advanced payment of either the state estate tax or the inheritance tax (less any annual exemption amounts and less the lifetime exemption amounts of the state estate tax).

The Federal State Estate Tax Credit

[The So-Called State "Pick-Up" Tax]

Adjusted Taxable Estate	Federal Credit	Rate on Excess	Adjusted Taxable Estate	Federal Credit	Rate on Excess
\$ 40,000	\$ 0	0.8%	\$ 2,540,000	\$ 146,800	8.8%
90,000	400	1.6	3,040,000	190,800	9.6
140,000	1,200	2.4	3,540,000	238,800	10.4
240,000	3,600	3.2	4,040,000	290,800	11.2
440,000	10,000	4.0	5,040,000	402,800	12.0
640,000	18,000	4.8	6,040,000	522,800	12.8
840,000	27,600	5.6	7,040,000	650,800	13.6
1,040,000	38,800	6.4	8,040,000	786,800	14.4
1,540,000	70,800	7.2	9,040,000	930,800	15.2
2,040,000	106,800	8.0	10,040,000	1,082,800	16.0

*This is a greatly simplified—but generally accurate—explanation of the federal estate and gift tax and reflects the *net effect* of the unified credit and state tax credits.

STATE ESTATE TAX RATES AND EXEMPTIONS, JULY 1, 1987

State	Taxable Estate over but not over	Rate in Percent	Considerations
Massachusetts			
	0 50,000	5.00	if estate:
	50,000 100,000	7.00	< = \$200,000 there is no tax liability
	100,000 200,000	9.00	> \$200,000 there is a credit of either the lesser of:
	200,000 400,000	10.00	Massachusetts estate tax liability or \$1,500
	400,000 600,000	11.00	if estate is held jointly between spouses:
	600,000 800,000	12.00	50% of half of the property is taxable to the surviving spouse.
	800,000 1,000,000	13.00	
	1,000,000 2,000,000	14.00	
	2,000,000 4,000,000	15.00	
	4,000,000 4,000,000	16.00	
Mississippi			
	0 60,000	1.00	exemption of \$175,625 effective 1982
	60,000 100,000	1.60	Deductions:
	100,000 200,000	2.40	\$20,000 of life insurance paid to named beneficiaries
	200,000 400,000	3.20	widow and dependents' support granted by the Chancery Court.
	400,000 600,000	4.00	
	600,000 800,000	4.80	
	800,000 1,000,000	5.60	
	1,000,000 1,500,000	6.40	
	1,500,000 2,000,000	7.20	
	2,000,000 2,500,000	8.00	
	2,500,000 3,000,000	8.80	
	3,000,000 3,500,000	9.60	
	3,500,000 4,000,000	10.40	
	4,000,000 5,000,000	11.20	
	5,000,000 6,000,000	12.00	
	6,000,000 7,000,000	12.80	
	7,000,000 8,000,000	13.60	
	8,000,000 9,000,000	14.40	
	9,000,000 10,000,000	15.20	
	10,000,000 10,000,000	16.00	
New York			
	0 50,000	2.00	New York follows Federal guidelines for deductions including unlimited
	50,000 150,000	3.00	marital deductions as of 1/1/84
	150,000 300,000	4.00	Credits:
	300,000 500,000	5.00	if tax < = \$2,750, credit equals full amount of tax
	500,000 700,000	6.00	\$2,750 < tax < \$5,000 credit = \$5,500-tax
	700,000 900,000	7.00	> \$5,000; credit = \$500
	900,000 1,100,000	8.00	No tax liability for estates of \$108,333.33 or less
	1,100,000 1,600,000	9.00	
	1,600,000 2,100,000	10.00	
	2,100,000 2,600,000	11.00	
	2,600,000 3,100,000	12.00	
	3,100,000 3,600,000	13.00	
	3,600,000 4,100,000	14.00	
	4,100,000 5,100,000	15.00	
	5,100,000 6,100,000	16.00	
	6,100,000 7,100,000	17.00	
	7,100,000 8,100,000	18.00	
	8,100,000 9,100,000	19.00	
	9,100,000 10,100,000	20.00	
	10,100,000 10,100,000	21.00	
Ohio			
	0 40,000	2.0	Tax credit of the lesser of \$500 or the amount of the tax.
	40,000 100,000	3.0	(No tax liability for estates < \$25,000 because of this credit.)
	100,000 200,000	4.0	Gross estate includes gifts made within three years of the death.
	200,000 300,000	5.0	Marital deduction is the lesser of:
	300,000 500,000	6.0	(a) the federal marital deduction or
	500,000 500,000	7.0	(b) \$500,000 or the 1/2 adjusted gross estate.

(continued on next page)

STATE ESTATE TAX RATES AND EXEMPTIONS, JULY 1, 1987

State	Taxable Estate over but not over	Rate in Percent	Class. A	Class B	Considerations
Oklahoma					
	0	10,000	.5	1.0	Class A = Parent, child (step, adopted), and other lineal descendants Class B = all others
	10,000	20,000	1.0	2.0	
	20,000	40,000	1.5	3.0	Property passing to the spouse is exempt.
	40,000	60,000	2.0	4.0	A total exemption of \$175,000 may be divided among lineal heirs.
	60,000	100,000	2.5	5.0	Gifts made within three years are included in the estate.
	100,000	250,000	3.0	6.0	If estate does not exceed \$100 it is exempt.
	250,000	500,000	6.5	13.0	
	500,000	750,000	7.0	14.0	
	750,000	1,000,000	7.5	14.0	
	1,000,000	3,000,000	8.0	15.0	
	3,000,000	5,000,000	8.5	15.0	
	5,000,000	10,000,000	9.0	15.0	
		10,000,000	10.0	15.0	
Rhode Island					
	0	25,000	2.0		Spouse exemption = \$175,000
	25,000	50,000	3.0		Orphan child exemption \$50,000 x number of years (age of child from 21).
	50,000	100,000	4.0		Deduction of \$25,000
	100,000	250,000	5.0		Civil and military services annuity payments are exempt.
	250,000	500,000	6.0		Gifts made within two years of death are included in the estate.
	500,000	750,000	7.0		
	750,000	1,000,000	8.0		
		1,000,000	9.0		
					Phase out of estate tax: (Federal Credit or Rhode Island tax whichever is greater.)
					deaths occurring during:
					1987 pay 80% of tax
					1988 60%
					1989 40%
					1990 20%
					after 1990 estates are subject to a pick-up tax only.
					The intention of the additional tax is to pick up the federal credit.
		additional tax			
	250,000	3,000,000	1.40		
	300,000	5,000,000	2.20		
	500,000	7,000,000	3.00		
	700,000	900,000	3.80		
	900,000	1,000,000	4.60		
	1,000,000	1,500,000	5.24		
	1,500,000	2,000,000	6.04		
	2,000,000	2,500,000	6.84		
	250,000	3,000,000	7.64		
	3,000,000	3,500,000	8.44		
	3,500,000	4,000,000	9.24		
	4,000,000	5,000,000	10.12		
	5,000,000	6,000,000	10.92		
	6,000,000	7,000,000	11.72		
	7,000,000	8,000,000	12.52		
	8,000,000	9,000,000	13.32		
	9,000,000	10,000,000	14.12		
		10,000,000	14.92		
South Carolina					
	0	40,000	6		Deductions and exemptions are the same as the federal code.
	40,000	100,000	7		In addition there are the following exemptions:
		100,000	8		until 6/30/88 \$120,000
					7/1/88-6/30/89 140,000
					7/1/89-6/30/90 170,000
					7/1/90-6/30/91 320,000
					After 7/1/91 estates are subject to a pick-up tax only. Effective 5/6/87 an additional estate tax will be imposed on qualified heirs, who within ten years, dispose of inherited property to nonfamily member or who cease to use the property for its eligible uses. Credit for tax paid if heir dies and passes it on: 3-4 years 80%, 5-6 years 60%, 7-8 years 40%, and 9-10 years 20%. Credit for gift tax paid.

STATE INHERITANCE TAX RATES AND EXEMPTIONS, JULY 1987

State	Value of Share before Exemption Applied		Rates According to Class (in percent)					Conditions
	over	but not over	A	B	C	D	E	
Connecticut								
	\$0	\$1,000						
	1,000	6,000					11.44	
	6,000	25,000			5.72		11.44	
	25,000	50,000			7.15		12.87	
	50,000	150,000		4.29	7.15		12.87	
	150,000	250,000		5.72	8.58		14.30	
	250,000	300,000		7.15	10.01		15.73	
	300,000	400,000	2.15	7.15	10.01		15.73	
	400,000	600,000	2.86	8.58	11.44		17.16	
	600,000	1,000,000	3.58	10.01	12.87		18.59	
	1,000,000		4.29	11.44	14.30		20.02	
<p>Exemption applies as an aggregate sum for each class. Class A = spouse; A* rates are effective 7/1/87-6/30/88; beginning 7/1/88 spouse is exempt Class B = (grand)parent, descendant, (natural or adoptive) Class C = spouse or widow(er) of child who has not remarried, stepchild, sibling, descendant of sibling Class D = any others</p> <p>*If a spouse inherited \$1,500,000 on 1/1/88, the tax would be \$34,640 [the sum of (.0215 x 100,000) + (.0286 x 200,000) + (.0358 x 400,000) + (.0429 x 500,000)].</p>								
Delaware								
	0	1,000						
	1,000	5,000					10	
	5,000	25,000			5		10	
	25,000	50,000		2	6		12	
	50,000	70,000		3	7		14	
	70,000	75,000	2	3	7		14	
	75,000	100,000	2	4	7		14	
	100,000	150,000	3	5	8		16	
	150,000	200,000	3	5	9		16	
	200,000		4	6	10		16	
<p>Class A = spouse Class B = lineal descendant and parents Class C = any other relative within 5 degrees consanguinity Class D = any one else Deductions are based on Federal Code</p>								
Nebraska								
	0	5,000	1	6	6			
	5,000	10,000	1	6	9			
	10,000	20,000	1	6	12			
	20,000	50,000	1	6	15			
	50,000	60,000	1	6	18			
	60,000		1	9	18			
<p>Class A = parent, spouse, child, sibling, spouse or widow(er) of child, lineal descendant, anyone, who for 5 continuous years lived with the decedent Class B = uncle, aunt, their descendants, spouses of descendants Class C = all others Exemptions: Class A = \$10,000 Class B = \$2,000 Class C = \$500 Family maintenance allowance Homestead allowance Tax is paid to and administered by county</p>								
Idaho								
	\$0	\$25,000	2	4	6		8	
	25,000	50,000	4	6	9		14	
	50,000	100,000	6	8	12		20	
	100,000	200,000	8	12	15		30	
	200,000	500,000	10	16	20		30	
	500,000		15	20	25		30	
<p>Class A = spouse, lineal descendant, lineal ancestor Class B = sibling, their descendant, spouse or widow(er) of child Class C = uncle, aunt or their descendants Class D = all others Exemptions: all property passing to spouse; minor child of decedent = \$50,000; others in class A = \$30,000; property that had been transferred not more than 4 years prior to death, which then is transferred to a class A recipient; classes B, C & D = \$10,000; an additional exemption in the amount that when added to the above exemptions, will equal the Federal unified credit equivalent in addition to any marital transfer.</p>								

STATE INHERITANCE TAX RATES AND EXEMPTIONS, JULY 1987

State	Value of Share before Exemption Applied		Rates According to Class (in percent)					Conditions
	over	but not over	A	B	C	D	E	
Louisiana								
	0	5,000	2	5	5			Class A = spouse, direct descendant Class B = collateral relation, (includes sibling by marriage) Class C = all others Exemptions: Class A = \$25,000 Class B = \$1,000 Class C = \$500
	5,000	20,000	2	5	10			
	20,000		3	7	10			
Maryland			1	10				Class A = (grand)parent, spouse, child, lineal descendant, step child or parent Class B = all others* All real property bequeathed to spouse is exempt; \$100,000 of other property If transfer is < \$150, no tax is due *the aggregate sum of \$2,000, which was held in joint savings account passing to the spouse of a lineal descendent is taxed at 1%; any amount in excess of \$2,000 is taxed at 10%
	Tax on executors commission is the greater of: (a) 1% of the first \$20,000 of the estate plus 2% of the balance or (b) 10% of the total commission allowed The limit on commission is as follows: (a) for estate not over \$20,000—10% (b) for estate over \$20,000—\$2,000 plus 4% of the excess over \$20,000							
Michigan								Class A = (grand)parent, spouse, child, sibling, spouse of child Class B = all others No tax due if share of estate is less than or equal to \$100 Exemptions: spouse = \$65,000; an additional \$5,000 is exempt for widows with minor children. if transfer qualifies for marital deduction under federal estate tax, the transfer is exempt. other Class A = \$10,000 Counties collect an additional 5% of the state tax paid
	0	50,000	2	12				
	50,000	250,000	4	14				
	250,000	500,000	7	14				
	500,000	750,000	8	17				
	750,000		10	17				
Montana								Class A = spouse, child, lineal descendants, ancestor Class B = siblings, their descendants, spouse of child Class C = uncle, aunt, 1st cousin Class D = all others Exemptions: property passing to spouse and lineal descendant lineal ancestor = \$7,000 Class B = \$1,000 insurance proceeds up to \$50,000
	0	25,000	2	4	6	8		
	25,000	50,000	4	8	12	16		
	50,000	100,000	6	12	18	24		
	100,000		8	16	24	32		
New Hampshire								There is a 15% tax rate for those not exempt. Those exempt include: spouse, lineal ascendants, lineal descendants, their spouses, legal guardians, step children, their spouses and lineal descendants. There is a credit for taxes paid on prior transfers between siblings if sibling died within two years 100%; 3-4 80%; 5-6 60%; 7-8 40%; 9-10 20%. Real property for nonresidents is taxed at same rate Personal property is taxed at a flat 2%, no deductions or exemptions allowed

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Table 33 (cont.)

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STATE INHERITANCE TAX RATES AND EXEMPTIONS, JULY 1987

State	Value of Share before Exemption Applied		Rates According to Class (in percent)					Conditions
	over	but not over	A	B	C	D	E	
New Jersey								
	0	250,000	0		11	15		
	250,000	300,000	6		11	15		
	300,000	500,000	7		11	15		
	500,000	700,000	8		11	15		
	700,000	900,000	9		11	16		
	900,000	1,100,000	10		11	16		
	1,100,000	1,400,000	11		13	16		
	1,400,000	1,700,000	12		14	16		
	1,700,000	2,200,000	13		16	16		
	2,200,000	2,700,000	14		16	16		
	2,700,000	3,200,000	15		16	16		
	3,200,000		16		16	16		
<p>Class A = (grand)parents, child, issue of any child or legally adopted child of a decedent, mutually acknowledged child and stepchild</p> <p>Class C = brother or sister of decedent, wife or widow of decedent's son, or husband or widower of a daughter.</p> <p>Class D = all others.</p> <p>Class A: after 7/1/88 there is no tax.</p> <p>Class C: after 7/1/88 \$25,000-\$1,100,000 = 11%</p> <p>Class B eliminated effective July 1, 1963</p> <p>If share is < \$500 there is no tax due</p> <p>Life insurance proceeds payable to a named beneficiary are not included in estate.</p> <p>Spouse is exempt</p>								
North Carolina								
	0	5,000	1	4	8			
	5,000	10,000	1	5	8			
	10,000	25,000	2	6	9			
	25,000	50,000	3	7	10			
	50,000	100,000	4	8	11			
	100,000	200,000	5	10	12			
	200,000	250,000	6	10	12			
	250,000	500,000	6	11	13			
	500,000	1,000,000	7	12	14			
	1,000,000	1,500,000	8	13	15			
	1,500,000	2,000,000	9	14	16			
	2,000,000	2,500,000	10	15	16			
	2,500,000	3,000,000	11	15	17			
	3,000,000	12	16	17				
<p>Class A = lineal ancestor, descendant, adopted or stepchild, spouse of child if the child is not entitled to any beneficial interest</p> <p>Class B = sibling, their descendant, uncle, aunt</p> <p>Class C = all others</p> <p>Spouse is exempt</p> <p>Total credits due Class A if decedent dies on or after:</p> <p>1/1/87-\$14,150</p> <p>1/1/88-\$20,150</p> <p>1/1/89-\$26,150</p> <p>total credit divided among Class A cannot exceed total credit amount</p> <p>Priority given:</p> <p>1) minors, children 18 or over who are single and unable to support themselves due to being mentally or physically incapacitated</p> <p>2) others</p>								
Pennsylvania								
	0		6	15				
<p>Class A = (grand)parent, spouse, lineal descendant, spouse or widow(er) of child</p> <p>Class B = all others</p> <p>Exemptions:</p> <p>gift of < \$3,000 per year</p> <p>proceeds from insurance</p> <p>property held jointly with spouse</p> <p>employment benefits</p> <p>family exemption of \$2,000</p>								
South Dakota								
	0	15,000	1.5	3	4	5	6	
	15,000	50,000	3.75	7.5	10	12.5	15	
	50,000	100,000	6	12	16	20	24	
	100,000		7.5	15	20	25	30	
<p>Class A = lineal issue, adopted child, loco parentis</p> <p>Class B = lineal ancestor and (sibling who for at least 10 of 15 years operated business or farm with decedent)</p> <p>Class C = Sibling, their descendant, spouse or widow(er) of child</p> <p>Class D = uncle, aunt, their descendant</p> <p>Class E = any others</p> <p>Exemptions:</p> <p>spouse, child, lineal issue, adopted child = \$30,000</p> <p>lineal ancestor = \$3,000</p> <p>Class C = \$500</p> <p>Class D = \$200</p> <p>Class E = \$100</p>								

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STATE INHERITANCE TAX RATES AND EXEMPTIONS, JULY 1987

State	Value of Share before Exemption Applied		Rates According to Class (in percent)					Conditions
	over	but not over	A	B	C	D	E	
Tennessee				B(1)*	B(2)**			
	0	40,000	5.5	5.5	5.5			Class A = spouse, child, lineal ancestor, descendant, siblings, spouse of children
	40,000	200,000	6.5	7.5	6.5			Class B = all others
	200,000	240,000	6.5	9	6.5			credit for gift tax paid for gifts made within three years of death
	240,000	30,000	7.5	9	7.5			Exemptions:
	300,000	440,000	7.5	11	7.5			the spouse
	440,000		9.5	13	9.5			Class A = \$600,000 beginning 1987
								Class B = 1987 \$150,000
								1988 \$250,000
								1989 \$350,000
								1990 \$600,000
								marital deduction = unlimited
Wisconsin								
	0	25,000	2.5	5	7.5	10		Class A = lineal ancestor, issue, spouse of child, adopted child
	25,000	50,000	5	10	15	20		Class B = Sibling, their descendant
	50,000	100,000	7.5	15	20	20		Class C = uncle, aunt, their descendant,
	100,000	500,000	10	15	20	20		Class D = any others
	500,000		12.5	15	20	20		Exemptions:
								the spouse is totally exempt
								Class A = \$50,000
								Class B = 1,000
								Class C = 1,000
								Class D = 500
								government retirement plans
								First 10,000 of tangible personal property, household furniture, appliances; except money

*B(1) = the rates for 1987-88

**By 1989 rates for Classes A & B will be the same.

The inheritance tax is being phased out according to the following schedule:

for deaths in 1988	tax reduced 20%
1989	40%
1990	60%
1991	80%
1992	100%

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Reporter*, July 1987, and survey of state revenue officials (summer 1987).

STATE GIFT TAX RATES AND EXEMPTIONS, JULY 1987

State	Taxable Gift		Rate (in percent)	Considerations	
	over	but not over			
Delaware					
	\$0	\$25,000	1	\$10,000 per donee per year is excluded from taxation. Gifts given to spouse are exempt.	
	25,000	50,000	2		
	50,000	75,000	3		
	75,000	100,000	4		
	100,000	200,000	5		
	200,000		6		
Louisiana					
	0	15,000	2	\$10,000 per donee per year is excluded from taxation. In addition, a \$30,000 lifetime exclusion is allowed for the donor. Gifts made by either spouse to a third party may be considered as being made one-half by each spouse. Gift tax paid may be credited against inheritance tax due.	
	15,000		3		
New York					
	see estate tax rates on previous table			\$10,000 per donee per year is excluded from taxation. Unlimited marital deductions only applies to gifts given after September 30, 1983. Credits: if tentative tax 1) < or = \$2,750, credit = full amount of tax; 2) \$2,750 < tax < 5,000, credit = \$5,500 - tax; 3) > \$5,000, credit = \$500.	
North Carolina					
	0	5,000	1		Class A = lineal issue, lineal ancestor, adopted child or stepchild Class B = siblings, their descendants, uncle, aunt Class C = all others \$10,000 per donee per year is excluded from taxation. Exclusion does not apply to gifts of future interest in property. In addition, a \$100,000 lifetime exemption is allowed to the donor for gifts made to donees of class A. Gifts to spouse are exempt. When a gift is made by either spouse to a third party, the donor may claim both the donor's annual exclusion and the spouse's annual exclusion provided both spouses consent and both spouses are residents of North Carolina when the gift is made.
	5,000	10,000	1		
	10,000	25,000	2		
	25,000	50,000	3		
	50,000	100,000	4		
	100,000	200,000	5		
	200,000	250,000	6		
	250,000	500,000	6		
	500,000	1,000,000	7		
	1,000,000	1,500,000	8		
	1,500,000	2,000,000	9		
	2,000,000	2,500,000	10		
	2,500,000	3,000,000	11		
	3,000,000		12		
South Carolina*					
	0	40,000	6	\$10,000 per donee per year is excluded. In addition, a \$60,000 exclusion is allowed (on gifts made on or after 1/1/79). Unlimited marital deductions (with a few restrictions).	
	40,000	100,000	7		
	100,000		8		
*This law has been repealed, effective 1/1/92.					
Tennessee					
	0	40,000	5.5	Class A = spouse, child, step child, lineal ancestor, desc siblings, spouse of child Class B = all others Gifts made by either spouse to a third party may be considered as being made one-half by each spouse. One-half of gift made to spouse is exempt. \$10,000 going to each donee of class A is exempt.	
	40,000	50,000	6.5		
	50,000	100,000	6.5		
	100,000	150,000	6.5		
	150,000	200,000	6.5		
	200,000	240,000	6.5		
	240,000	440,000	7.5		
	440,000		9.5		
Wisconsin*					
	see inheritance tax rates			\$10,000 per donee per year is excluded from taxation. Gifts made to spouse are completely exempt. One time exemption of \$50,000 is allowed to gifts going to class A. No exemptions for the other classes. For gifts given in 1988 the tax rate is reduced by 20%	
	*This law is scheduled to be repealed, effective 1/1/92			1989 40%	
				1990 60%	
				1991 80%	
				1992 100%	

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Reporter*, July 1987, and a survey of state revenue officials (summer 1987).

Table 35
STATES WITH TRANSFER TAXES, JULY 1987

State	Basis of Tax for Deed Transfer Tax		Rates	
	Total Sales Price	Sales Price Exclusive of Mortgage or Other Liens	Deed Transfer Tax	Mortgage Tax
Alabama*		Yes	0.100%	0.150%
Arizona	—	—	\$2.00 flat fee	
Arkansas	Yes		0.220	
California*		Yes		
Colorado	Yes ¹		0.010	
Connecticut*	Yes		0.560	
Delaware*	Yes ¹		2.000	
Washington, DC*	Yes		1.000	1.000
Florida*	Yes		0.550	0.150
Georgia		Yes ²	0.100	0.300
Hawaii	Yes ²		0.050	
Illinois*	Yes ²		0.050	
Iowa		Yes ¹	0.110	
Kansas	—	—	0.250	
Kentucky	Yes		0.100	
Maine	Yes		0.220	
Maryland*	Yes		0.330	0.110
Massachusetts		Yes ²	0.228	
Michigan*	Yes ²		0.110	
Minnesota		Yes	0.330	0.230
Nebraska	Yes		0.150	
Nevada		Yes ²	0.110	
New Hampshire*	Yes		0.700	
New Jersey*	Yes ²		0.350	
New York*		Yes ²	0.400	
North Carolina*		Yes	0.100*	
Ohio*	—	—	0.450	
Oklahoma*		Yes ²	0.150	0.100
Pennsylvania*	Yes		1.000	
Rhode Island*	Yes ²		0.220	
South Carolina*	—	Yes	0.220	0.040
South Dakota	Yes		0.100	
Tennessee		Yes	0.280	0.100
Vermont*	Yes		0.500	
Virginia*	Yes	Yes ²	0.250*	
Washington*	Yes ²		1.340*	
West Virginia*	Yes		0.220	
Wisconsin	Yes ²		0.300	

*See notes on following pages

¹Transfers under \$500 are exempt

²Transfers under \$100 are exempt (for VA this only applies to the grantor's tax).

Sources: ACIR staff compilation from Commerce Clearing House, *State Tax Reporter*, July 1987, and survey of state departments of revenue (summer 1987).

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NOTES TO PROPERTY TRANSFER TAXES, JULY 1987**General**

Information: Deed Transfer taxes are generally paid by the seller, however, if the seller fails to pay, the buyer is liable for the tax. Mortgage taxes are paid by the buyer on the amount borrowed.

† Taxes are listed as a percentage of the tax base even though statutory rates are sometimes listed as cents/\$100 or cents/mills.

Alabama Alabama does not have a stock transfer fee; however, there is a recordation tax and a privilege or license tax on the registration of securities. The rate of the tax is \$.25 per \$100 of par value or principal amount for the recording of the securities. This rate also applies to the filing and recording of lists of securities.

California Counties have the authorization to impose a .11% documentary transfer tax. Chartered cities, such as Berkeley, Oakland, Piedmont, Santa Clara, San Jose, Campbell and others, impose an additional tax. The county of Los Angeles' documentary tax is \$1.10 per \$1,000 of the value. Culver City and Redondo Beach tax is \$2.20 per \$1,000. San Francisco City/County documentary tax is \$5.00 per \$1,000 of the value.

Connecticut Farm and Forest Land Conveyance Tax is an additional tax levied on the sale of land classified for property tax purposes as open space land that is sold within ten years of classification. Also, if land classified as farm or forest land is sold within ten years from acquisition or classification, whichever is earlier, it, too, is subject to the conveyance tax. The tax rates are as follows and are applied to the sales price or, if the classification of the land is changed but there is no sale, to the fair market value:

Year of sale or classification change after ownership or acquisition	Tax rate
within first year	10%
within second year	9
within third year	8
within fourth year	7
within fifth year	6
within sixth year	5
within seventh year	4
within eighth year	3
within ninth year	2
within tenth year	1

Delaware There is an additional tax imposed by the cities of Wilmington, Newark, New Castle, Newport and Delaware City, at the rate of 1%.

Washington, DC The mortgage tax is known as the recordation tax on deeds.

Florida Until October 1, 1993 counties are authorized to levy an additional tax on documents at a rate not to exceed .45%. The county tax is levied on the same items as the state tax, except it is not levied on any document which involves a single family residence.

Illinois Counties are authorized to impose a real estate transfer tax at the rate of .05% of the full consideration. Chicago imposes a transfer tax at the rate of .5% of the transfer price.

Maryland Counties also impose additional deed transfer taxes. The following counties impose an additional transfer tax: Anne Arundel 1%, Baltimore City 1.5%, Baltimore County 1.6%, Cecil \$3.00 (flat fee), Howard 1%, Kent .5%, Montgomery 1% (the rate varies depending on situation), Prince George's 1%.

Counties and local municipalities may impose an additional recordation tax. The rate of tax varies between the counties; the range is from .33% to .70%; for example, Anne Arundel .7%, Baltimore

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NOTES TO PROPERTY TRANSFER TAXES, JULY 1987

- Maryland (cont.)** City .5%, Baltimore County .5%, Frederick .66%, Howard .44%, Montgomery .44%, Prince George's .44%.
There is also an agricultural land transfer tax of 5% of actual consideration paid (less full cash value of any improvements) when the land being transferred is a parcel of 20 acres or more; 4% when the land is a parcel of less than 20 acres and is assessed on the basis of its agricultural use or on the basis of unimproved land; and 3% when land being transferred is a parcel of less than 20 acres and is assessed as improved land or land with site improvements. The rate is reduced further by 25% for each consecutive full tax year in which real property taxes were paid on the basis of a nonagricultural use assessment.
- Michigan** The \$.55 per \$500 rate increases to \$.75 per \$500 for counties with population of 2 million or more.
- New Hampshire** The buyer and the seller each pay \$.35 per \$100 of the full consideration, the total tax being \$.70 per \$100 (minimum tax \$14.00 from buyer and seller).
- New Jersey** The rate of .35% is on the first \$150,000; the rate on the excess of \$150,000 of the consideration is .5%. There is a reduction in the tax rate when the transfer involves the sale of low or moderate income housing. The tax rate is reduced by .25%, therefore, the new tax rate for transfers involving low or moderate income housing is .10%. The following sales are also subject to this reduction: the sale of any one or two family residential owned and occupied by a senior citizen, blind or disabled person who is the seller in such transaction. Transfers of title to real property upon which there is new construction are exempted from payment of \$1.00 for each \$500 of the consideration or fraction not in excess of \$150,000.
- New York** New York City, in addition to the state tax, imposes a mortgage recording tax of .5% with respect to real property securing a principal debt or obligation of less than \$500,000. The tax on mortgages secured on one, two or three-family houses, individual cooperative apartments and individual residential condominium units, securing a principal debt or obligation of \$500,000 or more is .625%. The tax on mortgages secured on all other real property is 1.25%. The Mortgage recording tax is a state tax that is administered by localities. The procedures given back to localities are; .50 per \$100 to the locality; .25 per \$100 to the State Mortgage Association; .25 per \$100 in those areas that have a transportation district.
New York City imposes a realty transfer tax on each deed when the consideration exceeds \$25,000. The tax is imposed at the following rates: 1% of the consideration where the real property is a one, two or three— family house, an individual cooperative apartment, an individual residential condominium unit or an individual dwelling unit in a dwelling that is to be occupied or is occupied as the residence or home of four or more families living in independently of each other, or where the consideration for the transfer is less than \$500,000; and 2% of the consideration with respect to all other transfers.
The Real Property Gains Tax is imposed on the gain from the transfer of real property within the state at a rate of 10%. It does not apply if the consideration is less than \$1 million.
- North Carolina** Authorizes an excise stamp tax on transfers of real estate at the rate of \$.50 of each \$500, or fraction thereof, of the consideration excluding the value of any lien on the property at the time of sale. The levy is administered by county governments in accordance with procedures established by the state. Proceeds of the excise stamp tax are retained by the county and deposited in its general fund.
- Ohio** Counties may levy a realty transfer tax on each deed with a rate not to exceed .3%. There is an additional tax of .1% imposed by counties; however, there are exemptions to this second tax; the following are just a sample: (1) to or from government bodies; (2) releasing or securing a debt or obligation; (3) confirming or correcting a previously recorded deed; (4) between spouses or parent and child; (5) certain transfers to heirs.

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NOTES TO PROPERTY TRANSFER TAXES, JULY 1987

Oklahoma The Real Estate Mortgage Tax, for each \$100 and remaining fraction thereof, the rates increase with the time of the mortgage as follows:

mortgage 5 years or more	.10%
mortgage 4 to 5 years	.08
mortgage 3 to 4 years	.06
mortgage 2 to 3 years	.04
mortgage of 2 years or less	.02

If mortgage is less than \$100 a tax of \$.10 is levied.

Pennsylvania Local municipalities may impose an additional 1% tax on a deed transfer. The responsibility of paying the taxes is customarily shared equally by the buyer and the seller.

South Carolina Counties may impose an additional \$1.10 per \$1,000 deed transfer tax. As of July 1, 1987, the Documentary Stamp Tax is repealed on notes or mortgages.

Vermont The Capital Gains Tax on Land is based on the gain and the years held; the rates are as follows:

Land held by transferor	gain (rounded to the next highest percent)		
	0-90%	100-199%	200% & over
less than four months	60%	70.0%	80%
eight months	35	52.5	70
one year	30	45.0	60
two years	25	37.5	50
three years	20	30.0	40
four years	15	22.5	30
five years	10	15.0	20
six years	5	7.5	10

Virginia The Deed Transfer Tax is actually a recordation tax, consisting of two separate taxes: the grantor's tax which is imposed on the grantor of a deed conveying real estate at \$.50 per \$500 of the consideration less any amount of any lien or debt remaining, and the recordation tax of \$.15 per \$100, or fraction thereof, of consideration or actual value which is imposed on the recordation of a deed, deed of trust, lease or other contract relating to real estate.

The recordation tax decreases as follows:

1st \$10 million	.15%
2nd \$10 million	.12
3rd \$10 million	.9
4th \$10 million	.6
5th \$10 million	.3

In addition to the state Realty Transfer Tax the following cities and counties impose a tax equal to 1/3 of the state tax:

Cities (with population of 50,000 or more)	Counties with population of 100,000 or more)
Alexandria	Portsmouth
Chesapeake	Richmond
Hampton	Roanoke
Lynchburg	Suffolk
Newport News	Virginia Beach
Norfolk	Arlington
	Chesterfield
	Fairfax
	Henrico
	Prince William

Washington There is an excise tax of 1.34% of the total selling price, to be paid by the seller; a local county and city tax not to exceed .25% of the selling price excluding the value of any liens and encumbrances, also paid by the seller. The local rate in King County (Seattle) is .25%. A state surtax of .06% will be repealed July 1, 1989.

West Virginia There is an additional county excise tax on transfers of property at a rate of .11%.

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Table 36
AUTOMOBILE TAXES AND FEES, JULY 1987

State	Registration Fee	Other Fees	Certificate of Title	Operator's License	Property Tax	Sales Tax State	on Purchase Local	Inspection Fee
Alabama	Auto	\$23		\$4	\$15 (4yrs)	.65%	1.5%	county .1% to 1.5%* city .125% to 2%*
	Motorcycle	\$15		Transfer \$3	Original \$20			
Alaska	Auto	\$35	Local annual fees range from \$2 to \$60*	\$5	\$10 (5 yrs)	Exempt	—	Average is \$30 Division Service charge is \$1 \$7.06 annually*
	Motorcycle Vans and Trucks	\$20 \$40					range 1% to 6%*	
Arizona	Auto	\$8	Annual License Tax*	\$4	\$7 (4 years)	Exempt	5%	range 1% to 3%*
	Motorcycle	\$9						
Arkansas	Auto			\$5.50*	\$6 (2years)	Local*	4%	county 1%* city .5% to 1%*
	3,000 lbs or less	\$17						
	3,001-4,500 lbs	\$25						
	more than 4,500 lbs	\$30						
California	Motorcycle:							No annual fee*
	250 cm3 or less	\$3.25						
California	Auto	\$23	out-of-state \$10	No Fee	\$10 (4 years)	License Fee in lieu of property tax	4.75%	County .25%, .75% or 1.25%* City 1%*
	Motorcycle	\$25	Annual License Fee 2%*					
Colorado	Auto		Annual Specific Ownership Tax*	\$5.50	\$6.50 (4 years)	Exempt	3%	County .25% to 4%* City 1% to 4%*
	2,000 lbs or less	\$9						
	4,500 or less	\$9 +	\$2.20 additional fee for vehicle requiring emission inspection					
	more than 4,500	\$14 +						
Connecticut	Motorcycle	\$6	out-of-state \$7	\$11	\$31 (4 years)	Local*	7.5%*	—
	biennial registration beginning 7/1/88	\$62		7/1/89 \$16				
Connecticut	beginning 7/1/92	\$70		7/1/91 \$20				\$11* 7/1/89 \$16 7/1/91 \$20 7/1/93 \$25
	motorcycle beginning 10/1/87	\$10		7/1/93 \$25				
		\$30		Transfer \$10				
Delaware	auto	\$20	Motor Vehicle Document Fee*	\$4	\$12.50 (5 years)	Exempt	No Tax	No annual fee
	motorcycle	\$10						
Washington, DC	auto		Title Issuance excise tax*	\$10	\$15 (4 years)	Exempt		Titling Issuance excise tax is in lieu of sales tax
	less than 3,500 lbs	\$45						
	more than 3,500 lbs	\$78						
Florida	motorcycle	\$21						\$5 annually
	auto		Additional miscellaneous fees of \$5.15 (each year)*	\$7.25	\$4 (4 years)	Exempt	5%	
Florida	less than 2,500 lbs	\$14.60					—	None
	2,501-3,500 lbs	\$22.60						
Georgia	more than 3,500 lbs	\$32.60						None
	motorcycle	\$12.60						
Georgia	auto	\$8		\$5	\$4.50 (4 years)	Local*	3%*	1%*
	motorcycle	\$8		Transfer \$6*				
Hawaii	auto state fee	\$10	Annual Vehicle Weight Tax*	\$3	county fees	Exempt	4%	—
	motorcycle state fee	\$10		duplicate	Over 25 \$8.50 Age 16-25 \$5.50			
Idaho	autos 8000 lbs or less		Additional fees	\$3	\$13.50 (3 years)	Exempt	5%	—
	1-2 years	\$36.48	\$3.95 (each year)*					

	3-4 years	\$33.48							
	5-6 years	\$26.28							
	7-8 years	\$22.68							
	over 8 years	\$16.08							
	motorcycle	\$6.48							
Illinois	auto	\$48	\$200 vehicle	\$3	\$10 (4 years)	Exempt	5%*	.25% to 2%	None
	motorcycle	\$30	replacement tax on						
			a total loss claim						
			in lieu of sales tax						
Indiana	auto	\$12.75	Annual Vehicle	\$5	\$6 (4 years)	Excise tax is	5%	—	
	motorcycle	\$12.75	Excise Tax*			in lieu of			
			Annual County Surtax*			property tax			
Iowa	auto, based on weight and age*		Annual Motor	\$10	\$16 (4 years)	Motor Vehicle	4%	1%*	None
	motorcycle	\$20	Vehicle Fee*			Fee is in lieu of			
						property tax			
Kansas	auto		Additional	\$3.50	\$6-13 (4 years)	Exempt	4%*	County .5% or 1%*	VIN verification*
	3000 lbs or less	\$13	\$2 fee	Transfer				City .5% or 1%*	Safety Inspections \$10
	3001-4000 lbs	\$16.25	(each year)	\$1.50					
	4001-4500 lbs	\$19.50							
	more than 4500 lbs	\$26							
	motorcycle	\$10							
Kentucky	auto	\$12.50		\$6	\$8 (4 years)	State and	5%*		\$3*
	(9 pass or less)					local*			
	motorcycle	\$5							
Louisiana	auto	\$3		\$18.50	\$12.50 (5 years)	Exempt	*	Parish 1% to 5%*	\$6.50 annually
	motorcycle	\$3		Transfer	motorcycle \$13			City .5% to 2.5%*	
				\$3	(4 years)				
Maine	auto	\$20	Annual Excise Tax*	\$10	\$18 (4 years)	Excise Tax is	5%*	—	\$5 annually
	motorcycle	\$17				in lieu of			
						property tax			
Maryland	auto		Excise Tax*	\$1	\$6 (4 years)	Exempt		Excise Tax is in	\$2 upon transfer
	3,700 lbs or less	\$27			Original \$20			lieu of sales tax	of ownership
	more than 3700 lbs	\$40.50							
	motorcycle	\$18.50							
Massachusetts	auto	\$12	Annual	\$15	class 1 \$35	Motor Vehicle	5%	—	Annual \$10
	motorcycle	\$15	Motor Vehicle		class 2 \$30	Excise Tax is			
			Excise Tax*		class 3 \$25	in lieu of			
					(valid for 4 yrs)	property tax			
Michigan	auto			\$2	\$6 (4 years)	Exempt	4%	—	Emissions \$10
	the first registration fee is:*				original \$7.50				annually*
	list price	fee							
	\$0 to \$6,000	\$30							
	\$6,001 to \$7,000	\$33							
	\$7,001 to \$8,000	\$38							
	\$8,001 to \$9,000	\$43							
	\$9,001 to \$10,000	\$48							
	For vehicles over \$10,000 the registration								
	fee is \$48 plus \$5 for each additional \$1,000								
	in value over \$10,000; in short, the fee is								
	based on 0.5% of the list price of the vehicle.								
	motorcycle								

(continued on next page)

Table 36 (cont.)
AUTOMOBILE TAXES AND FEES, JULY 1987

State	Registration Fee	Other Fees	Certificate of Title	Operator's License	Property Tax	Sales Tax State	on Purchase Local	Inspection Fee
Minnesota	regular tax = \$10 + 1.25% of a base value equaling a percentage of manufacturers suggested retail price 1st year base value 100% 2nd 90 3rd 75 4th 60 5th 45 6th 35 7th 30 8th 20 9th 15 10th 10 11th & succeeding motorcycle \$25 \$10	Excise Tax 6% (at time of purchase)	\$2	\$15 (4 years)	Registered motor vehicles are exempt	Excise Tax is in lieu of sales tax		None
Mississippi	auto \$15 motorcycle \$8	Annual Ad Valorem Tax*	\$4	\$13 (4 Years)	See Note*	3%	—	None
Missouri	registration fees are based horsepower: 72 and more \$51 motorcycle \$8.50		\$7.50	\$7.50 (3 years)	Local*	4.225%	Combined county and local .375% to 3%*	\$4.50 annual safety \$4.50 annually emissions*
Montana	auto 2,850 or less \$8 More than 2,850 \$13 motorcycles \$5		\$3 \$5 eff. 1/88	\$12 (4 years)	*	1.5%	—	None
Nebraska	auto 10 passengers or less \$15 more than 10 \$30 motorcycle \$4.50	Additional fees \$2.50 (each year)	\$6	\$10 (4 years)	Local*	4%	City .5% to 1.5%*	None
Nevada	auto \$15 motorcycle \$15	Annual Priviledge Tax* Highway Patrol Fee \$5	\$10	\$5	Priviledge Tax is in lieu of property tax	2%	4%*	annual emissions inspection in Clarke and Washoe, fees vary*
New Hampshire	auto 0 to 3,000 lbs \$16.80 3,001-5,000 lbs \$28.80 5,001-8,000 lbs \$40.80 8,001-73,280 lbs \$.74/100 lbs motorcycle \$12	Annual Municipal Fee*	\$7 Transfer \$10	\$20 (4 years)	Municipal Fee is in lieu of property tax		No Sales Tax	Local*
New Jersey	auto model year 1980 weight and thereafter* 3,500 lbs or less \$25 more than 3,500 lbs \$50 motorcycle \$10		\$7	\$16 (4 years) motorcycle \$24 plus additional \$1.50 for photo	Exempt	6%*	—	\$2.50 annually, fee added to registration fee
New Mexico	auto 2,000 lbs or less \$20 (after 5 years) \$16 2,001 lbs to 3,000 lbs \$29 (after 5 years) \$23	Excise Tax 3% Annual miscellaneous fees \$2.30*	\$3 (Vehicle transaction fee)		Exempt		Excise Tax is in lieu of sales tax	None

	more than 3,000 lbs	\$42							
	(after 5 years)	\$34							
	motorcycle	\$11							
New York	auto		\$2.50	\$17.50 (4 years)	Exempt	4%*	County 0% to 4%* City 0% to 4.25%*	Safety Inspection fee: \$8 annually	
	3,500 lbs or less	\$.75/100 lbs						Emissions Inspection fee additional \$7	
	more than 3,500 lbs	\$262.50 + \$1.25/100 lbs over 3,500 lbs						(only in 9 downstate counties)	
	motorcycle	\$10						\$4.25 to \$10 annually	
North Carolina	15 passengers or less	\$20	\$5	\$15 (4 years)	Local*	2%*			
	more than 15	\$23	Transfer \$4						
	motorcycle	\$9							
North Dakota	auto, based on weight and age*		Additional fee \$3 (each year)	\$5	\$10 (4 years)	No property tax	Excise Tax is in lieu of sales tax	None	
	motorcycle*	\$15	Excise Tax 5% (5.5% 7/1/87-6/30/89)						
Ohio	auto	\$20	Additional fee	\$4.25	\$6 (4 years)	Exempt	5%*	County .5% or 1%*	Emissions \$5 annually
	motorcycle	\$10	\$1.50 (each year)						
Oklahoma	auto*	\$15	Additional Fee	\$11	\$14 (4 years)	Exempt	Excise Tax is in lieu of sales tax	\$5 annually	
	motorcycle	\$15	\$1 (each year) Excise Tax*		original \$18				
Oregon	auto biennial	\$20	Local licensing fee (annual)*	\$9	\$15 (4 years)	Exempt	No sales tax	\$4*	
	motorcycle biennial	\$6			original \$25				
Pennsylvania	auto	\$24		\$15	\$20 (4 years)	Exempt	—	\$14 annually*	
	motorcycle	\$12			\$7 motorcycle				
Rhode Island	auto		Annual Excise Tax*	\$5	\$20 (5 years)	Excise tax is in lieu of property tax	6%	—	\$4 annually
	2,500 lbs or less	\$10			\$8 original				
	2,501 lbs to 3,000 lbs	\$11							
	3,001 lbs to 3,500 lbs	\$12							
	3,501 lbs to 4,000 lbs	\$14							
	4,001 lbs to 4,500 lbs	\$17							
	4,501 lbs to 5,000 lbs	\$20							
	5,001 lbs to 5,500 lbs	\$24							
	5,501 lbs to 6,000 lbs	\$28							
	more than 6,000 lbs	\$33							
	motorcycle	\$13							
South Carolina	auto	\$12		\$5	\$10 (4 years)	Exempt	5%	—	\$3 annually
	motorcycle	\$5							
South Dakota	auto		Excise Tax 3% County Wheel Tax*	\$3	\$6 (4 years)	Exempt	Excise tax is in lieu of sales tax	None	
	2,000 lbs or less	\$20	\$25 fee for reassignment of serial number.						
	2,001 lbs to 4,000 lbs	\$30	Motorcycle safety fee \$1.50						
	4,001 lbs to 6,000 lbs	\$40							
	motorcycle with piston displacement less than 350 cm3	\$7.50							
	350 cm3 or more	\$10							
Tennessee	auto	\$18.75	Wheel Tax*	\$3	\$13 (4 years)	Exempt	5.5%	County .75% to 2.25%*	None
	motorcycle	\$9.75							
Texas	auto, based on weight and age*			\$10	\$16 (4 years)	Exempt	4.125%	City 1%*	\$7.75 annual (includes emission)
	motorcycle	\$31.05		Transfer \$5.50					

(continued on next page)

Table 36 (cont.)

AUTOMOBILE TAXES AND FEES, JULY 1987

State		Registration Fee	Other Fees	Certificate of Title	Operator's License	Property Tax	Sales Tax State	on Purchase Local	Inspection Fee
Utah	auto motorcycle	\$10 \$7.50	Driver Automobile Tax \$2	\$2 Transfer \$2	\$10 (4 years)	Local*	6%	County .875% to 1.125%*	
Vermont	auto motorcycle	\$36 \$11.25		\$5 \$8.50 with lien holder	\$16 (4 years) \$10 test	Exempt	4%	—	15 days after purchase
Virginia	auto 4,000 lbs or less more than 4,000 lbs motorcycle (incl. surcharge)	\$23 \$28 \$21	Additional fee \$2 Uninsured vehicles \$300 fee	\$10	\$12 (5 years)	Local*	3%	—	\$6 annually
Washington	auto* original renewal motorcycle	\$23.10 \$19.10	Excise tax 2.354%* Additional 7% tax (taxes paid annually)	\$3	\$14 (4 year)	Excise Tax is in lieu of property tax	6.5%*	County .5% to 1.6%*	\$10
West Virginia	auto 3,000 lbs or less 3,001 lbs to 4,000 lbs more than 4,000 lbs motorcycle	\$25 \$30 \$36 \$8	Titling Tax 5% Additional Fee \$.50 (each year)	\$5	\$10 (4 years)	Exempt		Titling Tax is in lieu of sales tax	\$7.50 annually
Wisconsin	auto motorcycle	\$25 \$7		\$5 replacement \$8	\$9 (4 years)	Exempt	5%*	County .5%*	None
Wyoming	auto state fee motorcycle state fee	\$15 \$5	Annual County Tax*	\$3	\$5 (4 years)	See Note*	3%	County 3% to 5%*	None

*See notes on the following pages for further information and clarification.

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Reporter*, July 1987, and a survey of state departments of motor vehicles (summer 1987).

(continued on next page)

NOTES TO AUTOMOBILE TAXES AND FEES, JULY 1987

General Information:		The registration fees are based on a yearly (12-month period) registration unless otherwise stated. Certificate of title fee is for the original title; transfer refers to the transfer of the title.
Alabama	Sales Tax	County taxes range from 0.1% to 1.5%; for example: Madison 0.5%, Montgomery 0.20%. The two largest counties, Jefferson and Mobile do not have a county sales tax. City taxes range from 0.125% to 2%; for example: Dothan 0.5%, Montgomery 0.5%. The two largest, Birmingham and Mobile, do not have a city sales tax.
Alaska	Other Fees	Determined by age of vehicle
		1980
		1987-88 1986 1985 1984 1983 1982 1981 or older
	Auto/Van/Pickup	\$60 \$50 \$40 \$30 \$20 \$15 \$10 \$5
	Motorcycle	\$8 \$7 \$6 \$5 \$4 \$3 \$2 \$2
	Property Tax	Local property taxes range from 0.27% to 1.357%; for example, Anchorage 0.752%, Fairbanks 1.125%. Municipalities may impose vehicle registration taxes in lieu of use or property taxes on vehicles subject to state license fees.
	Sales Tax	City sales taxes range from 1% to 6%; for example, Fairbanks 3%, Kenai 3%, Anchorage, the largest city, does not impose the tax.
Arizona	Other Fees	License tax is 4% of the assessed value of car. During the first 12 months of the car life the assessed value is 60% of the manufacturer's base retail price; each year thereafter, the assessed value is 25% less than the preceeding year.
	Sales Tax	City sales taxes range from 1% to 3%; for example, Phoenix 1.2%, Tucson 2%. All cities having a population of 50,000 or more impose a sales tax.
	Inspection Fee	Applicable only to automobile owners who live in Phoenix and Tucson metro areas.
Arkansas	Title Certificate	\$4 title application fee plus \$.50 if vehicle is financed and \$1 for title.
	Property Tax	Local property taxes range from 2.31% to 4.56%; for example, Little Rock 4.56%, Fort Smith 4.555%.
	Sales Tax	Counties may impose a 1% sales tax, both Pulaski and Washington levy the tax. City sales taxes range from 0.5% to 1%, for example, Fort Smith 1%, Pine Bluff 1%. Little Rock does not impose a city sales tax.
California	Other Fee	There is a license fee of 2% of market value of vehicle which is in lieu of other ad valorem taxes, including the property tax.
	Sales Tax	The tax is levied when a vehicle is sold at retail by a dealer. Use tax (same rates) is assessed when a sale is between individuals, or when a vehicle is purchased and brought into the state within 90 days. The rate of county sales taxes are 0.25%, 0.75% or 1.25%. Information on individual county tax rates is not available. The city tax rate is 1%.
	Inspection Fee	There is no inspection fee; however, vehicle air pollution control equipment inspection and certification is required upon initial registration and when transferred. Vehicles garaged in metropolitan areas also require biennial certification.
Colorado	Other Fees	Annual specific ownership tax based on factory list price, or if not available, 75% of retail delivered price, exclusive of sales taxes; for vehicles sold on or after 10/9/81, the tax is based on 75% of the manufacturer's suggested retail price exclusive of the federal excise tax, transportation or shipping costs, preparation and delivery costs.

Year	Rate
1st	2.10%
2nd	1.50%
3rd	1.20%
4th	.90%
5-9th	.45% or \$10 whichever is greater
10th +	\$10.00

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NOTES TO AUTOMOBILE TAXES AND FEES, JULY 1987

Colorado (cont.)	Sales Tax	County sales taxes range from 0.25% to 4%; for example, Jefferson 0.5%. City sales taxes range from 1-4%; for example, Colorado Springs 2.5%.
Connecticut	Property Tax	Local property taxes levied at 70% of assessed valuation; valuation is based on the State Valuation Book. Mill rates vary from community to community.
	Sales Tax	Motor vehicles sold but not registered in Connecticut for use outside the state are exempt. Tax rate based on 70% of manufacturer's sales price.
	Inspection Fee	Inspections are required on automobiles ten years or older which are changing ownership or on out of state vehicles registered in Connecticut for the first time.
Delaware	Other Fees	Motor vehicle document fee is imposed on the sale, transfer or registration of any new or used motor vehicle or motorcycle. The fee is computed as follows: if price is < \$400.00, the fee is \$8.00, if price is \$400.00 to \$500, the fee is \$10.00, if price is > \$500, the fee is \$10.00 + \$2.00 for every additional \$100 or fraction of the price (e.g. the fee on a \$10,000 automobile would be \$200.00).
Washington, DC	Other Fees	*Title issuance excise tax is based on the fair market value of vehicle; for automobiles less than 3,500 lbs the rate is 6%; for automobiles 3,500 lbs or more the rate is 7%.
Florida	Registration Fee	The following are the increased rates as of Oct. 1, 1987: auto < 2,500 lbs \$14.60 auto 2,500-3,500 lbs \$22.60 auto > 3,500 lbs \$32.60 motorcycle \$12.60
	Other Fees	The additional fees are as follows: \$2.50 service charge for plates, \$0.50 computer service fee, \$1.15 postage fee, \$0.50 treatment of plates, \$0.50 air pollution fee. Every 5 years an additional fee of \$3.00 is charged for replacement of plates.
Georgia	Property Taxes	The ad valorem tax on motor vehicles is collected at the same time tags are purchased. Tax is computed by applying a mill rate to the assessed value (40% of fair market value) of the vehicle. A tax rate of 1 mill represents a tax liability of \$1 per \$1,000 of assessed value. The average county and municipal mill rate in 1986 was approximately 32 mills.
	Sales Tax	State tax: motor vehicles sold to nonresidents for immediate transportation to, and use in another state in which such vehicles are required to be registered are exempt. Localities which impose the tax: Chatham, Dougherty, Fulton, Gwinnett counties..
Hawaii	Other Fees	Annual vehicle weight tax paid to county in which vehicle is registered: Vehicles 4,000 lbs or less \$0.50/100 lb 4,001-7,000 lbs \$0.55/100 lb 7,001-10,000 lbs \$0.60/100 lb over 10,000 lbs \$65.00
Idaho	Other Fees	The additional fees are as follows: \$1.70 per plate each time plates are issued, \$1.50 administrative fee, \$0.75 medical fee.
Illinois	Sales Tax	Motor vehicles sold and used in Illinois by nonresidents, and not titled in Illinois, are exempt if a driveaway permit is issued for the vehicle.

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NOTES TO AUTOMOBILE TAXES AND FEES, JULY 1987

Indiana	Other Fees	Vehicle excise tax:										
			Year of Manufacture									
		Value	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th and older
		up to \$1,499	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12
		1,500-2,249	36	30	27	24	18	12	12	12	12	12
		2,250-2,999	60	51	42	33	24	18	12	12	12	12
		3,000-3,999	96	84	72	60	48	36	24	18	12	12
		4,000-5,499	132	114	96	78	66	54	42	24	12	12
		5,500-6,999	168	147	126	104	82	63	49	30	18	12
		7,000-8,499	206	184	154	127	101	74	60	40	21	12
		8,500-9,999	246	220	186	156	128	98	75	54	34	12
		10,000-12,499	300	268	230	196	164	130	104	80	40	12
		12,500-14,999	344	298	260	224	191	157	129	106	50	12
		15,000-17,999	413	358	312	269	229	188	155	127	62	21
		18,000-21,999	500	434	378	326	278	228	188	129	62	26
22,000-24,999	600	520	450	367	300	242	192	129	62	30		
25,000-29,999	700	607	529	456	389	319	263	181	87	36		
30,000-34,999	812	705	614	513	420	338	268	181	87	42		
35,000-42,499	938	814	709	611	521	428	353	258	125	49		
over 42,500	1,063	922	795	693	591	483	383	258	125	55		
		County surtax cannot be less than 2% nor more than 10% of state excise tax rate. County rates are: Allen 5%, Vanderburgh 2%, Dubois, Fountain, Gibson, Howard, Marion, Monroe, Parke, Perry, Posey, Rush and Warrick 10%.										
Iowa	Registration Fee	Motor vehicle fee 1% of value as fixed by the department plus \$.40 for each 100 lbs or fraction thereof of weight of vehicle as fixed by the department. After motor vehicle is more than five model years old, that part of the fee based on the value shall be: 75% of the rate as fixed when new; after six model years 50%; after eight model years 10%										
	Sales Tax	Counties imposing the sales tax are: Linn, Polk, Story and Woodbury.										
Kansas	Sales Tax	State sales tax is not imposed on motor vehicles sold and delivered in Kansas to a nonresident which will not be registered or based in Kansas and will not remain in Kansas more than ten days. Counties imposing a sales tax are: Johnson 0.5%, Sedgwick 1%, Wyandotte 1%. Cities imposing a sales tax are as: Kansas City 1%, Lawrence 0.5%, Overland Park 1%, Topeka 1%.										
Kentucky	Sales Tax	There is a 5% use tax imposed on 90% of the manufacturer's suggested retail price to be paid at the first registration.										
	Inspection Fee	Motor vehicles titled for the first time are subject to a vehicle identification number inspection. Vehicles handled by Kentucky dealers are exempt.										
Louisiana	Sales Tax	State: purchases of motor vehicles are exempt from the basic sales tax, however, they are subject to an additional tax of 1%. Parish taxes range from 1% to 5%; for example, Caddo 1.5%, Calcasieu 2.5%, Jefferson 4%, Lafayette 2%, Ouachita 2%, Rapides 2.5%, St. Tammany 4%. City taxes range from 0.5% to 2.5%; for example, Alexandria 1%, Bossier City 1.5%, Lafayette City 2%, Lake Charles 2%, Monroe 2.5%, Shreveport 2%.										
Maine	Other Fees	Excise Tax is based on the maker's list price, the rates are as follows:										
		First or current year	2.40%									
		Second	1.75%									
		Third	1.35%									
		Fourth	1.00%									
		Fifth	0.65%									
		Sixth and succeeding years	0.40%									
Sales Tax	Motor vehicles purchased by nonresidents to be taken out of the state immediately are exempt from sales tax.											
Maryland	Other Fees	A 5% excise tax is collected when a vehicle is titled. An excise tax credit is applied if applicant has not been a Maryland resident for more than 30 days and has paid a sales or excise tax in another state.										

NOTES TO AUTOMOBILE TAXES AND FEES, JULY 1987

Massachusetts	Other Fees	The motor vehicle excise tax is collected locally, based on \$25/\$1,000 of the car's value. The rate is imposed on the following percentage of the manufacturer's list price: <table border="0" style="margin-left: 40px;"> <tr> <td>year preceeding the designated year of manufacture</td> <td style="text-align: right;">50%</td> </tr> <tr> <td>year of manufacture</td> <td style="text-align: right;">90%</td> </tr> <tr> <td>second year</td> <td style="text-align: right;">60%</td> </tr> <tr> <td>third year</td> <td style="text-align: right;">40%</td> </tr> <tr> <td>fourth year</td> <td style="text-align: right;">25%</td> </tr> <tr> <td>fifth and succeeding</td> <td style="text-align: right;">10%</td> </tr> </table>	year preceeding the designated year of manufacture	50%	year of manufacture	90%	second year	60%	third year	40%	fourth year	25%	fifth and succeeding	10%
year preceeding the designated year of manufacture	50%													
year of manufacture	90%													
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third year	40%													
fourth year	25%													
fifth and succeeding	10%													
Michigan	Registration Fee	The second and consecutive years registration fees are 90% of the previous year's fee. The reduction in the fee ends after the fourth registration year.												
	Inspection Fee	Only Wayne, Oakland and Macomb counties impose the emissions inspection fee.												
Mississippi	Other Fees	Counties and municipalities collect an ad valorem tax each year. Those rates were not readily available.												
Missouri	Property Tax	Combined state and county property taxes range from 3.42% to 6.13%; for example, Springfield 5.08%, St. Joseph 4.22%, St. Louis 3.92%. Beginning 1/1/88, the assessed value of the vehicle is 88.3% of the average trade in value as reported in the January issue of the NADA <i>Official Used Car Guide</i> . City and town property taxes ranging from 0.217% to 1.85%; for example, Springfield 0.7%, St. Joseph 1.73%, St. Louis 1.68%; are in addition to the state and county taxes.												
	Sales Tax	County and city combined rates range from 0.375% to 3%: for example, Columbia 2.25%, St. Joseph 2.125%, Springfield 1.5%, Independence 1.5%, Kansas City 2%.												
	Inspection Fee	Vehicles registered in St. Louis City and certain counties are subject to an emissions inspection fee.												
Montana	Property Tax	The fee for an automobile having a rated capacity of 3/4 of a ton or less is 2% of the average trade-in value to a minimum of \$500; motorcycles \$250. There is also an optional vehicle tax up to 0.5% which may be assessed by each county.												
Nebraska	Property Tax	Valuation is at state level, and assessment and taxation is at the local level. The property taxes range from 2.208% to 3.666%; for example Lincoln 2.3593%, Omaha 2.54869%.												
	Sales Tax	City sales taxes range from 0.5% to 1.5%; for example, Lincoln 1.5%, Omaha 1.5%.												
Nevada	Other Fees	The privilege tax is figured by multiplying the manufacturer's suggested retail price (less additions) by 35% multiplied by a depreciation figure multiplied by a 4% tax rate.												
	Inspection Fee	No set fee. In Clarke \$18 and in Washoe \$19.												
New Hampshire	Other Fees	Municipal fee is based on the maker's list price: <table border="0" style="margin-left: 40px;"> <tr> <td>current calendar year</td> <td style="text-align: right;">1.8%</td> </tr> <tr> <td>1st preceeding year</td> <td style="text-align: right;">1.5%</td> </tr> <tr> <td>2nd preceeding year</td> <td style="text-align: right;">1.2%</td> </tr> <tr> <td>3rd preceeding year</td> <td style="text-align: right;">0.9%</td> </tr> <tr> <td>4th preceeding year</td> <td style="text-align: right;">0.6%</td> </tr> <tr> <td>5th preceeding year and prior</td> <td style="text-align: right;">0.3%</td> </tr> </table>	current calendar year	1.8%	1st preceeding year	1.5%	2nd preceeding year	1.2%	3rd preceeding year	0.9%	4th preceeding year	0.6%	5th preceeding year and prior	0.3%
current calendar year	1.8%													
1st preceeding year	1.5%													
2nd preceeding year	1.2%													
3rd preceeding year	0.9%													
4th preceeding year	0.6%													
5th preceeding year and prior	0.3%													
	Inspection Fee	The fees are set by each inspection station. Automobiles manufactured within six calendar years are subject to inspection once a year; automobiles older than six calendar years are subject to inspection twice a year.												
New Jersey	Sales Tax	Motor vehicles sold to nonresidents are not subject to the sales tax, a 20-day permit is issued and owner must pay own state taxes.												

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NOTES TO AUTOMOBILE TAXES AND FEES, JULY 1987

New Mexico	Other Fees	Miscellaneous fees consist of: Administrative fee \$1.00 Beautification fee \$.30 Emergency Medical Services Fee \$1.00.																																													
New York	Sales Tax	The following are exempt from the state sales tax: the sale of a motor vehicle to a spouse or child or to nonresidents but delivered in New York. County sales taxes range from 0% to 4%; for example Albany 3%, Broome 3%, Chautauqua 3%, Dutchess 1.25%, Erie 4%, Monroe 3%, Nassau 4%, Niagara 3%, Oneida 3%, Onondaga 3%, Orange 2.25%, Rensselaer 3%, Rockland 2.25%, St. Lawrence 3%, Saratoga 3%, Suffolk 3.5%, Ulster 3%, Westchester 1.75%. City sales taxes range from 0% to 4.25%; for example, Mount Vernon 2.5%, New Rochelle 1.5%, New York City 4.25%, Schenectady 2.5%, Utica 1.5%, Yonkers 2.5%.																																													
North Carolina	Property Tax	County property taxes range from 0.45% to 1%; for example, Alamance 0.5%, Buncombe 0.71%, Cumberland 0.85%, Davidson 0.45%, Durham 0.76%, Forsyth 0.545%, Gaston 0.7461%, Guilford 0.65%, New Hanover 0.670%, Onslow 0.54%, Robeson 0.96%, Rowan 0.455%. City property taxes range from 0.27% to 0.85%; for example, Asheville 0.68%, Charlotte 0.69%, Durham 0.62%, Fayetteville 0.55%, Greensboro 0.625%, High Point 0.61%, Raleigh 0.66%, Winston-Salem 0.55%.																																													
	Sales Tax	Motor vehicles sold to nonresidents for immediate transportation to and use in another state in which such vehicles are required to be registered are exempt from sales tax. The state sales tax may not exceed \$300.00.																																													
North Dakota	Registration Fee	<table border="0"> <thead> <tr> <th>weight</th> <th>1-4 years</th> <th>5-7 years</th> <th>8-10 years</th> <th>year 11 & thereafter</th> </tr> </thead> <tbody> <tr> <td>less than 3,200 lbs</td> <td>\$44.00</td> <td>\$36.00</td> <td>\$28.00</td> <td>\$20.00</td> </tr> <tr> <td>3,200 lbs to 4,499 lbs</td> <td>64.00</td> <td>52.00</td> <td>40.00</td> <td>28.00</td> </tr> <tr> <td>4,500 lbs to 4,999 lbs</td> <td>82.00</td> <td>65.00</td> <td>50.00</td> <td>34.00</td> </tr> <tr> <td>5,000 lbs to 5,999 lbs</td> <td>113.00</td> <td>91.00</td> <td>69.00</td> <td>47.00</td> </tr> <tr> <td>6,000 lbs to 6,999 lbs</td> <td>146.00</td> <td>117.00</td> <td>88.00</td> <td>60.00</td> </tr> <tr> <td>7,000 lbs to 7,999 lbs</td> <td>179.00</td> <td>143.00</td> <td>108.00</td> <td>73.00</td> </tr> <tr> <td>8,000 lbs to 8,999 lbs</td> <td>212.00</td> <td>170.00</td> <td>128.00</td> <td>86.00</td> </tr> <tr> <td>9,000 lbs or more</td> <td>245.00</td> <td>196.00</td> <td>148.00</td> <td>99.00</td> </tr> </tbody> </table> <p>The \$15.00 motorcycle fee is the total of a \$10.00 registration fee and a \$5.00 safety course fee.</p>	weight	1-4 years	5-7 years	8-10 years	year 11 & thereafter	less than 3,200 lbs	\$44.00	\$36.00	\$28.00	\$20.00	3,200 lbs to 4,499 lbs	64.00	52.00	40.00	28.00	4,500 lbs to 4,999 lbs	82.00	65.00	50.00	34.00	5,000 lbs to 5,999 lbs	113.00	91.00	69.00	47.00	6,000 lbs to 6,999 lbs	146.00	117.00	88.00	60.00	7,000 lbs to 7,999 lbs	179.00	143.00	108.00	73.00	8,000 lbs to 8,999 lbs	212.00	170.00	128.00	86.00	9,000 lbs or more	245.00	196.00	148.00	99.00
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Ohio	Sales Tax	Motor vehicles sold to nonresidents are not subject to sales tax. Counties imposing a 0.5% sales tax are: Butler, Cuyahoga, Franklin, Hamilton, Lake, Lorain, Mahoning, Medina, Montgomery, Summit, Warren, Wood. Counties imposing a 1% sales tax are: Allen, Ashtabula, Clark, Clermont, Greene, Licking, Lucas, Portage, Stark. Cuyahoga and Montgomery impose an additional 1% transit sales and use tax; raising their total tax to 6%.																																													
Oklahoma	Registration Fee	In addition to the \$15 flat fee for an auto, there is an additional fee of 1.25% of the factory delivered price for the first year, and then each year after, 90% of previous year's fee up to the 12th year, the 13-20th years' fees are equal to the 12th year's.																																													
	Other Fees	An excise tax of 3.25% of the factory list price (for used cars the value is equal to 65% of the list price for the second year and 65% of the previous year's value for each year until it reaches a minimum value of \$250), is imposed at time of sale or upon transfer of title.																																													
Oregon	Other Fees	The license fee is imposed by municipalities; the rates are not readily available.																																													
	Inspection Fee	The initial titling of vehicle previously titled in another state or vehicle that has been wrecked and rebuilt is subject to an inspection.																																													
Pennsylvania	Inspection Fee	The state does not set a fee; the average fee is \$14.																																													

(continued on next page)

NOTES TO AUTOMOBILE TAXES AND FEES, JULY 1987

Rhode Island	Other Fees	The excise tax is an annual tax based on the value of the vehicle determined in accordance with the annual vehicle value list. The rate is the same as the property tax rate administered by cities and towns. The rates range from 1.678% to 8.6%. For example, Bristol 2.324%, Cranston 2.82.												
South Dakota	Registration Fee Other Fees	The rate for vehicles five or more years old is 30% less than rates listed. Counties have the option to impose a wheel tax of \$2 per wheel.												
Tennessee	Other Fees Sales Tax	A wheel tax is imposed by some counties annually. The range is from \$5.50 to \$35.50; for example, Nashville (Davidson County) \$25. County and city sales taxes range from 0.75% to 2.25%; for example, Hamilton 1.75%, Knox 1.5%, Shelby 2.25%, Sullivan 2.25%, and for cities; Chattanooga 1.75%, Clarksville 2.25%, Knoxville 1.5%, Memphis 2.25%, Nashville 2.25%.												
Texas	Registration Fee Other Fee Sales Tax	The fees are based on age for vehicles 6,000 pounds or less, the rates are: <table border="0" style="margin-left: 40px;"> <tr> <td>for a model year six or more years from date of annual registration</td> <td style="text-align: right;">\$40.80</td> </tr> <tr> <td>for a model year more than three years but less than six years</td> <td style="text-align: right;">\$50.80</td> </tr> <tr> <td>for a model year 3 years or less</td> <td style="text-align: right;">\$58.80</td> </tr> <tr> <td>for a vehicle over 6,000 lbs, irrespective of model year</td> <td style="text-align: right;">\$25.00</td> </tr> </table> Some counties charge an additional \$5 road and bridge fee. Most cities impose the tax, all cities with a population of 50,000 or more do so.	for a model year six or more years from date of annual registration	\$40.80	for a model year more than three years but less than six years	\$50.80	for a model year 3 years or less	\$58.80	for a vehicle over 6,000 lbs, irrespective of model year	\$25.00				
for a model year six or more years from date of annual registration	\$40.80													
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for a model year 3 years or less	\$58.80													
for a vehicle over 6,000 lbs, irrespective of model year	\$25.00													
Utah	Property Tax Sales Tax	City property taxes range from 5.412% to 8.745%; for example, Ogden 8.664%, Salt Lake City 8.745%. Each county has a tax base or mill levy which taxes are computed from based on the market value. Motor vehicles sold to nonresidents to be used outside state are exempt. Combined city and county sales taxes range from 5.88% to 6.25%; for example, Davis 6.25%, Salt Lake County 6.25%, Utah 6%, Weber 6.25%.												
Vermont	Sales Tax	One time fee of 4% based on NADA blue book value.												
Virginia	Property Tax	County property taxes range from 1% to 7.2%; for example, Arlington 4.5%. City property taxes range from 2.99% to 5.5%; for example, Chesapeake 4%, Hampton 4.75%, Newport News 4.5%, Norfolk 4%, Roanoke 3.45%.												
Washington	Registration Fee Other Fees Sales Tax Inspection Fee	Rates increase effective January 1988; original \$27.85 and renewal \$23.85. The excise tax increases to 2.454% of current market value in January 1988. Motor vehicles sold to nonresidents to be used outside state are exempt. County sales tax range from 0.05% to 1.6%. All counties impose a tax. Inspection is required at the time of original title application for vehicles previously titled or licensed in another state. Annual emission testing inspection is required in Seattle and Spokane areas.												
Wisconsin	Sales Tax	Motor vehicles sold to nonresidents to be used outside state are exempt. The following counties impose the 0.5% sales tax: Barron, Buffalo, Dunn, Iowa, Jackson, Lincoln, Marathon, Oneida, Rusk, Sawyer, St. Croix, Walworth.												
Wyoming	Other Fees Sales Tax	The county tax is 3% on the following base value: <table border="0" style="margin-left: 40px;"> <tr> <td>60% of factory price in 1st year service</td> <td></td> </tr> <tr> <td>50%</td> <td style="text-align: right;">2nd</td> </tr> <tr> <td>40%</td> <td style="text-align: right;">3rd</td> </tr> <tr> <td>30%</td> <td style="text-align: right;">4th</td> </tr> <tr> <td>20%</td> <td style="text-align: right;">5th</td> </tr> <tr> <td>15%</td> <td style="text-align: right;">thereafter</td> </tr> </table> County sales taxes range from 1% to 2%. No counties with a population of 100,000 or more impose the tax.	60% of factory price in 1st year service		50%	2nd	40%	3rd	30%	4th	20%	5th	15%	thereafter
60% of factory price in 1st year service														
50%	2nd													
40%	3rd													
30%	4th													
20%	5th													
15%	thereafter													

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to preserve proper table sequence.]**

Table 37

DATES OF ADOPTION OF MAJOR STATE TAXES¹**Individual Income***

<u>Before 1911</u>	<u>1911-20</u>	<u>1921-30</u>	<u>1931-40</u>	<u>1941-60</u>	<u>Since 1961</u>
Hawaii, 1901	Wisconsin, 1911	North Carolina, 1921	Idaho, 1931	Alaska, 1949	West Virginia, 1961
Total, 1	Mississippi, 1912	South Carolina, 1922	Tennessee, 1931 ²	Total, 1	Indiana, 1963
	Oklahoma, 1915	New Hampshire, 1923 ²	Utah, 1931		Michigan, 1967
	Massachusetts, 1916	Arkansas, 1929	Vermont, 1931		Nebraska, 1967
	Virginia, 1916	Georgia, 1929	Alabama, 1933		Connecticut, 1969 ³
	Delaware, 1917	Oregon, 1930	Arizona, 1933		Illinois, 1969
	Missouri, 1917	Total, 6	Kansas, 1933		Maine, 1969
	New York, 1919		Minnesota, 1933		Ohio, 1971
	North Dakota, 1919		Montana, 1933		Pennsylvania, 1971
	Total, 9		New Mexico, 1933		Rhode Island, 1971
			Iowa, 1934		New Jersey, 1976
			Louisiana, 1934		Total, 11
			California, 1935		
			Kentucky, 1936		Repealed
			Colorado, 1937		Alaska, 1979
			Maryland, 1937		
			Total, 16		Broad-based tax, 40
					Grand Total, 43

*States without an individual income tax: Alaska; Florida; Nevada; South Dakota; Texas; Washington; Wyoming.

States with limited tax: Connecticut (capital gains, interest, and dividends); New Hampshire (interest and dividends); Tennessee (interest and dividends).

CORPORATION INCOME*

<u>Before 1911</u>	<u>1911-20</u>	<u>1921-30</u>	<u>1931-40</u>	<u>1941-60</u>	<u>Since 1961</u>
Hawaii, 1901	Wisconsin, 1911	Mississippi, 1921	Idaho, 1931	Rhode Island, 1947	Indiana ⁵ , 1963
Total, 1.	Connecticut, 1915	North Carolina, 1921	Oklahoma, 1931	Alaska, 1949	Michigan, 1967 ⁴
	Virginia, 1915	South Carolina, 1922	Utah, 1931	Delaware, 1957	Nebraska, 1967
	Missouri, 1917	Tennessee, 1923	Vermont, 1931	New Jersey, 1958	West Virginia, 1967
	Montana, 1917	Arkansas, 1929	Alabama, 1933	Total, 4	Illinois, 1969
	New York, 1917	California, 1929	Arizona, 1933		Maine, 1969
	Massachusetts, 1919	Georgia, 1929	Kansas, 1933		New Hampshire, 1970
	North Dakota, 1919	Oregon, 1929	Minnesota, 1933		Florida, 1971
	Total, 8	Total, 8	New Mexico, 1933		Ohio, 1971
			Iowa, 1934		Total, 9
			Louisiana, 1934		
			Pennsylvania, 1935		Repealed
			Kentucky, 1936		Michigan ⁴ , 1976
			Colorado, 1937		
			Maryland, 1937		Grand Total, 44
			Total, 15		

*States without a corporation income tax: Nevada; South Dakota; Texas; Washington; Wyoming. Michigan repealed the corporate income tax in 1976 and replaced it with a single business tax which is a modified value-added tax.

GENERAL SALES*

<u>1931-40</u>	<u>1941-50</u>	<u>1951-60</u>	<u>Since 1961</u>
Mississippi, 1932—Arizona, 1933	Connecticut, 1947	Georgia, 1951	Texas, 1961
California, 1933—Illinois, 1933	Maryland, 1947	Maine, 1951	Wisconsin, 1961
Indiana ⁶ , 1933—Iowa, 1933	Rhode Island, 1947	South Carolina, 1951	Idaho, 1965
Michigan, 1933—New Mexico, 1933	Tennessee, 1947	Pennsylvania, 1953	New York, 1965
North Carolina, 1933—Oklahoma, 1933	Florida, 1949	Nevada, 1955	Massachusetts, 1966
South Dakota, 1933—Utah, 1933	Total, 5	Kentucky, 1960	New Jersey, 1966
Washington, 1933—West Virginia, 1933		Total 6	Virginia, 1966
Missouri, 1934—Ohio, 1934			Minnesota, 1967
Arkansas, 1935—Colorado, 1935			Nebraska, 1967
Hawaii, 1935—North Dakota, 1935			Vermont, 1969
Wyoming, 1935—Alabama, 1936			Total, 10
Kansas, 1937—Louisiana, 1938			Grand Total, 45
Total, 24			

*States without a general sales tax: Alaska; Delaware; Montana; New Hampshire; Oregon.

(continued on next page)

Table 37 (cont.)
DATES OF ADOPTION OF MAJOR STATE TAXES¹

GASOLINE

<u>1911-20</u>	<u>1921-30</u>	<u>Since 1931</u>
Colorado, 1919	Arizona, 1921—Arkansas, 1921—Connecticut, 1921	Hawaii, 1932
New Mexico, 1919	Florida, 1921—Georgia, 1921—Louisiana, 1921—Montana, 1921	Alaska, 1946
North Dakota, 1919	North Carolina, 1921—Pennsylvania, 1921—Washington, 1921	Total, 2
Oregon, 1919	Maryland, 1922—Mississippi, 1922—South Carolina, 1922	
Kentucky, 1920	South Dakota, 1922—Alabama, 1923—California, 1923	
Total, 5	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	Grand Total, 50

CIGARETTES

<u>1921-30</u>	<u>1931-40</u>	<u>1941-50</u>	<u>1951-60</u>	<u>Since 1961</u>
Iowa, 1921	Ohio, 1931—Texas, 1931	Illinois, 1941	Wyoming, 1951	Colorado, 1964
South Carolina, 1923	Louisiana, 1932—Mississippi, 1932	Maine, 1941	Missouri, 1955	Oregon, 1965
South Dakota, 1923	Oklahoma, 1933—Alabama, 1935	Delaware, 1943	Maryland, 1958	North
Utah, 1923	Arizona, 1935—Connecticut, 1935	Florida, 1943	California, 1959	Carolina, 1969
Tennessee, 1925	Washington, 1935—Kentucky, 1936	New Mexico, 1943	Virginia, 1960	Total, 3
Kansas, 1927	Georgia, 1937—Pennsylvania, 1937	Idaho, 1945	Total, 5	
North Dakota, 1927	Vermont, 1937—Hawaii, 1939	Indiana, 1947		
Arkansas, 1929	Massachusetts, 1939	Michigan, 1947		
Total, 8	New Hampshire, 1939—New York, 1939	Minnesota, 1947		
	Rhode Island, 1939—Wisconsin, 1939	Montana, 1947		
	Total, 19	Nebraska, 1947		
		Nevada, 1947		
		West Virginia, 1947		
		New Jersey, 1948		
		Alaska, 1949		
		Total, 15		Grand Total, 50

DISTILLED SPIRITS

<u>1933-40</u>	<u>Since 1941</u>
Arizona, 1933—Colorado, 1933—Delaware, 1933—Indiana, 1933—Maryland, 1933—Massachusetts, 1933	Alaska, 1959
New Jersey, 1933—New York, 1933—Rhode Island, 1933—Illinois, 1934—Kentucky, 1934—Louisiana, 1934	Kansas, 1948
Minnesota, 1934—Missouri, 1934—New Mexico, 1934—Wisconsin, 1934—Arkansas, 1935—California, 1935	Oklahoma, 1959
Florida, 1935—Nebraska, 1935—Nevada, 1935—South Carolina, 1935—South Dakota, 1935—Texas, 1935	Mississippi, 1966
North Dakota, 1936—Connecticut, 1937—Georgia, 1937—Hawaii, 1939—Tennessee, 1939	Total, 4
Total ² , 29	Grand Total ² , 33

¹Excludes the District of Columbia, where the dates of adoption were: individual income, 1939; corporation income, 1939; general sales, 1947; distilled spirits, 1934; cigarettes, 1949; and gasoline, 1924.

²Interest and dividends only.

³Capital gains, interest, and dividends only.

⁴Michigan repealed the corporate income tax in 1976 and replaced it with a single business tax.

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

⁶Exclusive 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.

Source: ACIR staff compilation based on Commerce Clearing House, *State Tax Reporter*.

Table 38
**REPRESENTATIVE TAX SYSTEM TAX CAPACITY INDICES
 FOR 1985 AND SELECTED PRIOR YEARS¹**

State and Region	1985	1984	1983	1982	1981	1980	1979	1977	1975	1967
U.S. Average	100	100	100	100	100	100	100	100	100	100
New England										
Connecticut	127	124	124	117	110	112	109	112	110	117
Maine	89	88	90	84	79	80	80	82	84	81
Massachusetts	113	111	107	101	96	96	93	95	98	98
New Hampshire	112	110	108	100	95	97	96	102	102	110
Rhode Island	88	86	86	81	80	84	84	87	88	91
Vermont	97	95	94	89	84	84	85	93	94	88
Mideast										
Delaware	123	123	118	115	111	111	110	120	124	123
Washington, DC	123	120	117	115	111	111	110	123	118	121
Maryland	105	105	99	100	98	99	99	101	101	101
New Jersey	117	114	112	106	105	105	102	106	109	107
New York	101	98	95	92	89	90	89	94	98	108
Pennsylvania	89	88	88	89	90	93	93	99	98	91
Great Lakes										
Illinois	96	97	98	99	104	108	112	112	112	114
Indiana	87	87	86	89	91	92	98	100	98	99
Michigan	94	93	90	93	96	97	104	103	101	104
Ohio	91	90	89	92	94	97	101	104	104	100
Wisconsin	89	89	87	87	91	95	100	99	98	94
Plains										
Iowa	84	87	91	96	102	105	108	105	106	104
Kansas	99	100	102	106	109	109	109	105	109	105
Minnesota	101	101	97	99	100	102	105	100	97	95
Missouri	91	89	89	91	92	94	97	96	96	97
Nebraska	94	93	101	97	97	97	100	101	106	110
North Dakota	102	106	111	115	123	108	109	99	101	92
South Dakota	82	83	87	87	86	90	95	91	94	91
Southeast										
Alabama	75	73	75	74	74	76	76	77	77	70
Arkansas	74	75	78	79	82	79	77	78	78	77
Florida	103	105	103	104	101	100	100	101	102	104
Georgia	90	89	87	84	81	82	81	84	86	80
Kentucky	78	77	79	82	82	83	85	83	85	80
Louisiana	97	102	107	113	117	109	104	99	97	94
Mississippi	69	70	68	71	72	69	70	70	70	64
North Carolina	86	87	87	82	80	80	82	83	85	78
South Carolina	77	77	76	74	75	75	76	77	77	64
Tennessee	83	81	80	77	79	79	81	83	84	78
Virginia	98	96	96	94	94	95	93	91	93	86
West Virginia	77	79	87	92	90	94	92	90	89	75
Southwest										
Arizona	99	99	97	96	89	89	91	89	92	95
New Mexico	99	103	108	115	114	107	103	98	97	94
Oklahoma	105	113	115	126	127	117	108	101	98	102
Texas	111	117	124	130	132	124	117	112	111	98
Rocky Mountain										
Colorado	118	121	122	121	113	113	110	107	106	104
Idaho	78	78	83	86	87	87	91	88	89	91
Montana	90	95	105	110	114	112	113	103	103	105
Utah	81	81	82	86	86	86	87	88	86	87
Wyoming	169	181	182	201	216	196	173	154	154	141
Far West										
California	120	119	119	116	115	117	116	114	110	124
Nevada	146	146	147	151	148	154	154	148	145	171
Oregon	95	94	95	99	99	103	106	104	100	106
Washington	101	99	101	102	99	103	103	100	98	112
Alaska	259	250	272	313	324	260	217	158	155	99
Hawaii	117	118	114	117	105	107	103	107	109	99

¹Tax capacity is the amount of revenue each state would raise if it applied a national average set of tax rates to 26 commonly used tax bases. The index above is the per capita tax capacity divided by the per capita average for all states, with the index for the average set at 100. For a more complete explanation see publication cited below.

Source: ACIR, *Measuring State Fiscal Capacity* 1987 edition, forthcoming, December 1987.

Table 39
**REPRESENTATIVE TAX SYSTEM TAX EFFORT INDICES FOR
 1985 AND SELECTED PRIOR YEARS¹**

State and Region	1985	1984	1983	1982	1981	1980	1979	1977	1975	1967
U.S. Average	100	100	100	100	100	100	100	100	100	100
New England										
Connecticut	99	99	96	99	103	100	102	103	99	93
Maine	104	105	100	107	113	111	110	100	104	105
Massachusetts	106	105	112	119	134	135	144	133	129	121
New Hampshire	65	69	69	75	74	75	78	73	75	81
Rhode Island	118	123	126	133	130	123	121	114	112	105
Vermont	93	94	95	102	105	104	110	104	108	119
Mideast										
Delaware	80	77	82	84	87	89	96	80	84	90
Washington, DC	138	139	146	145	145	131	132	118	94	90
Maryland	101	100	107	106	107	109	109	105	106	103
New Jersey	105	109	109	113	112	112	118	113	103	97
New York	156	158	163	170	171	167	171	168	160	138
Pennsylvania	102	105	105	106	105	104	105	94	93	99
Great Lakes										
Illinois	106	110	107	107	105	102	99	96	99	84
Indiana	96	95	89	88	88	84	84	83	92	95
Michigan	120	129	128	120	116	116	113	109	106	100
Ohio	103	105	103	94	89	87	86	78	80	82
Wisconsin	128	133	137	128	120	116	118	113	115	124
Plains										
Iowa	112	112	109	105	98	96	93	90	93	10
Kansas	96	95	92	88	87	88	87	89	85	96
Minnesota	119	124	124	111	109	111	115	112	117	119
Missouri	84	85	87	82	81	84	82	80	84	86
Nebraska	93	99	94	93	95	102	98	98	85	78
North Dakota	92	93	81	83	74	79	78	88	92	97
South Dakota	87	87	85	91	93	88	84	87	87	107
Southeast										
Alabama	87	90	87	87	91	85	86	79	79	89
Arkansas	91	87	83	81	79	86	81	78	78	83
Florida	76	74	75	72	73	74	78	73	74	84
Georgia	90	89	93	96	97	96	96	89	89	92
Kentucky	87	89	91	88	88	89	87	84	84	85
Louisiana	93	81	81	82	77	78	82	79	87	90
Mississippi	93	95	95	92	95	96	97	94	96	98
North Carolina	93	89	88	94	95	97	91	87	86	94
South Carolina	95	95	96	96	95	95	91	86	85	97
Tennessee	82	81	82	86	87	84	87	82	79	87
Virginia	87	88	89	90	90	88	88	88	87	90
West Virginia	103	100	88	86	83	82	82	80	85	96
Southwest										
Arizona	97	95	91	92	106	117	115	110	108	109
New Mexico	86	85	79	82	89	83	85	77	85	92
Oklahoma	84	76	80	78	73	72	74	72	73	80
Texas	76	69	67	66	65	65	64	68	68	75
Rocky Mountain										
Colorado	85	82	79	81	84	90	96	95	90	106
Idaho	90	91	87	85	87	88	90	89	90	105
Montana	107	101	94	97	92	92	88	94	92	93
Utah	109	106	98	97	97	101	99	91	89	111
Wyoming	108	105	113	105	73	74	83	82	70	79
Far West										
California	94	93	92	99	100	102	95	117	119	108
Nevada	64	65	64	63	62	60	65	62	70	71
Oregon	101	103	103	95	101	93	93	92	96	101
Washington	95	103	104	93	92	94	96	94	101	106
Alaska	128	141	166	180	184	166	129	130	76	104
Hawaii	99	99	108	105	126	124	128	115	119	135

¹Tax effort is the ratio of a state's actual tax collections to its tax capacity. The relative index of tax effort is created by dividing each state's tax effort by the average for all states. 100 is the index for the U.S. average.

Source: ACIR, *Measuring State Fiscal Capacity*, 1987 edition, forthcoming, December 1987.

Table 39
**STATE PER CAPITA PERSONAL INCOME INDEXED TO U.S. AVERAGE, SELECTED
 YEARS 1929-86**

State and Region	Per Capita Personal Income		State Income Indexed to U.S. Average (U.S. averages in current year dollars)								
	1986	1986	1985	1984	1979	1974	1964	1954	1944	1934	1929
U.S. Average ¹	\$14,679	\$14,679	\$13,867	\$13,114	\$8,651	\$5,448	\$2,592	\$1,781	\$1,186	\$425	\$697
New England	17,164	117	115	113	103	97	99	98	101	123	112
Connecticut	19,599	134	130	128	118	119	125	129	134	155	146
Maine	12,783	87	86	86	80	82	83	79	91	98	85
Massachusetts	17,722	121	118	116	104	105	109	106	109	146	130
New Hampshire	15,909	108	108	106	95	95	92	92	88	113	98
Rhode Island	14,577	99	100	100	95	99	102	105	106	141	124
Vermont	13,346	91	87	86	84	84	82	78	78	87	89
Mideast	16,809	115	112	111	106	116	117	120	122	150	141
Delaware	15,005	102	103	103	105	115	123	130	124	148	145
Washington, DC	19,996	132	131	129	127	138	131	136	131	218	181
Maryland	16,866	115	114	113	108	108	107	106	111	123	111
New Jersey	18,625	127	124	122	113	117	120	125	131	137	132
New York	17,111	117	116	114	106	115	122	121	129	162	165
Pennsylvania	14,248	97	97	97	98	101	101	101	104	114	110
Great Lakes	14,466	99	98	99	105	104	105	108	107	102	109
Illinois	15,585	106	106	107	113	117	117	121	117	120	136
Indiana	13,135	89	90	91	96	97	99	101	100	84	87
Michigan	14,775	101	98	99	107	109	109	114	116	107	113
Ohio	13,933	95	95	95	100	102	103	110	111	108	111
Wisconsin	13,908	95	95	96	100	96	97	96	93	90	97
Plains	13,991	95	96	96	99	94	88	90	87	64	76
Iowa	13,347	91	91	92	101	98	93	97	82	63	82
Kansas	14,645	100	99	100	106	99	96	99	97	67	76
Minnesota	14,994	102	102	102	103	100	92	94	84	85	85
Missouri	13,789	94	96	95	95	93	96	96	90	87	89
Nebraska	13,740	94	96	95	98	90	90	94	90	60	84
North Dakota	12,474	85	87	89	93	102	78	70	84	42	53
South Dakota	11,814	80	80	82	87	78	71	78	80	42	59
Southeast	12,694	86	86	87	86	83	74	69	67	57	53
Alabama	11,335	77	77	77	79	77	71	62	62	39	46
Arkansas	11,074	75	76	76	77	79	69	58	56	42	43
Florida	14,645	100	99	99	95	96	87	85	91	80	74
Georgia	13,447	92	90	90	85	86	78	71	70	57	50
Kentucky	11,240	77	78	79	82	82	74	71	64	54	56
Louisiana	11,194	76	81	84	86	79	76	75	74	61	59
Mississippi	9,716	66	66	68	70	69	59	51	53	39	41
North Carolina	12,441	85	84	84	82	85	75	69	64	58	48
South Carolina	11,295	77	76	77	78	78	67	63	61	48	38
Tennessee	12,002	82	81	81	82	83	74	68	72	57	54
Virginia	15,409	105	105	104	98	97	88	84	75	74	62
West Virginia	10,573	72	74	75	82	81	75	69	69	74	66
Southwest	13,198	90	94	95	96	85	84	85	81	67	69
Arizona	13,482	92	92	92	93	92	87	91	87	83	84
New Mexico	11,423	78	79	79	83	76	79	79	73	57	58
Oklahoma	12,283	84	88	90	93	84	83	81	79	58	65
Texas	13,480	92	97	98	98	88	87	90	87	67	68
Rocky Mountain	13,147	90	92	93	96	91	90	93	94	86	84
Colorado	15,234	104	107	108	105	98	97	96	89	87	91
Idaho	11,216	76	80	80	85	91	83	84	90	89	72
Montana	11,802	80	79	83	87	88	87	97	98	85	85
Utah	10,984	75	76	76	82	82	88	87	89	74	80
Wyoming	12,791	87	95	95	114	95	95	102	103	95	96
Far West ²	16,348	111	112	112	113	106	111	118	126	118	117
California	16,904	115	116	116	115	110	120	122	132	140	142
Nevada	15,441	105	104	105	115	112	120	137	124	126	125
Oregon	13,327	91	91	92	100	97	99	102	119	104	97
Washington	15,007	102	100	101	109	104	106	112	129	104	107
Alaska	17,781	121	131	137	134	129	116	129	n.a.	n.a.	n.a.
Hawaii	14,891	101	100	101	106	108	108	101	104	n.a.	n.a.

n.a.—not available

Note: Regional averages prior to 1979 are unweighted averages.

¹Includes Alaska and Hawaii since 1964 but not in earlier years. U.S. average per capita income figures for each year as listed rather than the index figure (U.S. = 100). ²Excluding Alaska and Hawaii.Sources: ACIR staff compilation and calculations based upon U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, August 1987, p. 44; *Survey*, prior years.

STATE BUDGET CYCLE AND FISCAL YEAR SCHEDULE**ANNUAL LEGISLATIVE SESSIONS AND ANNUAL BUDGET CYCLES**

Alabama	Delaware	Maryland	New Jersey	South Carolina
Alaska	Georgia	Massachusetts	New Mexico	South Dakota
Arizona	Idaho	Michigan	New York	Tennessee ¹
California	Illinois	Mississippi	Oklahoma	Utah
Colorado	Kansas	Missouri	Pennsylvania	West Virginia
Connecticut	Louisiana	Nebraska	Rhode Island	

BIENNIAL LEGISLATIVE SESSIONS AND BIENNIAL BUDGET CYCLES

Arkansas	Montana	North Carolina ^{1 2}	Oregon ³	Texas ³
Kentucky ⁴	Nevada	North Dakota ³		

ANNUAL LEGISLATIVE SESSIONS AND BIENNIAL BUDGET CYCLE

Florida	Iowa	New Hampshire	Virginia ⁴	Wisconsin
Hawaii	Maine	Ohio	Washington ²	Wyoming ⁴
Indiana	Minnesota ¹	Vermont ⁵		

NOTE: Unless otherwise noted, biennial budget states make appropriations for each fiscal year separately and begin their two-year budget cycles in odd-numbered years.

¹Technically a biennial session, but in practice meets annually.

²Appropriations are made for the biennium, but reviewed annually.

³Appropriations are made for the biennium.

⁴Biennial budget cycle begins in even-numbered years.

⁵In 1979 language was included in the appropriations bill allowing the governor to submit an annual or biennial budget depending on the discretion of the governor.

STATE FISCAL YEAR SCHEDULE

All state fiscal years begin on July 1 except for Alabama (October 1), Michigan (October 1), New York (April 1) and Texas (September 1).

NOTE: Since 1969, ten states have changed their budgeting cycle. Hawaii, Vermont and Florida, have all changed from annual to biennial budgets. In that same time, Connecticut, Idaho, Illinois, Missouri and Nebraska have all gone from biennial to annual budgets. Indiana experimented with annual operating budgets in fiscal years 1975-76 and 1976-77, but operated with a biennial capital and highway budget. It returned to full biennial budgeting in 1977.

Currently, 29 states have annual budgets and, of course, annual legislative sessions. Another eight states have biennial budgets with biennial sessions, and thus lack any opportunity for annual changes or revisions. (The exception is Oregon, whose joint Ways and Means committees meet during the interim as the Emergency Board, a constitutional board with authority over supplemental appropriations, federal funds, and transfers.) The remaining 13 states have biennial budgets, but meet annually. This last group has some review of the budget annually, but it varies from full reviews to occasional amendments.

Of those states with biennial budgets, only North Carolina, North Dakota, Oregon, Texas, Washington and Wyoming actually make appropriations for the full biennium rather than by fiscal year, and North Carolina, Washington and Wyoming review the budget for possible changes annually.

Source: National Conference of State Legislatures, Denver, CO.

STATE CONSTITUTIONAL LIMITATIONS ON STATE BORROWING, 1986

State	Legislative Borrowing Power Limits				Exceptions to Limits				Per Capita Total State Debt 1985
	No Limitation	For Casual Deficits or Extraordinary Expenses Only	For Any Other Purpose	Referendum Required To Create Debt	Referendum Required To Exceed Limit	Limit May Be Exceeded:			
						For Re-funding	For Defense of State or Nation	For Other Purposes	
United States									\$889.92
Alabama		\$300,000(1)	(1)	(1)		X	X(2)		805.73
Alaska	X			X		X(31)	X(3)	X(32)	10,925.34
Arizona		350,000					X		214.59
Arkansas				X		X			349.60
California			\$300,000		X(4)		X		609.01
Colorado		100,000	50,000		X(5)		X	X(6)	470.59
Connecticut	X		(7)						2,012.97
Delaware	X(8)					X	X		2,944.57
Florida			(9)	X(4)		X			441.18
Georgia		(10)	(10)						361.04
Hawaii			(11)			X	X		2,570.77
Idaho			2,000,000		X(4)		X		626.12
Illinois	X(12)	(13)		X(14)					848.48
Indiana		(15)					X		314.66
Iowa		250,000			X(4)		X	(33)	459.62
Kansas			1,000,000		X(4)		X	(34)	130.15
Kentucky		500,000			X(4)	X	X		975.11
Louisiana	X(2)								1,806.44
Maine		(16)	2,000,000		X		X	X(17)	1,052.06
Maryland	X(3,35)						X	X(18)	1,159.17
Massachusetts	X(2)						X	X(2,18)	1,734.96
Michigan		(19)		(36)					649.64
Minnesota	X(12)								835.35
Mississippi		(20)							385.35
Missouri		1,000,000			X(4)	X			660.05
Montana	X(2)								901.34
Nebraska		100,000					X		640.14
Nevada			(21)				X		1,184.29
New Hampshire	X(3)								1,983.21
New Jersey			(22)		X(4,37)		X		1,767.37
New Mexico		200,000	(21)	(38)			X	X(39)	881.00
New York				X(4)		X	X	X(18)	1,819.45
North Carolina		(15)	(23)		X	X	X	X(18)	344.78
North Dakota		2,000,000	(4)				X	X	855.28
Ohio		750,000				X	X	X	763.59
Oklahoma		500,000		X(4)		X	X	X(40)	1,084.94
Oregon			50,000(24)				X	X(25)	2,458.15
Pennsylvania				X(26)		X	X	X(18)	614.97
Rhode Island			50,000		X		X	X(18)	2,907.15
South Carolina		(41)		X(27,4)				(42)	1,016.69
South Dakota		100,000	(21)			X	X		1,534.53
Tennessee	X(3)								401.80
Texas		200,000				X	X		317.20
Utah			(21)				X		810.52
Vermont	X(3)								1,658.72
Virginia		(28)	(28)	X(28)			X	X(28)	581.30
Washington		(15)	(29,12)	X	X		X		687.22
West Virginia		(15)				X	X		841.09
Wisconsin			(21)				X		936.77
Wyoming			(21)		X(30)		X		1,486.86

(Notes on next page.)

STATE CONSTITUTIONAL LIMITATIONS ON STATE BORROWING, 1986**NOTES**

- 1—Governor authorizes debt up to \$300,000. Specific bond issues are authorized by Constitutional amendment.
 - 2—Requires approval by two-thirds of (each house of) legislature.
 - 3—Requires approval by simple legislative majority.
 - 4—Provision must be made for payment of interest and/or principal at time of borrowing.
 - 5—Refers solely to receipts from 3-mill levy against state-assessed valuation for erection of state buildings.
 - 6—May create additional debt for purposes of highway construction and improvement.
 - 7—Debt is not to exceed 4.5 times the total tax receipts of the state during the previous fiscal year (statutory).
 - 8—Requires approval by 75% of legislature.
 - 9—Outstanding principal not to exceed 50% of total state tax revenue (excluding trust revenues) for two preceding fiscal years.
 - 10—Debt service requirements may not exceed 10% of total revenue receipts, less refunds, in immediately preceding fiscal year in which debt is incurred.
 - 11—General obligation bonds may be issued by the state when authorized by majority vote of the members to which each house of the legislature is entitled, provided that such bonds at the time of issuance would not cause the total amount of the principal and interest payable in the current or any future fiscal year, whichever is higher, on such bonds and on all outstanding general obligation bonds to exceed 18.5% of the average of the general fund revenues of the state in the three fiscal years preceding such issuance.
 - 12—Requires approval of 60% of legislature.
 - 13—In an amount not to exceed 15% of state appropriations for the fiscal year to meet deficits caused by emergencies of failures of revenue; such debt to be repaid within one year of the date it is incurred.
 - 14—Alternative to 60% of the legislature.
 - 15—May borrow for this purpose but no maximum specified.
 - 16—Temporary loans may not exceed 10% of the amount appropriated for general and highway fund purposes or 1% of the total valuation of the State of Maine, whichever is less.
 - 17—The legislature is authorized to insure debt for specified purposes (mortgage loans for industrial, manufacturing, fishing and agricultural enterprises—up to \$90 million; for house acquisition and/or improvements of the two tribes on the Indian reservations—up to \$1 million; for resident Maine veteran mortgage loans—up to \$4 million; and revenue bonds of the Maine School Building Authority—up to \$6 million) and may authorize the issuance of state bonds if it becomes necessary to make payments on such insured debt.
 - 18—For tax or revenue anticipation loans.
 - 19—Short-term cash flow borrowings of less than one year which are limited to 15% of undedicated revenue received by the state during the preceding fiscal year, borrowing for the state's qualified school bond loan program, and transportation bonds pledging taxes on fuels sold for transportation purposes.
 - 20—Bonded indebtedness cannot be in excess of 1.5 times the sum of all revenue collected in the state during any one of the four preceding fiscal years, whichever year might be greater.
 - 21—Not to exceed 1% of assessed valuation of all property subject to taxation as shown by preceding general assessment.
 - 22—Limitation of 1% of total annual appropriation.
 - 23—Creation of debt limited to two-thirds the amount by which the state's outstanding indebtedness has been reduced during the preceding biennium.
 - 24—Debt created for rehabilitation and acquisition of forest lands may not exceed 3/16 of 1% of the cash value of all state property taxed on ad valorem basis.
 - 25—Debt created for forest lands may not exceed 3/16 of 1% of market value of all state property taxed on ad valorem basis. May be exceeded for road construction and maintenance with limits set by percent of assessed value.
 - 26—Referendum not required for capital projects specifically itemized in a capital budget if such debt will not cause the amount of all net debt outstanding to exceed 1.75 times the average of the annual tax revenues deposited in the previous five years.
 - 27—Referendum not required for debt created for "ordinary purposes of state government." Any referendum requires two-thirds approval.
 - 28—Limitation for casual deficit in terms of state income and sales tax revenues for the preceding year. Limitation on general obligation debt backed by full faith and credit for capital projects in terms of average annual state income and sales tax revenue for the three prior fiscal years, subject to a simple majority of each house and referendum on projects. Self-liquidating debt with backing of full faith and credit may be issued without referendum if approved by 2/3 majority of each house of the legislature, subject to the limitation of the annual average income and retail sales revenue for the three preceding fiscal years. No limit on debt obligations to which full faith and credit is not pledged or committed.
 - 29—Aggregate debt contracted shall not exceed that amount for which principal and interest payments in any one fiscal year would require the state to expend more than 9% of its average general state revenues for the three immediately preceding fiscal years.
 - 30—Referendum required for creation of debt in excess of amount of taxes for current fiscal years.
 - 31—Only debt outstanding on 1/3/59 when Constitution became effective.
 - 32—A simple legislative majority may authorize debt to meet natural disasters.
 - 33—By judicial interpretation, obligations issued in anticipation of and paid from tax revenues in the same General Assembly biennial period are not considered debt under the Iowa constitutional limitation.
 - 34—State may issue revenue bonds for state highways, flood control, and water resources.
 - 35—Every law authorizing a state debt must provide for discharge of principal within 15 years.
 - 36—Requires approval by two-thirds of each house of the legislature and a majority of the electors voting thereon at any general election, except for short-term borrowing, qualified school bond loan bonds, and transportation bonds pledging fuel taxes.
 - 37—Voter approval not required for refinancings resulting in debt service savings which are to be applied to payment of principal.
 - 38—For over \$200,000.
 - 39—Not to exceed 1% of assessed valuation of all property subject to taxation as shown by preceding general assessment.
 - 40—State Industrial Finance Authority may issue up to \$90,000,000 of general obligation bonds for industrial loans.
 - 41—Limited to 5% of prior year general fund revenue.
 - 42—Can be exceeded for nonrecurring purposes by two-thirds vote of both houses.
- Source: ACIR staff with the help of state attorneys general and other state officials.

**STATE CONSTITUTIONAL AND STATUTORY LIMITATIONS ON
LOCAL GOVERNMENT POWER TO ISSUE GENERAL OBLIGATION LONG-TERM DEBT, 1986**

State and Types of Local Government	Rate Limit			Provisions for Exceeding Limit	Remarks
	Citation	Percent	Applied Against		
Alabama					
Counties	C-S	5	LAV	None	¹ Many exceptions are provided by constitutional amendments and statutes applicable to individual local governments.
Municipalities	C-S	20 ¹	LAV	None	
Alaska	C	No Limits	No Limits	M ¹	¹ General obligation debt may only be authorized for capital improvements.
Arizona					
Counties	C	6	EAV	M ¹	¹ But in no case to exceed 15% of equalized assessed valuation.
Municipalities	C	6	EAV	M ²	² Up to 20% additional for water supply, sewers, and lighting, and for the acquisition and development of land or interest therein for open space preserves, parks, playgrounds and recreational facilities.
School Districts	C	6	EAV	M ^{1, 3}	³ Unified school districts may become indebted to an amount not exceeding 30% of the taxable value within the district.
Arkansas					
Counties	None	No Limits ¹	No Limits ¹	n.a.	¹ Limited only as to the maximum allowable property tax rate for debt service.
Municipalities	None	No Limits ¹	No Limits ¹	n.a.	² By permission of State Board of Education limit may be raised to not exceed 13% of total assessed valuation.
School Districts	S	15	LAV	²	
California					
Counties	C	No Limits ¹	No Limits ¹	2/3 vote	¹ Limited only in that general obligation bonds must be approved by a 2/3 vote of those voting in a local election.
Municipalities	C	No Limits ¹	No Limits ¹	2/3 vote	
School Districts	C	No Limits ¹	No Limits ¹	2/3 vote	
Colorado					
Counties and School Districts	None	n.a.	n.a.	n.a.	¹ Chartered and home rule municipalities may establish their own limits.
Municipalities	S ¹	n.a.	n.a.	n.a.	
Connecticut					
	None	No Rate Limitations ¹	No rate Limitations ¹	n.a.	¹ Debt restricted to 2.25 times the latest tax receipts. This limit can be increased for certain purposes (e.g. sewers, school building projects and urban renewal projects). Certain kinds of debt (e.g., for water supply, gas, electric and transit) are excluded from this limit.
Delaware					
New Castle County ¹	S	3	LAV	None	¹ Requires 75% approval of County Council.
Sussex County ²	S	12	LAV	None	² Requires 80% approval of County Council.
Kent County ³	S	12	LAV	None	³ Requires 5/7 approval of County Levy Court.
Florida					
	None	No Limits	No Limits	n.a.	
Georgia:					
Counties	C	10	LAV	n.a.	¹ Local school systems which are authorized by law on June 30, 1983, to incur debt in excess of 10% may continue to do so.
Municipalities	C	10	LAV	n.a.	
School Districts	C	10 ¹	LAV	n.a.	
Hawaii					
Counties	C	15	LAV	None	
Idaho					
Counties:	C	No Limits ¹	No Limits ¹	None	¹ Debt incurred in any year cannot exceed revenue for fiscal year without ap-

Municipalities	C	2	MV	None	proval by a 2/3 majority of the voters on the issue.
School Districts	C	2	MV	None	
Illinois					
Counties	S	2.875 ¹	EAV	None	¹ With specified exceptions.
Municipalities	S	8.625 ^{1, 2}	EAV	None	² Does not apply to home rule municipalities which set own limits.
School Districts	S	13.8a, ³	EAV	None	³ K-12 Special Districts Townships.
Special Districts	S	2.875 ¹	EAV	None	
Townships	S	2.875 ¹	EAV	None	
Indiana					
Counties	C	2	LAV	None	
Municipalities	C	2	LAV	None	
School Districts	C	2	LAV	None	
Townships	C	2	LAV	None	
Iowa					
Counties	C	5	MV ¹	None	¹ By judicial interpretation.
Municipalities	C	5	MV ¹	None	
School Districts	C	5	MV ¹	None	
Kansas					
Counties	S	3 ¹	LAV	None	¹ Debt incurred for county hospitals, refunding, and for sanitary sewer improvements is excepted from limit.
Municipalities	S	30 ²	LAV	None	² City of Olathe has a limit of 35% until June 30, 1990. Bonds issued by a city for municipal utilities or street improvement are not included in computing total bonded indebtedness.
School Districts	S	14 ³	LAV	⁴	³ Bonds issued without an election, but with written approval of the State Board of Education (not to exceed \$20,000) are not included. ⁴ With approval of State Board of Education and voters of school district.
Kentucky					
Counties	C	2 ¹	MV	None ²	¹ Plus 5% for roads.
Municipalities	C	3 to 10 ³	MV	None ²	² Unless emergency public health or safety should require.
School Districts	C	2	MV	None ²	³ 1st and 2d-class cities, and 3d-class cities with more than 15,000 population, 10%; 3d-class cities with less than 15,000 population and 4th-class cities and towns, 5%; 5th and 6th-class cities and towns, 3%.
Louisiana					
Parishes (counties)	S	10	LAV	None	¹ Including school purposes, storm or sanitary sewer purposes, energy facility purposes or municipal airport purposes.
Municipalities	S	10	LAV	None	
School Districts	S	25	LAV	None	
Maine					
Counties	None	No Limits	No Limits	n.a.	
Municipalities ¹	C-S	15	LAV	None	
Maryland					
Counties (chartered)	S	15	LAV	¹	¹ A maximum of 25% of local assessed valuation is allowed for sewerage and sanitation treatment facilities bonds.
Counties (nonchart.)	None	No Limits	No Limits	n.a.	
Municipalities	None	No Limits	No Limits	n.a.	
Massachusetts					
Counties	S	No Limits ¹	EAV	None	¹ Each county bond issue is subject to state legislative authorization.
Municipalities	S	5 ²	EAV	³	² Debt incurred for certain purposes is excepted (for example, 10% for water supply).
School Districts	S	2.5 ²	EAV	³	³ An additional 5% for towns and 2.5% for cities with approval of the emergency finance board.

(continued on next page)

**STATE CONSTITUTIONAL AND STATUTORY LIMITATIONS ON
LOCAL GOVERNMENT POWER TO ISSUE GENERAL OBLIGATION LONG-TERM DEBT, 1986**

State and Types of Local Government	Rate Limit			Provisions for Exceeding Limit	Remarks
	Citation	Percent	Applied Against		
Massachusetts (cont.) Counties	C	10 ¹	EAV	None	¹ Voter approval required for issuance of unlimited (as opposed to limited) general obligation bonds pledging full faith and credit.
Michigan Municipalities	C-S	10 ^{1,2,3}	EAV	None	² Includes cities, villages, and charter townships. ³ Plus 0.375% in cities and 0.25% in villages for relief of victims of fire, flood or other disaster.
School Districts	C-S	15 ^{1,4}	EAV	None	⁴ Intermediate districts, 1/9 of 1% for limited tax bonds without vote of electors; other districts, 5% for limited tax bonds without vote of electors; no limit on, or voter approval required for, qualified school bonds. Community colleges, 1.5% on first \$250 million EAV plus 1% of excess over \$250 million EAV for limited tax bonds without vote of electors. Voter approval is not required for limited tax bonds regardless of outstanding voter-approved bonded indebtedness for energy improvement and asbestos removal projects for intermediate and other school districts.
Minnesota Counties	S	7.33	EAV	None	¹ Limitation does not apply to 1st-class cities (St. Paul, Minneapolis, Duluth) which are limited to 1.67% of market value or 3.33% of market value if the city charter authorizes debt in excess of the 1.67% limit.
Municipalities ¹	S	7.33	EAV	None	
Townships	S	7.33	EAV	None	
School Districts	S	10 ²	MV ³	None	² Independent school districts in 1st-class cities are limited to 2.75% of LAV, after authorization by 2/3 vote of city governing body. ³ Where at least 20% of the local tax base consists of railroad property (which is exempt from local taxation) special provisions apply.
Mississippi Counties	S	10 ^{1,2}	LAV	None	¹ 15% until September 30, 1987. ² 15% for debt incurred to repair flood damage to roads and bridges.
Municipalities	S	10 ^{1,3}	LAV	None	³ 15% for debt incurred for water, sewer gas, electric and special improvements.
School Districts	S	20	LAV	⁴	⁴ 25% if pupil total increased over 50% in last five years.
Missouri Counties	C-S	5	EAV	2/3 ¹	¹ Additional 5%.
Municipalities	C-S	5	EAV	2/3 ^{1,2}	² Cities may incur an additional 10% for streets and sanitation and/or for waterworks and electric plants, but total debt outstanding cannot exceed 20%. In addition, cities, incorporated towns and villages within any county which has less than 400,000 population may issue industrial development bonds up to 10% of EAV.
School Districts	C-S	10	EAV	None	
Montana Counties	S	11.25 ¹	EAV	¹	¹ Plus 27.75% plus a variable percent of new production taxes for buying land and school buildings and an additional 12.5% plus a variable percent of new production taxes for building jails.
Municipalities	S	28 ²	EAV	²	² Plus 55% for water and sewer debt.
School Districts	S	45	EAV	None	

Nebraska	None	No Limits	No Limits	n.a.	
Nevada					
Counties	S	10	EAV	None	¹ Some variation authorized.
Municipalities	S	30 ¹	EAV	None	
School Districts	S	15	EAV	None	
New Hampshire					
Counties	S	2	LAV	None	¹ Ten percent for cooperative school districts.
Municipalities	S	1.75	EAV	None	
School Districts	S	7 ¹	EAV	None	
New Jersey					
Counties	S	2	EAV	¹	¹ Approval of State Local Finance Board.
Municipalities	S	3.5	EAV	¹	² Varies from 1.5 to 4% depending upon grade level of School Districts instruction.
School Districts	S	2, ³	EAV	⁴	³ Eight percent in cities of first class; 6% for 2d class cities in excess of 80,000 population. ⁴ Approval of State Local Finance Board, Commissioner of State Department of Education and referendum.
New Mexico					
Counties	C	4	LAV	None	¹ May contract debt in excess of limitation for construction or purchase of a water or sewer system.
Municipalities	C	4	LAV	None ¹	
School Districts	C	6	LAV	None	
New York					
Counties ¹	C	7 ²	MV	None	¹ Excludes the five counties comprising New York City. ² Except Nassau County where the limit is 10%.
Cities, Towns, Villages	C	7 ³	MV	None	³ Ten percent for New York City, and 9% for other cities over 125,000 population, including debt for school purposes. The 7% limit for all other municipalities excludes school debt.
School Districts	C-S	5 to 10 ⁴	MV	3/5 ⁵	⁴ Five percent for school districts in cities under 125,000 population; statutory limit of 10% of current full valuation for non-city school districts with assessed valuation over \$100,000. No limit for non-city school districts with assessed valuation under \$100,000. ⁵ Subject to approval by 60% of the voters, the State Board of Regents and, in the case of school districts in cities under 125,000 population, the State Comptroller.
North Carolina					
Counties	S	8 ¹	LAV	M ²	¹ All debt must be approved and the bonds marketed by the Local Government Commission, a state agency.
Municipalities	S	8 ¹	LAV	M ²	² The constitution requires voter approval of all general obligation, long-term debt incurred in excess of 2/3 of net debt reduction in the preceding fiscal year with limited exceptions.
North Dakota					
Counties	C	5	EAV	None	¹ Additional debt may be incurred for waterworks, up to 4%.
Cities	C	5 ¹	EAV	2/3 ²	² Additional 3%.
School Districts	C	5	EAV	M ³	³ Additional 5%.
Ohio					
Counties	S	¹	LAV	M	¹ Voter approval required for indebtedness in excess of 1% LAV. Net indebtedness shall never exceed 3% of first \$100,000,000 of taxable value plus 1.5% of taxable value in excess of \$100,000,000 and not in excess of \$300,000,000, plus 2.5% of taxable value in excess of \$300,000,000.

(continued on next page)

**STATE CONSTITUTIONAL AND STATUTORY LIMITATIONS ON
LOCAL GOVERNMENT POWER TO ISSUE GENERAL OBLIGATION LONG-TERM DEBT, 1986**

State and Types of Local Government	Rate Limit			Provisions for Exceeding Limit	Remarks
	Citation	Percent	Applied Against		
Ohio (cont.)					
Municipalities	C-S	10.5 ²	LAV	None	² Voter approval required for indebtedness in excess of 5.5% LAV. Net indebtedness shall never exceed 10 1/2% LAV.
Townships	S	2 ³	LAV	M	³ Subject to voter approval.
School Districts	S	⁴	LAV	⁴	⁴ No vote for up to 1%; vote required for 1 to 3%; over 4% (and up to 9%) vote required and prior approval of Tax Commissioner and State Superintendent of Public Instruction. Over 9%, must also be a special needs school district.
Oklahoma					
Counties	C	5 ^{1, 2}	LAV	None	¹ Amount incurred in any year may not exceed revenue for the year, except by a 3/5 majority vote.
Municipalities	C	10 ^{1, 2}	LAV	None	² By majority vote can authorize debt to secure and develop industry. Tax may not exceed 5 mills.
School Districts	C-S	5 ¹	LAV	3/5 ³	³ Additional 5%.
Oregon					
Counties	S	2	MV	None	¹ 0.55% for grades K-8; 0.75% for grades 9-12; 1.5% for community college or area education district.
Municipalities	S	3	MV	None	
School Districts	S	¹	MV	None	
Pennsylvania					
Counties	S	¹	¹	M	¹ Limitation applied against borrowing base defined as average revenues of unit for the three fiscal years prior to incurring debt; counties—300% of borrowing base, municipalities—250%, school districts—100%.
Municipalities	S	^{1, 2}	¹	M	² For Philadelphia, the limit is 13.5% of locally established assessed value with up to 3% without referendum (by constitution).
School Districts	S	¹	¹	M	
Rhode Island					
Municipalities	S	3	LAV	None	
South Carolina					
Counties	C	8 ¹	LAV	None	¹ Numerous specific exceptions.
Municipalities	C	8 ^{1, 2}	LAV	None	² Where two or more municipalities overlap, or school districts overlap, aggregate limit is 15%.
School Districts	C	8 ^{1, 2}	LAV	None	
South Dakota					
Counties	C	5	EAV	M ¹	¹ Up to an additional 10% (18% for cities over 8,000 population) for specified purposes.
Municipalities	C	5	EAV	M ¹	
School Districts	C	10	EAV	¹	
Tennessee	None	No Limits ¹	No Limits ¹	n.a.	¹ Except that industrial building bonds are limited to 10% of assessed valuation, and require a 3/4 majority in referendum.
Texas					
Counties	C-S	¹	LAV	None	¹ Limit on taxing authority for debt repayment is generally \$.80 per \$100 LAV.
Municipalities	C-S	¹	LAV	None	² Limit on taxing authority for debt repayment is \$1.50 per \$100 LAV for general law cities and generally \$2.50 per \$100 LAV for home rule cities.
School Districts	C-S	10	LAV	None	
Utah					
Counties	C	2 ¹	MV ²	None	¹ Debt incurred in any one year may not exceed amount of taxes raised for the

Municipalities	C	4 ¹	MV ²	³	year without a simple majority approval of the electorate (property taxpayers).
School Districts	C	4 ¹	MV ²	None	² By judicial interpretation. ³ 1st and 2nd class cities are granted an additional 4%, 3rd class cities and towns an additional 8% debt for construction of water, lights, and sewer facilities.
Vermont					
Municipalities ¹	S	10 ²	LAV	None	¹ There are a few exceptions specified in the state statutes. ² The statutory limit is "10 times the grand list of the municipal corporation." The "grand list" is 1% of the locally assessed valuation.
Virginia					
Counties	C-S	No Limits ¹	No Limits ¹	n.a.	¹ By referendum.
Municipalities ²	C-S	10	LAV	None	² Including counties that elect to be treated as cities.
Washington					
Counties	C	5 ¹	LAV	¹	¹ Debt incurrence that would bring total above 1.5% subject to approval by 60% majority vote, but in no case may it exceed 5%. However, an additional 5% is authorized for municipally owned utilities.
Municipalities	C	5 ¹	LAV	¹	
School Districts	C	10 ²	LAV	²	² Debt incurrence that would bring total above 1.5% subject to approval by 60% majority vote, but in no case may it exceed 5%. However, a constitutional amendment authorizes an additional 5% for "capital outlays."
West Virginia					
Counties	C-S	5	LAV	None	
Municipalities	C-S	5	LAV	None	
School Districts	C-S	5	LAV	None	
Wisconsin					
Counties	C-S	5 ¹	EAV	None	¹ No more than 4% for county buildings or 1% (by sole action of the county board) for highways.
Municipalities	C-S	5 ¹	EAV	²	² Municipalities operating schools, except Milwaukee, may incur an additional 10% for school purposes.
School Districts	C-S	5 ³	EAV	³	³ Ten percent for school districts offering no less than grades 1-12 and which are eligible for highest level of state aid ("integrated" districts).
Wyoming					
Counties	C-S	2	EAV	None	¹ Additional 4% authorized for sewer construction.
Municipalities	C	2 ¹	EAV	¹	
School Districts	C	10	EAV	None	

*C—State's constitution, S—statutes, C-S—both.

**Percentage debt limitations are generally applied against property values:

MV—Full or market value.

LAV—Locally established assessed value or state established assessed value in case of state assessed property such as utilities.

EAV—State equalized assessed value.

***M—A simple majority (a favorable majority of 50% plus one of all votes subject to counting on the question); where more than a simple majority is required, the required percentage is entered.

These provisions are other than by amendment of the constitution or statutes.

n.a.—Not applicable.

NOTE: This table deals only with limitations that affect generally the amount of general obligation debt in counties, municipalities, and school districts can issue. In a number of states, general obligation debt issues for specified purposes is excluded from the general rate limitations either by constitutional or statutory provisions. In addition, specific debt limitations are often imposed under 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: ACIR staff with the help of state attorneys general or other state officials.

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