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# *Significant Features of Fiscal Federalism*

*Volume 1*

*Budget Processes  
and Tax Systems*

# 1991

**acir**

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Advisory Commission  
on Intergovernmental Relations  
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*Section I*

# **Budget Processes and Tax and Expenditure Limits**

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Table 1  
The Federal Budget Process

The Executive Budget Process	Deadline	The Congressional Budget Process
Agencies subject to executive branch review submit initial budget request materials.	September 1	
Fiscal year begins.	October 1	Fiscal year begins.
OMB final sequester; President issues sequester order.	10 days after adjournment	CBO final sequester preview.
	15 days after adjournment	
	30 days after adjournment	GAO sequester compliance report.
Agencies not subject to executive branch review submit budget request materials.	October 15	
Legislative branch and the judiciary submit budget request materials.	November 15	Comptroller General issues GRH compliance report.
Notice of optional adjustment of deficit target for fiscal 1994-1995.	November-December	
President submits budget request and economic forecast that will control budget activity for the following year; budget also includes OMB sequester preview	January 21	
OMB sends allowance letters to agencies.	1st Monday in February	Congress receives the President's budget. (CBO sequester preview due five days earlier)
	January-February	
	February 15	CBO reports to the Budget Committees on the President's budget. Committees submit views and estimates to Budget Committee in their own house.
	February 25	
OMB and the President conduct reviews to establish presidential policy to guide agencies in developing the next budget.	April-June	
	April 1	Senate Budget Committee reports concurrent resolution on the budget.
	April 15	Congress completes action on concurrent resolution.
	May 15	House may consider appropriations bills in the absence of a concurrent resolution on the budget.
	June 10	House Appropriations Committee reports last appropriations bill.
	June 15	Congress completes action on reconciliation legislation.
	June 30	Congress completes action on appropriations bills.
	July 1	Supplemental appropriations for the current fiscal year that exceed discretionary spending targets and are enacted before this date trigger 15-day post-enactment sequester.
President transmits the mid-session review, updating the budget estimates.	July 15	Congress receives mid-session review of the budget.
OMB provides agencies with policy guidance for the upcoming budget.	July-August	
	August 15	Notice of optional sequester preview.
OMB updates sequester preview.	August 20	
OMB issues its initial GRH report providing estimates and determinations to the President and Congress.	August 25	
President issues initial GRH sequester order and sends message to Congress within 15 days.	August 25	

CBO—Congressional Budget Office

GAO—General Accounting Office

GRH—Gramm-Rudman-Hollings (*Balanced Budget and Emergency Deficit Control Act of 1985*)

OMB—Office of Management and Budget

Source: Executive Office of the President, Office of Management and Budget, *Mid-Session Review of the Budget*, July 1989. Revised version from *Congressional Quarterly*, November 3, 1990, p. 3712.

Table 2  
State Budget Processes and Calendars

State	Budget Guidelines to Agencies	Agency Requests Submitted to Governor	Agency Hearings Held	Governor's Budget Sent to Legislature	Legislature Adopts Budget	Fiscal Year Begins	Frequency of Legislative/Budget Cycles
Alabama	July	October/November	December	February	February/May	October 1	Annual/Annual
Alaska	August	October	November	December	May	July 1	Annual/Annual
Arizona	June	September	October	January	April	July 1	Annual/Annual
Arkansas	March	July	August	September/December	January/April	July 1	Biennial/Biennial
California	July/November	August/September	August/October	January	June	July 1	Annual/Annual
Colorado*	June	August	September	November	April	July 1	Annual/Annual
Connecticut*	July	September	February	February	May/June	July 1	Annual/Annual
Delaware	August	October/November	October/November	January	June	July 1	Annual/Annual
Florida*	July/Aug	October/November	November	February	June	July 1	Annual/Biennial
Georgia	May	September	November/December	January	March	July 1	Annual/Annual
Hawaii*	June/July	August/September	November	January	April	July 1	Annual/Biennial
Idaho	May	September	November	January	March	July 1	Annual/Annual
Illinois	August	November/December	November/December	March	June	July 1	Annual/Annual
Indiana	June	September	October/November	January	April/May	July 1	Annual/Annual
Iowa	June	September	November/December	January	April/May	July 1	Annual/Annual
Kansas	June	September	October/November	January	April/May	July 1	Annual/Annual
Kentucky	July	October	October/December	January	March/April	July 1	Biennial/Biennial
Louisiana	September	December	January	April	July	July 1	Annual/Annual
Maine	July	September	October/December	January	June	July 1	Biennial/Biennial
Maryland	July	August/September	October/November	January	April	July 1	Annual/Annual
Massachusetts	August	October	October	January	June	July 1	Annual/Annual
Michigan	June	September/November	October/December	February	June	October 1	Annual/Annual
Minnesota	May	October	November	January	May	July 1	Annual/Biennial
Mississippi	June	August	September	December	March/April	July 1	Annual/Annual
Missouri	July	October	n.a.	January	April/May	July 1	Annual/Annual
Montana	June	August/September	n.a.	December	April	July 1	Biennial/Biennial
Nebraska	July	September	January	January	April	July 1	Annual/Biennial
Nevada	June	September	September/December	January	June	July 1	Biennial/Annual
New Hampshire	June	October	November	February	June	July 1	Annual/Biennial
New Jersey	May	October	n.a.	January	June	July 1	Annual/Annual
New Mexico	July	September	October/December	January	February/March	July 1	Annual/Annual
New York	July	September	October/November	January	March	April 1	Annual/Annual
North Carolina*	March	July	November	February	July	July 1	Biennial/Biennial
North Dakota	March	June/July	July/October	December	January/April	July 1	Biennial/Biennial
Ohio*	July	September/October	September/November	January/March	June	July 1	Biennial/Biennial

Table 2 (cont.)  
State Budget Processes and Calendars

State	Budget Guidelines to Agencies	Agency Requests Submitted to Governor	Agency Hearings Held	Governor's Budget Sent to Legislature	Legislature Adopts Budget	Fiscal Year Begins	Frequency of Legislative/Budget Cycles
Oklahoma	July	September	September/November	February	May	July 1	Annual/Annual
Oregon	March	August/September	October/November	December	June/July	July 1	Biennial/Biennial
Pennsylvania*	August	October	December/January	February	June	July 1	Annual/Annual
Rhode Island	June/July	October	November	February	May/June	July 1	Annual/Annual
South Carolina	May	August	September	January	June	July 1	Annual/Annual
South Dakota	June/July	September	September	December	March	July 1	Annual/Annual
Tennessee	August	October	November	January	April/May	July 1	Annual/Annual
Texas*	March	June	July/September	January	May	September 1	Biennial/Biennial
Utah	July/August	September/October	November	December	February	July 1	Annual/Annual
Vermont	August	October	September/October	January	May	July 1	Annual/Annual
Virginia*	May	August	September/November	January	March	July 1	Annual/Biennial
Washington*	April	September	October	December	May	July 1	Annual/Biennial
West Virginia	July/August	September	October/December	January	March	July 1	Annual/Annual
Wisconsin	May	October	March	January	June	July 1	Annual/Biennial
Wyoming	July/August	October/November	November	December	March	July 1	Annual/Biennial

n.a.- not applicable

**\*State Notes**

**Colorado** Governor submits approved department budgets to legislature November 1. Final statewide budget is submitted in January.

**Connecticut** Legislature adopts budget during June of odd years. May even years.

**Florida** Biennial budget submission but annual appropriation.

**Hawaii** Budget document due to legislature at end of December. Appropriations bill due in January.

**North Carolina** With annual updates.

**Ohio** 1) Budget is submitted in January except in year when governor is inaugurated. Then it is submitted in March.  
2) Appropriations are annual.

**Pennsylvania** Budget is submitted in March when governor has been elected for first full term.

**Virginia** 1) These dates are for the operating expense budget. For the capital budget, guidelines are sent to agencies in December, with requests due by March 1.  
2) Virginia adopts a biennial budget in the even-numbered year.

**Washington** There are annual updates of the budget.

Source: National Association of State Budget Officers, *Budgetary Processes in the States, 1989* (Washington, DC, 1989).

Table 3  
State Balanced Budgets and Deficit Limitations:  
Constitutional and Statutory Provisions

State	Governor Must Present Balanced Budget		Legislature Must Pass Balanced Budget		Governor Must Sign Balanced Budget		May Carry over Deficit (Y,N)
	(Y,N)	(C,S)	(Y,N)	(C,S)	(Y,N)	(C,S)	
Alabama	Y	C,S	Y	C,S	Y	C,S	N
Alaska	Y	S	Y	S	N	-	Y
Arizona*	Y	C	Y	C	Y	C	Y
Arkansas	Y	S	Y	S	Y	S	N
California	Y	C	N	-	N	-	Y
Colorado	N	-	Y	C	Y	C	N
Connecticut	Y	S	Y	S	N	-	N
Delaware	Y	C	Y	C	Y	C	N
Florida	Y	S	Y	C	Y	S	N
Georgia	Y	C	Y	C	Y	C	N
Hawaii	Y	C,S	N	-	Y	C,S	N
Idaho	Y	C	Y	C	N	-	N
Illinois	Y	C	Y	C	N	-	N
Indiana	Y	C	Y	C	Y	C	N
Iowa	Y	C	Y	C	N	-	N
Kansas	Y	C	Y	C	Y	C	N
Kentucky	Y	C,S	Y	C	Y	C	N
Louisiana	Y	C,S	Y	S	Y	C,S	Y
Maine	Y	S	Y	C	Y	S	N
Maryland	Y	C	Y	C	N	-	N
Massachusetts	Y	C	Y	C	Y	C	Y
Michigan	Y	C	Y	C	Y	C	N
Minnesota	Y	S	Y	S	N	-	N
Mississippi	Y	S	Y	S	Y	S	N
Missouri	Y	C	N	-	Y	C	N
Montana	Y	C	Y	C	N	-	N
Nebraska	Y	C	N	-	N	-	N
Nevada	Y	S	Y	C	N	-	N
New Hampshire	Y	S	N	-	N	-	Y
New Jersey	Y	C	Y	C	Y	C	N
New Mexico	Y	C	N	-	N	-	N
New York*	Y	C	N	-	N	-	Y
North Carolina*	Y	C	Y	C	N	C	N
North Dakota	Y	S	Y	S	Y	S	N
Ohio*	N	-	N	-	N	-	N
Oklahoma	Y	C,S	Y	C	Y	C	N
Oregon	Y	C	Y	C	Y	C	N
Pennsylvania*	Y	C,S	N	-	Y	C	Y
Rhode Island	Y	C	Y	C	Y	S	N
South Carolina*	N	-	Y	C	Y	C	N
South Dakota	Y	C	Y	C	Y	C	N
Tennessee	Y	C	Y	C	Y	C	N
Texas	-	-	Y	C	Y	C	N
Utah	Y	S	Y	C	Y	S	N
Vermont	N	-	N	-	N	-	Y
Virginia*	Y	S	N	-	N	-	N
Washington	Y	S	N	-	N	-	N
West Virginia	N	-	Y	C	Y	C	N
Wisconsin	Y	C	Y	C	Y	C	N
Wyoming	Y	C	Y	C	Y	C	N



*Table 3 (cont.)*  
**State Balanced Budgets and Deficit Limitations:  
 Constitutional and Statutory Provisions**

Y—Yes	N—No	C—Constitutional provision	S—Statutory provision
<b>*State Notes</b>			
<b>Arizona</b>	May carry over “casual deficits,” i.e., not anticipated.		sufficient revenues to meet state expenses. The governor is required by statute to examine monthly the relationship between appropriations and estimated revenues and to reduce expenditures to prevent imbalance.
<b>New York</b>	Technically, the governor is not required to sign a balanced budget. However, in order to consummate the spring borrowing, the governor must certify that the budget is in balance		
<b>North Carolina</b>	Governor must maintain a balanced budget; does not sign the legislation.		<b>Pennsylvania</b> May carry over deficit into following year only.
<b>Ohio</b>	There is no constitutional or statutory requirement that the governor submit or the legislature enact a balanced budget. There is a constitutional requirement that the legislature provide		<b>South Carolina</b> Formal budget submitted by budget and control board, not governor.
			<b>Virginia</b> The constitution specifies that expenditures shall not exceed revenues at the end of the biennial period.

Source: National Association of State Budget Officers, *Budgetary Processes in the States, 1989* (Washington, DC, 1989).

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*Table 4*  
**State Budget Stabilization Funds**

State	Methods for Deposit	Methods for Withdrawal
<b>Alaska</b> <i>Budget Reserve Account</i>	By appropriation	By appropriation for the governor to meet a disaster
<b>California</b> <i>Special Fund for Economic Uncertainties</i>	Year-end surplus or by appropriation	(1) Automatic expenditure to cover revenue shortfall or other deficiency in general fund (2) executive order can allocate funds for additional fire fighting or disaster response needs
<b>Colorado*</b> <i>4% Required Reserve</i>	4% of total general fund appropriations plus supplementals are automatically set aside	Automatic expenditure when revenue estimates fall below targets; fund can be used only to cover appropriations already authorized
<b>Connecticut</b> <i>Budget Reserve Fund</i>	Year-end surplus; fund capped at 5% of net general fund appropriations for fiscal year	Automatic expenditure to cover budget deficit to the extent that funds are available
<b>Delaware</b> <i>Budget Reserve Account</i>	Automatic deposit from previous year's unencumbered funds; fund capped at 5% of estimated general fund revenues	By appropriation to cover budget deficit or to compensate for revenue reductions; requires 3/5 vote of each house
<b>Florida</b> <i>Working Capital Fund</i>	Year-end surplus; fund capped at 10% of previous year's general fund	By appropriation when revenue collections are insufficient to meet appropriations
<b>Georgia</b> <i>Revenue Shortfall Reserve</i>	Year-end surplus; fund capped at 3% of net revenue	Automatic expenditure to cover revenue shortfall collections
<b>Idaho</b> <i>Budget Reserve Account</i>	By appropriation	By appropriation
<b>Indiana</b> <i>Counter-Cyclical Revenue &amp; Economic Stabilization Fund</i>	(Annual growth rate in personal income minus 2%) x (previous year general fund revenues)	Funds transferred to general fund if percentage change in adjusted personal income is less than 2%
<b>Iowa</b> <i>Economic Emergency Fund</i>	Year-end surplus; fund capped at 10% of funds appropriated from the state's general fund during the preceding fiscal year	By appropriation only for a purpose for which the General Assembly previously appropriated funds for that fiscal year
<b>Kentucky*</b> <i>Budget Reserve Trust Fund</i>	By appropriation	Allotted by governor to meet a revenue shortfall; governor must notify legislature
<b>Maryland*</b> <i>Revenue Stabilization Account</i>	By appropriation	Transferred by governor to general fund revenues if state unemployment rate is both greater than 6.5% and greater than the rate 12 months earlier; amount of transfer is reduced by amount of general fund budget reductions made by legislature
<b>Massachusetts</b> <i>Commonwealth Stabilization Fund</i>	Year-end surplus; fund capped at 5% of current fiscal year revenues	By appropriation
<b>Michigan*</b> <i>Budget and Economic Stabilization Fund</i>	Statutes require appropriation of an amount equal to (annual growth rate in real personal income in excess of 2%) x (general fund revenues of prior fiscal year)	If annual growth rate in real personal income is negative, withdrawal equals (deficiency) x (general fund revenues), but no more than needed to balance budget; withdrawals are allowed in year that pay-in is made if actual revenue collections fall below level on which budget was based
<b>Minnesota</b> <i>Budget Reserve Account</i>	By direct appropriation—\$550 million; by contingent appropriation an amount to bring the reserve up to 5% of general fund appropriations for the biennium	By appropriation or transfer by commissioner of finance with approval of governor; consultation with Legislative Advisory Commission required
<b>Mississippi</b> <i>General Fund Stabilization Reserve</i>	Automatic transfer of 25% of annual surplus, with fund not exceed 5% of previous year's general fund revenue	Transfer by Fiscal Management Board to cover revenue shortfall
<b>Missouri*</b> <i>Budget Stabilization Fund</i>	By appropriation; fund is not to exceed 5% of the receipts into the general revenue fund for preceding fiscal year	By appropriation to the governor to meet budget shortfalls
<b>New Hampshire</b> <i>Revenue Stabilization Reserve Account</i>	Audited year-end surplus	Transfer by the comptroller with approval of the Advisory Budget Control Committee and the governor when: (1) General fund operating deficit occurred for most recently completed fiscal year, and (2) Unrestricted general fund revenues in the most recently completed fiscal year were less than budget forecast
<b>New Jersey</b> <i>Surplus Revenue Fund</i>	50% of revenue collections in excess of governor's certification of revenues	(1) By appropriation or (2) by the governor in event of an emergency identified by the governor, upon approval by the legislature's Joint Budget Oversight Committee.

Table 4 (cont.)  
State Budget Stabilization Funds

State	Methods for Deposit	Methods for Withdrawal
<b>New Mexico</b> <i>Operating Reserve Fund</i>	Excess revenue with balance not to exceed 8% of aggregate recurring appropriations from the general fund for the previous fiscal year	By appropriation in the event revenues are insufficient to meet the level of appropriations authorized
<b>New York*</b> <i>Tax Stabilization Reserve Fund</i>	Year-end surplus up to 0.2% of aggregate general fund disbursements; reserve fund cannot exceed 2% of general fund disbursements for the fiscal year	By appropriation when state is in deficit
<b>North Dakota</b> <i>Budget Stabilization Fund</i>	Biennium end surplus in excess of \$40 million	Governor may transfer for revenue shortfall of at least 5% of the estimate made by the most recently adjourned Assembly
<b>Ohio</b> <i>Budget Stabilization Fund</i>	Transfer of general revenue in excess of certified revenues for biennium	Funds transferred to general fund if growth in general revenue fund is negative
<b>Oklahoma</b> <i>Constitutional Reserve Fund</i>	Automatic transfer of revenue in excess of official revenue projection; fund is capped at 10% of general revenue fund for the preceding fiscal year	Up to 1/2 of balance may be appropriated if: (1) forthcoming fiscal year general revenue fund is less than that of current fiscal year certification; or (2) emergency declaration by the governor with concurrence by legislature with a 2/3 vote of each house; or (3) joint emergency declaration by speaker and president pro tempore with concurrence by legislature with a 3/4 vote of each house
<b>Pennsylvania</b> <i>Tax Stabilization Reserve Fund</i>	By appropriation	By appropriation when governor declares an emergency or downturn in the economy; requires 2/3 vote of each house
<b>Rhode Island</b> <i>Budget Reserve and Cash Stabilization Account</i>	For FY87 and thereafter, 40% of lottery revenue	Automatic expenditure to cover revenue shortfall
<b>South Carolina*</b> <i>General Reserve Fund</i>	Revenues in excess of annual operating expenditures must be transferred to the fund; fund is capped at 3% of general fund revenue of the latest completed fiscal year	Budget and Control Board transfers to cover year-end operating deficit
<b>Tennessee</b> <i>Revenue Fluctuation Reserve</i>	By appropriation	By appropriation when state is in deficit
<b>Texas*</b> <i>Economic Stabilization Fund</i>	Transfer of 1/2 of any unencumbered general revenue fund balance at end of each biennium plus portions of oil and natural gas production tax collections	By appropriation with 2/3 vote of legislature
<b>Utah</b> <i>Budget Reserve Account</i>	General fund surplus up to 3%; account may not exceed 6% of the general fund appropriation for the fiscal year in which the surplus occurred	By appropriation to cover operating deficits
<b>Vermont</b> <i>Budget Stabilization Trust Fund</i>	Undesignated general fund surplus; fund is capped at 2% of general fund appropriations from most recently ended fiscal year	By the state treasurer to the extent necessary to offset a general fund deficit
<b>Virginia</b> <i>Revenue Reserve Fund</i>	By appropriation	Governor may transfer for revenue shortfall caused by economic conditions or by changes in federal tax legislation
<b>Washington</b> <i>Budget Stabilization Fund</i>	Pursuant to appropriation: (projected growth in real personal income minus 3%) X (previous fiscal year general state revenues)	By appropriation, with 60% vote required, when revenues fall below forecast, for labor force training, or for any purpose legislature determines would reduce unemployment caused by state's economic cycle
<b>Wisconsin</b> <i>Budget Stabilization Fund</i>	By appropriation	By appropriation
<b>Wyoming</b> <i>Budget Reserve Account</i>	Year-end surplus plus appropriations	By appropriation

**\*State Notes**

**Colorado** If economic conditions require expenditures from the fund, the governor must develop a plan that would maintain the reserve at no less than 2%. The plan is subject to legislative modification.

**Kentucky** Conditions governing the use of the fund are attached to its appropriation every two years. At

the end of the biennium, the fund lapses and has to be recreated. The state also has created in the general fund the Surplus Fund Account. No expenditures may be made from the account unless appropriated by the legislature, or unless required by the budget reduction provisions of a joint budget resolution.

*Table 4 (cont.)*  
**State Budget Stabilization Funds**

**State Notes (cont.)**

<b>Maryland</b>	The Revenue Stabilization Account must be increased \$5 million each year whenever balance is less than \$100 million or 2% of general fund revenues.		not less than 1% of the general fund revenue of the latest completed fiscal year. The state also has a Capital Reserve Fund that receives money by appropriation. It is capped at 2% of general fund revenue of latest completed fiscal year. The Budget and Control Board transfers money from this fund to avoid mid-year budget reductions. After May 1 of a fiscal year, money in Capital Reserve Fund can be appropriated for other specified purposes with 2/3 vote of legislature.
<b>Michigan</b>	If state unemployment rate is between 8% and 11.9%, legislature may appropriate 2.5% of the fund balance for programs that will provide for increases in state employment. If rate is 12% or more, up to 5% may be so used.		
<b>Missouri</b>	The General Assembly may appropriate to governor any portion of existing balance to cover budget shortfalls. Also, in any year in which governor finds it necessary to withhold appropriated funds, governor may order Commissioner of Administration to make transfers from fund to fulfill expenditures authorized by appropriation. However, such action must be approved by General Assembly, and hence can only occur if General Assembly is in session. Further, the General Assembly shall not appropriate moneys from the fund without authorization from the governor.	<b>Texas</b>	The constitutional amendment creating the fund mandates the following revenue transfers to it: (1) 50% of any unencumbered general revenue fund balance at the end of each fiscal biennium; (2) an amount of general revenue equal to 75% of the amount by which oil production tax collections in any future fiscal year exceed oil production tax collections in fiscal year 1987; (3) an amount of general revenue equal to 75% of the amount by which natural gas production tax collections in any future fiscal year exceed oil production tax collections in the fiscal year 1987. (For purposes of calculating the transfer, natural gas tax collections would be adjusted to reflect 12 months of collections in each fiscal year.)
<b>New York</b>	Once borrowed, fund must be paid back within six years in three equal installments.		
<b>South Carolina</b>	Funds withdrawn from the General Reserve Fund must be restored annually at a rate of		

Source: National Conference of State Legislatures, *State Fiscal Letter*, March/April 1990. Reprinted with permission from the National Conference of State Legislatures.

Table 5  
Gubernatorial Veto Authority for Major Budget Items

State	Funding for a Line Item	Funding for an Entire Program or Agency	Language Accompanying Appropriation	Language in Footnote or Following an Appropriation Explaining How Money is Spent	Proviso or Contingency Language on Expenditure of Appropriation	Only Entire Bill	Power to Reduce (R) Appropriation or Substitute (S) New Measure for Consideration	Other
Alabama							S	Y <sup>1</sup>
Alaska	Y						R	
Arizona	Y	Y						
Arkansas	Y	Y						
California	Y	Y	Y	Y	Y		R	
Colorado	Y	Y		Y <sup>2</sup>	Y <sup>2</sup>			
Connecticut	Y	Y						
Delaware	Y							
Florida	Y							
Georgia	Y	Y	Y	Y	Y			
Hawaii	Y							
Idaho	Y							
Illinois	Y	Y					R <sup>3</sup>	
Indiana						Y		
Iowa	Y	Y	Y	Y	Y			Y <sup>4</sup>
Kansas	Y							
Kentucky	Y	Y			Y			
Louisiana <sup>5</sup>	Y	Y	Y	Y	Y			
Maine						Y		Y <sup>6</sup>
Maryland								Y <sup>7</sup>
Massachusetts	Y	Y	Y	Y	Y		R	
Michigan	Y	Y	Y <sup>8</sup>					
Minnesota	Y	Y						
Mississippi	Y	Y	Y	Y	Y			
Missouri	Y	Y					R	
Montana	Y	Y <sup>9</sup>					<sup>9</sup>	
Nebraska	Y	Y					R	
Nevada						Y		
New Hampshire						Y <sup>10</sup>		Y <sup>10</sup>
New Jersey	Y	Y	Y	Y	Y		R	
New Mexico				Y	Y			
New York	Y	Y	Y	Y	Y			Y <sup>11</sup>
North Carolina <sup>12</sup>							No Veto	
North Dakota	Y	Y	Y	Y	Y			
Ohio	Y	Y	Y	Y	Y			
Oklahoma	Y	Y		Y				
Oregon	Y	Y					R	Y <sup>13</sup>
Pennsylvania	Y	Y					R	
Rhode Island						Y		
South Carolina	Y	Y	Y	Y	Y			
South Dakota	Y							
Tennessee	Y	Y					R	
Texas	Y	Y						Y
Utah	Y							Y
Vermont								
Virginia	Y	Y	Y	Y	Y		R	
Washington	Y	Y	Y	Y	Y			
West Virginia	Y	Y	Y					
Wisconsin	Y	Y	Y		Y		<sup>14</sup>	Y <sup>14</sup>
Wyoming	Y	Y		Y	Y			
Totals	40	32	16	17	18	5	S-1; R-11	10

*Table 5 (cont.)*  
**Gubernatorial Veto Authority for Major Budget Items**

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Y—governor has veto authority.

*Language Accompanying Appropriation* means descriptive language that is next to the appropriation. This may be a title or short description.

*Footnote Language* means language that describes how dollars are to be spent. Footnotes also may be called legislative intent language. Footnotes usually appear on the bottom of the page with the corresponding appropriation.

*Proviso Language* means language that explains what the executive, legislative, or judicial agency has to do to receive an appropriation. This is also known as contingency language.

<sup>1</sup> The governor may veto the bill entirely or offer executive amendments, which may delete or add figures and language.

<sup>2</sup> Only if language is unconstitutional.

<sup>3</sup> Governor has reduction veto power on a particular line item. The amount the governor approves becomes law unless veto is overridden by legislature. The Constitution prohibits substantive language in an appropriations bill.

<sup>4</sup> As a result of a Supreme Court suit, the governor, in item vetoing, must veto a complete section—that may be done only in an appropriations bill. Prior to this suit, the governor was item vetoing words.

<sup>5</sup> The governor may veto anything that shows up as a line item.

<sup>6</sup> The governor may veto only the entire bill.

<sup>7</sup> The governor has no veto power. Maryland has strong executive budget.

<sup>8</sup> Distinct item of appropriations. If line item vetoed, language also is vetoed as a rule.

<sup>9</sup> If a bill originally passed by 2/3 vote and the legislature has adjourned, the secretary of state may poll the legislative membership by mail for a veto override vote. The governor also has an “amendatory veto” on nonappropriations bills, which provides for the legislature to consider his recommendations.

<sup>10</sup> Constitution prohibits budget footnotes in appropriations bill that establish, amend, or repeal sections of state laws not related to operating expenses.

<sup>11</sup> The governor may veto any legislative “addition” to the budget only.

<sup>12</sup> The governor has no veto power.

<sup>13</sup> The governor also may veto single-item appropriations bills.

<sup>14</sup> The only way that a governor may reduce an appropriated amount is to line item part of the appropriation figure. For example, if \$100,000 was appropriated, a zero and a comma could be struck to make the figure \$10,000 or all but the last zero could be struck to provide a zero dollar appropriation.

Source: National Conference of State Legislatures, *Legislative Budget Procedures in the 50 States: A Guide to Appropriations and Budget Processes* (Denver, September 1988). Reprinted with permission from the National Conference of State Legislatures.

Table  
Description of State

State and Adoption Year Type of Limit, Methods of Approval	Limit Applies to—	Limit Is
Alaska <sup>1</sup> 1982 Constitutional Expenditure Legislative Referendum	State appropriations	Appropriations shall not exceed \$2.5 billion by more than the cumulative percentage change in population and inflation since 7/1/81.
Arizona 1978 Constitutional Expenditure Legislative Referendum	Appropriations of state tax revenues	Appropriations of state tax revenues shall not exceed 7 percent of state personal income.
California 1979 Constitutional Expenditure Citizen Initiative	Appropriations of state revenues	Yearly growth in appropriations limit shall not exceed percentage increase in population and inflation.
Colorado 1977 Statutory Expenditure Legislative Vote	State general fund appropriations	Yearly growth of state general fund appropriations.
Delaware	State general fund appropriations	98 percent of estimated general fund revenue and prior year's unencumbered funds.
Hawaii 1978 Constitutional Revenue	State general fund appropriations	Growth of appropriations limited to rate of growth of state economy—defined as preceding 3 years average growth rate of personal income (Act 277).
Idaho 1980 Statutory Expenditure Legislative Vote	State general fund appropriations	Appropriations shall not exceed 5.33 percent of state personal income.
Louisiana 1979 Statutory Revenue Legislative Vote	State tax revenue	Tax revenue shall not exceed: $\frac{\text{FY78-79 tax revenue}}{1977 \text{ state personal income}}$
Massachusetts 1986 Statutory Revenue Initiative Petition	State revenue	The average growth of wages and salaries of the previous 3 years.
Michigan 1978 Constitutional Revenue Citizen Initiative	State revenue	Revenue shall not exceed: $\frac{\text{FY78-79 state revenue}}{1977 \text{ state personal income}} \times$ the greater of state personal income in prior calendar year or average state personal income over previous 3 calendar years.
Missouri 1980 Constitutional Revenue and Expenditure Citizen Initiative	State revenue and expenditure	Revenue shall not exceed: $\frac{\text{FY 80-81 state revenue}}{1979 \text{ state personal income}} \times$ the greater of state personal income in prior calendar year or average state personal income over previous 3 calendar years.

<sup>1</sup> Automatic vote for reconsideration of limit in 1986 continued the provision.



## Tax and Expenditure Limits

Provisions for Waiver	Provisions in the Case of Transfer of Responsibility for Government Programs	Treatment of Surpluses
Limit may be exceeded for capital projects or appropriations to the permanent fund if the bill is (1) approved by the governor or 75 percent of the legislature and (2) approved by voters.	None	
Requires 2/3 approval of each house of the legislature on specific additional appropriations.	Legislature shall provide for adjustments to limit if court order or legislative enactment transfers responsibility between state and local governments or between federal and state governments.	No provision
In the event of an emergency, the appropriations limit may be exceeded provided increased expenditures are compensated for by reduced expenditures over 3 following years. Alternatively, the limit may be changed by voters but the change is operative for only 4 years.	(1) The appropriations limit shall be altered if program responsibility is transferred from one government entity to another, from government to private entity, or from funding through general revenues to funding through special revenues. (2) The state shall provide the funding when it requires local government to provide a program. (3) Appropriations required for purposes of complying with federal requirements are not under limit.	Surplus revenues shall be returned by revision of tax rates or fee schedules within next 2 fiscal years.
Statute may be amended at any time by majority vote of legislature.	None	General fund revenues in excess of limit and after retention of unrestricted general fund year-end balance of 6 percent of revenues shall be used for tax relief, capital construction, highway expenditures, and water projects.
Declaration of an emergency and 3/5 vote of each chamber.	None	Available for appropriations in ensuing fiscal year.
Requires 2/3 approval of each house of the legislature on specific additional appropriations.	Adjustments to limit shall be made if court order or legislative enactment transfers responsibility between state and local governments or between federal and state governments.	No provision
Statute may be amended at any time by majority of legislature. Certain tax sources are excluded from computation.	None	State tax revenue in excess of limit shall be deposited in the Tax Surplus Fund; appropriations from that fund may be made for paying tax refunds.
Statute may be amended by vote of legislature.	Vote of legislature	Proportional personal income tax credit.
Government must first specify an emergency; then the legislature must concur by 2/3 vote in each house.	(1) Limit may be adjusted if program responsibility is transferred from one level of government to another. (2) State is prohibited from reducing current proportion of local services financed through state aid. (3) No new program shall be required of local governments unless cost is paid by state. (4) The proportion of total state spending paid to all units of local government as a group shall not be reduced below proportion for FY78-79.	Revenues exceeding limit by 1 percent or more shall be used for tax refunds set in proportion to income tax liability. Excess less than 1 percent may be transferred to the State Budget Stabilization Fund.
Governor must first specify an emergency, then the legislature must concur by 2/3 vote in each house.	(1) Limit may be adjusted if program responsibility is transferred from one level of government to another. (2) State is prohibited from reducing current proportion of local services financed through state aid. (3) No new program shall be required of local governments unless cost is paid by state.	Revenues exceeding by 1 percent or more shall be refunded pro rata based on income tax liability. Excess less than 1 percent shall be transferred to the general revenue fund.

Table  
Description of State

State and Adoption Year Type of Limit, Methods of Approval	Limit Applies to—	Limit Is
<b>Montana</b> 1981 Statutory Expenditure Legislative Vote	State appropriations	State biennial appropriations shall not exceed state appropriations for the preceding biennium plus the product of preceding biennial appropriations and the growth percentage. The growth percentage is the percentage difference between average state personal income for 3 calendar years immediately preceding the next biennium and the average state personal income for the 3 calendar years immediately preceding the current biennium.
<b>Nevada</b> 1979 Statutory Expenditure NON-BINDING Legislative Vote	Governor's proposed general fund expenditures	Proposed biennial expenditures authorized for the 1975-76 biennium x [1 + percentage population change since 7/1/74] x [1 + percentage inflation]
<b>New Jersey</b> <sup>2</sup> 1976 Statutory Expenditure Legislative Vote	State appropriations	Fiscal year appropriations shall not exceed: FY state per capita income, prior state per capita income multiplied by appropriations in prior FY.
<b>Oklahoma</b> 1985 Constitutional Expenditure Board of Equalization	Appropriated revenues	(1) 12 percent yearly increase (adjusted for inflation) (2) 95 percent of certified revenue
<b>Oregon</b> 1979 Statutory Expenditure Legislative Vote	State general fund appropriations	The rate of growth of appropriations in each biennium shall not exceed rate of growth of state personal income in 2 preceding calendar years.
<b>Rhode Island</b> 1977	Governor's general fund appropriations request	Yearly growth in governor's general fund appropriations request shall not exceed 6 percent.
<b>South Carolina</b> 1980, 1984 Constitutional Expenditure Legislative Referendum	State appropriations	Yearly growth in state appropriations shall not exceed average growth of personal income over 3 preceding years or 9.5 percent of total state personal income, whichever is greater. Also, the number of state employees is tied to state population.
<b>Tennessee</b> 1978 Constitutional Expenditure Constitutional Convention Referendum	Appropriations of state tax revenues	Growth in state appropriations shall not exceed growth in state personal income.
<b>Texas</b> 1978 Constitutional Expenditure Legislative Referendum	Appropriations of state tax revenues	Growth of biennial appropriations shall not exceed rate of growth of state personal income.
<b>Utah</b> 1979 Statutory Expenditure NEVER IMPLEMENTED Legislative Vote	State appropriations	Growth in appropriations may not exceed 85 percent of the increase in state personal income.
<b>Washington</b> 1979 Statutory Revenue Citizen Initiative	State tax revenue	Growth in tax revenues shall not exceed average rate of growth of state personal income over 3 years.

<sup>2</sup> Expired 1983.

## Tax and Expenditure Limits

Provisions for Waiver	Provisions in the Case of Transfer of Responsibility for Government Programs	Treatment of Surpluses
Governor must declare an emergency. Legislature must then approve specific additional expenditures by 2/3 vote of each house.	None	No provision
Not applicable because nonbinding.	None	No provision
Must be approved by majority of voters in state referendum at a general election prior to fiscal year in which limit is to be exceeded.	Adjustment to limit shall be made if program responsibility is transferred between state and local governments.	No provision
None	None	Revenue to general fund in excess of estimate (up to 10 percent) shall be deposited in a Rainy Day Fund.
Statute may be amended at any time by majority of legislature.	Adjustment to limit shall be made if program funding is transferred from general fund to non-general fund sources or vice versa.	Revenue exceeding close of session revenue forecast by 2 percent or more shall be used for tax refunds proportional to income tax liability.
Not applicable because nonbinding.	None	No provision
Limit may be exceeded for one year by a 2/3 vote of the legislature if it first declares a financial emergency. Also, every 5 years the legislature may review the composition of the limit.	None	Excess revenues may be spent to match federal programs, for debt purposes, tax relief, or transferred to reserve fund.
Specific additional amount may be approved by majority vote of the legislature.	State must share in cost if it increases expenditure requirements of local governments.	No provision
Specific additional amount may be approved by majority vote of the legislature if it first adopts a resolution that an emergency exists.	None	No provision
Limit may be exceeded by 2/3 vote of legislature if fiscal emergency is declared by legislature and legislature follows required procedures for publicizing its intent and holding public hearing.	(1) Limit shall be adjusted if program responsibility is transferred between state and local governments or from the federal government to the state. (2) Limit shall be decreased if funding source moved from sources covered under limit to sources exempt from limit. Revenue from exempt sources that is moved to nonexempt accounts shall come under the limit.	Revenue in excess of limit up to 2 percent of appropriations may be kept in unappropriated state funds balances; other excess revenue shall be rebated to taxpayers.
Emergency must be declared by 2/3 vote of legislature then legislature must approve specific additional appropriations by 2/3 vote.	(1) Limit shall be adjusted if program responsibility is transferred between state and local governments or between state and federal government. (2) State must reimburse local governments for increased cost if legislature imposes program responsibility on local governments.	Excess revenue becomes part of state tax revenue for next fiscal year.

Source: National Conference of State Legislatures, *Legislative Budget Procedures in the 50 States: A Guide to Appropriations and Budget Processes* (Denver, September 1988). Reprinted with permission from the National Conference of State Legislatures.

Table 7  
Restrictions on Local Government Tax and Expenditure Powers

Region	No Limits	Property Tax Rate Limits	Property Tax Revenue Limits	Revenue Rollbacks	General Revenue Limits	Expenditure Limits	Limits on Assessment	Full Disclosure
Alabama		X						
Alaska		X	X					
Arizona			X					
Arkansas		X		X		X	X	
California		X				X	X	
Colorado			X					X
Connecticut	X							
Delaware				X				C
Florida		X		X				X
Georgia	X							
Hawaii								X
Idaho		X	X					
Illinois		X	X					X
Indiana			X					
Iowa		X					X	X
Kansas				X				
Kentucky		X		X				X
Louisiana		X		X				
Maine	X							
Maryland							X	X
Massachusetts		X	X					
Michigan		X		X				X
Minnesota		X			X			X
Mississippi		X	X					
Missouri		X		X				
Montana		X		X				
Nebraska		X						M
Nevada			X		X			
New Hampshire		X						
New Jersey			C			M		
New Mexico		X	X				X	
New York		X					X*	
North Carolina		X						
North Dakota		X	X					
Ohio		X		X				
Oklahoma		X						
Oregon			X					
Pennsylvania		X						
Rhode Island			M					
South Carolina	X							X
South Dakota		X						
Tennessee								X
Texas		X			X			X
Utah		X						X
Vermont	X							
Virginia					X			X
Washington		X	X					
West Virginia		X						
Wisconsin	X							
Wyoming		X						
U.S. Total	7	30	15	12	2	3	6	16

C—designates counties only.

M—designates municipalities only.

\*Selected cities only.

Source: Steven D. Gold and Martha Fabricius, *How States Limit City and County Property Taxes and Spending* (Denver: National Conference of State Legislatures, 1989), p. 9. Reprinted with permission from the National Conference of State Legislatures.

*Section II*

# **Federal Taxes**

Table 8  
**Federal Individual Income Tax (Average and Marginal Tax Rates),  
 Selected Income Groups and Years, 1954-1989**

Adjusted Gross Income <sup>a</sup>	Average Rate (percent) <sup>b</sup>								Marginal Tax Rate (percent) <sup>c</sup>							
	1954-63	1965	1970 <sup>d</sup>	1975	1979-80 <sup>e</sup>	1985	1988	1989	1954-63	1965	1970 <sup>d</sup>	1975	1979-80 <sup>e</sup>	1985	1988	1989
<b>Current Dollars</b>																
<b>Single</b>																
<b>No Dependents</b>																
5,000	16.4	13.4	13.7	8.1	5.0	3.5	0.2	—	22.0	19.0	19.5	19.0	16.0	12.0	15.0	—
10,000	21.0	17.4	17.3	14.8	11.8	8.9	7.6	7.4	34.0	28.0	25.6	20.2	21.0	16.0	15.0	15.0
20,000	29.5	24.6	22.0	20.6	19.2	14.3	11.3	11.2	50.0	42.0	34.8	34.0	34.0	26.0	15.0	15.0
25,000	33.3	27.9	24.4	23.5	21.9	16.5	13.2	12.6	56.0	48.0	39.0	38.0	39.0	26.0	28.0	28.0
35,000	39.4	33.2	28.7	27.7	26.3	19.8	17.0	16.7	62.0	53.0	46.1	45.0	44.0	34.0	28.0	28.0
50,000	45.6	38.5	34.5	33.4	32.1	24.1	19.5	19.3	72.0	60.0	61.5	60.0	55.0	42.0	28.0	28.0
75,000	52.9	44.3	42.1	40.9	39.3	29.6	22.9	22.6	78.0	64.0	65.6	64.0	63.0	48.0	33.0	33.0
<b>Married</b>																
<b>2 Dependents<sup>f</sup></b>																
5,000	8.4	5.8	5.8	6.0	-10.0 <sup>g</sup>	-11.0 <sup>g</sup>	-14.0 <sup>g</sup>	-14.0 <sup>g</sup>	20.0	15.0	15.0	10.0 <sup>g</sup>	—	—	—	—
10,000	13.7	11.1	11.2	7.1	3.7	1.3 <sup>g</sup>	-8.6 <sup>g</sup>	-9.1 <sup>g</sup>	22.0	19.0	19.5	19.0	16.0	24.2	—	—
20,000	19.0	16.1	16.1	13.7	11.3	8.4	5.4	5.1	30.0	25.0	25.6	25.0	24.0	16.0	15.0	15.0
25,000	21.3	18.0	18.0	16.4	14.0	10.3	7.3	7.1	38.0	32.0	28.7	28.0	28.0	18.0	15.0	15.0
35,000	25.8	21.9	21.9	20.5	18.8	14.0	9.5	9.3	47.0	39.0	40.0	39.0	37.0	25.0	15.0	15.0
50,000	32.0	27.3	27.3	26.0	24.2	18.2	13.1	12.6	56.0	48.0	49.2	48.0	43.0	33.0	28.0	28.0
75,000	39.5	34.1	34.1	32.8	31.2	23.5	17.1	16.8	65.0	55.0	56.4	55.0	54.0	42.0	28.0	28.0
<b>Constant (1980) Dollars<sup>h</sup></b>																
<b>Single</b>																
<b>No Dependents</b>																
5,000	12.0	7.5	4.0	3.9	5.0	5.6	4.7	4.8	20.0	16.8	16.0	16.0	16.0	14.0	15.0	15.0
10,000	15.5	13.8	11.4	10.9	11.8	10.5	19.8	9.9	22.0	21.5	21.0	19.0	21.0	18.0	15.0	15.0
20,000	19.3	17.0	16.7	17.9	19.2	16.6	15.2	15.3	30.0	25.6	22.7	30.0	34.0	26.0	28.0	28.0
25,000	21.0	18.7	19.0	20.9	21.9	18.7	17.2	17.3	34.0	27.7	31.0	34.0	39.0	30.0	28.0	28.0
35,000	24.4	21.1	23.2	24.9	26.3	22.6	19.3	19.6	43.0	31.8	38.0	44.0	44.0	38.0	33.0	33.0
50,000	29.6	24.8	27.7	30.0	32.1	27.1	22.5	22.6	50.0	41.0	45.0	55.0	55.0	48.0	33.0	33.0
75,000	36.7	30.2	34.4	37.5	39.1	32.5	25.0	29.1	62.0	51.2	60.0	63.0	63.0	50.0	33.0	33.0
<b>Married</b>																
<b>2 Dependents<sup>f</sup></b>																
5,000	—	—	-10.0 <sup>g</sup>	-10.0 <sup>g</sup>	-10.0 <sup>g</sup>	-8.7 <sup>g</sup>	-12.2 <sup>g</sup>	-12.1 <sup>g</sup>	—	—	-10.0 <sup>g</sup>	-10.0 <sup>g</sup>	—	—	—	—
10,000	6.1	5.8	1.4	1.4	3.7	4.7	-1.2 <sup>g</sup>	-1.1 <sup>g</sup>	20.0	16.8	26.0 <sup>g</sup>	26.5 <sup>g</sup>	16.0	14.0	—	—
20,000	12.2	11.4	10.3	10.3	11.3	10.4	8.3	8.4	22.0	19.5	18.5	21.0	24.0	22.0	15.0	15.0
25,000	13.7	12.9	12.8	12.8	14.0	12.9	9.7	9.7	22.0	22.6	22.0	24.0	28.0	25.0	15.0	15.0
35,000	16.1	15.3	17.4	17.4	18.8	16.7	13.2	13.7	26.0	25.6	28.0	32.0	37.0	33.0	28.0	28.0
50,000	19.0	18.3	22.8	22.8	24.2	21.3	16.8	17.1	30.0	32.8	39.0	43.0	44.0	38.0	28.0	28.0
75,000	23.6	23.3	29.4	29.4	31.2	26.6	20.4	20.5	43.0	43.0	50.0	54.0	42.0	42.0	33.0	33.0

*Table 8 (cont.)*  
**Federal Individual Income Tax (Average and Marginal Tax Rates),  
Selected Income Groups and Years, 1954-1989**

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— Represents zero.

<sup>a</sup> Refers to income after exclusions.

<sup>b</sup> Tax liability divided by stated adjusted gross income.

<sup>c</sup> The highest rate at which last dollar of taxable income (adjusted gross income less deductions and personal exemptions) is taxed. For example, a married couple with taxable income of \$40,000 would have the first \$30,950 of taxable income taxed at 15%; the additional \$9,050 of taxable income would be taxed at 28%. The total tax liability would be \$7,332.50.

<sup>d</sup> Includes tax surcharge.

<sup>e</sup> 1981 tax liability and tax rates are 98.75% of the 1980 rates.

<sup>f</sup> It is assumed only one spouse works outside the home.

<sup>g</sup> Refundable earned income credit.

<sup>h</sup> Amount of adjusted gross income equivalent to adjusted gross income in 1980 dollars was calculated by using NIPA personal consumption deflator (1982 = 100). The values of the deflator are: 1960, 32.9; 1970, 42.0; 1975, 68.3; 1980, 86.6; 1985, 128.9; 1988, 143.4; and 1989, 150.0.

Source: ACIR computations and U.S. Department of the Treasury, unpublished data.

Table 9  
Federal Individual Income Tax Rates and Exemptions, 1913-1990

Years	Personal Exemptions			Rates (range in percent)	Taxable Income Brackets†	
	Single	Married- Joint Return	Dependents		Lowest: Amount Under	Highest: Amount Over
1913-15	\$3,000	\$4,000	None	1.0-7.0	\$20,000	\$500,000
1916	3,000	4,000	None	2.0-15.0	20,000	2,000,000
1917	1,000	2,000	\$200	2.0-67.0	2,000	2,000,000
1918	1,000	2,000	200	6.0-77.0	4,000	1,000,000
1919-20	1,000	2,000	200	4.0-73.0	4,000	1,000,000
1921	1,000	2,500 <sup>a</sup>	400	4.0-73.0	4,000	1,000,000
1922	1,000	2,500 <sup>a</sup>	400	4.0-56.0	4,000	200,000
1923	1,000	2,500 <sup>a</sup>	400	3.0-56.0	4,000	200,000
1924	1,000	2,500	400	1.5 <sup>b</sup> -46.0	4,000	500,000
1925-28	1,500	3,500	400	1.125 <sup>b</sup> -25.0	4,000	100,000
1929	1,500	3,500	400	0.375 <sup>b</sup> -24.0	4,000	100,000
1930-31	1,500	3,500	400	1.125 <sup>b</sup> -25.0	4,000	100,000
1932-33	1,000	2,500	400	4.0-63.0	4,000	1,000,000
1934-35	1,000	2,500	400	4.0 <sup>c</sup> -63.0	4,000	1,000,000
1936-39	1,000	2,500	400	4.0 <sup>c</sup> -79.0	4,000	5,000,000
1940	800	2,000	400	4.4 <sup>c</sup> -81.1	4,000	5,000,000
1941	750	1,500	400	10.0 <sup>c</sup> -81.0	2,000	5,000,000
1942-43 <sup>d</sup>	500	1,200	350	19.0 <sup>c</sup> -88.0	2,000	200,000
1944-45	500	1,000	500	23.0-94.0 <sup>e</sup>	2,000	200,000
1946-47	500	1,000	500	19.0-86.45 <sup>e</sup>	2,000	200,000
1948-49 <sup>f</sup>	600	1,200	600	16.6-82.13 <sup>e</sup>	2,000	200,000
1950	600	1,200	600	17.4-84.36 <sup>e</sup>	2,000	200,000
1952-53	600	1,200	600	20.4-91.0 <sup>e</sup>	2,000	200,000
1954-63	600	1,200	600	20.0-91.0 <sup>e</sup>	2,000	200,000
1964	600	1,200	600	16.0-77.0	500	100,000
1965-67	600	1,200	600	14.0-70.0	500	100,000
1968	600	1,200	600	14.0-75.25 <sup>g</sup>	500	100,000
1969	600	1,200	600	14.0-77.0 <sup>g</sup>	500	100,000
1970	625	1,250	625	14.0-71.75 <sup>g</sup>	500	100,000
1971	675	1,350	675	14.0-70.0	500	100,000
1972-76	750	1,500	750	14.0-70.0	500	100,000
1977-78	750	1,500	750	0.0-70.0	3,200	203,200
1979-81	1,000	2,000	1,000	0.0-70.0 <sup>h</sup>	3,400	215,400
1982	1,000	2,000	1,000	0.0-50.0	3,400	85,600
1983	1,000	2,000	1,000	0.0-50.0	3,400	109,400
1984	1,000	2,000	1,000	0.0-50.0	3,400 <sup>i</sup>	162,400 <sup>i</sup>
1985	1,040 <sup>j</sup>	2,080 <sup>j</sup>	1,040 <sup>j</sup>	0.0-50.0	3,540 <sup>i</sup>	169,020 <sup>i</sup>
1986	1,080 <sup>j</sup>	2,160 <sup>j</sup>	1,080 <sup>j</sup>	0.0-50.0	3,670 <sup>i</sup>	175,250 <sup>i</sup>
1987	1,900	3,800	1,900	11.0-38.5	3,000	90,000
1988	1,950 <sup>k</sup>	3,900 <sup>k</sup>	1,950 <sup>k</sup>	15.0-28.0 <sup>l</sup>	29,750	29,750
1989	2,000 <sup>j</sup>	4,000 <sup>j</sup>	2,000 <sup>j</sup>	15.0-28.0 <sup>l</sup>	30,950	30,950
1990	2,050 <sup>j</sup>	4,100 <sup>j</sup>	2,050 <sup>j</sup>	15.0-28.0 <sup>l</sup>	32,450	32,450

For tax years beginning after 1990, personal exemptions are phased out at threshold incomes of \$150,000 for joint returns, \$125,000 for heads of households, \$100,000 for single taxpayers, and \$75,000 for married persons filing separate returns. The exemption amount is reduced by 2% for each \$2,500, or fraction (\$1,250 for married persons filing separately) in excess of the threshold income.

For tax years beginning after 1990 but before 1995, total allowable itemized deductions, except medical costs, casualty and theft losses, and investment interest, are reduced by 3% of the amount of adjusted gross income over \$100,000. The itemized deductions cannot be reduced by more than 80%; the \$100,000 threshold will be adjusted for inflation in years beginning after 1991.

†Married filing joint return.

<sup>a</sup> Married exemption is \$2,000 if net income exceeds \$5,000.



*Table 9 (cont.)*  
**Federal Individual Income Tax Rates and Exemptions, 1913-1990**

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<sup>b</sup> After earned income credit equal to 25% of tax on earned income, lowest bracket only.

<sup>c</sup> Before earned income credit equal to 25% of tax on earned income.

<sup>d</sup> Exclusive of Victory Tax.

<sup>e</sup> Subject to maximum effective rate limitation: 90% for 1944-45, 85.5% for 1946-47, 80% for 1950, 87.2% for 1951, 88% for 1952-53, and 87% for 1954-59.

<sup>f</sup> Beginning in 1948, blind taxpayers, or taxpayer and spouse 65 years old or older are allowed an additional exemption.

<sup>g</sup> Includes surcharge of 7.5% in 1968, 10% in 1969, and 2.5% in 1970; lowest bracket unaffected. The maximum effective rate on earned income was 60% in 1970.

<sup>h</sup> The tax liability was reduced by 1.25% for all taxable income brackets in 1981.

<sup>i</sup> All brackets adjusted for changes in the Consumer Price Index.

<sup>j</sup> Personal exemptions adjusted for changes in the Consumer Price Index for 1985, 1986, 1989, and thereafter.

<sup>k</sup> The personal exemption is phased out for certain higher income taxpayers, beginning in 1981.

<sup>l</sup> Beginning in 1988, the first calendar year of the two-bracket system, the benefits of rate graduation will be phased out so that high-income taxpayers will pay the 28% rate on all taxable income. This requires a rate adjustment that imposes an additional 5% tax on taxable income within the specified range. For example, a married couple filing a joint return in 1990, with taxable income over \$78,400 but less than \$162,700, would pay a marginal rate of 33%. For taxable income over \$162,700, the marginal rate is 28%. Beginning in 1991, the top marginal tax rate is 31%.

Sources: U.S. Department of Commerce, Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1970, Part 2* (Washington, DC, 1976); Tax Foundation, *Facts and Figures on Government Finance, 1988-89 Edition* (Washington, DC, 1988); U.S. Department of the Treasury, Internal Revenue Service, *Statistics of Income, Individual Income Tax Returns* (Washington, DC, various years); Commerce Clearing House, *1991 U.S. Master Tax Guide* (Chicago, 1990).

*Table 10*  
**Federal Corporate Income Tax Rates and Exemptions,  
 Income Years 1909-1990**

Year	Income Brackets and Specific Dollar Exemptions	Rate (percent)	Year	Income Brackets and Specific Dollar Exemptions	Rate (percent)
1909-13	\$5,000 exemption	1	1951	First \$25,000	28.75 <sup>d</sup>
1913-15	No exemption after 3/1/13	1		Over \$25,000	50.75 <sup>d</sup>
1916	None	2	1952-53	First \$25,000	30 <sup>d</sup>
1917	None	6		Over \$25,000	52 <sup>d</sup>
1918	\$2,000 exemption	12 <sup>a</sup>	1964	First \$25,000	22
1919-21	\$2,000 exemption	10 <sup>a</sup>		Over \$25,000	50
1922-24	\$2,000 exemption	12.5	1965-67	First \$25,000	22
1925	\$2,000 exemption	13		Over \$25,000	48
1926-27	\$2,000 exemption	13.5	1968-69	First \$25,000	24.2 <sup>e</sup>
1928	\$3,000 exemption	12		Over \$25,000	52.8 <sup>e</sup>
1929	\$3,000 exemption	11	1970	First \$25,000	22.55 <sup>e</sup>
1930-31	\$3,000 exemption	12		Over \$25,000	49.2 <sup>e</sup>
1932-35	None	13.75 <sup>b</sup>	1971-74	First \$25,000	22
1936-37	Graduated normal tax ranging from—			Over \$25,000	48
	First \$2,000	8 <sup>b</sup>	1975-78	First \$25,000	20
	Over \$40,000	15 <sup>b</sup>		\$25,000 to \$50,000	22
	Graduated surtax on undistributed profits ranging from—	7-27 <sup>b</sup>		Over \$50,000	48
1938-39	First \$25,000	12.5-16 <sup>b</sup>	1979-81	First \$25,000	17
	Over \$25,000	19 <sup>c</sup>		\$25,000 to \$50,000	20
1940	First \$25,000	14.85-18.7 <sup>b</sup>		\$50,000 to \$75,000	30
	\$25,000 to \$31,964.30	38.3 <sup>b</sup>		\$75,000 to \$100,000	40
	\$31,964.30 to \$38,565.89	36.9 <sup>b</sup>		Over \$100,000	46
	Over \$38,565.89	24 <sup>b</sup>	1982	First \$25,000	16
1941	First \$25,000	21-25 <sup>b</sup>		\$25,000 to \$50,000	19
	\$25,000 to \$38,461.54	44 <sup>b</sup>		\$50,000 to \$75,000	30
	Over \$38,461.54	31 <sup>b</sup>		\$75,000 to \$100,000	40
1942-45	First \$5,000	25 <sup>b</sup>		Over \$100,000	46
	\$5,000 to \$20,000	27 <sup>b</sup>	1983-86	First \$25,000	15
	\$20,000 to \$25,000	29 <sup>b</sup>		\$25,000 to \$50,000	18
	\$25,000 to \$50,000	53 <sup>b</sup>		\$50,000 to \$75,000	30
	Over \$50,000	40 <sup>b</sup>		\$75,000 to \$100,000	40
1946-49	First \$5,000	21		Over \$100,000	46
	\$5,000 to \$20,000	23	1987-90 <sup>f</sup>	First \$50,000	15
	\$20,000 to \$25,000	25		\$50,000 to \$75,000	25
	\$25,000 to \$50,000	53		\$75,000 to \$100,000	34
	Over \$50,000	38		\$100,000 to \$335,000	39 <sup>g</sup>
1950	First \$25,000	23 <sup>d</sup>		Over \$335,000	34
	Over \$25,000	42 <sup>d</sup>			

<sup>a</sup> In addition to the rates shown, in 1918, profits above \$3,000 plus 8% of invested capital were subjected to a graduated tax ranging from 30% to 65% and a "war profits" tax of 100% of the profits above \$3,000 plus the greater of (1) average prewar net income plus or minus 10% of the increase or decrease in invested capital, or (2) 10% of invested capital. The sum of the excess profits tax and the war profits tax could not exceed 30% of the net income above \$3,000 and not exceed \$20,000 plus 80% of the net income over \$25,000. In 1919 and 1920, the war profits tax was repealed and the excess profits tax was 20% to 40% of the profits over \$3,000 plus 8% of the invested capital

(not to exceed 20% of net income over \$3,000).

<sup>b</sup> From 1933 to 1935, 5% of the profits above 12.5% of adjusted declared value of capital stock was imposed. From 1936 to 1939, the tax ranged from 6% to 12% on profits over 10% of adjusted declared value. From 1940 to 1945, these tax rates were 6.6% to 13.2%. In addition, profits exceeding 95% of the average net income 1936-39, plus adjustments, were taxed at graduated rates of 25-50% in 1941, 35-60% in 1942-43, 90% in 1944, and 95% in 1945.

<sup>c</sup> Less adjustments: 14.025% of dividends received and 2.5% of dividends paid.

*Table 10 (cont.)*  
**Federal Corporate Income Tax Rates and Exemptions,  
Income Years 1909-1990**

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<sup>d</sup> Additional tax of 30% of profits exceeding 85% of net income (average of three highest years, 1946-49) adjusted by changes in capital stock (1946-49) was imposed in 1950 (83% of net income in 1951-53). Total tax limited to 62% of excess profits net income before deduction of excess profits credit (\$25,000). In 1951, the maximum excess profits tax limited to 17.25% of excess profits net income before deduction of excess profits credit of \$25,000. For 1952-53, the limit was 18%.

<sup>e</sup> Includes surcharge of 10% in 1968 and 1969, and 2.5% in 1970.

<sup>f</sup> Rates shown effective for tax years beginning on or after 7/1/87. Income in tax years that include 7/1/87 (other than the first date of such year) is subject to a blended rate.

<sup>g</sup> This provision phases out the benefit of graduated rates for corporations with taxable income between \$100,000 and \$335,000. Corporations with taxable income above \$335,000, in effect, pay a flat rate of 34%.

Source: Tax Foundation, *Facts and Figures on Government Finance, 1988-89 Edition* (Washington, DC, 1988); and Commerce Clearing House, *U.S. Master Tax Guide, 1990* (Chicago, 1989).

Table 11  
Federal Excise Tax Rates on Selected Items  
Selected Years 1944-1990

Item Taxed (base)	Rates as of December 31				
	1944	1954	1964	1989	1990
<b>Alcoholic beverages</b>					
Distilled spirits (\$/proof gallon)	9.00	10.50	10.50	12.50	13.50
Still wines (\$/wine gallon)					
Not over 14% alcohol	0.15	0.17	0.17	0.17	1.07
14 to 21% alcohol	0.60	0.67	0.67	0.67	1.57
21 to 24% alcohol <sup>a</sup>	2.00	2.25	2.25	2.25 <sup>b</sup>	3.15 <sup>b</sup>
Beer (\$/31-gallon barrel)	8.00	9.00	9.00	9.00 <sup>c</sup>	18.00 <sup>c</sup>
<b>Tobacco products</b>					
Small cigars (\$ less than 3 lbs per 1,000)	0.75	0.75	0.75	0.75	0.9375 <sup>d</sup>
Large cigars (\$ more than 3 lbs per 1,000)	2.50- 20.00	2.50- 20.00	2.50- 20.00	8.3% of wholesale price	10.625% <sup>e</sup> of wholesale price
Cigarettes (\$/pack of 20)	0.07	0.08	0.08	0.16 <sup>f</sup>	0.20 <sup>f</sup>
Tobacco and snuff (\$/lb)	0.18	0.10	0.10	g	g
<b>Manufacturers excise taxes</b>					
Gasoline (\$/gallon)	0.015	0.02	0.02	0.09 <sup>h</sup>	0.14 <sup>i</sup>
Lubricating oils (\$/gallon)	0.06	0.06	0.06	j	j
Automobiles (% of sales price)	7.0%	10.0%	10.0%	k	k
Automotive accessories (% of sales price)	5.0%	8.0%	8.0%	l	l
Trucks and trailers (% of sales price)	7.0%	10.0%	10.0%	12.0%	12.0%
Highway tires (\$/lb)	0.05	0.05	0.10	.15-.50 <sup>m</sup>	.15-.50 <sup>m</sup>
"Gas Guzzler" (\$/auto)	—	—	—	n	n
Firearms, shells, and cartridges (% of price)	11.0%	11.0%	11.0%	11.0%	11.0%
Pistols and revolvers (% of sales price)	10.0%	10.0%	10.0%	10.0%	10.0%
Bows and arrows (% of sales price)	—	—	—	11.0%	11.0%
Sport fishing equipment (% of sales price)	—	10.0%	10.0%	10.0%	10.0%
<b>Stamp and documentary taxes<sup>l</sup></b>					
<b>Retailers excise taxes</b>					
Diesel fuel for highway vehicles (\$/gallon)	—	—	—	0.15	0.20
Gasohol (\$/10% or more alcohol-gasoline blend)	—	—	—	0.03	6.1
Gasoline used in noncommercial aviation (\$/gallon)	—	—	—	0.12	0.15
Fuels other than gasoline, noncommercial aviation (\$/gallon)	—	—	—	0.14	0.175
Inland waterways fuel (\$/gallon)	—	—	—	0.10 <sup>p</sup>	0.10 <sup>p</sup>
Airplanes	—	—	—	—	10.0% <sup>p</sup>
Automobiles	—	—	—	—	10.0% <sup>p</sup>
Boats	—	—	—	—	10.0% <sup>p</sup>
Furs and jewelry	—	—	—	—	10.0% <sup>p</sup>
<b>Other excise taxes</b>					
Air passenger ticket (% of price)	15.0%	10.0%	5.0%	8.0-0%	10.0%
International departures (\$/person)	—	—	—	3.00	3.00
Domestic air cargo (% of value)	—	—	—	—	6.25%
Local telephone service (% of amount)	15.0%	10.0%	10.0%	3.0%	3.0%
Long-distance and teletype service (% of amount)	25.0%	10.0%	10.0%	3.0%	3.0%
Certain vaccines (\$/dose)	—	—	—	q	q
Foreign insurance policies (% of premiums)					
Life insurance (% of premium)	1.0%	1.0%	1.0%	1.0%	1.0%
Other insurance (% of premium)	4.0%	4.0%	4.0%	4.0%	4.0%
Wagering (% of amount wagered except parimutuel)	10.0%	10.0%	10.0%	2.0% <sup>r</sup>	2.0% <sup>r</sup>
Leaking underground storage tanks (\$/gallon)	—	—	—	0.001	0.001
<b>Environmental ("Superfund") excise taxes</b>					
Domestic crude oil (\$/barrel)	—	—	—	0.082	0.147
Imported petroleum products (\$/barrel)	—	—	—	0.117	0.147
Feedstock chemicals and certain imported substances (\$/ton)	—	—	—	.22-4.87	—
Use of harbors and ports (% of cargo)	—	—	—	0.04-0%	0.125%
Use tax on heavy highway vehicles (\$/ton)	—	—	6.00	s	s
Coal (\$/ton)					
Underground mines	—	—	—	1.10	1.10
Surface mines	—	—	—	0.55	0.55

*Table 11 (cont.)*  
**Federal Excise Tax Rates on Selected Items**  
**Selected Years 1944-1990**

- <sup>a</sup> Wines over 24% alcohol are taxed at rate for distilled spirits.
- <sup>b</sup> Artificially carbonated wines, \$2.40; champagnes and sparkling wines, \$3.40. As of 1/1/91, rates are \$3.30 and \$4.30.
- <sup>c</sup> Rate is \$7.00 per barrel for the first 600,000 barrels removed each year by small domestic producers (less than 2 million barrels per year).
- <sup>d</sup> Rate for 1991 and 1992. Rate for 1993 and thereafter is \$1.125 per 1,000.
- <sup>e</sup> Rate for 1991 and 1992. Maximum tax is \$25 per 1,000. Rate for 1993 and thereafter is 12% of wholesale price, or \$30 per 1,000, whichever is greater
- <sup>f</sup> Cigarettes weighing more than 3 lbs. per 1,000 are taxed at \$.336 per pack. For 1991 and 1992, the applicable rate is \$.42 per pack. For 1993 and thereafter, the rate is \$.504 per pack.
- <sup>g</sup> Rates are: snuff, \$.24; chewing tobacco, \$.08; and pipe tobacco, \$.45. For 1991 and 1992, applicable rates are \$.30, \$.10, and \$.5625. For 1993 and thereafter, the rates are \$.36, \$.12, and \$.675.
- <sup>h</sup> Rate for alcohol fuels (more than 85% methanol or ethanol), \$.03.
- <sup>i</sup> Includes \$.025 per gallon tax for deficit reduction. This portion is scheduled to expire 10/1/95.
- <sup>j</sup> Repealed 8/16/71.
- <sup>k</sup> Repealed 1/7/83.
- <sup>l</sup> Repealed 1/1/66.
- <sup>m</sup> Tires under 40 lbs., no tax; over 40 but less than 70 lbs., \$.15 per lb. over 40 lbs.; over 70 but less than 90 lbs., \$.45 plus \$.30 per lb. over 70 lbs.; over 90 lbs., \$10.50 plus \$.50 per lb. over 90 lbs.
- <sup>n</sup> Rates range from \$500 per vehicle if fuel economy rating is 22.5 mpg or less to \$3,850 per vehicle if fuel economy rating is less than 12.5 mpg. For 1991, the rates range from \$1,000 per vehicle to \$7,700 per vehicle for corresponding fuel economy ratings.
- <sup>o</sup> Rate is scheduled to rise to \$.20 per gallon in 1995 and thereafter.
- <sup>p</sup> Rate applies to difference between retail price and threshold price. Threshold prices for airplanes, \$250,000; automobiles (except taxicabs), \$30,000; boats, \$100,000; and furs and jewelry, \$10,000.
- <sup>q</sup> Vaccine Injury Compensation Trust Fund. Rates are: Diphtheria, Pertussis, and Tetanus (DPT) \$4.56; Measles, Mumps, Rubella (MMR) \$4.44; Polio, \$.029; DT only, \$.06.
- <sup>r</sup> Rate is 0.25% of wagers in states where wagering is authorized by state law.
- <sup>s</sup> Vehicles over 55,000 lbs. but less than 75,000 lbs., \$100 plus \$22 per 1,000 lbs. over 55,000; over 75,000 lbs., \$550.

Sources: Tax Foundation, *Facts and Figures on Government Finance, 1988-89 Edition* (Washington, DC, 1988); U.S. Congress, Joint Committee on Taxation, *Schedule of Present Federal Excise Taxes, as of January 1, 1989*; Commerce Clearing House, *1991 U.S. Master Tax Guide* (Chicago, 1990); and *Congressional Record*, Vol. 136, No. 149, Part II (October 26, 1990)

Table 12  
**Old Age Survivors', Disability, and Hospitalization Insurance (Social Security)**  
**Rates and Maximum Contributions**  
**Calendar Years 1937-2000**

Years	Annual Maximum Taxable Earnings	Combined Employer and Employee	Contribution Rate (percent)								Maximum Tax	
			Employer and Employee, Each				Self-Employed Person				Employee or Employer	Self- Employed
			Total	Old Age Survivors'	Disability	Hospital	Total	Old Age Survivors'	Disability	Hospital		
1937-49	\$3,000	2.00%	1.00%	1.00%	—	—	—	—	—	—	\$30.00	—
1950	3,000	3.00	1.5	1.5	—	—	—	—	—	—	45.00	—
1951-53	3,600	3.00	1.5	1.5	—	—	2.25	2.25	—	—	54.00	81.00
1954	3,600	4.00	2.0	2.0	—	—	3.0	3.0	—	—	72.00	108.00
1955-56	4,200	4.00	2.0	2.0	—	—	3.0	3.0	—	—	84.00	126.00
1957-58	4,200	4.50	2.25	2.0	0.25	—	3.375	3.0	0.375	—	94.50	141.75
1959	4,800	5.00	2.5	2.25	0.25	—	3.75	3.375	0.375	—	120.00	180.00
1960-61	4,800	6.00	3.0	2.75	0.25	—	4.5	4.125	0.375	—	144.00	216.00
1962	4,800	6.25	3.125	2.875	0.25	—	4.7	4.325	0.375	—	150.00	225.60
1963-65	4,800	7.25	3.625	3.375	0.25	—	5.4	5.025	0.375	—	174.00	259.20
1966	6,600	8.40	4.2	3.5	0.35	0.35	6.15	5.275	0.525	0.35	277.20	405.90
1967	6,600	8.80	4.4	3.55	0.35	0.5	6.4	5.375	0.525	0.5	290.40	422.40
1968	7,800	8.80	4.4	3.325	0.475	0.6	6.4	5.0875	0.7125	0.6	343.20	499.20
1969	7,800	9.60	4.8	3.725	0.475	0.6	6.9	5.5875	0.7125	0.6	374.40	538.20
1970	7,800	9.60	4.8	3.65	0.55	0.6	6.9	5.475	0.825	0.6	374.40	538.20
1971	7,800	10.40	5.2	4.05	0.55	0.6	7.5	6.075	0.825	0.6	405.60	585.00
1972	9,000	10.40	5.2	4.05	0.55	0.6	7.5	6.075	0.825	0.6	468.00	675.00
1973	10,800	11.70	5.85	4.3	0.55	1.0	8.0	6.205	0.795	1.0	631.80	864.00
1974	13,200	11.70	5.85	4.375	0.575	0.9	7.9	6.185	0.815	0.9	772.20	1,042.80
1975	14,100	11.70	5.85	4.375	0.575	0.9	7.9	6.185	0.815	0.9	824.85	1,113.90
1976	15,300	11.70	5.85	4.375	0.575	0.9	7.9	6.185	0.815	0.9	895.05	1,208.70
1977	16,500	11.70	5.85	4.375	0.575	0.9	7.9	6.185	0.815	0.9	965.25	1,303.50
1978	17,700	12.10	6.05	4.275	0.775	1.0	8.1	6.01	1.09	1.0	1,070.85	1,433.70
1979	22,900	12.26	6.13	4.33	0.75	1.05	8.1	6.01	1.04	1.05	1,403.77	1,854.90
1980	25,900	12.26	6.13	4.52	0.56	1.05	8.1	6.2725	0.7775	1.05	1,587.67	2,097.90
1981	29,700	13.30	6.65	4.7	0.65	1.3	9.3	7.025	0.975	1.3	1,975.05	2,762.10
1982	32,400	13.40	6.7	4.575	0.825	1.3	9.35	6.8125	1.2375	1.3	2,170.80	3,029.40
1983	35,700	13.40	6.7	4.775	0.625	1.3	9.35	7.1125	0.9375	1.3	2,391.90	3,337.95
1984	37,800	14.00	7.0 <sup>a</sup>	5.2	0.5	1.3	14.0 <sup>b</sup>	10.4	1.0	2.6	2,646.00 <sup>a</sup>	5,292.00 <sup>b</sup>
1985	39,600	14.10	7.05	5.2	0.5	1.35	14.1 <sup>b</sup>	10.4	1.0	2.7	2,791.80	5,583.60 <sup>b</sup>
1986	42,000	14.30	7.15	5.2	0.5	1.45	14.3 <sup>b</sup>	10.4	1.0	2.9	3,003.00	6,006.00 <sup>b</sup>
1987	43,800	14.30	7.15	5.2	0.5	1.45	14.3 <sup>b</sup>	10.4	1.0	2.9	3,131.70	6,263.40 <sup>b</sup>
1988	45,000	15.02	7.51	5.53	0.53	1.45	15.02 <sup>b</sup>	11.06	1.06	2.9	3,379.50	6,759.00 <sup>b</sup>
1989	48,000	15.02	7.51	5.53	0.53	1.45	15.02 <sup>b</sup>	11.06	1.06	2.9	3,604.80	7,209.60 <sup>b</sup>

*Table 12 (cont.)*  
**Old Age Survivors', Disability, and Hospitalization Insurance (Social Security)**  
**Rates and Maximum Contributions**  
**Calendar Years 1937-2000**

Years	Annual Maximum Taxable Earnings	Combined Employer and Employee	Contribution Rate (percent)								Maximum Tax	
			Employer and Employee, Each			Self-Employed Person			Employee or Employer	Self- Employed		
			Total	Old Age Survivors'	Disability	Hospital	Total	Old Age Survivors'	Disability	Hospital		
1990	51,300	15.30	7.65	5.6	0.6	1.45	15.30	11.2	1.2	2.9	3,924.45	7,848.90
1991	53,400 <sup>c</sup>	15.30	7.65	5.6	0.6	1.45	15.30	11.2	1.2	2.9	5,123.30	10,246.60
1992-99	<sup>d</sup>	15.30	7.65	5.6	0.6	1.45	15.3	11.2	1.2	2.9	<sup>d</sup>	<sup>d</sup>
2000 and after	<sup>d</sup>	15.30	7.65	5.49	0.71	1.45	15.3	10.98	1.42	2.9	<sup>d</sup>	<sup>d</sup>

<sup>a</sup> Includes credit of 0.3% of remuneration in 1984.

<sup>b</sup> Includes credits against self-employment income of 2.7% in 1984; 2.3% in 1985; and 2.0% in 1986 through 1989.

<sup>c</sup> Maximum taxable wages for Old Age Survivors and Disability Insurance. Maximum taxable wage base for Hospitalization Insurance (Medicare) is \$125,000.

<sup>d</sup> Based on automatic adjustment in proportion to increases in average earnings whenever there has been cost-of-living benefit adjustment in the preceding year. The maximum tax will vary accordingly.

Source: U.S. Department of Labor, Social Security Administration, *Social Security Bulletin, Annual Statistical Supplement* (Washington, DC, various years); and Commerce Clearing House, *1991 U.S. Master Tax Guide* (Chicago, 1990).

*Table 13*  
**Federal Death Taxes and the State "Pick-Up" Credit**  
 (General Description)

Federal death taxes are made up of two components—gift taxes and estate taxes. Gift taxes are levied on the donor, *while the donor is alive*, on transfers above \$10,000 (\$20,000 for joint gifts), *per donee*, for a single year. Estate taxes are levied on the entire taxable estate (gross estate less administrative expenses, bequests to spouse, debts, charitable contributions, and funeral expenses) *after the death of the donor*. Gift taxes paid during the donor's lifetime are credited dollar for dollar against estate taxes due at time of death.

Although estate and gift tax rates begin at the first dollar of taxable estate, there is a unified credit of \$192,800 against transfer tax liability. This is equivalent to a \$600,000 exemption. In addition to the unified credit, a credit for state death taxes is also allowed; see the table below for maximum state death tax credit ("Pick-Up").

Unified Transfer Tax Rates <sup>1</sup>			Maximum State Death Tax Credit		
Taxable Estate	Tax on Lower Amount	Rate on Excess	Adjusted Taxable Estate <sup>2</sup>	Federal Credit	Rate on Excess
\$10,000 or less	\$0	18%	\$40,000-89,999	\$0	0.8%
10,000-19,999	1,800	20	90,000-139,999	400	1.6
20,000-39,999	3,800	22	140,000-239,999	1,200	2.4
40,000-59,999	8,200	24	240,000-439,999	3,600	3.2
60,000-79,999	13,000	26	440,000-639,999	10,000	4.0
80,000-99,999	18,200	28	640,000-839,999	18,000	4.8
100,000-149,999	23,800	30	840,000-1,039,999	27,600	5.6
150,000-249,999	38,800	32	1,040,000-1,539,999	38,800	6.4
250,000-499,999	70,800	34	1,540,000-2,039,999	70,800	7.2
500,000-749,999	155,800	37	2,040,000-2,539,999	106,800	8.0
750,000-999,999	248,300	39	2,540,000-3,039,999	146,800	8.8
1,000,000-1,249,999	345,800	41	3,040,000-3,539,999	190,800	9.6
1,250,000-1,499,999	448,300	43	3,540,000-4,039,999	238,800	10.4
1,500,000-1,999,999	555,800	45	4,040,000-5,039,999	290,800	11.2
2,000,000-2,499,999	780,800	49	5,040,000-6,039,999	402,800	12.0
2,500,000-2,999,999	1,025,800	53	6,040,000-7,039,999	522,800	12.8
over 3,000,000 <sup>3</sup>	1,290,800	55	7,040,000-8,039,999	650,800	13.6
			8,040,000-9,039,999	786,800	14.4
			9,040,000-10,039,999	930,800	15.2
			over 10,040,000	1,082,800	16.0

<sup>1</sup> For decedents from 1984 through 1992.

<sup>2</sup> Taxable estate less \$60,000.

<sup>3</sup> On taxable estates between \$10,000,000 and \$21,040,000, an additional tax of 5% of the transfer above \$10,000,000 is imposed.



*Section III*

# **State and Local Taxes: An Overview**

Table 14  
Dates of Adoption of Major State Taxes

Individual Income*					
Before 1911	1911-20	1921-30	1931-40	1941-60	Since 1961
Hawaii, 1901 Total, 1	Wisconsin, 1911 Mississippi, 1912 Oklahoma, 1915 Massachusetts, 1916 Virginia, 1916 Delaware, 1917 Missouri, 1917 New York, 1919 North Dakota, 1919 Total, 9	North Carolina, 1921 South Carolina, 1922 New Hampshire, 1923 <sup>1</sup> Arkansas, 1929 Georgia, 1929 Oregon, 1930 Total, 6	Idaho, 1931 Tennessee, 1931 <sup>1</sup> Utah, 1931 Vermont, 1931 Alabama, 1933 Arizona, 1933 Kansas, 1933 Minnesota, 1933 Montana, 1933 New Mexico, 1933 Iowa, 1934 Louisiana, 1934 California, 1935 Kentucky, 1936 Colorado, 1937 Maryland, 1937 Total, 16	District of Columbia, 1947 Alaska, 1949 Total, 2	West Virginia, 1961 Indiana, 1963 Michigan, 1967 Nebraska, 1967 Connecticut, 1969 <sup>2</sup> Illinois, 1969 Maine, 1969 Ohio, 1971 Pennsylvania, 1971 Rhode Island, 1971 New Jersey, 1976 Total, 11  <b>Repealed</b> Alaska, 1979  Broad-based tax, 41 Narrow-based tax, 3 Grand Total, 44

\* 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*					
Before 1911	1911-20	1921-30	1931-40	1941-60	Since 1961
Hawaii, 1901 Total, 1	Wisconsin, 1911 Connecticut, 1915 Virginia, 1915 Missouri, 1917 Montana, 1917 New York, 1917 Massachusetts, 1919 North Dakota, 1919 Total, 8	Mississippi, 1921 North Carolina, 1921 South Carolina, 1922 Tennessee, 1923 Arkansas, 1929 California, 1929 Georgia, 1929 Oregon, 1929 Total, 8	Idaho, 1931 Oklahoma, 1931 Utah, 1931 Vermont, 1931 Alabama, 1933 Arizona, 1933 Kansas, 1933 Minnesota, 1933 New Mexico, 1933 Iowa, 1934 Louisiana, 1934 Pennsylvania, 1935 Kentucky, 1936 Colorado, 1937 Maryland, 1937 Total, 15	District of Columbia, 1947 Rhode Island, 1947 Alaska, 1949 Delaware, 1957 New Jersey, 1958 Total, 5	Indiana, <sup>3</sup> 1963 Michigan, 1967 Nebraska, 1967 West Virginia, 1967 Illinois, 1969 Maine, 1969 New Hampshire, 1970 Florida, 1971 Ohio, 1971 Total, 9  <b>Repealed</b> Michigan, 1976  Grand Total, 45

\* States without a corporation income tax: Nevada, South Dakota, Texas, Washington, and Wyoming. Michigan repealed the corporate income tax in 1976 and replaced it with a single business tax, which is a modified value-added tax. The District of Columbia has a franchise tax.

General Sales*				
1930-40	1941-50	1951-60	Since 1961	
Mississippi, 1930—Arizona, 1933 California, 1933—Illinois, 1933 Indiana, <sup>3</sup> 1933—Iowa, 1933 Michigan, 1933—New Mexico, 1933 North Carolina, 1933—Oklahoma, 1933 South Dakota, 1933—Utah, 1933 Washington, 1933—West Virginia, 1933 Missouri, 1934—Ohio, 1934 Arkansas, 1935—Colorado, 1935 Hawaii, 1935—North Dakota, 1935 Wyoming, 1935—Alabama, 1936 Kansas, 1937—Louisiana, 1938 Total, 24	Connecticut, 1947 Maryland, 1947 Rhode Island, 1947 Tennessee, 1947 District of Columbia, 1949 Florida, 1949 Total, 6	Georgia, 1951 Maine, 1951 South Carolina, 1951 Pennsylvania, 1953 Nevada, 1955 Kentucky, 1960 Total, 6	Texas, 1961 Wisconsin, 1961 Idaho, 1965 New York, 1965 Massachusetts, 1966 New Jersey, 1966 Virginia, 1966 Minnesota, 1967 Nebraska, 1967 Vermont, 1969 Total, 10  Grand Total, 46	

\* States without a general sales tax: Alaska, Delaware, Montana, New Hampshire, and Oregon.

Table 14 (cont.)  
**Dates of Adoption of Major State Taxes**

<b>Gasoline</b>					
1911-20				Since 1931	
<b>Gasoline</b>					
1911-20	1921-30				Since 1931
Colorado, 1919 New Mexico, 1919 North Dakota, 1919 Oregon, 1919 Kentucky, 1920 Total, 5	Arizona, 1921—Arkansas, 1921—Connecticut, 1921 Florida, 1921—Georgia, 1921—Louisiana, 1921—Montana, 1921 North Carolina, 1921—Pennsylvania, 1921—Washington, 1921 Maryland, 1922—Mississippi, 1922—South Carolina, 1922 South Dakota, 1922—Alabama, 1923—California, 1923 Delaware, 1923 —Idaho, 1923—Indiana, 1923—Maine, 1923 Nevada, 1923—New Hampshire, 1923—Oklahoma, 1923 Tennessee, 1923—Texas, 1923—Utah, 1923—Vermont, 1923 Virginia, 1923—West Virginia, 1923—Wyoming, 1923 District of Columbia, 1924—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, 44				Hawaii, 1932 Alaska, 1946 Total, 2
				Grand Total, 51	
<b>Cigarettes</b>					
1921-30	1931-40	1941-50	1951-60	Since 1961	
Iowa, 1921 South Carolina, 1923 South Dakota, 1923 Utah, 1923 Tennessee, 1925 Kansas, 1927 North Dakota, 1927 Arkansas, 1929 Total, 8	Ohio, 1931—Texas, 1931 Louisiana, 1932—Mississippi, 1932 Oklahoma, 1933—Alabama, 1935 Arizona, 1935—Connecticut, 1935 Washington, 1935—Kentucky, 1936 Georgia, 1937—Pennsylvania, 1937 Vermont, 1937—Hawaii, 1939 Massachusetts, 1939 New Hampshire, 1939—New York, 1939 Rhode Island, 1939—Wisconsin, 1939 Total, 19	Illinois, 1941 Maine, 1941 Delaware, 1943 Florida, 1943 New Mexico, 1943 Idaho, 1945 Indiana, 1947 Michigan, 1947 Minnesota, 1947 Montana, 1947 Nebraska, 1947 Nevada, 1947 West Virginia, 1947 New Jersey, 1948 Alaska, 1949 District of Columbia, 1949 Total, 16	Wyoming, 1951 Missouri, 1955 Maryland, 1958 California, 1959 Virginia, 1960 Total, 5	Colorado, 1964 Oregon, 1965 North Carolina, 1969 Total, 3	
				Grand Total, 51	
<b>Distilled Spirits</b>					
1933-40				Since 1941	
Arizona, 1933—Colorado, 1933—Delaware, 1933—Indiana, 1933—Maryland, 1933—Massachusetts, 1933 New Jersey, 1933—New York, 1933—Rhode Island, 1933—District of Columbia, 1934—Illinois, 1934 Kentucky, 1934—Louisiana, 1934—Minnesota, 1934—Missouri, 1934—New Mexico, 1934—Wisconsin, 1934 Arkansas, 1935—California, 1935—Florida, 1935—Nebraska, 1935—Nevada, 1935 South Carolina, 1935—South Dakota, 1935—Texas, 1935—North Dakota, 1936 Connecticut, 1937—Georgia, 1937—Hawaii, 1939—Tennessee, 1939 Total, <sup>4</sup> 30				Alaska, 1959 Kansas, 1948 Oklahoma, 1959 Mississippi, 1966 Total, 4	
				Grand Total, <sup>4</sup> 34	

<sup>1</sup> Interest and dividends only.

<sup>2</sup> Capital gains, interest, and dividends only.

<sup>3</sup> Gross income tax—in 1963 Indiana enacted a 2% retail sales and use tax.

<sup>4</sup> Exclusive of the excises by the 16 states that own and operate liquor stores, and exclusive of North Carolina, where county stores operate under state supervision.

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

Table 15  
State Taxes by Major Source, 1990

State	Corporate Franchise <sup>1</sup>	Corporate Income <sup>2</sup>	Individual Income	Sales and Use	Severance	Property <sup>3</sup>	Death <sup>4</sup>	Transfer and Document Recording
Alabama	Y	Y	Y	Y	Y		Y	Y <sup>5</sup>
Alaska		Y			Y		Y	
Arizona		Y	Y	Y	Y		Y	Y
Arkansas		Y	Y	Y	Y		Y	Y
California		Y	Y	Y	Y		Y	Y
Colorado		Y	Y	Y	Y		Y	Y
Connecticut		Y	Y <sup>6</sup>	Y			Y	Y
Delaware	Y	Y	Y				Y	Y
District of Columbia		Y	Y	Y			Y	Y
Florida		Y		Y	Y	Y	Y	Y
Georgia	Y	Y	Y	Y	Y	Y	Y	Y
Hawaii		Y	Y	Y			Y	Y
Idaho		Y	Y	Y	Y		Y	Y
Illinois	Y	Y	Y	Y	Y	Y	Y	
Indiana		Y	Y	Y	Y	Y	Y	Y
Iowa	Y	Y	Y	Y			Y	Y
Kansas	Y	Y	Y	Y	Y		Y	Y
Kentucky	Y	Y	Y	Y	Y	Y	Y	Y
Louisiana	Y	Y	Y	Y	Y	Y	Y	Y
Maine		Y	Y	Y	Y	Y	Y	Y
Maryland	Y <sup>7</sup>	Y	Y	Y	Y		Y	Y
Massachusetts		Y	Y	Y			Y	Y
Michigan		Y <sup>8</sup>	Y	Y	Y	Y <sup>9</sup>	Y	Y
Minnesota		Y	Y	Y	Y		Y	Y
Mississippi	Y	Y	Y	Y	Y		Y	Y
Missouri	Y	Y	Y	Y	Y		Y	
Montana		Y	Y		Y		Y	
Nebraska	Y	Y	Y	Y	Y		Y	
Nevada				Y	Y		Y	Y
New Hampshire	Y	Y	Y <sup>6</sup>			Y	Y	Y
New Jersey		Y	Y	Y			Y	Y
New Mexico	Y	Y	Y	Y	Y		Y	Y
New York	Y <sup>7</sup>	Y	Y	Y			Y	Y
North Carolina	Y	Y	Y	Y	Y	Y	Y	Y
North Dakota		Y	Y	Y	Y		Y	

Table 15 (cont.)  
State Taxes by Major Source, 1990

State	Corporate Franchise <sup>1</sup>	Corporate Income <sup>2</sup>	Individual Income	Sales and Use	Severance	Property <sup>3</sup>	Death <sup>4</sup>	Transfer and Document Recording
Ohio		Y	Y	Y	Y	Y	Y	
Oklahoma	Y	Y	Y	Y	Y		Y	Y
Oregon	Y	Y	Y		Y		Y	
Pennsylvania	Y	Y	Y	Y		Y	Y	Y
Rhode Island	Y	Y	Y	Y			Y	Y
South Carolina	Y	Y	Y	Y			Y	Y
South Dakota				Y	Y		Y	Y
Tennessee	Y	Y	Y <sup>6</sup>	Y	Y	Y	Y	Y
Texas	Y			Y	Y	Y	Y	
Utah		Y	Y	Y	Y		Y	
Vermont		Y	Y	Y			Y	Y
Virginia	Y	Y	Y	Y	Y	Y	Y	Y
Washington	Y			Y	Y		Y	Y
West Virginia	Y	Y	Y	Y	Y	Y	Y	Y
Wisconsin		Y	Y	Y	Y		Y	Y
Wyoming	Y			Y	Y		Y	
<b>Total</b>	<b>27</b>	<b>47</b>	<b>44</b>	<b>46</b>	<b>38</b>	<b>15</b>	<b>51</b>	<b>38</b>

<sup>1</sup> Excludes franchise taxes imposed specifically on public utilities and franchise taxes measured by net income.

<sup>2</sup> Includes franchise taxes measured by net income and bank excise taxes measured by income.

<sup>3</sup> Includes bank shares, capital stock, and special intangibles taxes.

<sup>4</sup> Includes estate, gift, inheritance, or generation skipping transfers. All states have either an estate tax or generation skipping transfer tax to absorb the federal estate tax credit for state death taxes paid.

<sup>5</sup> Document recording tax applies to shares of stock.

<sup>6</sup> Connecticut: applies only to dividends, capital gains, and income from taxable estates; New Hampshire and Tennessee: applies only to income from intangibles.

<sup>7</sup> Maryland: applies to financial institutions only; New York: applies to cooperative agricultural corporations only.

<sup>8</sup> Single business tax.

<sup>9</sup> Intangibles tax does not apply if intangibles income is subject to single business tax.

Source: Commerce Clearing House, *State Tax Guide* (Chicago, 1990).

*Table 16*  
**Number of Major State Taxes Earmarked, by Tax and Purpose**  
**Fiscal Year 1988**

	General Sales	Tobacco	Alcoholic Beverage	Insurance	Public Utilities	Pari- mutuel	Individual Income	Corporate Income	Motor Fuel	Motor Vehicle Registration	Operator's License	Property	Severance
Number of states levying tax <sup>1</sup>	40	45	45	45	39	29	39	42	45	45	45	39	35
Number of states earmarking tax <sup>2</sup>	26	24	29	26	12	11	15	14	44	34	18	10	21
<b>Purpose<sup>3</sup></b>													
<b>Local Government</b>	13	10	22	8	4	5	9	9	18	13	5	4	14
<b>Education</b>	10	8	6	4	4	1	4	3	1	4	1	5	7
<b>Highways/mass transit</b>	10	-	2	-	-	-	-	1	44	31	16	-	1
<b>Health/welfare/     human services</b>	1	9	15	2	1	2	-	-	-	-	1	1	-
<b>Pensions</b>	1	2	2	10	-	-	-	-	1	-	1	1	1
<b>Conservation</b>	3	2	-	-	-	-	-	-	2	-	-	1	5
<b>Debt service/     building funds</b>	5	4	2	-	-	2	3	2	4	1	-	3	1
<b>Regulation</b>	-	1	3	6	3	2	-	1	2	-	-	-	2
<b>Other</b>	7	4	8	5	1	8	2	3	5	4	2	1	9

<sup>1</sup>This table is based on survey results from 46 states.

<sup>2</sup>Includes states earmarking only a portion of the tax.

<sup>3</sup>A tax often is earmarked for several purposes.

Source: Martha A. Fabricius and Ronald K. Snell, *Earmarking State Taxes* (Denver: National Conference of State Legislatures, 1990), Table 2. Reprinted with permission from the National Conference of State Legislatures.



Table 17  
1990 Major Tax Changes, by Tax

State	Personal Income Tax (See also Tables 18-22)	Amount (millions)	Date
Alabama	Exempted military retirement benefits (1/90) and private pension benefits (1/91); revenue effect is estimated to range from \$10 to \$15 million	FY91 = (\$15)	1/90
Arizona	Simplified rates, broadened tax brackets, and eliminated federal income tax deductibility Limited renter's credit Conformed to IRS code Increased state percentage of federal income tax withholding rates Accelerated collections by requiring estimated quarterly payments	FY91 = \$110 FY91 = \$3.8 FY91 = \$4.9 FY91 = \$40 FY90 = \$20*	1/90 1/90 1/90 1/91 1/90
California	Conformed to selected portions of IRS code (for tax years 1987, 1988, and 1989) Enacted withholding tax on nonresident sale of real property in the state	FY91 = \$36 FY90 = \$43	1/90 1/91
Connecticut	Enacted capital gains tax on nonresidents' sales of real property in the state	FY90 = \$4 FY91 = \$10	1/90
Hawaii	Enacted \$60/ resident general tax credit for tax year 1990 only Increased credit for sales tax on food from \$45 to \$55 Increased energy tax credit until 12/31/98 Enacted 9% withholding tax on nonresidents' sale of real property in the state	FY91 = (\$54) FY91 = (\$9) FY91 = (\$4.3) FY91 = \$3	1/90 1/90 1/90 1/91
Iowa	Provided public pension exclusion of \$2,500 (single) and \$5,000 (joint)	FY91 = (\$7)	1/90
Kentucky	Conformed to IRS code Repealed automatic deduction of federal income taxes paid Enacted a low-income tax credit	FY91 = \$120.2 FY91 = \$272 FY91 = (\$60)	1/90 1/90 1/90
Louisiana	Continued suspension of education tax credit for two additional years	FY91 = \$14.8*	1/90
Maine	Accelerated withholding from last day of the month following close of quarter to 21st day of month	FY91 = \$12*	1/91
Massachusetts	Increased rate on earned income from 5.75% to 5.95% (scheduled to increase to 6.25% in 1991 then back to 5.95% for 1992); increased rate on unearned income from 10% to 12%	FY91 = \$742.1 FY92 = \$1,039.4	1/90
Minnesota	Conformed to IRS code through 12/31/89 Enacted political contribution refund	FY90 = (\$1.7) FY91 = (\$0.5) FY91 = (\$4.7)	1/90 1/90
Nebraska	Increased rates in each bracket	FY91 = \$76 FY92 = \$1,300	1/90
New Jersey	Increased top rate from 3.5% to 7% for single taxpayers with incomes over \$75,000 and married taxpayers filing jointly with incomes over \$150,000; increased dependents' exemptions by \$500; repealed property tax deduction and replaced it with a circuit breaker	FY91 = \$700	1/91
New Mexico	Repealed public pension exemption Conformed to IRS code Revised apportionment formula for out-of-state earnings	FY91 = \$18.1 FY91 = (\$10.2) FY91 = \$4.1	1/90 1/90
New York	Temporarily suspended scheduled phase-in of tax cut (top rate will remain at 7.875% for 1990); top rate will drop to 7.7% on 1/1/91, 7.5% on 4/1/92, and 7% on 4/1/93	FY91 = \$400*	
North Carolina	Conformed to federal schedule for withholding Conformed to federal rules on tax extension returns for personal year income tax, corporation franchise tax, and corporation income tax (FY91 figure includes all three changes)	FY91 = \$110.5* FY91 = \$40*	1/91 1991 tax year
Oklahoma	Increased tax by adjusting bracket widths for Methods I and II and adding 7% bracket to Method I Enacted credit for sales tax relief on food purchases	FY91 = \$100.3 FY91 = (\$10.4)	1/90 1/90



Table 17 (cont.)  
1990 Major Tax Changes, by Tax

State	Personal Income Tax (cont.) (See also Tables 18-22)	Amount (millions)	Date
South Carolina	Conformed to IRS code	FY91 = (\$5.6)	1/90
Vermont	Increased rate temporarily from 25% to 28% of federal tax liability (expires 12/31/91) Accelerated collections on one-time basis	FY90 = \$15 FY91 = \$30 FY90 = \$6.5*	1/90 4/15/90
Virginia	Repealed retirement income exemptions and replaced them with income exclusions for taxpayers over 62; designated income tax increase collected from state retirees for increases in retirement benefits (figure is gross increase) Repealed a personal income tax credit originally enacted to return the windfall created by federal tax reform Deferred for two years exclusion from taxable income of 50% of a self-employed person's FICA tax payment Delayed conformity to federal withholding procedures	FY91 = \$58  FY91 = \$27.8 FY91 = \$12.5 FY91 = \$10	1/90  1/90 1/90 1/90
Wisconsin	Conformed to IRS code	FY90 = (\$1.2) FY91 = (\$1.6)	1/90

Corporate Income Tax (and Other Major Business Taxes)  
(See also Tables 25-28)

Arizona	Abolished old rates and established 9.3% flat tax; eliminated federal income tax subtractions Changed definition of certain foreign corporations Allowed deduction for controlled corporation dividends for out-of-state corporations Eliminated foreign income tax credit Conformed to IRS code	FY91 = \$25 FY91 = \$4 FY91 = (\$6.5) FY91 = \$3.1 FY91 = \$5.3	1/90 1/90 1/90 1/90 1/90
California	Conformed to selected portions of IRS code	FY91 = \$525	1/90
Connecticut	Accrued 6 weeks' collections in FY91 (7/1 through 8/15) to FY90 general fund budget Accelerated collections by increasing from 60% to 70% the estimated minimum tax due in the sixth month of the tax year	FY90 = \$25* FY91 = \$45*	7/90 1/91
Delaware	Capped net operating loss deduction at \$30,000  Accelerated bank franchise tax by increasing the proportions due each quarter	FY91 = \$2 FY92 = \$4  FY90 = \$9*	Tax years ending after 6/30/90  7/2/90
Kentucky	Increased rates, with top rate (net taxable income over \$250,000) rising from 7.25% to 8.25% (actual date of collection affected by estimated tax payment schedule)	FY90 = \$8 FY91 = \$30.2 FY92 = \$38.2	1/90
Massachusetts	Accelerated collection of estimated payments	FY91 = \$50*	1/91
Minnesota	Increased rate from 9.5% (10.2% with surcharge) to 9.8%; decreased AMT from 7% (7.5% with surcharge) to 5.8% Conformed to IRS code	FY91 negligible FY90 = \$6.3 FY91 = \$5.3	1/90 1/90
Nebraska	Increased rate from 4.75 to 5.17% on first \$50,000 of taxable income and from 6.65% to 7.24% on taxable income over \$50,000 (due to lags in collections, full receipts are not expected until FY92)	FY91 = 0 FY92 = \$10	1/90
New Hampshire	Accelerated collection of business profits tax by requiring larger payments of estimated tax due	FY90 = \$4*	4/90
New Jersey	Increased temporary surcharge rate from 9.375% to 9.417% (calculated on top of 9% statutory base rate) as enacted by previous legislation; surcharge expires after FY94	FY91 = \$5.2*	7/90

Table 17 (cont.)  
1990 Major Tax Changes, by Tax

State	Corporate Income Tax (and Other Major Business Taxes) (cont.) (See also Tables 25-28)	Amount (millions)	Date
New York	Enacted temporary 15% surcharge on all corporation and subchapter S taxpayers (the 15% surcharge remains in effect until 1992 when the surcharge will drop to 10%)	FY91 = \$549	1/90
	Imposed corporation level tax on S Corporations to equalize tax rate to that of 9% corporation tax rate	FY91 = 13	1/90
North Carolina	Required estimated corporation income tax payments at lower tax liability thresholds	FY91 = \$39*	8/90
	Conformed to federal rules on extension tax returns for personal income tax, year corporation franchise tax, and corporation income tax (FY91 figure includes all three changes)	FY91 = \$40*	1991
Oklahoma	Increased corporation income and bank/credit union privilege tax from 5% to 6%	FY91 = \$14.6	1/90
Rhode Island	Increased minimum estimated payment of corporation income tax	FY90 = \$21*	6/90
South Carolina	Conformed to IRS code	FY91 = (\$0.8)	1/90
Tennessee	Extended bank franchise tax to banking activities in Tennessee on the part of out-of-state banks	FY91 = \$20	4/90
Virginia	Delayed conformity to federal depreciation write-offs for corporation income tax	FY91 = \$29.9	1990 tax year
Wisconsin	Conformed to IRS code	FY90 = \$1 FY91 = \$2.2	1/90

Sales and Use Tax  
(See also Tables 29-30)

Arizona	Eliminated vendor compensation for collecting the tax	FY91 = \$8	1/90
	Reduced rate from 5 to 4.75% on rentals of real property (rate is scheduled to reduce to 4.5% in CY92)	FY91 = (\$1.8)	1/91
	Reduced share of state collections to provide county property tax relief	FY91 = (\$10)	11/90
	Accelerated collections by requiring advance payments of estimated or actual liability for first 15 days of sales at the time payment is made on the remaining liability for the prior month	FY90 = \$48*	5/90
Colorado	Extended to catalog sales (pending federal legislation)	\$10-15 annually	pending
Florida	Enacted minor changes in base	FY91 = \$1.7	7/90
	Accelerated sales tax payments	FY90 = \$181.1*	7/22/90
	Changed remittance requirements	FY91 = \$19.4*	7/22/90
Georgia	Extended to out-of-state sales	No estimate	7/90
Hawaii	Waived statute of limitations for refunds of overpayment of use taxes by any General Motors dealer in the state (expires 12/31/98)	FY91 = (\$2.1)	6/30/90
Kentucky	Increased from 5% to 6%	FY91 = \$187.4 FY92 = \$204.4	7/90
Louisiana	Enacted 3% tax on intrastate telecommunication services (other than cable television)	FY91 = \$30.8	8/90
	Repealed sales tax on equipment purchased by lease or rental businesses (in FY91 only car purchases are affected)	FY91 = (\$2.5)	1/91
	Continued tax of 2% on food, utilities, and other items traditionally exempt (on 7/10/90 rate increased to 3%)	FY92 = (\$12)	7/91
		FY91 = \$301*	7/90
Maine	Provided one-time elimination of NOL carry-back provisions	FY90 = \$1 FY91 = \$6	1989 tax year
Massachusetts	Broadened the base to include a broad range of personal and professional services	FY91 = \$237.1 FY92 = \$462.2	3/91

Table 17 (cont.)  
1990 Major Tax Changes, by Tax

State	Sales and Use Tax (cont.) (See also Tables 29-30)	Amount (millions)	Date
Minnesota	Exempted miscellaneous items including certain interstate toll calls, electrical generators used in farming enterprises, discount element of meals provided to employees, and admissions to NFL superbowl games	FY91 = (\$1.3)	7/90 various
Missouri	Extended to catalog and other media advertised sales	\$0-40 annually	10/90
Nebraska	Increased from 4% to 5% (receipts from sales tax on motor vehicles will accrue to the Highway Trust Fund)	FY91 = \$116	7/90
New Jersey	Increased from 6% to 7%; base broadened to include disposable paper products, soaps, cigarettes, alcoholic beverages, heavy truck sales and services, janitorial services, and telecommunications	FY91 = \$1,300	7/90
New Mexico	Increased from 4.75% to 5% Extended tax to solicitors using electronic and print media	FY91 = \$45.7 FY91 = \$2.4	7/90 7/90
New York	Broadened the base to include auto leases, janitorial services, protective/detective services, parking, interior decorating, and "1-900" numbers	FY91 = \$130 FY92 = \$158	6/90
North Carolina	Accelerated from quarterly to monthly the remittance of sales and gross receipts taxes collected by public utilities	FY90 = \$58.3*	6/90
Ohio	Expanded definition of nexus to include out-of-state vendors Extended base to sales of documented boats	FY91 = \$2.5 FY90 = \$1.1 FY91 = \$2.1	7/18/90 3/15/90
Oklahoma	Increased from: 4% to 4.5%  Exempted leases of 24 months or more for vehicles on which excise taxes have been paid	FY90 = \$8.3 FY91 = \$101.4 FY91 = (\$2.5)	5/90  7/90
Rhode Island	Temporarily increased from 6% to 7%; to be reduced to 6.5% on 7/1/91 Extended base to catalog sales, periodicals, and cigarettes	FY91 = \$68 FY91 = \$14.1	7/90 7/90
South Dakota	Accelerated collections from bimonthly to monthly	FY91 = \$20*	7/90
Texas	Increased from 6% to 6.25%	FY90 = \$24.1 FY91 = \$279.4	7/90
Utah	Expanded nexus to include retailers and vendors soliciting through advertising and other media	Depends on court actions	7/90
Vermont	Extended to mail order sales Acceleration of collections	FY91 negligible FY90 = \$3*	1/90 4/90
Virginia	Exempted nonprescription drugs	FY93 = (\$25)	7/92
Wisconsin	Enacted exemptions for publishers (one-time), handicapped persons' equipment, cloth diapers and services, and snowmobile trail groomers	FY90 = (\$1.8) FY91 = (\$0.6)	7/90

Motor Fuel and Motor Vehicle Excise Taxes  
(See also Tables 35 and 38)

Arizona	Reduced from \$30 to \$23/vehicle the minimum vehicle license tax (3-year phase-down to \$10) Increased from 17¢ to 18¢/gallon	FY91 = (\$3.6) FY91 = \$15.6	1/91 10/90
California	Increased from 9¢ to 18¢/gallon over a five-year period (passed by the legislature in 1989, effective after voters on June 5, 1990, approved a constitutional amendment to increase the state spending limit)	5-year total \$18,500*	8/90
Connecticut	Increased from 20¢ to 22¢/gallon due to previously enacted legislation	FY91 = \$32*	7/90

Table 17 (cont.)  
1990 Major Tax Changes, by Tax

State	Motor Fuel and Motor Vehicle Excise Taxes (cont.) (See also Tables 35 and 38)	Amount (millions)	Date
Delaware	Increased from 16¢ to 19¢/gallon	FY91 = \$6 FY92 = \$12	1/91
Florida	Increased motor fuel tax from 5.7¢ to 6.9¢/gallon, with an additional state increase to as high as 10.9¢ depending on local actions	FY91 = \$181.4	7/90 10/90 local action
Indiana	Reduced motor vehicle excise taxes to maximum of 30% first year, 25% second year, and 15% thereafter	FY91 = (\$86)	1/91
Kansas	Increased gasoline tax from 15¢ to 16¢/gallon and diesel tax from 17¢ to 18¢/gallon (previously enacted legislation)	FY91 = \$15.1*	7/90
Kentucky	Increased motor vehicle usage tax from 5% to 6%	FY91 = \$35 FY92 = \$38.1	7/90
Louisiana	Enacted 3% excise tax on short-term car rentals	FY91 = \$2.6	
Massachusetts	Increased gasoline from 11¢ to 17¢/gallon or from 10% to 15.5% of average price, whichever is higher; second increase from 17¢ to 21¢/gallon or from 15.5% to 19.1% of average price, whichever is higher	FY91 = \$177.4 FY92 = \$263.3	7/90 1/91 second increase
New Hampshire	Increase from 14¢ to 16¢/gallon	FY90 = \$3 FY91 = \$11.3	4/90
New York	Shifted petroleum GRT from gross receipts basis to ¢ per gallon basis (5.5¢/gallon for gasoline and diesel)	FY91 = \$194	9/90
Ohio	Increased from 18¢ to 20¢/gallon (previously enacted legislation)	FY91 = \$108*	1/90
Oklahoma	Made permanent 1 cent increase	FY91 = \$20*	1/90
Rhode Island	Increased vehicle taxes based on weight	FY90 = \$8 FY91 = \$20.6	4/90
Utah	Amended collection and remittance procedures by requiring users/dealers of special fuels to collect and pay the tax on all special fuel sold within the state (collections may range from \$3 million to \$5 million)	FY91 = \$4*	7/90
Washington	Increased from 18¢ to 22¢/gallon; will increase to 23¢/gallon effective 4/91	FY90 = \$22.4 FY91 = \$96.1 FY91 = \$34.5	4/90 9/90
	Decreased motor vehicle excise tax from 2.454% to 2.2% and broadened base		

Cigarette and Tobacco Taxes  
(See also Table 34)

Arizona	Increased from 15¢ to 18¢/pack	FY91 = \$9.5	10/90
Delaware	Increased from 14¢ to 19¢/pack, and second increase from 19¢ to 24¢/pack	FY91 = \$5.5 FY92 = \$8	8/90 1/91
Florida	Increased from 24¢ to 33.9¢/pack	FY91 = \$131.7	7/90
Louisiana	Increased from 16¢ to 20¢/pack (revenue figure reflects 11 months of collections)	FY91 = \$14	8/90
New Hampshire	Increased from 21¢ to 25¢/pack	FY90 = \$1.7 FY91 = \$6.8	2/90
New Jersey	Increased from 27¢ to 40¢/pack Enacted 24% wholesale sales tax on other tobacco products (nonsmoking)	FY91 = \$90 FY91 = \$10	7/90 7/90

Table 17 (cont.)  
1990 Major Tax Changes, by Tax

State	Cigarette and Tobacco Taxes (cont.) (See also Table 34)	Amount (millions)	Date
New York	Increased from 33¢ to 39¢/pack	FY91 = \$78 FY92 = \$90	6/90
Texas	Increased from 26¢ to 41¢/pack; increased tax on tobacco products from 28.125% to 35.213%	FY90 = \$3.7 FY91 = \$178.6	7/90

**Alcoholic Beverage Taxes**  
(See also Tables 36-37)

Delaware	Increased tax on beer from \$2 to \$4.85/barrel; increased tax on wine from 40¢ to 97¢/gallon; increased tax on spirits (50 proof) from \$1.50 to \$3.64/gallon; increased tax on spirits (50+ proof) from \$2.25 to \$5.46/gallon	FY91 = \$5.7 FY92 = \$6	9/90
Florida	Enacted alcoholic beverage surcharge for on-premise drinks (10¢/1 ounce of liquor; 10¢/4 ounces of wine; and 4¢/12 ounces of beer)	FY91 = \$153.4	7/90
New Hampshire	Increased beer excise tax temporarily from 30¢ to 35¢/gallon (expires 6/30/91)	FY90 = \$0.5 FY91 = \$1.8	4/90
New Jersey	Increased liquor tax from \$2.80 to \$4.20/gallon, wine tax from 30¢ to 50¢/gallon, and beer tax from 3¢ to 10¢/gallon; reduced whole-sale tax from 7.3% to 2.9%	FY91 = (\$25)	7/90
New York	Increased beer tax from 11¢ to 21¢/gallon, liquor tax (less than 24% alcohol) from 55¢ to 67¢/liter, and more than 24% alcohol from \$1.40 to \$1.70/liter	FY91 = \$47 FY92 = \$53	6/90
Texas	Increased tax on mixed drinks from 12% to 14%	FY91 = \$25.7	7/90

**Miscellaneous Taxes, Revenues, and Fees**

Alabama	Enacted a cellular telephone gross receipts tax of 4% (or less)	FY91 = \$1.8	5/90
Arizona	Increased the minimum school tax rate from 25% to 60% of the qualifying rate Retained in general fund interest earnings generated by other state funds Accelerated insurance premium taxes	FY91 = \$47.7 FY91 = \$4.5* FY90 = \$25*	1/90 10/90 5/90
Colorado	Diverted state share of severance tax from severance tax fund to general fund for one year	FY91 = \$7.5*	7/90
Connecticut	Shortened the due date for inheritance tax payments from 9 months to 6 months after date of death	FY91 = \$30*	7/90
Delaware	Expanded the base of the realty transfer tax to include improvements on property when the contract is entered into within one year of transfer Increased eleven categories of corporation fees  Increased the cost of business licenses Increased by 15% numerous fees collected by state agencies Increased certain fees collected by the Securities Commissioner concerning broker/dealers and investment advisors Allowed the state Board of Health to collect fees for its involvement with public drinking water systems Clarified and extended the state's power of escheat	FY91 = \$1 FY92 = \$2 FY91 = \$8* FY92 = \$8.5* FY91 = \$1.2* FY91 = \$1.4* FY91 = \$0.5* FY91 = \$0.3* FY91 = \$4*	9/90 6/90  1/91 7/90 7/90 7/90
District of Columbia	Decreased homeowners' property tax from \$1.22 to 97¢/\$100  Increased property tax on vacant property from \$2.13 to \$3.29/\$100	FY90 = (\$7.3) FY91 = (\$29.9) FY90 = \$4 FY91 = \$12	7/90  7/90

Table 17 (cont.)  
1990 Major Tax Changes, by Tax

State	Miscellaneous Taxes, Revenues, and Fees (cont.)	Amount (millions)	Date
<b>Florida</b>	Increased the intangibles tax rate from 1 to 1.5 mills	FY91 = \$140.4	7/90
	Increased the documentary stamp tax from 15¢ to 32¢/\$100 and broadened the base	FY91 = \$151.1	7/90
	Increased the gross receipts tax on utilities and telecommunications from 1.5% to 2% (increases to 2.25% on 7/1/91 and 2.5% on 7/1/92)	FY91 = \$83.3	7/90
	Increased insurance premium tax on surplus lines from 3% to 5% and reduced certain credits	FY91 = \$12.1	7/90
	Increased various transportation taxes	FY91 = \$214.1	7/90
	Increased aviation taxes from 5% to 6%	FY91 = \$6.7	7/90
	Increased other minor taxes	FY91 = \$9.5	7/90
	Increased various highway safety fees	FY91 = \$40.9*	7/90
	Increased corporate filing fees	FY91 = \$25.5*	7/90
	Enacted vehicle registration impact fee of \$295	FY91 = \$84.7*	7/90
Increased user and other fees	FY91 = \$93*	7/90	
<b>Georgia</b>	Enacted tax on illegal drugs	No estimate	7/90
<b>Louisiana</b>	Repealed 2% gross receipts tax on unregulated communications companies (but enacted new 3% sales tax, see sales tax section)	FY91 = (\$19.8)	8/90
	Increased natural gas tax temporarily from 7¢ to 10¢/MCF (expires 6/30/91); indexed rate for future years to reflect changes in natural gas prices	FY91 = \$39.4	7/90
<b>Maine</b>	Enacted 2-month tax amnesty program	FY91 = \$17.6*	11/90-12/90
<b>Missouri</b>	Enacted "in lieu" tax of .6% on boats registered with the Coast Guard to replace use tax	No estimate	8/90
<b>Nebraska</b>	Revised parimutuel tax	FY91 = (\$1)	1/90
	Decreased pickle card rate from 13% to 10%	FY91 = (\$0.5)	10/90
	Enacted tax on illegal drugs	No estimate	1/91
<b>New Hampshire</b>	Enacted telecommunications tax to replace property tax imposed on telephone and telegraph companies. Levy is 3% of gross charges plus surcharge of 2% (surcharge expires 6/30/91)	FY90 = \$6	4/90
		FY91 = \$24	
	Increased real estate transfer tax temporarily from \$.475 to \$.525/\$100 (expires 6/30/91)	FY90 = \$1.5	4/90
	FY91 = \$3.1		
<b>New Jersey</b>	Enacted 2.75% gross receipts tax on refiners, distributors, and importers of petroleum products (except home heating oil)	FY91 = \$150	7/90
<b>New York</b>	Increased highway use tax by doubling the rate	FY91 = \$47	2/90
		FY92 = \$63	
	Enacted a 5% tax on rental cars	FY91 = \$27	6/90
		FY92 = \$32	
	Broadened tax base for local telephone companies by shifting tax liability for access charges from long-distance companies to local companies	FY91 = \$21	1/90
	Imposed 3.6% tax on insurance premiums for contracts directly placed with non-New York insurers	FY91 = \$4	7/90
	Expanded estate and gift tax base to include out-of-state property to calculate marginal tax rate	FY91 = \$2	5/90
	Imposed generation transfer skipping tax equal to the federal credit	FY91 = \$3	5/90
	Conformed to IRS code for estate taxes (through 1986 and thereafter)	FY91 = \$3	5/90
	Increased a broad range of fees, such as criminal justice penalty assessments, vanity plates, and various registration fees	FY91 = \$90*	various
Accelerated estate and gift tax by shifting administration to the Department of Taxation and Finance	FY91 = \$5*	5/90	
<b>Oklahoma</b>	Enacted tax on illegal drugs	No estimate	7/90
<b>Rhode Island</b>	Accelerated collection of estate tax	FY91 = \$7*	7/90
	Accelerated collection of telephone tax	FY91 = \$3.6*	7/90

Table 17 (cont.)  
1990 Major Tax Changes, by Tax

State	Miscellaneous Taxes, Revenues, and Fees (cont.)	Amount (millions)	Date
<b>South Carolina</b>	Increased annual license fee for Type III machines (video poker machines) from \$600 to \$1,500	FY91 = \$18*	7/90
	Increased annual registration fees for broker/dealers and investment advisors from \$100 to \$200 and for agents and investment advisor representatives from \$10 to \$50	FY91 = \$2.6*	7/90
	Enacted annual administrative fee of \$2 on each nursing home bed (for issuance and administration of the medicaid days permit program)	FY91 = \$6.3*	7/90
<b>Utah</b>	Enacted severance tax credit and wildcat exemption	FY90 = (\$1.9) FY91 = (\$2.6)	1/90
	Enacted temporary coal tax credit of \$1/ton of coal sold from a permitted mine to a purchaser outside of the U.S. in excess of such sales for the previous year (expires 1/93)	No estimate	4/23/90
	Increased from 2.4% to 2.6% the severance tax on metalliferous minerals and broadened the base	FY91 = \$2	1/90
	Reduced gas and oil severance tax from 4% flat tax to graduated rates from 2% to 5%	FY91 = (\$2.9)	7/91
<b>West Virginia</b>	Amended the business investment and jobs expansion tax credit to limit its availability to producers of natural resources	No estimate	3/90
<b>Wisconsin</b>	Modified fee assessment schedule for utility tax payments for pipeline, conservation, and regulation companies by reducing amount of prior year's assessment due	FY91 = (\$4.7*)	1991 fee assessment

Note: Amounts indicate collections projected for the period shown, which are not necessarily equal to annualized projections.

\*Actions that will affect revenue but are not new tax changes enacted in 1990.

Source: Corina L. Eckl, Anthony M. Hutchison, and Ronald K. Snell, *State Budget and Tax Actions, 1990* (Denver: National Conference of State Legislatures, 1990). Reprinted with permission from the National Conference of State Legislatures.





*Section IV*

# **State and Local Tax Rates and Bases by Type of Tax**

*Table 18*  
**Summary of State Government Individual Income Taxes, Personal Exemptions, Standard Deductions, and Deductibility of Federal Income Taxes**  
**Tax Year 1990**

As of October 1990. Only basic rates, brackets, and exemptions are shown. Local income tax rates, even those mandated by the state, are not included.  
 Taxable income rates and brackets listed below apply to single taxpayers and married taxpayers filing "combined separate" returns in states where this is permitted.

State	Tax Rates (range in percent)	Taxable Income Brackets		Personal Exemptions			Standard Deduction <sup>a</sup>		Federal Income Tax Deductible <sup>b</sup>	
		Lowest: Amount Under	Highest: Amount Over	Single	Married- Joint Return	Dependents	Percent	Single		Married- Joint Return
Alabama <sup>+</sup> *	2.0-5.0%	\$500	\$3,000	\$1,500	\$ 3,000	\$300	20%	\$2,000	\$4,000	yes
Alaska	No state income tax									
Arizona <sup>c</sup>	3.8-7.0	10,000	150,000	2,000	4,000	2,000	n.a.	3,500	7,000	no
Arkansas	1.0-7.0	3,000	25,000	20	40	20	10	1,000	1,000	no
California <sup>c*</sup>	1.0-9.3	4,213	27,646	58 <sup>d</sup>	116 <sup>d</sup>	58 <sup>d</sup>	n.a.	2,169	4,339	no
Colorado	5% of modified federal taxable income									no
Connecticut <sup>*</sup>	Limited income tax									
Delaware <sup>+</sup>	3.2-7.7	5,000	40,000	1,250	2,500	1,250	n.a.	1,300	1,600	no
District of Columbia	6.0-9.5	10,000	20,000	1,270	2,540	1,270	n.a.	2,000	2,000	no
Florida	No state income tax									
Georgia	1.0-6.0	750	7,000	1,500	3,000	1,500	n.a.	2,300	3,000	no
Hawaii <sup>*</sup>	2.0-10.0	1,500	20,500	1,040	2,080	1,040	n.a.	1,500	1,900	no
Idaho	2.0-8.2	1,000	20,000	Same as federal <sup>f</sup>						no
Illinois	3.0	Flat rate		1,000	2,000	1,000	n.a.	n.a.	n.a.	no
Indiana <sup>+</sup>	3.4	Flat rate		1,000	2,000	1,000	n.a.	n.a.	n.a.	no
Iowa <sup>++</sup>	0.4-9.98	1,038	46,710	20 <sup>d</sup>	40 <sup>d</sup>	15 <sup>d</sup>	n.a.	1,260	3,100	yes
Kansas <sup>*</sup>	4.5-5.95	27,500	27,500	2,000	4,000	2,000	n.a.	3,000	5,000	yes
Kentucky <sup>++</sup>	2.0-6.0	3,000	8,000	20	40	20	n.a.	650	650	yes
Louisiana	2.0-6.0	10,000	50,000	4,500	9,000	1,000	Combined with exemptions		yes	
Maine	2.0-8.5	4,050	16,200	2,050	4,100	2,050	n.a.	3,250	5,450	no
Maryland <sup>++</sup>	2.0-5.0	1,000	3,000	1,200	2,400	1,200	15	2,000	4,000	no
Massachusetts <sup>*</sup>	5.0-10.0	Flat rate		2,200	4,400	1,000	n.a.	n.a.	n.a.	no
Michigan <sup>+</sup>	4.6	Flat rate		2,100	4,200	2,100	n.a.	n.a.	n.a.	no
Minnesota <sup>*</sup>	6.0-8.0	13,000	13,000	Same as federal <sup>f</sup>					no	
Mississippi	3.0-5.0	5,000	10,000	6,000	9,500	1,500	15	2,300	3,400	no

Table 18 (cont.)  
**Summary of State Government Individual Income Taxes, Personal Exemptions, Standard Deductions, and Deductibility of Federal Income Taxes**  
**Tax Year 1990**

State	Tax Rates (range in percent)	Taxable Income Brackets		Personal Exemptions			Standard Deduction <sup>a</sup>			Federal Income Tax Deductible <sup>b</sup>	
		Lowest: Amount Under	Highest: Amount Over	Single	Married- Joint Return	Dependents	Percent	Single	Married- Joint Return		
Missouri <sup>++</sup>	1.5-6.0	1,000	9,000	1,200	2,400	400	n.a.	Same as federal <sup>c</sup>		yes	
Montana <sup>c</sup>	2.0-11.0	1,600	55,000	1,260	2,520	1,260	20	2,360	4,720	yes	
Nebraska <sup>*</sup>	2.2-6.41	1,800	27,000	1,230	2,460	1,230	n.a.	Same as federal <sup>c</sup>		no	
Nevada	No state income tax										
New Hampshire <sup>*</sup>	Limited income tax										
New Jersey <sup>*</sup>	2.0-3.5	20,000	50,000	1,000	2,000	1,000	n.a.	n.a.	n.a.	no	
New Mexico	1.8-8.5	5,200	64,000	2,000	4,000	2,000	n.a.	Same as federal		no	
New York <sup>++</sup>	4.0-7.875	5,500	13,000	0	0	1,000	n.a.	6,000	9,500	no	
North Carolina <sup>*</sup>	6.0-7.0	12,750	12,750	2,000	4,000	2,000	n.a.	3,000	5,000	no	
North Dakota <sup>*</sup>	2.67-12.0	3,000	50,000	Same as federal <sup>c</sup>						yes	
Ohio <sup>++</sup>	0.743-6.9	5,000	100,000	650	1,300	650	n.a.	n.a.	n.a.	no	
Oklahoma <sup>*</sup>	0.5-7.0	1,000	10,000	1,000	2,000	1,000	15	2,000	2,000	yes	
Oregon <sup>* c</sup>	5.0-9.0	2,000	5,000	98	196	98	n.a.	1,800	3,000	yes	
Pennsylvania <sup>++</sup>	2.1	Flat rate		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	no	
Rhode Island	22.96% of federal income tax liability									no	
South Carolina <sup>c</sup>	2.75-7.0	2,030	10,150	Same as federal <sup>c</sup>						no	
South Dakota	No state income tax										
Tennessee <sup>*</sup>	Limited income tax										
Texas	No state income tax										
Utah <sup>*</sup>	2.55-7.2	750	3,750	75% of federal exemptions			Same as federal <sup>c</sup>			yes	
Vermont <sup>*</sup>	28% of federal income tax liability										no
Virginia	2.0-5.75	3,000	17,000	800	1,600	800	n.a.	3,000	5,000	no	
Washington	No state income tax										
West Virginia <sup>*</sup>	3.0-6.5	10,000	60,000	2,000	4,000	2,000	n.a.	n.a.	n.a.	no	
Wisconsin <sup>*</sup>	4.9-6.93	7,500	15,000	0	0	50 <sup>d</sup>	n.a.	5,200	8,900	no	
Wyoming	No state income tax										

**Summary of State Government Individual Income Taxes, Personal Exemptions, Standard Deductions, and Deductibility of Federal Income Taxes  
Tax Year 1990**

n.a. — not applicable

\*States in which one or more local governments levy a local income tax.

<sup>a</sup>The lesser of (1) the percentage indicated, multiplied by adjusted gross income, or (2) the dollar value listed. In some states, when a standard deduction computed using a percentage of AGI is less than the fixed amount shown above, a minimum dollar deduction is allowed. Maryland and Utah have a minimum deduction as well.

<sup>b</sup>A 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.

<sup>c</sup>Indexed by an inflation factor.

<sup>d</sup>Tax credit per dependent. Taxpayers 65 or older receive a \$25 credit.

<sup>e</sup>See Table 9 for federal income tax regulations.

**\*State Notes**

<b>Alabama</b>	Social Security taxes are included in itemized deductions. Taxable income brackets for married filing joint over \$6,000, taxed at highest rate.	
<b>Arkansas</b>	Tax credit per dependent. Taxpayers 65 or older, or blind or deaf receive an additional \$20 credit.	
<b>California</b>	Taxpayers 65 and older receive additional \$58 credit.	
<b>Colorado</b>	Modifications for federal interest income, non-Colorado state and local interest income, and Colorado pension exclusion.	
<b>Connecticut</b>	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 AGI of \$54,000-\$57,999 to 12% of such income of taxpayers with an AGI over \$100,000. Capital gains are taxed at 7% after an exemption of \$100 is applied.	
<b>Delaware</b>	Lowest personal income tax rate (3.2%) applies to income in the \$2,000-\$5,000 bracket. Taxable income under \$2,000 is not subject to tax and is referred to as the "zero bracket" amount.	
<b>District of Columbia</b>	Exemption will increase to \$1,370 by 1991.	
<b>Hawaii</b>	A refundable food/excise tax credit of at least \$55 per exemption is granted; credit of \$60 per exemption is granted for 1990; a refundable medical services excise tax credit of 4% of qualified medical expenses, subject to limitation, is granted.	
<b>Idaho</b>	Idaho allows a refundable \$15/exemption credit.	
<b>Illinois</b>	Effective 1/1/90, an additional \$1,000 exemption for taxpayer or spouse 65 years of age or older. An additional \$1,000 exemption for taxpayer or spouse who is blind.	
<b>Indiana</b>	Additional \$1,000 exemption if taxpayer or spouse is over 65 or blind.	
<b>Iowa</b>	Tax may not reduce after-tax income of taxpayer below \$5,000 (single) or \$7,500 (married filing joint, head-of-household, surviving spouse). Only limitation for the standard deduction is that the deduction otherwise allowable of \$1,260 or \$3,100 may not exceed the amount of income remaining after the federal tax deduction.	
<b>Kansas</b>	A child care credit equal to 25% of the federal child care credit is allowed to taxpayers claiming the federal credit. These rates and brackets apply to	
		single persons not deducting federal income tax. For individuals deducting the tax, rates range from 4.75% of the first \$2,000 to 8.5% on income over \$30,000.
		<b>Kentucky</b> Federal income tax paid only for years prior to 1990 is deductible in 1990; no deduction for 1991. Tax credit per dependent. Taxpayers 65 or older receive a \$60 credit.
		<b>Maryland</b> All counties have a local income tax surcharge of at least 20% of the state tax liability; most counties have a surcharge of 50%. Single taxpayers have a minimum standard deduction of \$1,500, and married taxpayers a minimum standard deduction of \$3,000. Blind and elderly get an additional exemption of \$1,000.
		<b>Massachusetts</b> 10% (flat rate) imposed on net capital gains, interest, and dividends of residents, and Massachusetts business income of nonresidents. All other net income taxed at 5%. No tax is imposed on a single person whose gross income is \$8,000 or less (\$12,000 married). Social Security taxes are deducted from taxable income up to \$2,000 per taxpayer.
		<b>Michigan</b> Persons who can be claimed as a dependent on someone else's return get an exemption of \$1,000. If their AGI is \$1,500 or less, they owe no tax.
		<b>Missouri</b> For taxpayers itemizing deductions, Social Security taxes are deductible.
		<b>Minnesota</b> Additional rate of 0.5% on certain income classes to reflect federal phase-out of personal exemptions and the 15% federal rate bracket. Total rate on brackets of higher income is 8.5%.
		<b>Montana</b> Taxable income brackets, personal exemption level, and standard deduction levels are indexed annually for inflation.
		<b>Nebraska</b> Taxable income brackets will vary by filing status
		<b>New Hampshire</b> There is a 5% tax on taxable interest and dividends in excess of \$1,200 (\$2,400 married). There is no filing requirement for an individual whose total interest and dividend income, after deducting all interest from U.S. obligations, New Hampshire and Vermont banks or credit unions, and dividends from New Hampshire non-holding company banks is less than \$1,200 (\$2,400 for joint filers) for a taxable period.

*Table 18 (cont.)*  
**Summary of State Government Individual Income Taxes, Personal Exemptions, Standard Deductions, and Deductibility of Federal Income Taxes**  
**Tax Year 1990**

**State Notes (cont.)**

<b>New Jersey</b>	No taxpayer is subject to tax if gross income is \$3,000 or less (\$1,500 married, filing separately).	<b>Oregon</b>	Federal tax deduction limited to \$3,000 (\$1,500 if married filing separately).
<b>New Mexico</b>	Several rebates are available for lower income taxpayers. A minimum deduction exists but does not apply since it is lower than the federal standard deduction. The extra federal deduction for the aged and blind does not apply, although the state has its own provisions. An exemption of \$2,500 (\$1,250 for married filing separate) is allowed for each "special needs" child adopted on or after 1/1/88.	<b>Pennsylvania</b>	There are eight classes of income: (1) compensation; (2) net profits; (3) interest; (4) dividends; (5) sale or exchange of property; (6) rents, royalties, patents, and copyrights; (7) income derived through estates or trusts; and (8) gambling and lottery winnings.
<b>New York</b>	Rates are scheduled to be reduced further in 1991, when the top rate will be 7.7%.	<b>Tennessee</b>	Interest and dividends taxed at 6%. Persons over 65 having total annual gross income derived from any and all sources of \$9,000 or less are exempt. Blindness is a basis for total exemption.
<b>North Carolina</b>	Breaking point for higher marginal tax rate varies according to filing status. Taxable income brackets shown are for single taxpayers.	<b>Utah</b>	One-half of federal tax liability is deductible.
<b>North Dakota</b>	Information in table applies to the long-form method. As an alternative, taxpayers may use the short-form method where the tax is 14% of the adjusted federal income tax liability.	<b>Vermont</b>	Refundable state earned income tax credit (28% of federal credit, maximum \$267).
<b>Ohio</b>	Taxpayers take a \$20 tax credit per exemption.	<b>West Virginia</b>	Eliminated standard deduction; all itemized deductions prohibited and replaced with larger personal exemptions.
<b>Oklahoma</b>	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 10% on income over \$16,000 (single rate).	<b>Wisconsin</b>	The standard deduction is gradually phased out as income increases; deduction is completely phased out at \$50,830 of AGI for single filers and \$55,000 of AGI for joint filers.

Source: ACIR staff compilations based on ACIR survey of state departments of revenue (Fall 1990) and Commerce Clearing House, *State Tax Guide* (Chicago, 1990). See also Tables 19-22.

Table 19  
State Individual Income Taxes: Exclusions and Adjustments to Income, 1990

State	Degree of Conformity to Federal	Exclusions <sup>1</sup>					Adjustments		Exhibit: Combined Separate Returns Allowed
		Capital Gains	Pensions	Social Security Benefits	Unemployment Benefits	Lottery Winnings	Moving Expenses	Individual Retirement Account Contributions	
Federal Income Tax	—	No	No	\$25k/\$32k (50%)	No	No	Deduction	See note	No
Alabama*	No	No	Limited	Exempt	Exempt	No	Limited	Federal amount	No
Alaska	No state income tax								
Arizona*	AGI	No	Limited	Exempt	No	No	Federal amount		JS
Arkansas	No	No	Limited	Exempt	Exempt	No	Deduction	Federal amount	Yes
California*	AGI	No	No	Exempt	Exempt	CA exempt	In state	Federal amount	JS
Colorado*	TI	No	\$20k each	Federal amount	No	No	Federal amount		n.a.
Connecticut*	Only interest, dividends, and capital gains are taxed								
Delaware*	AGI	No	\$2k/\$3k each	Exempt	No	DE exempt	Deduction	Limited	Yes
District of Columbia*	AGI	No	Limited	Exempt	No	No	Deduction	Federal amount	Yes
Florida	No state income tax								
Georgia*	AGI	No	\$10k each	Exempt	No	No	Deduction	Federal amount	No
Hawaii*	TI	No	Exempt	Exempt	No	No	Deduction	Federal amount	JS
Idaho*	TI	Limited	Limited	Exempt	No	No	Deduction	Federal amount	No
Illinois*	AGI	No	Exempt	Exempt	No	No	No	Federal amount	n.a.
Indiana*	AGI	No	Limited	Exempt	\$12k/\$18k (50%)	IN Exempt	No	Federal amount	n.a.
Iowa*	AGI	No	No	Federal amount	No	No	Deduction	Federal amount	Yes
Kansas*	AGI	No	Limited	Federal amount	No	No	Deduction	Federal amount	No
Kentucky*	AGI	60%	Limited	Exempt	\$12k/\$18k (50%)	No	Limited	Limited	Yes
Louisiana*	AGI	No	Limited	Exempt	No	No	Deduction	Federal amount	No
Maine*	AGI	No	No	Exempt	No	No	Deduction	Federal amount	JS
Maryland*	AGI	40%	\$10.8k each	Exempt	No	No	Deduction	Federal amount	Yes
Massachusetts*	AGI	50%	No	Exempt	No	No	No	No	n.a.
Michigan*	AGI	No	Limited	Exempt	No	No	No	Federal amount	n.a.
Minnesota*	TI	No	No	Federal amount	No	No	Deduction	Federal amount	JS
Mississippi*	No	No	Limited	Exempt	No	No	Deduction	Federal amount	Yes

Table 19 (cont.)

## State Individual Income Taxes: Exclusions and Adjustments to Income, 1990

State	Degree of Conformity to Federal	Exclusions <sup>1</sup>					Adjustments		Exhibit: Combined Separate Returns Allowed	
		Capital Gains	Pensions	Social Security Benefits	Unemployment Benefits	Lottery Winnings	Moving Expenses	Individual Retirement Account Contributions		
Missouri*	AGI	No	No	Federal amount	No	No	Deduction	Federal amount	Yes	
Montana*	AGI	Limited	Limited	Federal amount	Exempt	No	Deduction	Federal amount	Yes	
Nebraska	AGI	No	No	Federal amount	No	No	Deduction	Federal amount	JS	
Nevada	No state income tax									
New Hampshire*	Only interest and dividends are taxed									
New Jersey*	No	No	\$7.5k/\$10k	Exempt	Exempt	NJ exempt	No	No	No	
New Mexico*	AGI	No	Limited	Federal amount	No	No	Deduction	Federal amount	No	
New York*	AGI	No	Limited	Exempt	Limited	No	Deduction	Federal amount	JS	
North Carolina*	TI	No	Limited	Exempt	No	No	Federal amount		JS	
North Dakota*	TI	No	Limited	Federal amount	No	No	Deduction	Federal amount	No	
Ohio*	AGI	No	No	Exempt	No	No	No	Federal amount	No	
Oklahoma*	AGI	No	Limited	Exempt	No	No	Deduction	Federal amount	No	
Oregon*	TI	No	Limited	Exempt	No	OR exempt	Deduction	Federal amount	No	
Pennsylvania*	No	No	Exempt	Exempt	Exempt	PA exempt	Special	No	n.a.	
Rhode Island*	State tax calculated as a percentage of federal liability									n.a.
South Carolina*	Based on federal taxable income									No
South Dakota	No state income tax									
Tennessee*	Only certain interest and dividends are taxed							No	Yes	
Texas	No state income tax									
Utah*	TI	No	\$7.5k	Federal amount	No	No	Deduction	Federal amount	JS	
Vermont*	State tax calculated as a percentage of federal liability									
Virginia*	AGI	No	No	Exempt	No	\$600	Deduction	Federal amount	Yes	
Washington	No state income tax									
West Virginia*	AGI	No	Limited	Federal amount	No	WV Exempt	No	Federal amount	No	
Wisconsin*	AGI	60%	Limited	Federal amount	\$12k/\$18k (50%)	No	Limited	Federal amount	JS	
Wyoming	No state income tax									

Table 19 (cont.)  
**State Individual Income Taxes: Exclusions and Adjustments to Income, 1990**

<sup>1</sup>For interest and dividend income, see notes for exclusions to income.

### Exclusions to Income

#### Interest Income

See state notes for Massachusetts, North Dakota, and Tennessee. Other 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 U.S. debt obligations must pay federal income tax on such interest.

#### Dividend Income

See state notes for Kentucky, North Dakota, Oklahoma, and Tennessee. Unless otherwise indicated, all dividend income is subject to taxation.

#### Degree of Conformity to Federal

The "starting point" for the state income tax will be federal adjusted gross income (AGI), or in some cases, federal taxable income (TI) or federal tax liability, with certain modifications to deal with areas where the state may wish to differ from federal rules.

#### Capital Gains

Unless otherwise indicated, capital gains are taxed as ordinary income; no exclusion is permitted.

#### Pensions

Unless otherwise indicated, all pension benefits (in excess of employee lifetime contributions) are taxed as ordinary income; no exclusion applies (aside from the employee's lifetime contributions).

*Limited*

Limited exclusion is permitted. See state notes for details.

*[Dollar Amount]*

The amount of pension benefits permitted to be excluded from income are indicated.

#### Social Security

*Exempt*

All Social Security benefits are exempt. This means that the taxpayer is permitted to subtract "excess" or "federally taxable" Social Security benefits listed on the federal 1040 form from state adjusted gross (or taxable) income.

*Federal Amount*

50% of gross Social Security benefits are taxable for taxpayers with income greater than \$25,000 (single) or \$32,000 (married)—conforms to federal law.

#### Unemployment Compensation

*Exempt*

All unemployment compensation is exempt.

*\$12k/\$18k (50%)*

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.

Unless otherwise indicated, all unemployment compensation is taxable.

#### Lottery Winnings

All lottery winnings are taxable.

*[State] Exempt*

Indicates only in-state lottery winnings are exempt.

### Adjustments to Income

#### Moving Expenses

*Deduction*

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.

*No*

Adjustment for moving expenses not allowed.

#### Individual Retirement Accounts

*Federal Amount*

Taxpayers are allowed to deduct the same amount as on the federal form 1040 for 1989. Maximum individual contribution is \$2,000, \$2,250 for married couple with one earner. No deductions are permitted for single persons with AGI above \$35,000, or married filing joint returns with AGI above \$50,000. This does not necessarily indicate that this state tax provision ties automatically to the federal code. If a state permits taxpayers to deduct other amounts, these amounts are listed.

*No*

Deductions for IRAs not permitted.

#### Exhibit: Combined Separate Returns Allowed

*Yes*

For states that have graduated rate structures, a "marriage penalty" may 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 couples, substantially eliminating 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.



Table 19 (cont.)  
**State Individual Income Taxes: Exclusions and Adjustments to Income, 1990**

**\*State Notes**

<b>Alabama</b>	May exclude all 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 an eligible fire fighter may also be excluded. The following pensions are exempt: Alabama teachers, state employees, judicial system, federal civil service, and federal railroad system. Moving expenses allowed as deduction if new job location is in the state.	<b>Kansas</b>	Benefits received from federal civil service annuities and Kansas state retirements systems are excluded.
<b>Arizona</b>	Exclusion on civil service, military, state, and local retirement benefits: maximum is \$2,500 per taxpayer. Maximum exclusion on lottery winnings is \$5,000.	<b>Kentucky</b>	A \$100 (single)/\$200 (joint) exclusion on dividend income is allowed. 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, and individual retirement accounts are based on federal rules prior to the 1986 Tax Reform Act.
<b>Arkansas</b>	All retirement benefits are subject to \$6,000 per year exemption, including all retired state employees. Moving expense deduction is per federal code. Legislation in 1989 phasing in a 60% exclusion for capital gains over a three-year period if the federal tax on gains is reduced.	<b>Louisiana</b>	Louisiana state employees retirement and teacher retirement benefits are excluded. Federal retirement benefits are exempt for 1988 and subsequent taxable years. Up to \$6,000 exclusion for each person 65 or over with pension income taxable on federal form.
<b>California</b>	Does not conform specifically to federal AGI, but adopted virtually all provisions as of 1/1/87.	<b>Maryland</b>	Must reduce any pension exclusion amount by any Social Security that is received, and taxpayer or spouse must be 65 or over or totally disabled to take the exclusion.
<b>Colorado</b>	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.	<b>Massachusetts</b>	A \$100 (single)/\$200 (joint) exclusion on interest income is allowed for interest earned on savings deposits in the state. Allowable business expense is tied to federal law with some deviations.
<b>Connecticut</b>	For taxpayers over age 65, any capital gain from sale of residence owned and used for five of the eight preceding years is exempt (no limits). This is a once-in-a-lifetime exclusion. Amount of gain included defined with reference to the IRC; federal change incorporated automatically by the state. No broad-based income tax.	<b>Michigan</b>	Benefits received from federal and Michigan state or local government retirement systems are excluded. The first \$7,500 (single)/\$10,000 (joint) of other benefits are excluded.
<b>Delaware</b>	The state pension exclusion is \$2,000 for persons under age 60 and \$3,000 for persons over age 60. A married taxpayer with adjusted gross income over \$10,000 filing a joint federal return and separate Delaware return must add back the IRA deduction amount.	<b>Minnesota</b>	An income exclusion is allowed to the elderly and the disabled based on income and filing status. The exclusion is \$10,000 for a married-joint return (if both qualify) reduced by nontaxable retirement and social security benefits and 1/2 of federal AGI over \$15,000. The dollar amounts in the formula are lower for others.
<b>District of Columbia</b>	District and federal government retirees 62 years of age or older may exclude up to \$3,000 of pension, annuity, or survivor benefits.	<b>Mississippi</b>	Mississippi public employee retirement system benefits are exempt.
<b>Georgia</b>	Taxpayers with regular taxable pensions are not subject to the limitation of earned income.	<b>Missouri</b>	Lottery winnings of \$600 or more are subject to state and local earnings tax. Effective 7/1/89, all pension benefits are subject to taxation. However, government pensioners may be eligible for a \$3,000 exemption on benefits received between 7/1/89 and 12/31/89.
<b>Hawaii</b>	Hawaii public employee retirement systems are exempt, as is any compensation received in the form of a pension for past services.	<b>Montana</b>	Capital gains from installment sales prior to 1/1/87 are allowed a 40% exclusion. Persons 65 or over may exclude up to \$800 of interest, may deduct up to \$3,600 of private pension plan benefits, and, beginning in 1989, will allow full exclusion of federal government retirement benefits. Montana public employee retirement system benefits are exempt. Moving expenses are allowed as an itemized deduction.
<b>Idaho</b>	Persons 65 years of age or over receiving benefits from civil service, fire fighters, police (Idaho) and military retirement systems may deduct \$11,700/\$17,544. A capital gain exclusion of 60% is limited to certain kinds of property.	<b>New Hampshire</b>	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. Exclusion for taxable dividends and interest is \$1,200 (\$2,400 joint) times the number of exemptions. Additional exemption for age 65 and over, and blind and handicapped.
<b>Illinois</b>	Conforms prospectively to federal AGI, but has an additional modification for any capital gains income excluded from AGI.	<b>New Jersey</b>	Over 55 years of age, once-in-a-lifetime exclusion of \$125,000 on sale of principal residence.
<b>Indiana</b>	Civil service retirees may deduct up to \$2,000 (less Social Security benefits received). Military retirees may deduct up to \$2,000; military pay deduction up to \$2,000, and U.S. government obligations reported on federal returns.		

Table 19 (cont.)  
**State Individual Income Taxes: Exclusions and Adjustments to Income, 1990**

\*State Notes (cont.)

<b>New Mexico</b>	Persons 65 or over or blind may 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. Deduction decreases by \$1,000 for each \$1,500 income increment (\$3,000 increment for married filing joint) and is \$0 above \$28,500. (\$51,000 for married filing joint, \$25,500 for married filing separate).	
<b>New York</b>	New York state, local, and federal pensions are exempt. For other retirement systems, persons over 59½ may exclude up to \$20,000. New York adjusted gross income excludes the amount of Railroad Unemployment Insurance Act benefits included in federal AGI but exempt from state income taxes.	
<b>North Carolina</b>	Up to \$4,000 in state, local, or federal (including military) and \$2,000 in private retirement benefits excludable. No more than \$4,000 in total retirement benefits may be excluded for each taxpayer. A tax credit equal to 6% (up to a maximum \$300 per taxpayer) of dividends received while a North Carolina resident from corporations, other than S corporations, allocating 50% or more of their income or loss for the year to North Carolina may be deducted.	
<b>North Dakota</b>	Information in table applies to the long-form method. Taxpayers may use the short-form method where the tax is 14% of the adjusted federal income tax liability. Taxpayers must use the same filing status as for federal purposes. Graduated rate structure on the long form may cause a "marriage penalty"; this does not occur with flat rate on short form. Dividend exclusion allowed if derived from a corporation that conducts part or all of its business in North Dakota, and prorated for part of business in North Dakota. Pension exclusion allowed to all civilian federal retirees, state highway patrol retirees, and state city police and fire fighter retirees, subject to the following limitations: (1) lesser of \$5,000 allowed or the actual amount received; (2) reduced by Social Security benefits received. Military retirees must be 50 years of age or older.	
<b>Ohio</b>	Federal bond interest, disability and survivor's benefits, and railroad retirement benefits included in federal AGI are exempt.	
<b>Oklahoma</b>	A \$100 (single)/\$200 (joint) exclusion on dividend income is allowed. First \$5,500 of state and local, military, and U.S. civil service retirement systems exempt.	
<b>Oregon</b>	Oregon state retirement system benefits are exempt. Federal public retirement system benefits: military under 62, no exemptions; 62 and over, \$5,000 exemption limit; nonmilitary, \$5,000 exemption limit.	
<b>Pennsylvania</b>	Capital gains are fully taxable, except for the sale of an individual residence, if the owner is 55 years of age or older and used it as principal residence for three years during preceding five years. Maximum exclusion is	\$100,000 per transaction. Moving adjustment limited to direct moving expenses.
		<b>Rhode Island</b> Allows modification for interest from special "family education accounts"; and interest from the state of Rhode Island and its city and town obligations. Also excludes interest from special issues of Rhode Island college and university savings bonds.
		<b>South Carolina</b> South Carolina retirement benefits taxable, with \$3,000 exclusion. \$3,000 may be excluded on benefits received from U.S. civil service retirement system, uniformed services of the U.S., with 20 or more years of active service. Persons age 65 or over may exclude \$3,000 of any retirement income.
		<b>Tennessee</b> Interest income is excluded on bonds from the state and U.S. government, certificates of deposit, and passbook savings accounts. Dividends received from national banks, state banks of Tennessee, savings and loan associations in Tennessee, and company credit unions are excluded. Each individual may exclude \$1,250 that may 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.
		<b>Utah</b> Pension deduction amounts are limited by age and adjusted gross income shown as federal adjusted gross income. Persons 65 or over may include any income received to reach exclusion amount.
		<b>Vermont</b> Residents 65 or over may exclude the lesser of \$1,000 or gains on federal form. Vermont state lottery winnings are exempt, including winnings in the Tri-State Megabucks (Vermont, New Hampshire, Maine).
		<b>Virginia</b> For part-year residents, moving expenses from federal form 1040 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. Prizes of less than \$600 awarded by the Virginia State Lottery Department are excludable.
		<b>West Virginia</b> Public safety retirement benefits are exempt. The first \$2,000 of either West Virginia state retirement system benefits or federal retirement benefits are exempt. Individuals over age 65 and/or permanently disabled are allowed an income exclusion of up to \$8,000. Lump sum distributions that are separately taxed for federal income tax purposes must be added to federal adjusted gross income subject to West Virginia tax.
		<b>Wisconsin</b> Benefits received by persons who retired from or were members of the state teacher retirement system and certain Milwaukee City/County retirement systems, the federal civil service, or the military prior to 1/1/64 are excludable. Moving expenses related to a move within or into the state of Wisconsin are eligible for Wisconsin itemized credit.

Source: ACIR staff compilation based on ACIR survey of state departments of revenue (Fall 1990), and Commerce Clearing House, *State Tax Guide* (Chicago, 1990). See also Tables 18, 20, and 22.



Table 20  
Exclusion of Pension Income from State Individual Income Taxes, 1990

State	State or Local Government	Federal Civil Service	U.S. Military	Private Employer	Railroad Retirement
Alabama*	Full except \$8,000 for public safety personnel	Full	Full	None	Full
Alaska	No state income tax				
Arizona	2,500	2,500	2,500	None	Full
Arkansas	6,000	6,000	6,000	6,000	Full
California	None	None	None	None	Full
Colorado	20,000	20,000	20,000	20,000	Full
Connecticut*	Income tax base excludes pensions and retirement income				
Delaware	3,000	3,000	3,000	3,000	Tier 1 benefits excluded
District of Columbia	3,000	3,000	3,000	None	Tier 1 benefits excluded
Florida	No state income tax				
Georgia	10,000	10,000	10,000	10,000	Full
Hawaii	Full	Full	Full	Full	Full
Idaho	None	11,700 Single 17,544 Joint	11,700 Single 17,544 Joint	None	Full
Illinois	Full	Full	Full	Income under IRC Sections 402(a), 402(c), 403(b), 406(a), 407(a), 408; certain other distributions	Full
Indiana*	None	2,000	2,000	None	Full
Iowa	2,500 Single 5,000 Joint	2,500 Single 5,000 Joint	2,500 Single 5,000 Joint	None	Full
Kansas*	Full	Full	\$120 tax credit	None	Full
Kentucky*	Full	Full	Full	None	Full
Louisiana	Full	Full	Full	6,000	Full
Maine	None	None	None	None	Full
Maryland	Maximum possible SS benefit minus SS benefit received	Maximum possible SS benefit minus SS benefit received	2,500	None	Full
Massachusetts	Full, if pension contributory	Full, if pension contributory	None	None (except for amounts relating to previously taxed contributions)	Full
Michigan	Full	Full	Full	7,500 Single 10,000 Joint	Full Tier 1 and Tier 2 benefits
Minnesota*	None	None	None	None	Full
Mississippi*	Full	5,000	5,000	5,000	Full
Missouri	6,000	6,000	6,000	6,000 for tax year 1991 and thereafter	Full
Montana	Full	Full	Full	3,600	Tier 1 exempt Other benefits taxable to extent included in federal AGI
Nebraska	None	None	None	None	Full
Nevada	No state income tax				

Table 20 (cont.)  
**Exclusion of Pension Income from State Individual Income Taxes, 1990**

State	State or Local Government	Federal Civil Service	U.S. Military	Private Employer	Railroad Retirement
New Hampshire	Only dividends and interest subject to state income tax				
New Jersey	7,500	7,500	7,500	7,500	Full
New Mexico*	None	None	None	None	Full
New York	Full	Full	Full	20,000	Tier 1, Tier 2, and supplemental annuity benefits
North Carolina	4,000	4,000	4,000	2,000	Full
North Dakota	None, except city fire fighters, police, and highway patrol exclude up to 5,000 less SS benefits	5,000 less SS benefits	5,000 less SS benefits	None	Full Only that amount paid by U.S. Railroad Retirement Board
Ohio*	None	None	None	None	Full
Oklahoma	5,500	5,500	5,500	None	Full
Oregon	Full	5,000	5,000	None	Full
Pennsylvania	Full	Full	Full	Full	Full
Rhode Island	None	None	None	None	Full
South Carolina	3,000	3,000	3,000	3,000	Full
South Dakota	No state income tax				
Tennessee*	Income tax base excludes pensions and retirement income				
Texas	No state income tax				
Utah*	None	None	None	None	Full
Vermont	None	None	None	None	Tier 1 and supplemental annuity benefits
Virginia	Each taxpayer age 62 and over is eligible for a \$6,000 subtraction from any source (65 and over \$12,000) of federal AGI less SS or Tier 1 railroad benefits.				Tier 1 exempt
Washington	No state income tax				
West Virginia*	2,000	2,000	2,000	None	Full
Wisconsin	Full for some municipal benefits; none for state benefits	Full for persons retired from or members of the civil service or military prior to 1/1/64.	Full for persons retired from or members of the civil service or military prior to 1/1/64.	None	Full
Wyoming	No state income tax				

**\*State Notes**

<b>Alabama</b>	In January 1990, the Alabama Circuit Court enjoined the state from collecting income tax on federal military pensions on the ground of unconstitutional discrimination.	<b>Mississippi</b>	For persons retired from or members of the civil service or military prior to 1/1/64.
<b>Connecticut</b>	Income tax applies to interest and dividends only.	<b>New Mexico</b>	Persons age 65 and over may exclude up to \$8,000 from any source, depending on income.
<b>Indiana</b>	Limited tax credit available to persons over age 65.	<b>Ohio</b>	Limited tax credits available to persons over age 65.
<b>Kansas</b>	For persons retired from or members of the civil service or military prior to 1/1/64.	<b>Tennessee</b>	Lump sum distributions from qualified pension plans taxable to extent that they consist of taxable dividends and interest.
<b>Kentucky</b>	The Kentucky Supreme Court has barred the state from collecting income tax from federal retirees' pensions because state law is not in accord with the decision in Davis v. Michigan.	<b>Utah</b>	Persons under age 65 may claim up to \$4,800 if it is a pension. Eligible amounts phase out above certain income level.
<b>Minnesota</b>	A single taxpayer age 65 or over may exclude \$8,000 of income from any source less any non-taxable retirement or disability income and one-half of federal AGI over \$12,000. Tax court	<b>West Virginia</b>	Each taxpayer age 65 or over may exclude \$8,000 of income from any source. Pension exclusions count toward the \$8,000 ceiling.

Source: ACIR survey, Fall 1990. See also Table 19.

Table 21  
**State Itemized Deductions, Individual Income Tax, Tax Year 1990**  
 (Y = Deductible, N = Nondeductible)

State	Federal Income Tax	Federal Social Security Tax	Real Property Tax	State Personal Property Tax	State General Sales Tax	Local General Sales Tax	State Income Tax	Local Income Tax	Medical Expenses <sup>1</sup>	Mortgage Interest	Other Interest <sup>2</sup>	Charitable Contributions	Casualty Losses <sup>3</sup>
<i>Exhibit:</i> Federal Government*	N	N	Y	Y	N	N	Y	Y	Y <sup>1</sup>	Y	Y <sup>2</sup>	Y	Y <sup>3</sup>
Alabama*	Y* <sup>4</sup>	Y	Y	Y	N	N	N	Y	Y	Y	Y <sup>2</sup>	Y	Y <sup>3</sup>
Alaska	No income tax												
Arizona*	N	N	Y	Y	N	N	Y	n.a.	Y	Y	Y	Y	Y
Arkansas*	N	N	Y	Y	N	N	N	n.a.	Y	Y	Y	Y	Y
California*	N	N	Y	Y	N	N	N	n.a.	Y	Y	Y	Y	Y
Colorado*	State income tax based on federal taxable income												
Connecticut	Only interest, dividends, and capital gains are taxed; no itemized deductions permitted												
Delaware*	N	N	Y	n.a.	n.a.	n.a.	N	Y	Y	Y	Y	Y	Y
District of Columbia*	N	N	Y	Y	N	N	N	n.a.	Y	Y	Y	Y	Y
Florida	No income tax												
Georgia*	N	N	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y
Hawaii*	N	N	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y
Idaho*	N	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
Illinois*	N	N	Y	No itemized deductions permitted									
Indiana*	Very limited												
Iowa*	Y <sup>4</sup>	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
Kansas*	Y <sup>4</sup>	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
Kentucky*	N	N	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y
Louisiana*	Y <sup>4</sup>	N	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y
Maine	N	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
Maryland	N	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
Massachusetts*	N	Y <sup>4</sup>	N	N	N	N	N	N	Y <sup>4</sup>	N	N	N	N
Michigan*	No itemized deductions permitted												
Minnesota*	N	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
Mississippi	N	N	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y
Missouri*	Y <sup>4</sup>	Y	Y	Y	N	N	N	Y	Y	Y	Y	Y	Y
Montana*	Y	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
Nebraska*	N	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y

Table 21 (cont.)  
**State Itemized Deductions, Individual Income Tax, Tax Year 1990**  
(Y = Deductible, N = Nondeductible)

State	Federal Income Tax	Federal Social Security Tax	Real Property Tax	State Personal Property Tax	State General Sales Tax	Local General Sales Tax	State Income Tax	Local Income Tax	Medical Expenses <sup>1</sup>	Mortgage Interest	Other Interest <sup>2</sup>	Charitable Contributions	Casualty Losses <sup>3</sup>
Nevada	No income tax												
New Hampshire	Only interest and dividends are taxed; no itemized deductions permitted												
New Jersey*	N	N	N	N	N	N	N	N	Y	N	N	N	N
New Mexico*	N	N	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y
New York*	N	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
North Carolina	N	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
North Dakota*	Y <sup>4</sup>	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
Ohio*	No itemized deductions permitted												
Oklahoma*	Y <sup>4</sup>	N	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y
Oregon*	Limited <sup>4</sup>	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
Pennsylvania*	No itemized deductions permitted												
Rhode Island*	Tax calculated as a percentage of federal liability												
South Carolina*	N	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
South Dakota	No income tax												
Tennessee	Only interest and dividends are taxed; no itemized deductions permitted												
Texas	No income tax												
Utah*	Y** <sup>4</sup>	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
Vermont	Tax calculated as a percentage of federal liability												
Virginia*	N	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
Washington	No income tax												
West Virginia	N	N	N	N	N	N	N	N	N	N	N	N	N
Wisconsin*	N	N	N	N	N	N	N	N	Special credit applies				
Wyoming	No income tax												

n.a.—not applicable

<sup>1</sup> For 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.

<sup>2</sup> "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 by 1993. In tax year 1987, 65% of such interest was deductible; 1988, 40%; 1989, 20%; 1990, 10%; none in 1991 and thereafter.

Most states that permit taxpayers to deduct "other interest" are following the phase-out provisions of the federal tax code.

<sup>3</sup> For 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.

<sup>4</sup> Not an itemized deduction: all taxpayers, including those filing nonitemized returns, may subtract this from state taxable income.

Table 21 (cont.)  
**State Itemized Deductions, Individual Income Tax, Tax Year 1990**  
 (Y = Deductible, N = Nondeductible)

**\*State Notes**

<b>Federal Government</b>	In general, an individual is allowed itemized deductions for nonbusiness expenses only to the extent that the aggregate of such deductions exceeds 2% of AGI. Items not subject to this floor, but which are subject to other limitations, include: interest, certain state and local taxes, casualty, theft, and wagering losses, and expenses for medical and dental, and moving purposes.	<b>Kansas</b>	Deductions are the same as on federal schedules except for state income tax, which is not deductible. Federal tax liability may be deducted for taxpayers using appropriate rate schedule.
<b>Alabama</b>	Medical deductions limited to expenses greater than 4% of adjusted gross income. A casualty loss deduction is permitted for losses in excess of \$100 (10% floor).	<b>Kentucky</b>	Allows all taxpayers charitable contribution deductions. Benefits from several state pension systems are exempt from state taxation even though such benefits may be taxable under federal tax law.
<b>Arizona</b>	Deductions same as federal.	<b>Louisiana</b>	Same deductions as 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.
<b>Arkansas</b>	Medical deduction limited to expenses greater than 7.5% of adjusted income. Charitable contributions such as art and literary contributions are deductible.	<b>Maryland</b>	Same as for federal schedules except for state and local income tax, which is not deductible.
<b>California</b>	Deductions are generally the same as federal except for state, foreign, and local taxes, which are not deductible.	<b>Massachusetts</b>	Allows deduction (limited to \$2,000 per taxpayer) for Social Security tax or contribution to Massachusetts retirement system; \$600 for child or children under 12 years of age or federal child care expenses; 50% on rent paid up to \$2,500; and adoption fees in excess of 3% of AGI taxable at 5.95%. Medical deduction is same as on federal schedule (i.e., medical in excess of the 7.5% floor).
<b>Colorado</b>	Deductions are the same as allowed for federal income tax purposes. (Previously, state and local taxes were not deductible and federal tax liability was deductible.)	<b>Michigan</b>	No federal itemized deductions; credits are provided as follows: property tax; heating; solar; farmland preservation; city income tax; community foundations; senior citizen prescription drugs; tax paid to other states; and contributions to Michigan colleges or universities, municipalities, libraries, art institutions, or public broadcasting stations. A deduction also allowed for military pay, payments to Michigan's pre-paid tuition program, and amount for federal credit for elderly and disabled.
<b>Delaware</b>	All deductions are the same as on federal schedules except for state income tax, which is not deductible. Charitable mileage deduction (\$.08/mile more than allowable federal deduction) and self-employed health insurance costs (up to 1/2 cost to the extent that payment for insurance exceeds federal medical expenses deduction).	<b>Minnesota</b>	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. Exclusion available on income for taxpayers age 65 and over and the disabled based on income and filing status (not a deduction).
<b>District of Columbia</b>	Same as for federal schedules except for state income tax, which is not deductible. For tax purposes, District of Columbia is considered to be a state.	<b>Missouri</b>	May deduct Social Security tax, railroad retirement tax, and self-employment tax paid only if taxpayer itemizes deductions. All taxpayers may deduct their federal tax liability. Local income tax may be deducted only if taxpayers itemize.
<b>Georgia</b>	All deductions are the same as federal schedules except for state income tax, which is limited to Georgia tax.	<b>Montana</b>	Only taxpayers itemizing may deduct federal tax liability.
<b>Hawaii</b>	Deductions are the same as on federal schedules.	<b>Nebraska</b>	Every individual who itemized on the federal return is allowed to subtract from federal adjusted gross income the greater of either the standard deduction or all of federal itemized deductions, except for the amount deducted on the federal return for state or local income taxes paid.
<b>Idaho</b>	Deductions are the same as on federal schedules except for state income tax, which is not deductible.		
<b>Illinois</b>	No "typical" standard deductions except for homeowner's real property tax (no zero-bracket). When federal standard deductions exceed withholdings, the amount is considered income for the following tax year. For Illinois state income tax purposes, there is no standard deduction, but individuals receive a \$1,000 exemption. An additional \$1,000 exemption if 65 or over, or blind, is effective 1/1/90.		
<b>Indiana</b>	Allows a renter's deduction of \$1,500 maximum and a \$1,000 maximum on insulation (material and labor). No other itemized deductions and no zero-bracket.		
<b>Iowa</b>	Deductions are the same as on federal schedules except for Iowa income tax, which is not deductible. Other state income taxes are deductible. There are additional deductions allowable for mileage for charitable purposes, care of a disabled relative, and adoption expenses. A deduction is allowed for amounts incurred for tuition and textbooks for dependents attending grades K-12. Deduction per dependent may not exceed \$1,000.		



*Table 21 (cont.)*  
**State Itemized Deductions, Individual Income Tax, Tax Year 1990**  
 (Y = Deductible, N = Nondeductible)

**\*State Notes (cont.)**

<b>New Jersey</b>	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.	<b>Pennsylvania</b>	Does not allow itemized deductions. Several expense exclusions are allowed for eligible taxpayers: allowable business, moving, education, office-at-home, union dues, work clothes and uniforms, small tools, and license fees. Tax forgiveness allowed for low-income taxpayers under special provisions.
<b>New Mexico</b>	There are special credits and rebates for low-income comprehensive tax, low-income food and medical tax, day care, property tax for taxpayers 65 and older. The federal standard deduction and itemized deductions in excess of the standard deduction are allowed.	<b>Rhode Island</b>	Tax based on federal tax liability, excluding self-employment tax and medicare surcharge. Adjustments available for taxpayers in a small number of special cases (e.g., out-of-state bonds and notes). All deductions are implicit because the state tax paid is a percentage of federal tax liability (which permits most of the listed deductions.)
<b>New York</b>	Individual taxpayers with NYAGI in excess of \$100,000 must reduce their itemized deductions. Reduction applies to joint filers with NY AGI in excess of \$200,000. The reduction amount is based on filing status, and the percentage disallowed ranges up to 50% for taxpayers with NYAGI in excess of \$525,000	<b>South Carolina</b>	No state or local income tax deductions allowed. Other deductions same as on federal schedules.
<b>North Dakota</b>	Deductions are the same as on the federal return. Information applies to the long-form method. Taxpayers may use the short-form method where the tax is 14% of the adjusted federal income tax liability. For medical expenses, the floor imposed by federal law does not apply.	<b>Utah</b>	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. Only one-half of net federal income tax paid or payable, after all allowable credits, may be deducted.
<b>Ohio</b>	No itemized deductions allowed, only adjustments to income.	<b>Virginia</b>	Deductions are the same as on federal schedule A, less state and local income taxes.
<b>Oklahoma</b>	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.	<b>Wisconsin</b>	Individuals are allowed a 5% credit for the excess over the standard deduction of certain interest expenses, medical expenses, charitable contributions, moving expenses for moves in or into Wisconsin, and miscellaneous expenses. A school property tax credit of 10% of the first \$2,000 of property taxes or rent constituting property taxes paid on a principal dwelling is allowed.
<b>Oregon</b>	Taxpayers use federal deductions (less state income tax). Deduction of federal tax liability is available to all taxpayers, but the deduction is limited to \$3,000 (\$1,500 on separate return).		

Source: ACIR staff compilation based on ACIR survey of state departments of revenue (Fall 1990), and Commerce Clearing House, *State Tax Reporter* (Chicago, November 1990). See also Tables 18, 20, and 22.

*Table 22*  
**State Individual Income Tax Rates for Tax Year 1990**  
 Compiled October 1990  
 Rates for Single Individuals or Married Filing Separately

State	Income Subject to Tax	Marginal Rate (percent)	Special Rates or Features
<b>Alabama</b>	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	
<b>Alaska</b>	No tax		
<b>Arizona</b>	First 10,000	3.8	For married joint returns, the tax brackets are doubled.
	10,001-25,000	4.4	
	25,001-50,000	5.25	
	50,001-150,000	6.5	
	Over 150,000	7.0	
<b>Arkansas</b>	First 2,999	1.0	Two-earner married taxpayers may file separately on the same return (rather than jointly) in order to minimize 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	
<b>California</b>	0-4,213	1.0	Tax brackets indexed annually by California consumer price index.
	4,214-9,985	2.0	
	9,986-15,757	4.0	
	15,758-21,875	6.0	
	21,876-27,646	8.0	
	Over 27,646	9.3	
<b>Colorado</b>	Modified federal taxable income	5.0	
<b>Connecticut</b>	54,000-56,000	1.0	Income tax applies to interest and dividend income 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).
	56,001-58,000	2.0	
	58,001-60,000	3.0	
	60,001-62,000	4.0	
	62,001-66,000	5.0	
	66,001-70,000	6.0	
	70,001-74,000	7.0	
	74,001-78,000	8.0	
	78,001-82,000	9.0	
	82,001-86,000	10.0	
	86,001-90,000	11.0	
	90,001-100,000	13.0	
	Over 100,000	14.0	
<b>Delaware</b>	0-2,000	0.0	
	2,001-5,000	3.2	
	5,001-10,000	5.0	
	10,001-20,000	6.0	
	20,001-25,000	6.6	
	25,001-30,000	7.0	
	30,001-40,000	7.6	
	Over 40,000	7.7	
<b>District of Columbia</b>	First 10,000	6.0	The tax on unincorporated businesses is 10% plus a 2.5% surtax before 9/30/89 and a 10% tax rate plus a 5% surtax after 10/1/89. Minimum tax is \$100. Two-earner married taxpayers may file separately on the same return (rather than jointly) in order to minimize tax liability.
	Second 10,000	8.0	
	Over 20,000	9.5	
<b>Florida</b>	No tax		
<b>Georgia</b>	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	

Table 22 (cont.)  
**State Individual Income Tax Rates for Tax Year 1990**  
 Compiled October 1990  
 Rates for Single Individuals or Married Filing Separately

State	Income Subject to Tax	Marginal Rate (percent)	Special Rates or Features
<b>Hawaii</b>	First 1,500	2.0	Married taxpayers filing jointly pay at rates of 2% of the first \$3,000 of taxable income to 10% of taxable income over \$41,000.
	1,501-2,500	\$30 plus 4.0	
	2,501-3,500	\$70 plus 6.0	
	3,501-5,500	\$130 plus 7.25	
	5,501-10,500	\$275 plus 8.0	
	10,501-15,500	\$675 plus 8.75	
	15,501-20,500	\$1,112.50 plus 9.5	
	Over 20,500	\$1,587.50 plus 10.0	
<b>Idaho</b>	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 return 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	
<b>Illinois</b>	Taxable net income	3.0	Additional personal property replacement tax of 2.5% of net income is imposed on all corporations except partnership entities, trusts, and subchapter S corporations, for which the tax is 1.5%.
<b>Indiana</b>	Adjusted gross income	3.4	County income taxes may add up to an additional 1.25%.
<b>Iowa</b>	0-1,038	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 net income before the standard or itemized deduction is subtracted. All taxpayers except individuals filing single may multiply income in excess of \$7,500 by maximum Iowa rate of 9.98%, compare this amount against the tax computed under the normal method, and pay the lesser of the two amounts.
	1,039-2,076	0.8	
	2,077-4,152	2.7	
	4,153-9,342	5.0	
	9,343-15,570	6.8	
	15,571-23,760	7.2	
	23,761-31,140	7.55	
31,141-46,710	8.8		
	Over 46,710	9.98	
<b>Kansas</b>	First 27,500	4.5	If married taxpayers file joint federal returns, they must file joint state returns. Taxpayers may deduct their federal income tax and use a different set of rate brackets.
	over 27,500	5.95	
<b>Kentucky</b>	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 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	
<b>Louisiana</b>	First 10,000	2.0	Community property state in which, generally, one-half of the community income is taxable to each spouse.
	10,001-50,000	4.0	
	Over 50,000	6.0	
<b>Maine</b>	First 4,049	2.0	For tax years beginning in 1990, the inflation factor is 1.013. On or about September 15 of each taxable year, the tax brackets and personal exemption for that tax year will be adjusted for inflation.
	4,050-8,099	4.5	
	8,100-16,199	7.0	
	Over 16,199	8.5	
<b>Maryland</b>	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	
<b>Massachusetts</b>	Interest, dividends, net capital gains	12.0	
	All other income	5.95	
<b>Michigan</b>	Taxable income	4.6	Seventeen cities levy local income taxes. Maximum rate of 1% on residents, 0.5% on nonresidents. Two exceptions: one with a rate of 2%/1%, the other of 3%/1.5%.

Table 22 (cont.)  
**State Individual Income Tax Rates for Tax Year 1990**  
 Compiled October 1990  
 Rates for Single Individuals or Married Filing Separately

State	Income Subject to Tax	Marginal Rate (percent)	Special Rates or Features
<b>Minnesota</b>	0-13,000	6.0	Additional rate of 0.5% on certain income classes reflects federal phase-out of personal exemptions and the 15% federal rate bracket.
	13,001-42,700	8.0	
	42,701-93,000	8.5	
	Over 93,000	8.0	
<b>Mississippi</b>	First 5,000	3.0	Two-earner married taxpayers may file separately on the same return (rather than jointly) in order to minimize tax liability.
	5,001-10,000	4.0	
	Over 10,000	5.0	
<b>Missouri</b>	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 percentage listed may vary at times by 0.5%.)
	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	
<b>Montana</b>	\$0-1,600	2.0	Tax brackets reflect 1990 inflation adjustments. The tax brackets, personal exemptions, 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 tax liability.
	1,601-3,100	3.0	
	3,101-6,300	4.0	
	6,301-9,400	5.0	
	9,401-12,600	6.0	
	12,601-15,700	7.0	
	15,701-22,000	8.0	
	22,001-31,400	9.0	
	31,401-55,000	10.0	
Over 55,000	11.0		
<b>Nebraska</b>	0-1,800	2.2	
	1,801-16,800	3.36	
	16,801-27,000	5.21	
	Over 27,000	6.41	
<b>Nevada</b>	No tax		
<b>New Hampshire</b>	Interest and dividends only	5.0	\$1,200 of each taxpayer's interest and dividend income is exempt.
<b>New Jersey</b>	First 20,000	2.0	Rates are for single taxpayers and married taxpayers filing jointly. New rates will be in effect for 1991.
	20,001-50,000	2.5	
	Over 50,000	3.5	
<b>New Mexico</b>	First 5,200	1.8	Taxpayers filing jointly pay at rates ranging from 2.4% on net income not over \$8,000 to 8.5% on net income over \$64,000. Heads of household pay at rates ranging from 1.8% on net income not over \$5,200 to 8.5% on net income over \$52,000. 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		
<b>New York</b>	First 5,500	4.0	Lower tax rates are scheduled to be phased in through 1994. In 1994, 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.
	5,501-8,000	5.0	
	8,001-11,000	6.0	
	11,001-13,000	7.0	
	Over 13,000	7.875	
<b>North Carolina</b>	First \$12,750	6.0	Rates shown are for single taxpayers. Taxpayers filing jointly pay 6% on the first \$21,250 of net taxable income and 7% on the excess. Heads of household pay 6% on the first \$17,000 and 7% on the excess. Married taxpayers filing separately pay 6% on the first \$10,625 and 7% on the excess.
	Over \$12,750	7.0	

*Table 22 (cont.)*  
**State Individual Income Tax Rates for Tax Year 1990**  
 Compiled October 1990  
 Rates for Single Individuals or Married Filing Separately

State	Income Subject to Tax	Marginal Rate (percent)	Special Rates or Features
North Dakota	First 3,000	2.67	These rates apply only if the long form is used. Taxpayers have the option to use the short form, on which the tax is computed by multiplying their federal income tax liability (before credits) by 14%.
	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	0.743	Two-income couples filing joint federal returns must file joint state returns; however, alternate rates are not available. Instead, a joint filing credit of between 5-20% of state liability, up to \$650, is granted, depending on total income. The rates will range from 0.743% of taxable income \$5,000 or less to 6.9% of taxable income over \$100,000.
	5,001-10,000	1.486	
	10,001-15,000	2.972	
	15,001-20,000	3.715	
	20,001-40,000	4.457	
	40,001-80,000	5.201	
	80,001-100,000	5.943	
	Over 100,000	6.9	
Oklahoma	First 1,000	0.5	Bracket amounts are double for married taxpayers filing jointly (e.g., 6% of income over \$15,000). Optional rates (ranging from 0.5% to 10%) apply for taxpayers who elect to deduct federal income taxes.
	1,001-2,500	1.0	
	2,501-3,750	2.0	
	3,751-4,900	3.0	
	4,901-6,200	4.0	
	6,201-7,700	5.0	
	7,701-10,000	6.0	
	Over 10,000	7.0	
Oregon	First 2,000	5.0	Rates shown are for single individuals. Rates are the same for joint filers, but bracket amounts are 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	Federal income tax liability	22.96	For nearly all taxpayers, the tax base requires no modifications.
South Carolina	First 2,030	2.75	
	2,031-4,060	3.0 less \$5	
	4,061-6,090	4.0 less \$45	
	6,091-8,120	5.0 less \$106	
	8,121-10,150	6.0 less \$187	
	Over 10,150	7.0 less \$288	
South Dakota	No tax		
Tennessee	Certain interest and dividends only	6.0	Individuals are taxed only on dividends from stocks and certain interest on bonds, notes, and mortgages.
Texas	No tax		
Utah	First 750	2.55	Bracket amounts are double for married taxpayers filing jointly (e.g., 7.2% over \$7,500).
	751-1,500	3.5	
	1,501-2,250	4.4	
	2,251-3,000	5.35	
	3,001-3,750	6.25	
	Over 3,750	7.2	
Vermont	Federal income tax liability	28.0	
Virginia	First 3,000	2.0	Two-earner married taxpayers may file separately on the same return (rather than jointly) in order to minimize tax liability.
	3,001-5,000	3.0	
	5,001-17,000	5.0	
	Over 17,000	5.75	
Washington	No tax		

*Table 22 (cont.)*  
**State Individual Income Tax Rates for Tax Year 1990**  
 Compiled October 1990  
 Rates for Single Individuals or Married Filing Separately

State	Income Subject to Tax	Marginal Rate (percent)	Special Rates or Features
<b>West Virginia</b>	First \$10,000	3.0	Rates shown are for all taxpayers except married couples filing separate returns. A minimum tax also is imposed equal to the excess by which an amount equal to 25% of any federal minimum tax or alternative minimum tax exceeds the total tax due for that tax year.
	\$10,001-\$25,000	4.0	
	\$25,001-\$40,000	4.5	
	\$40,001-\$60,000	6.0	
	Over \$60,000	6.5	
<b>Wisconsin</b>	0-7,500	4.9	Married couples filing joint returns pay at rates ranging from 4.9% of the first \$10,000 of taxable income to 6.93% of income over \$20,000. For married taxpayers filing separately, bracket amounts are one-half those for married joint filers.
	7,501-15,000	6.55	
	Over 15,000	6.93	
<b>Wyoming</b>	No tax		

Source: ACIR staff compilations based on state surveys (Fall 1990) and Commerce Clearing House, *State Tax Guide* (Chicago, November 1990). See also Tables 18-21.

*Table 23*  
**Local Governments with Individual Income Taxes, Number and Type,  
 Selected Years 1976-1990**

State <sup>1</sup>	1990	1989	1988	1987	1986	1985	1984	1981	1979	1976
<b>Alabama</b>										
Cities	11 <sup>2</sup>	11 <sup>2</sup>	10 <sup>2</sup>	10	10	10	8	5	5	6
<b>Arkansas</b>	-----No cities levy income taxes-----									
<b>Delaware</b>										
Cities (Wilmington)	1	1	1	1	1	1	1	1	1	1
<b>Georgia</b>	-----No cities or counties levy income taxes-----									
<b>Indiana</b>										
Counties	79	79	68	51	45	44	43	38	37	38
<b>Iowa</b>										
School Districts	59	52	60	57	61	57	57	26	21	3
<b>Kansas</b>	-----No counties levy income taxes-----									
<b>Kentucky</b>										
Cities	83	84	81	85	78	67	61	59	59	59
Counties	27	26	27	25	14	11	9	8	8	—
<b>Maryland</b>										
Counties (and Baltimore City)	24	24	24	24	24	24	24	24	24	24
<b>Michigan</b>										
Cities	19	19	18	17	17	16	16	16	16	16
<b>Missouri</b>										
Cities (Kansas City and St. Louis)	2	2	2	2	2	2	2	2	2	2
<b>New York</b>										
Cities (New York City and Yonkers)	2	2	2	2	2	2	2	1	1	1
<b>Ohio</b>										
Cities	506	492	481	482	480	467	460	n.a.	417	385
School Districts	22	5	5	6	6	6	6	n.a.	0	0
<b>Pennsylvania</b>										
Cities, Boroughs, Towns, Townships, and School Districts	2,809	2,795	2,788	2,782 <sup>e</sup>	2,777 <sup>e</sup>	2,758 <sup>e</sup>	2,644 <sup>e</sup>	n.a.	2,585 <sup>e</sup>	2,553 <sup>e</sup>
<b>Total</b> (excluding Pennsylvania)	837	797	779	763	740	707	688	n.a.	597	535
<b>Total</b> (including Pennsylvania)	3,646	3,592	3,567	3,545 <sup>e</sup>	3,517 <sup>e</sup>	3,465 <sup>e</sup>	3,332 <sup>e</sup>	n.a.	3,182 <sup>e</sup>	3,088 <sup>e</sup>

n.a.—not available

<sup>e</sup> estimate

<sup>1</sup> Employer payroll taxes are levied in California, New Jersey, and Oregon. See Table 24 for a description of the tax base.

<sup>2</sup> Based on figures provided by the Alabama League of Municipalities.

Source: ACIR staff compilations based on Commerce Clearing House, *State Tax Guide* (Chicago, November 1990). See also Advisory Commission on Intergovernmental Relations, *Local Revenue Diversification: Local Income Taxes* (Washington, DC, 1988).

*Table 24*  
**Local Income Tax Rates, Selected Cities and Counties,**  
**by State, 1990**  
 (percent)

State	City (County)	City Tax Rate		County Tax Rate		Income Tax Based on
		Resi- dent	Non- resi- dent	Resi- dent	Non- resi- dent	
Alabama	Auburn (Lee)	1.0	1.0			Salaries, wages, commissions, and other earned compensation.
	Birmingham (Jefferson)	1.0				
Arkansas	No cities currently levy income taxes					
Delaware	Wilmington (New Castle)	1.25	1.25			Salaries, wages, commissions, and other earned compensation.
Georgia	No cities or counties currently levy income taxes					
Indiana	Elkhart (Elkhart)			1.0	0.25	County adjusted gross income.
	Ft. Wayne (Wayne)			1.0	0.25	
	Indianapolis-Marion County			0.7	0.15	
Iowa	School Districts—As of 1989, 59 school districts levied income surtaxes at rates ranging from 2.25% to 19.5%.					School district income surtaxes are based on state income tax liability.
Kansas	No counties currently levy income taxes					
Kentucky	Frankfort (Franklin)	1.0	1.0	1.0	1.0	Salaries, wages, commissions, and other earned compensation. City and county taxes do not overlap.
	Lexington (Fayette)			2.0	2.0	
	Louisville (Jefferson)	2.2	1.45	2.2	1.45	
Maryland	All counties and Baltimore City			50.0	0	Fifty percent of state income tax liability. The three exceptions are Talbot County, 45%, and Calvert and Worcester counties, 20%. In effect, the local rate translates into 2.5% of adjusted gross income greater than \$3,000.
				50.0	0	
Michigan	Detroit (Wayne)	3.0	1.5			All earned income.
	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 earned compensation.
	St. Louis City	1.0	1.0			
New York	New York City	2.2-3.4	0.25			New York City income tax for residents ranges from 2.2% of the first \$2,500 of city taxable income to 3.4% over \$60,000; tax on nonresidents equals 0.25% of earned income. Yonkers residents pay 19.25% of net state tax (after property tax credit); nonresidents pay 0.5% of wages earned and net earnings from self-employment within the city.
	Yonkers (Westchester)		0.5			
Ohio	Akron (Summit)	2.0	2.0			Salaries, wages, commissions, and other earned compensation.
	Cincinnati (Hamilton)	2.1	2.1			
	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			
<i>School Districts</i>	Anna (Shelby)	0.5				School district taxes are in addition to other local government income taxes.
	Arlington (Hancock)	0.75				
	Bradford (Miami)	1.0				
	McComb (Hancock)	1.0				
	West-Liberty Salem (Champaign)	0.5				



*Table 24 (cont.)*  
**Local Income Tax Rates, Selected Cities and Counties,**  
**by State, 1990**  
 (percent)

State	City (County)	City Tax Rate		County Tax Rate		Income Tax Based on
		Resi- dent	Non- resi- dent	Resi- dent	Non- resi- dent	
Pennsylvania	Allentown (Lehigh)	1.0	1.0			Salaries, wages, commissions, and other earned income. Only those school districts listed may impose income taxes.
	Erie (Erie)	1.0	1.0			
	Philadelphia	4.96	4.3125			
	Pittsburgh (Allegheny)	1.0	1.0			
	Reading (Berks)	1.0	1.0			
	Scranton (Lackawanna)	2.2	1.0			
	<i>School Districts</i>	Philadelphia	4.96 <sup>1</sup>			
	Pittsburgh (Allegheny)	1.875 <sup>2</sup>				
<b>Taxes are imposed on the total payroll of employers in the following cities:</b>						
California	Los Angeles	0.75				
	San Francisco	1.50				
New Jersey	Newark	1.0				
Oregon	Clackamas, Multnomah, and Washington counties (Portland area)	0.6179				
	Lane County Mass Transit District	0.0049				Includes financial institutions and corporations that perform services in the transit district service area.

<sup>1</sup> Unearned income (interest, dividends, rents, royalties, and capital gains).

<sup>2</sup> Is included on the same form as city tax. Nonresidents are not taxed.

Source: Commerce Clearing House, *State Tax Reporter* (Chicago, November 1990). See also Table 23 and Advisory Commission on Intergovernmental Relations, *Local Revenue Diversification: Local Income Taxes* (Washington, DC, 1988).

Table 25  
**State Corporate Income Tax Rates for Tax Year 1990**  
(as of October 1990)

State	Net Income Brackets	Marginal Rate (percent)	Special Rates or Features
Alabama	—	5.0%	
Alaska	First \$10,000	1.0	
	\$10,001-\$20,000	2.0	
	\$20,001-\$30,000	3.0	
	\$30,001-\$40,000	4.0	
	\$40,001-\$50,000	5.0	
	\$50,001-\$60,000	6.0	
	\$60,001-\$70,000	7.0	
	\$70,001-\$80,000	8.0	
	\$80,001-\$90,000	9.0	
	Over \$90,000	9.4	
Arizona	Flat rate	9.3	Minimum tax \$50. Apportioned federal income taxes are no longer deductible. Conforms with federal definition of an 80/20 corporation.
Arkansas	First \$3,000	1.0	Federal income allows federal ACRS for realty.
	\$3,001-\$6,000	2.0	
	\$6,001-\$11,000	3.0	
	\$11,001-\$25,000	5.0	
	Over \$25,000	6.0	
California	—	9.3	California minimum tax \$600 (\$800 after 1989). A 7% alternative minimum tax is imposed. Beginning in 1988, banks and corporations electing a water's-edge method of apportioning income must pay an annual amount equal to 0.3% of 1% of the sum of taxpayer's property, payroll, and sales in California.
Colorado	First \$50,000	5.0	Beginning on 7/1/89, the tax rates are reduced until, for income tax years beginning on or after 7/1/93, the tax is imposed at the rate of 5%. Qualified taxpayers may pay an alternative tax of 0.5% of 1% of gross receipts from sales in or into Colorado.
	Over \$50,000	5.5	
Connecticut	—	11.5	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.
Delaware	—	8.7	
District of Columbia	—	10.0	A 5.0% surtax is imposed.
Florida	—	5.5	A 3.3% alternative minimum tax also is imposed.
Georgia	—	6.0	
Hawaii	First \$25,000	4.4	
	\$25,001-\$100,000	5.4	
	Over \$100,000d	6.4	
	Capital gains	4.0	
	Financial institutions	11.7	
Idaho	—	8.0	Minimum tax \$20. Additional \$10 tax on each corporation filing a return and having gross income during the tax year.
Illinois	—	4.8	Additional 2.5% personal property replacement tax imposed.
Indiana	Corporate income tax	3.4	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%.
	Supplemental net income	4.5	
Iowa	First \$25,000	6.0	The financial institutions franchise tax is 5% of taxable net income.
	\$25,001-\$100,000	8.0	
	\$100,001-\$250,00	10.0	
	0	12.0	
	Over \$250,000		
Kansas	—	4.5	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.

Table 25 (cont.)  
**State Corporate Income Tax Rates for Tax Year 1990**  
(as of October 1990)

State	Net Income Brackets	Marginal Rate (percent)	Special Rates or Features
Kentucky	First \$25,000	4.0	
	\$25,001-\$50,000	5.0	
	\$50,001-\$100,000	6.0	
	\$100,001-\$250,000	7.0	
	Over \$250,000	8.0	
Louisiana	First \$25,000	4.0	Except for insurance companies
	\$25,001-\$50,000	5.0	
	\$50,001-\$100,000	6.0	
	\$100,001-\$200,000	7.0	
	Over \$200,000	8.0	
Maine	First \$25,000	3.5	Minimum tax 2.25% of federal tax preference items.
	\$25,001-\$75,000	7.93	
	\$75,001-\$250,000	8.33	
	Over \$250,000	8.93	
Maryland	—	7.0	
Massachusetts	—	—	Corporations pay an excise tax equal to the greater of the following: (1) \$2.60 (includes 14% surtax) per \$1,000 of value of Massachusetts tangible property not taxed locally, or net worth allocated to Massachusetts, plus 9.5% (includes surtax) of net income, or (2) \$400, whichever is greater (a surtax of 14% is imposed). Minimum tax \$456.
Michigan	—	—	State uses a single business tax (which is a modified value-added tax) rather than a corporate income tax. The 2.35% rate is applied to an adjusted tax base. Other nonfederal components also are used in the tax base. The first \$42,000 of the tax base is exempt.
Minnesota		9.8	For taxable years beginning after 1989, an alternative minimum tax is imposed equal to 5.8% of Minnesota alternative taxable income. Federal income allows federal ACRS for realty. In addition to the regular or minimum tax, a franchise fee is imposed, from \$0 to \$5,000 based on Minnesota property, payroll, and sales.
Mississippi	First \$5,000	3.0	
	\$5,001-\$10,000	4.0	
	Over \$10,000	5.0	
Missouri	—	5.0	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	Minimum license tax \$50, except \$10 for small business corporations. Beginning in 1988, corporations electing to use water's-edge apportionment are taxed at 7%. A 5% surtax applies to all corporate taxpayers, effective for tax year 1990 and terminating 1/1/91.
Nebraska	First \$50,000	5.17	
	Over \$50,000	7.24	
Nevada	No tax		
New Hampshire	—	8.0	Eight percent of taxable business profits of business organizations.
New Jersey	—	9.0	A 7.25% corporation income tax is imposed on entire net income as allocated to New Jersey, of foreign corporations with income from New Jersey sources not subject to the corporation business tax. For accounting or privilege periods ending before 7/1/93, a surtax is imposed at a rate determined by the Division of Taxation based on the amount of franchise tax paid that is attributable to changes made to federal income tax laws by the <i>Tax Reform Act of 1986</i> . (A 0.417% surtax is imposed for accounting periods ending on or after 7/31/90 but not later than 6/30/91.)
New Mexico	First \$500,000	4.8	
	Second \$500,000	6.4	
	Over \$1,000,000	7.6	

Table 25 (cont.)  
**State Corporate Income Tax Rates for Tax Year 1990**  
 (as of October 1990)

State	Net Income Brackets	Marginal Rate (percent)	Special Rates or Features
New York	—	9.0	Corporations are subject to a 9% tax on net income or a tax on three alternative bases, whichever produces the greatest tax. A 9% 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. On the tax computed, after credits, a 15% surcharge applies to years ending after 6/30/90 and before 7/1/92.
North Carolina	—	7.0	
North Dakota	First \$3,000	3.0	The tax is equal to the greater of the tax rate on taxable income or 6% of alternative minimum taxable income, effective for tax years beginning after 1988. Financial institutions, 5% of net income plus 2% additional tax; minimum tax \$50.
	\$3,001-\$8,000	4.5	
	\$8,001-\$20,000	6.0	
	\$20,001-\$30,000	7.5	
	\$30,001-\$50,000	9.0	
	Over \$50,000	10.5	
Ohio	First \$50,000	5.1	Minimum tax \$50. Financial institutions are taxed at 15 mills times the value of stock. 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 next five tax years.
	Over \$50,000	8.9	
	or 5.82 mills multiplied by value of stock, whichever is greater		
Oklahoma	—	6.0	
Oregon	—	6.6	Minimum tax \$10. Qualified taxpayers may elect to pay alternative tax of 0.25% or 0.125% of gross sales in Oregon.
Pennsylvania	—	8.5	
Rhode Island	Greater of 9 percent or franchise tax; mini- mum tax \$100	9.0	
South Carolina	—	5.0	Banks pay 4.5% on South Carolina net income; savings and loan associations pay 6% on South Carolina net income.
South Dakota	No tax		Banks and financial institutions pay 6% of net income with modifications; minimum \$200 per authorized business location.
Tennessee	—	6.0	Corporations are also subject to 9% tax on dividends and interest.
Texas	No tax		
Utah	—	5.0	Minimum tax \$100
Vermont	First \$10,000	5.5	Minimum tax \$75
	\$10,001-\$25,000	6.6	
	\$25,001-\$250,000	7.7	
	Over \$250,000	8.25	
Virginia	—	6.0	
Washington	No tax		
West Virginia	—	9.375	Beginning 7/1/88, the rate is reduced by 0.15% per year for five successive years, such rate to be 9% on and after 7/1/92.
Wisconsin	—	7.9	ACRS allowed for most property placed in service before 1987; not allowed for property outside Wisconsin and placed in service after 1982 but before 1987, or for residential realty and certain farm property acquired in the 1986 taxable year.
Wyoming	No tax		

Source: Commerce Clearing House, *State Tax Guide* and *State Tax Reporter* (Chicago, October 1990). See also Tables 26-28.



Table 26  
**Corporate Income Tax Details, by State**  
 (Generally, Laws in Effect for 1990)

State	Tax Base: Federal Compliance		Credits	Unitary	Apportionment Formula
	Additions	Subtractions			
Alabama	State, foreign, and local income taxes; federal exempt interest except own state; partial depletion and amortization allowance and federal operating/capital loss and charitable carryovers	Oil/gas depreciation allowance in excess of federal; interest on U.S. obligations and federal securities; state income tax refund; jobs credit	Out-of-state income taxes paid; enterprise zone	Not allowed	3-factor, simple average (UDITPA)
Alaska <sup>f</sup>	State, foreign, and local income taxes; federal exempt interest from own state/foreign obligations	Interest on U.S. obligations and federal securities	18% of federal credits; alternative energy system; contributions to Alaskan colleges and universities; gas/mineral; investment	Worldwide—required	3-factor, simple average (UDITPA)
Arizona <sup>f</sup>	Other state, foreign, local income taxes; partial depletion	Jobs credit; interest on U.S. obligations and federal securities; state income tax refunds; foreign dividend gross-up	Enterprise zone jobs; investment on grounds of correctional facility; employer operated dependent day care facility.	Domestic—required	3-factor, simple average (UDITPA)
Arkansas	Interest from other states; DISC income taxes; unitary dividends from less than 95% ownership; business income	Targeted jobs credit; interest on U.S. obligations; state income tax refunds; 95% owned dividends; non-business income	Enterprise zones; water and conservation control structures; 1/3 contributions to colleges (equipment donations not to exceed 50% tax); county industrial development corporation, 1/3 not to exceed 50% tax	Not allowed	3-factor, simple average (UDITPA)
California	State, foreign, and local income taxes; partial ACRS/other depreciation, depletion, and amortization; federal exempt interest; federal capital loss carryovers	Dividends; jobs credit; state income tax refunds; foreign dividend gross-up	Jobs; vehicle conversion to alcohol fuel; orphan drug; low-income housing; donating food to charities; ride-sharing; waste recycling equipment; research; computer contributions; employer child care program/contribution; enterprise zone/program area	Worldwide—subject to water's-edge option	3-factor, simple average (UDITPA)
Colorado <sup>f</sup>	State and foreign income taxes; federal exempt interest; federal NOL	Jobs tax credit; interest and dividends on U.S. obligations and federal securities; own state income tax refund; Colorado NOL; oil shale depletion allowance	Investment, mining/milling impact studies; energy devices; energy efficient loans; new business facility; enterprise zone investment; employee; rehabilitation; research and experimental activities	Water's-edge—required	3-factor, simple average, or average of sales and property only, corporate option (UDITPA)
Connecticut <sup>f</sup> (1989)	State's own income taxes; federal exempt interest; partial federal depreciation	Dividends, capital loss carryover (plus 20% recovery of depreciation surcharge)	Pollution control; manufacturing investment including R&D; student and machine tool jobs; neighborhood assistance; employers daycare; rental housing	Not allowed	Property (25%) Payroll (25%) Sales (50%) For non-manufacturers, single-factor gross sales
Delaware <sup>f</sup>	State's own income taxes; federal exempt interest. Loss from sale of U.S. or Delaware securities; interest income from other states' obligations; depletion allowance-oil and gas; interest paid to affiliated companies	Amount of wages in federal jobs credit; interest on U.S. obligations and federal securities; state income tax refunds; handicap building renovation; neighborhood assistance deduction; foreign dividends	New business facility (sunsets in 1990); neighborhood assistance	Not allowed	3-factor, simple average

Table 26 (cont.)  
**Corporate Income Tax Details, by State**  
 (Generally, Laws in Effect for 1990)

State	Tax Base: Federal Compliance		Credits	Unitary	Apportionment Formula
	Additions	Subtractions			
District of Columbia <sup>f</sup>	Foreign and local income taxes; other taxes; federal exempt foreign interest	Jobs tax credit; interest and dividends on federal securities; state income tax refunds		Not allowed	3-factor, simple average (UDITPA)
Florida <sup>f</sup> (1989)	State income taxes; federally exempt interest; wages deducted as credit	Federal carryover and operating loss deduction; foreign dividends	Enterprise zone jobs and property tax; gasohol; community contributions; hazardous waste facility; AMT; emergency excise tax	Not allowed	Property (25%) Payroll (25%) Sales (50%) (UDITPA)
Georgia <sup>f</sup>	State, foreign, and local income taxes (other than Georgia and its subdivisions); partial ACRS; federal operating loss deduction; interest on state and local debt other than Georgia	Foreign dividends; jobs tax credit; interest on U.S. obligations and federal securities; Georgia NOL	Banks; S&Ls' credit for certain taxes and fees; less developed area jobs tax credit	Not allowed	3-factor, simple average
Hawaii <sup>f</sup>	Interest from other states; obligations	Jobs tax credit; interest on U.S. obligations and federal securities; foreign dividend gross-up	Enterprise zone; energy conservation income tax credit, credit for employment of certain new employees; capital goods excise tax; low-income housing; fuel tax for commercial fishers	Allowed for Hawaii combination	3-factor, simple average (UDITPA)
Idaho <sup>f</sup>	State income taxes; federal exempt interest; federal capital loss; carryovers; federal NOL	Interest on U.S. obligations; state income tax refunds; alcohol fuel credits; foreign dividend gross-up	Charity; gasohol; jobs expansion and capital investment	Water's edge—election	3-factor, simple average (UDITPA)
Illinois <sup>f</sup>	State income taxes; federal exempt interest; federal NOL	Interest on U.S. obligations and federal securities; state income tax refunds; enterprise zone contributions (double); foreign dividend gross-up; subtraction for amount used to compute federal tax credit for restoration of substantial amounts pursuant to IRC 1341 (Claim of Right)	Investment; jobs tax; personal property replacement; enterprise zone	Required—domestic	UDITPA with double-weighted sales
Indiana <sup>f</sup>	State income taxes; local property taxes; charitable contributions	Interest on U.S. obligations and federal securities; state income tax refunds; foreign dividend gross-up	Gross income paid; gross tax = 1.2% or 3% of Indiana gross receipts depending on type of transaction; commercial motor fuel tax; contributions; energy; prison investment; enterprise zone; research	Optional—worldwide or domestic	3-factor, simple average
Iowa <sup>f</sup>	State income taxes; federal exempt interest; 50% federal refunds; windfall profits tax; percentage depletion in excess of cost depletions	Interest on U.S. obligations and federal securities; state income tax refunds; JAT; federal alcohol fuel credit; 50% federal income taxes	Employment credit; special fuel tax; research activities	Not allowed	100% sales
Kansas <sup>f</sup>	State, foreign, and local income taxes; federal exempt interest; federal NOL; certain depreciation deductions	Jobs tax credit; interest on U.S. obligations and federal securities; state income tax refunds; solar energy amortization	Job expansion; handicap renovations; enterprise zone; agricultural loan; venture capital; R&D	Required—domestic	3-factor, simple average (UDITPA)
Kentucky <sup>f</sup>	State and foreign income taxes; federal exempt interest	Interest on U.S. obligations and federal securities; 50% gross from coal disposal; dividend income	New jobs; coal heating; qualified energy; economic development project; Kentucky venture capital	Domestic	UDITPA with variations, double-weighted sales

Table 26 (cont.)  
**Corporate Income Tax Details, by State**  
 (Generally, Laws in Effect for 1990)

State	Tax Base: Federal Compliance		Credits	Unitary	Apportionment Formula
	Additions	Subtractions			
Louisiana <sup>f</sup>	State income taxes; federal exempt interest; partial federal amortization; federal carryovers; federal NOL	Jobs tax credit; interest on U.S. obligations; state income tax refunds; Louisiana NOL; foreign operating losses (foreign corps only); federal taxes.	Manufacturing gas; new business facility; neighborhood assistance; educational property donations; Louisiana capital company investment; enterprise zone; new jobs	Not allowed	3-factor, for manufacture, merchandising; 2-factor for services
Maine <sup>f</sup>	State and local income taxes; federal exempt state interest; partial ACRS; federal NOL; interest or dividends from states or their political subdivisions, except Maine	Interest on U.S. obligations; state income tax refunds; jobs tax credit; foreign dividend gross-up; dividends from certain affiliated corporations	Maine seed capital; jobs and investment; daycare; losses of financial institutions; employer-provided long-term care benefits (tax years ending on or after 9/30/89); investment tax (tax years beginning on or after 7/1/91); solid waste reduction investment (equipment purchased after 1/1/90)	Domestic—required	3-factor, simple average (UDITPA)
Maryland <sup>f</sup>	State and local income taxes; federal exempt non-Maryland state and municipal interest; net capital loss carryback	Jobs tax credit; interest on U.S. obligations; state income tax refunds; foreign dividend gross-up; reforestation expenses	Enterprise zone	Not allowed	3-factor, simple average
Massachusetts <sup>f</sup>	Federal exempt interest; federal NOL; state, foreign, and local income taxes; other taxes	Jobs tax credit; dividends received limited; Massachusetts NOL	Enterprise zone for certain corporations; ITC for manufacturing, R&D, agriculture; fishing; shuttle vans; universal health care	Not allowed	Property (25%) Payroll (25%) Sales (50%) (UDITPA) with changes)
Michigan	Compensation to employees and officers; depreciation; interest and dividends paid; loss carryovers and carrybacks; income taxes paid	Capital expenditures made; dividend and interest income; carryover of prior year negative SBT tax base; statutory exemption; and greater of excess compensation reduction (up to 37% of tax base) or gross receipts reduction (tax base limited to 50% of gross receipts)	Small business (up to 100% of tax); higher education and public library and broadcasting station; unincorporated business/S corporation; community foundation; minority venture capital; enterprise zone; and central city high technology	Not allowed	3-factor, simple average
Minnesota <sup>f</sup>	State, local, and foreign income taxes; federal exempt interest; NOL deduction; capital losses; federal charitable contributions deduction; exempt interest dividends paid by regulated investment companies; windfall profits tax deducted federally; losses from mining subject to the occupation tax; percentage depletion; amortization deduction for specified pollution control facilities; deemed dividends from foreign operating corporations	Salary expenses not deducted due to federal jobs credit; foreign dividend gross-up; cost depletion; enterprise zone credits; Minnesota NOL; Minnesota charitable contributions; capital loss with no carrybacks; for banks, any dividend paid on its preferred stock to the federal government; depreciation and depletion deductions for intangible drilling costs; depreciation deduction for specified pollution control facilities	AMT; research and development; enterprise zone; gross premiums tax credit for insurance companies	Domestic—required	3-factor, weighted: percent total property in Minnesota (15%); percent total payroll in Minnesota (15%); percent total sales in Minnesota (70%)
Mississippi (1989)	State, foreign, and local income taxes; federal exempt state interest; partial depletion allowance; federal capital loss; carryover; dividends	Interest on U.S. obligations; state income tax refunds	Enterprise zone; finance company privilege tax	Optional—domestic	3-factor, simple average or separate accounting



Table 26 (cont.)  
**Corporate Income Tax Details, by State**  
 (Generally, Laws in Effect for 1990)

State	Tax Base: Federal Compliance		Credits	Unitary	Apportionment Formula
	Additions	Subtractions			
Missouri <sup>f</sup>	Federal income tax refund; state and local bond interest (less expenses greater than \$500)	Interest on U.S. obligations and federal securities; state income tax refunds; federal income tax; foreign tax credit; Missouri sourced dividends	Neighborhood assistance; new business facility; enterprise zone; seed capital; development reserve; wood energy; agricultural unemployed; 30% of contribution to a "qualified fund"	Not allowed	3-factor, simple average; or sales only (UDITPA, with 100 sales option, 50% origin, 50% destination)
Montana <sup>f</sup>	State, foreign, and local income taxes; other income based taxes; federal exempt interest; federal capital loss carryovers; federal NOL	Federal jobs tax credit; state income tax refunds; capital gains for new farmer; computer donations; purchases of Montana fertilizer; energy conservation investments; capital gains and dividends received from an SBIC	Public contractors; new or expanding manufacturing; utility conservation loan subsidy; wind energy; investment in Montana capital companies	Water's-edge; worldwide-water's-edge election available	3-factor, simple average (UDITPA)
Nebraska <sup>f</sup>	Interest or dividends from states or their political subdivisions, except Nebraska.	Interest on U.S. obligations and federal securities, foreign dividends, foreign dividend gross-up or special foreign tax credit.	Non-highway gasoline tax; community betterment, employment expansion and investment, and in lieu of intangible tax paid.	Required—domestic	3-factor sliding, simple average (100% sales by 1992)
New Hampshire <sup>f</sup>	"Safe Harbor" or other similar leases; income taxes or franchise taxes measured by income	Interest on U.S. obligations; job tax credit; deductible dividends and other non-unitary income net of related expenses; distribution from joint venture or partnerships subject to New Hampshire taxation; foreign dividend gross-up; research contribution	Utility franchise tax; bank tax; insurance premiums tax	Domestic—required	3-factor, simple average (UDITPA)
New Jersey <sup>f</sup>	Federal and state income taxes; state and local franchise taxes; federal exempt interest; partial ACRS; federal NOL; dividends; foreign income	Jobs tax credit; foreign dividend gross-up; subsidiary dividends; NOL; safe harbor lease income	Urban enterprise zone; urban development; recycling	Not allowed	3-factor, simple average
New Mexico <sup>f</sup>		Foreign dividend gross-up; gains from interest expenses on U.S. obligations	Investment; geothermal; child care; cultural property	Optional—domestic	3-factor, simple average (UDITPA)
New York <sup>f</sup>	Federal exemptions or credits; state and foreign income taxes; franchise taxes; federal exempt government interest; federal contribution carryover; partial ACRS depreciation; expenses and interest attributable to subsidiary capital; taxes paid to other states; federal NOL	Foreign dividend gross-up; gains from subsidiary capital; 50% of non-subsidiary dividends; gifts; New York NOL (federal NOL plus or minus New York modifications)	Business facility; investment; employment expansion; R&D; sales tax on anti-pollution equipment; economic development zones; minimum tax	Domestic—permitted/required	Property (25%) Payroll (25%) Sales (50%)
North Carolina <sup>f</sup>	State and local income taxes; other taxes based on net income; federal exempt interest from non-North Carolina jurisdictions; capital loss carryover; federal NOL; expenses related to untaxed income	Jobs tax credit; interest on U.S. obligations and federal securities; state income tax refunds; some additional depreciation; economic losses; foreign dividend gross-up	Handicap dwellings; solar energy; conservation investment; cogeneration and wood conversion; gasohol; photovoltaic; North Carolina enterprise; wind energy; methanol gas plant; hydroelectricity; capital resource corporation investments	Domestic at state option	Property (25%) Payroll (25%) Sales (50%) otherwise (UDITPA)

Table 26 (cont.)  
**Corporate Income Tax Details, by State**  
 (Generally, Laws in Effect for 1990)

State	Tax Base: Federal Compliance		Credits	Unitary	Apportionment Formula
	Additions	Subtractions			
<b>North Dakota</b>	All taxes measured by income; federal exempt interest; partial ACRS; special deductions; federal NOL	Interest on U.S. obligations; state income tax refunds; federal income taxes; North Dakota dividends	New industries; charitable contributions; solar energy; venture capital corporation investments (25%); research and experimental expenditures within North Dakota; employment of developmentally disabled or chronically mentally ill	Required—worldwide, unless water's-edge	3-factor, simple average (UDITPA)
<b>Ohio<sup>f</sup></b>	Partial ACRS depreciation; federal NOL deduction	Handings conversion expenses; jobs tax; interest on U.S. obligations; foreign-source income; NOL; income from coal conversion facility	Litter control; manufacturing refiners property tax; energy systems; urban jobs and enterprise zones	Not allowed	Property (25%) Payroll (25%) Sales (50%)
<b>Oklahoma<sup>f</sup></b>	State income taxes; other income based taxes; federal exempt state interest	Interest on U.S. obligations and federal securities; state income tax refunds	Air pollution control; manufacturing gas consumption; unreimbursed excise taxes; investment; enterprise zone; energy conservation loan fund; waste recycling; qualified venture capital investments	Domestic	3-factor, simple average (UDITPA)
<b>Oregon<sup>f</sup></b>	State and foreign income taxes; other income-based taxes; federal exempt interest; partial ACRS and other depreciations and carryovers; NOL deduction	Jobs tax; state income tax refunds; current year capital losses; local taxes and fees; foreign royalty taxes; handicap renovations; 80% of federal taxable dividends	Pollution control; investment; jobs; energy conservation; reforestation projects; alternative energy loans; fish habitat improvement; dependent care; Oregon capital corporation (20%)	Required—domestic consolidated	3-factor, simple average (UDITPA)
<b>Pennsylvania<sup>f</sup></b>	State and local income tax; other income-based taxes; tax preference items; wages for which an employment incentive credit was claimed	Dividends; jobs tax; interest on U.S. obligations and federal securities; certain depreciation; NOL	Neighborhood assistance; employment incentives; contribution to homeowners mortgage assistance fund	Not allowed	3-factor, simple average (UDITPA, with changes)
<b>Rhode Island<sup>f</sup></b>	Interest on other state obligations; Rhode Island tax deductions; Rhode Island corporate and franchise taxes deducted and federal depreciation deducted if Rhode Island rapid writeoffs are elected	Interest on federal obligations; Rhode Island NOL; special Rhode Island dividend and interest deduction; special Rhode Island rapid writeoffs for pollution control facilities and new research and development facilities; special deduction or capital gain exclusion for investment in Rhode Island certified venture capital partnership or Rhode Island qualified business entity; and foreign dividend gross-up	Investment; energy; juvenile restitution; adult education; daycare; higher education assistance; hydroelectric power	Not allowed	3-factor, simple average
<b>South Carolina<sup>f</sup></b>	State, foreign, local income taxes; franchise or other income based taxes; federal exempt interest; federal carryovers; federal operating loss deduction; DISC net income; multistate depletion	Interest on U.S. obligations and federal securities; South Carolina loss carryover	Minority subcontractor; conservation tillage equipment; renewable energy source; water resources; new jobs; corporate headquarters; infrastructure; employer child care program	Not allowed	3-factor, simple average, for manufacturers or dealers in tangible personal property; others, 100% sales

Table 26 (cont.)  
**Corporate Income Tax Details, by State**  
 (Generally, Laws in Effect for 1990)

State	Tax Base: Federal Compliance		Credits	Unitary	Apportionment Formula
	Additions	Subtractions			
Tennessee <sup>f</sup>	State excise tax; interest income from obligations less allowable amortization; S corporations, pass-through income; contribution carryovers; percentage depletion; IRC Section 337 gains; excess FMV over book value of property donated; "Safe Harbor" lease transactions	Portion of the gain or loss of the sale or other disposition of property having a higher basis for Tennessee excise tax purposes than federal income tax purposes; S corporations pass-through expenses; financial institution bad debts not allowed for federal; contributions in excess of federal limitation; dividends from 80% owned subsidiaries; IRC Section 337 losses; capital losses not deducted for federal; nonbusiness earnings; "Safe Harbor" lease transactions	Industrial machinery	Allowed only for financial institutions	3-factor, simple average (UDITPA)
Utah	State and DISC income taxes; franchise and other income-based taxes; federal exempt state interest; federal carryovers; federal operating loss deduction	Jobs tax; current year capital losses; foreign dividend gross-up	Energy systems; contributions to handicap facilities; high technology contributions to educational institutions; municipal and federal bond interest; enterprise zone; steam coal	Water's edge—required or option for worldwide	3-factor, simple average (UDITPA)
Vermont <sup>f</sup>	Non-Vermont state and local obligations	Interest from federal obligations; foreign dividend gross-up; salary and wages add-back related to federal jobs tax credit	Vermont venture capital corporation (10%); job development zone; investment in affordable housing	Not allowed	3-factor, simple average (UDITPA)
Virginia <sup>f</sup>	State, foreign, and local income or other income based taxes; federally exempt interest on obligations of other states; federal deduction for bad debt of S&Ls	Dividends; jobs tax; interest on U.S. obligations and federal securities; foreign dividend gross-up and income; Subpart F income; recomputed S&L bad debt; federally taxable interest on Virginia state and local obligations	Neighborhood assistance; enterprise zone; conservation tillage; cogenerators and small power producers; telecommunications; pesticide and fertilizer application equipment; machinery and equipment for processing recyclable materials (effective 7/1/91)	Not allowed	3-factor, simple average
West Virginia <sup>f</sup>	State, foreign, and local income taxes; interest or dividends from any federal, state, or local obligation exempt from federal tax but not from state tax; federal NOL; unrelated business income of tax exempt corporations; depreciation and amortization for certain water and air pollution control facilities; severance taxes paid if the taxpayer elects to claim a severance tax credit (prior to tax years beginning on or after 10/1/90); 10% of qualified investment utilized for the research and development credit	State income tax refunds; a bad debt reserve deduction adjustment; interest expense incurred to carry obligations which are exempt from federal tax but not from state tax; dividends associated with the federal foreign tax credit; salary expenses associated with the federal jobs credit; foreign source income; subpart F income; the cost of West Virginia air/water pollution control facilities; a percentage adjustment to income equal to assets represented by tax exempt obligations and West Virginia mortgage obligations divided by total assets; West Virginia NOL deduction, which occurs after income apportionment and allocation	Severance tax (prior to tax years beginning on or after 10/1/90); veterans incentive; headquarters relocation; capital company; business investment; jobs expansion; R&D; utilities rate reduction.	Not allowed	3-factor, double weighted sales; Property (25%) Payroll (25%) Sales (50%) otherwise (UDITPA)

Table 26 (cont.)  
**Corporate Income Tax Details, by State**  
 (Generally, Laws in Effect for 1990)

State	Tax Base: Federal Compliance		Credits	Unitary	Apportionment Formula
	Additions	Subtractions			
Wisconsin	State and local bond interest; state income taxes; percentage depletion	Subpart F income; dividend received deduction; foreign dividend gross-up; foreign income taxes; cost depletion	Sales tax on fuel and electricity used in manufacturing; farm land preservation; research expense; research facility; community development finance; development zone (for investment, jobs, location, sales tax, and additional research); supplement to federal historic rehabilitation; state historic rehabilitation; farm land tax relief	Not allowed	Property (25%) Payroll (25%) Sales (50%) (UDITPA)

<sup>f</sup> Taxable federal income used as state taxable income base.

Sources: Based on Minnesota Taxpayers Association, survey of state departments of revenue (ACIR update, 1990); and Advisory Commission on Intergovernmental Relations, *Significant Features of Fiscal Federalism*, previous issues. See also Tables 25, 27, and 28.



Table 27  
**Characteristics of State Corporate Income Tax Apportionment Factors, 1990**

State	Three Equally Weighted Factors	Three Factors with Double Weighted Sales	Two Factors	Sales Only	Option between Formulas	Separate Accounting Permitted	Adoption of UDITPA <sup>1</sup>
Alabama	Yes					Yes	Yes <sup>2</sup>
Alaska	Yes					Yes	Yes
Arizona	Yes					Yes	Yes
Arkansas	Yes					Yes <sup>3</sup>	Yes
California	Yes					Yes	Yes
Colorado	Yes <sup>4</sup>		Yes <sup>4</sup>		Yes	Yes <sup>5</sup>	Yes <sup>4</sup>
Connecticut†		Yes		Yes <sup>6</sup>		Yes	
Delaware	Yes					Yes	<sup>7</sup>
District of Columbia	Yes		Yes <sup>8</sup>			Yes	Yes <sup>2</sup>
Florida†		Yes				Yes	Yes
Georgia	Yes					Yes	<sup>7</sup>
Hawaii	Yes		Yes		Yes	Yes	Yes <sup>4</sup>
Idaho	Yes					Yes	Yes
Illinois		Yes				Yes	<sup>2</sup>
Indiana	Yes					Yes	<sup>8</sup>
Iowa				Yes		Yes	<sup>7</sup>
Kansas†	Yes					Yes	Yes
Kentucky		Yes				Yes	Yes
Louisiana	Yes <sup>6</sup>		Yes <sup>6</sup>			Yes	<sup>7</sup>
Maine	Yes					Yes	<sup>9</sup>
Maryland	Yes		Yes <sup>6</sup>	Yes <sup>6</sup>		Yes <sup>10</sup>	
Massachusetts		Yes				Yes	Yes
Michigan	Yes					Yes	Yes
Minnesota		Yes <sup>11</sup>		Yes <sup>6</sup>		Yes	
Mississippi†	Yes <sup>12</sup>					Yes	
Missouri	Yes			Yes	Yes	Yes	Yes <sup>3</sup>
Montana	Yes					Yes	Yes
Nebraska		Yes <sup>13</sup>		Yes <sup>13</sup>		Yes	<sup>13</sup>
New Hampshire	Yes						
New Jersey	Yes					Yes	
New Mexico	Yes					Yes	Yes
New York	Yes <sup>14</sup>	Yes			Yes	Yes	
North Carolina		Yes		Yes <sup>15</sup>		Yes <sup>16</sup>	<sup>7</sup>
North Dakota	Yes					Yes <sup>17</sup>	Yes
Ohio		Yes				Yes	<sup>7</sup>
Oklahoma	Yes					Yes	
Oregon	Yes					Yes	Yes
Pennsylvania	Yes					Yes	Yes <sup>2</sup>
Rhode Island	Yes						<sup>7</sup>
South Carolina	Yes <sup>6</sup>			Yes <sup>6</sup>		Yes	<sup>7</sup>
Tennessee	Yes						Yes <sup>18, 19</sup>
Utah	Yes					Yes	Yes
Vermont	Yes					Yes	
Virginia	Yes <sup>20</sup>					Yes	
West Virginia		Yes <sup>21</sup>				Yes	
Wisconsin		Yes				Yes	Yes <sup>2</sup>
<b>Totals</b>	<b>34</b>	<b>12</b>	<b>5</b>	<b>8</b>	<b>4</b>	<b>43</b>	<b>23</b>

*Table 27 (cont.)*  
**Characteristics of State Corporate Income Tax Apportionment Factors, 1990**

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Note: Nevada, South Dakota, Texas, Washington, and Wyoming do not have corporate income taxes.

<sup>1</sup> UDITPA is the *Uniform Division of Income for Tax Purposes Act*. Originally drafted in 1957 by the National Conference of Commissioners on Uniform State Laws, it is intended to provide a common framework for allocation and apportionment of interstate income.

<sup>2</sup> UDITPA with modifications.

<sup>3</sup> Prior written approval required.

<sup>4</sup> Option between UDITPA (three-factor, equal weights) and two-factor formula of property and sales.

<sup>5</sup> Very rarely permitted; separate accounting.

<sup>6</sup> Applies only to certain types of firms.

<sup>8</sup> DC financial institutions only.

<sup>7</sup> UDITPA has not been adopted, but many provisions in law are similar.

<sup>9</sup> No distinction between business and nonbusiness income.

<sup>10</sup> Only if the business is non-unitary.

<sup>11</sup> Formula weights are 70% sales, 15% property, and 15% payroll.

<sup>12</sup> Primary method is separate accounting. If separate accounting is not accurate, three-factor is permitted.

<sup>13</sup> By 1992, Nebraska will phase out an equal three-factor approach and go to a sales-only allocation formula. For tax year 1990, apportionment factors are 60% sales, 20% property, and 20% payroll.

<sup>14</sup> Special formulas for some types of firms; equal allocation formula under the Alternative Minimum Tax.

<sup>15</sup> Excluded corporations only.

<sup>16</sup> Upon authorization of Tax Review Board.

<sup>17</sup> The taxpayer may petition for separate accounting or the tax commissioner may require it.

<sup>18</sup> No throwback rule.

<sup>19</sup> Common carriers, air carriers, air express carriers, and financial institutions have special formulas.

<sup>20</sup> Unique formulas for some industries.

<sup>21</sup> Motor carriers must use a special one-factor carrier mile formula.

Source: ACIR state survey (Fall 1990) based on *A Report on the Connecticut Business Tax Structure* (Washington, DC: Policy Economics Group, KPMG Peat Marwick, 1990). See also Tables 25, 26, and 28.

Table 28  
Primary Corporate Tax Bases by State, 1990

State	Gross Receipts	Net Income <sup>1</sup>	Capital Stock or Net Worth	State	Gross Receipts	Net Income <sup>1</sup>	Capital Stock or Net Worth
Alabama		X	X	Missouri		X	X
Alaska		X		Montana		X	
Arizona		X		Nebraska		X	X
Arkansas		X	X	Nevada			
California		X		New Hampshire		X	
Colorado		X		New Jersey		X	
Connecticut <sup>2</sup>		X		New Mexico		X	
Delaware		X	<sup>3</sup>	New York		X	X
District of Columbia		X		North Carolina		X	X
Florida <sup>2</sup>		X		North Dakota		X	
Georgia		X	X	Ohio		X	X
Hawaii	X	X		Oklahoma		X	X
Idaho		X		Oregon		X	
Illinois		X	X	Pennsylvania		X	X
Indiana	X	X		Rhode Island		X	X
Iowa		X	<sup>4</sup>	South Carolina		X	X
Kansas <sup>2</sup>		X	X	South Dakota		<sup>7</sup>	
Kentucky		X	X	Tennessee		X	X
Louisiana		X	X	Texas			X
Maine		X		Utah		X	
Maryland		X		Vermont		X	
Massachusetts		X <sup>5</sup>	X	Virginia		X	
Michigan <sup>6</sup>				Washington <sup>2</sup>	X		
Minnesota		X		West Virginia		X	X
Mississippi <sup>2</sup>		X	X	Wisconsin		X	
				Wyoming			X
				<b>Totals</b>	<b>3</b>	<b>45</b>	<b>24</b>

<sup>1</sup> Some corporate income tax bases, such as Connecticut's, have a capital stock component.

<sup>2</sup> Not updated.

<sup>3</sup> Delaware has two separate corporate taxes: income and franchise, which is based on capital stock outstanding. The corporate franchise tax is for the privilege of being incorporated in the state.

<sup>4</sup> Iowa annual filing fee with the secretary of state is no longer based on value of capital stock; \$30 fee for all corporations.

<sup>5</sup> Massachusetts also has a non-income measure of the tax based on tangible personal property or net worth allocable to the state.

<sup>6</sup> Michigan levies a single business tax, which is a modified value-added tax.

<sup>7</sup> South Dakota employs a limited income tax on certain banks and financial institutions.

Source: ACIR survey, Fall 1990. See also Tables 25-27.





Table 29  
State Sales Tax Rates and Exemptions, November 1990

State	Tax Rate	States Exempting										Exhibit: States Granting Related Tax Credit <sup>6</sup>	
		Food <sup>1</sup>	Prescription Drugs	Consumer Electric and Gas Utilities	Clothing	Tele- commu- nication Services	Custom Computer Programs	Repair Charges	Install- ation Service <sup>2</sup>	Sale of Materials to— Manufacturers, Producers, <sup>5</sup> Processors <sup>5</sup> Repairers <sup>3</sup>			
Alabama <sup>+</sup> *	4		X	X		<sup>7</sup>	X	X <sup>8,9</sup>	X <sup>8</sup>		X <sup>10</sup>		
Alaska <sup>+</sup>	No state sales tax												
Arizona <sup>+</sup>	5	X	X				X	X <sup>8</sup>	X <sup>8</sup>	X	X <sup>10</sup>		
Arkansas <sup>+</sup> *	4		X	X					X		X <sup>11</sup>		
California <sup>+</sup> *	5	X	X	X		0.75 <sup>12</sup>	X	X <sup>8,9</sup>	X <sup>8,9</sup>		X <sup>10</sup>		
Colorado <sup>+</sup>	3	X	X	X			X	X <sup>8,9</sup>	X <sup>8,9</sup>		X <sup>10</sup>		
Connecticut*	8	X	X	X	X				X <sup>8</sup>		X		
Delaware	No state sales tax												
District of Columbia	6	X	X						X <sup>8</sup>		X <sup>10</sup>	X	
Florida <sup>+</sup>	6	X	X	X			X				X <sup>10</sup>	X	
Georgia <sup>+</sup> *	4		X					X <sup>8</sup>	X <sup>8</sup>		X <sup>10</sup>		
Hawaii*	4		X	X									X
Idaho <sup>+</sup>	5		X	X		X	X	X <sup>8</sup>	X <sup>9</sup>		X <sup>10</sup>		X
Illinois <sup>+</sup> *	5	limited	limited				X	X <sup>8</sup>	X <sup>8</sup>	X <sup>11</sup>	X <sup>10,11</sup>	X	
Indiana	5	X	X				X	X			X <sup>10</sup>		
Iowa <sup>+</sup>	4	X	X				X		X		X <sup>10</sup>	X	
Kansas <sup>+</sup> *	4.25		X	X			X				X <sup>10</sup>		X
Kentucky <sup>+</sup> *	6	X	X				X	X <sup>8</sup>	X <sup>8</sup>		X <sup>10,11</sup>		
Louisiana <sup>+</sup> *	4	limited	X			3	X		X <sup>8</sup>		X		
Maine*	5	X	X	X				X <sup>8</sup>	X <sup>8</sup>		X		
Maryland	5	X	X				X	X <sup>8</sup>	X <sup>8</sup>		X <sup>10</sup>		
Massachusetts*	5	X	X	X	X	X	X	X	X		X		
Michigan	4	X	X				X	X <sup>8,9</sup>	X <sup>8,9</sup>		X <sup>10,11</sup>		
Minnesota <sup>+</sup> *	6	X	X	X	X		X	X	X <sup>8</sup>		X		
Mississippi	6		X			<sup>13</sup>					X <sup>11</sup>		
Missouri <sup>+</sup> *	4.225		X	X			X	X <sup>8,9</sup>	X <sup>8,9</sup>		X <sup>10</sup>		

Table 29 (cont.)  
State Sales Tax Rates and Exemptions, November 1990

State	Tax Rate	States Exempting										Exhibit: States Granting Related Tax Credit <sup>6</sup>		
		Food <sup>1</sup>	Prescription Drugs	Consumer Electric and Gas Utilities	Clothing	Tele- commu- nication Services	Custom Computer Programs	Repair Charges	Install- ation Service <sup>2</sup>	Sale of Materials to— Contractors <sup>3,4</sup> Producers, Processors <sup>5</sup> Repairers <sup>3</sup>				
Montana		No state sales tax												
Nebraska <sup>+</sup>	5	X	X					X	X <sup>8</sup>			X <sup>10</sup>		
Nevada <sup>**</sup>	5.75	X	X	X		X		X <sup>8,9</sup>	X <sup>8,9</sup>			X <sup>10</sup>		
New Hampshire		No state sales tax												
New Jersey	7	X	X	X	X	X	X							
New Mexico <sup>**</sup>	5											X <sup>10</sup>		X
New York	4	X	X	X			X					X	X	
North Carolina <sup>**</sup>	3		X			3 and 6.5	X	X <sup>8,9</sup>	X <sup>8,9</sup>			X <sup>10</sup>	X	
North Dakota <sup>**</sup>	5	X	X	X			X	X <sup>8</sup>	X <sup>8</sup>			X <sup>10</sup>		
Ohio <sup>+</sup>	5	X	X	X								X	X	
Oklahoma <sup>**</sup>	4.5	X	X	X			X	X	X <sup>8</sup>			X <sup>11</sup>		X
Oregon		No state sales tax												
Pennsylvania	6	X	X		X		X					X	X	
Rhode Island <sup>*</sup>	7	X	X	X	X		X	X <sup>8,9</sup>	X <sup>8</sup>			X <sup>10</sup>		
South Carolina	5		X	X				X <sup>8,9</sup>	X <sup>8</sup>			X <sup>10</sup>		
South Dakota <sup>**</sup>	4		X									X <sup>10</sup>	X	X
Tennessee <sup>+</sup>	5.5		X	X								X		
Texas <sup>**</sup>	6.25	X	X	X								X <sup>10</sup>		
Utah <sup>**</sup>	5		X	2			X					X <sup>10</sup>	X	
Vermont	4	X	X	X		X	X	X <sup>8</sup>	X <sup>8</sup>			X <sup>10</sup>		X
Virginia <sup>+</sup>	3.5		X	X		X	X	X <sup>8</sup>	X <sup>8</sup>			X <sup>10,11</sup>	X	
Washington <sup>**</sup>	6.5	X	X				X				X	X <sup>10</sup>		
West Virginia	6		X	X		n.a.					X	X	X	
Wisconsin <sup>**</sup>	5	X	X	X			X					X <sup>10</sup>		
Wyoming <sup>**</sup>	3		X									X <sup>10</sup>		X
Total Exempting		27	43	27	6	9	29	24	28	4	45	12	7	
Total Taxing		19	3	19	40	36	7	22	18	42	1	34	n.a.	

*Table 29 (cont.)*  
**State Sales Tax Rates and Exemptions, November 1990**

n.a.—not applicable

X—Exempt

+—Local sales taxes are additional; see Table 33.

<sup>1</sup> State sales tax exemption usually applies for food for home consumption only, not for on-premise consumption.

<sup>2</sup> Charges that are merely incident to sale are usually taxable.

<sup>3</sup> If sale to contractor or repairer is exempt, resale is taxable, and vice versa.

<sup>4</sup> Exempt if contract makes contractor a government agent and title passes directly from seller to U.S. This rule apparently applies in every jurisdiction.

<sup>5</sup> Producing tangible personalty for sale.

<sup>6</sup> The sales tax credit may be administered either in conjunction with a personal income tax (Hawaii, Idaho, New Mexico, and Vermont) or as a separate refund program (Kansas, South Dakota, Wyoming).

<sup>7</sup> Alabama telephone service is not taxed under the sales tax statute; however, a 4% privilege tax, limited to utilities, is considered equivalent to a sales tax.

<sup>8</sup> Exempt when billed separately from materials.

<sup>9</sup> Books must show receipts separately for sales and services.

<sup>10</sup> If becoming an ingredient or component part of property manufactured.

<sup>11</sup> Exempt if sales to businesses in enterprise zone (Arkansas, Colorado, Kansas, Kentucky, Louisiana, Michigan, New Jersey, Oklahoma, Texas). In Virginia, all items for businesses in the zone are exempt for 5 years. In Illinois, exemption applies to building materials and operating high-impact service facilities. In Oklahoma, exemption applies to materials for new or expanded manufacturing facility costing over \$5 million and adding at least 100 new full-time jobs.

<sup>12</sup> In California, tax is a 911 surcharge and rate varies depending on 911 revenue requirements

<sup>13</sup> Mississippi has interpreted its statutes to include end user (customer) access charges, which are interstate services established by FCC.

<sup>14</sup> Generally taxes business activities under the gross receipts tax.

<sup>15</sup> Basic local exchange service is exempt.

<sup>16</sup> Wisconsin is the only state to include intrastate and interstate carrier access charges in the tax base. Similar provisions to apply the sales tax to access charges were repealed in South Carolina effective 7/1/87, and in Maine effective 1/1/88.

**\*State Notes**

<b>Alabama</b>	Prescription drugs for persons over age 65 are exempt.
<b>Arkansas</b>	Exempts the first 500 kilowatt hours of electricity per month for residential customers whose income is not more than \$12,000 per year.
<b>Connecticut</b>	Clothing costing less than \$75 and all children's (under age 10) clothing is exempt.
<b>Georgia</b>	Certain foods will be exempt after 9/1/90.
<b>Hawaii</b>	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 until 12/31/90.
<b>Illinois</b>	One percent tax on food and drugs.
<b>Kansas</b>	Related income tax credit allowed for senior citizens depending on income level. Local tax is imposed on sales of natural gas, electricity, heat, and water delivered through mains, lines, or pipes.
<b>Kentucky</b>	Coal for the manufacturing of electricity is exempt. Sales of sewer services, water, and fuel are exempt.
<b>Louisiana</b>	Food is taxed at 3%. Exemptions do not apply to local sales taxes.
<b>Maine</b>	The first 750 KWH per month is exempt.
<b>Massachusetts</b>	Sales tax applies if an item of clothing or footwear costs more than \$175. Exemption does not apply to sports and specialty clothing. As of 3/6/91, the 5% rate will be applied to various services.

<b>Minnesota</b>	Residential use of natural gas or electricity for heating purposes is exempt from November through April. Water and sewer for residential use are exempt.
<b>New Mexico</b>	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 to offset the tax.
<b>Nevada</b>	The state has a mandatory 3.75% local sales tax, which in practice gives the state a statewide tax rate of 5.75%.
<b>North Carolina</b>	Food purchased with food stamps is exempt.
<b>North Dakota</b>	Gross receipts from sales of electricity is exempt.
<b>Oklahoma</b>	Cities and counties are not prohibited from levying and collecting taxes on the sale of natural gas and electricity.
<b>Rhode Island</b>	Sales tax applies for sports clothing.
<b>Texas</b>	Cities may impose their local tax on the residential use of gas, electricity, and telecommunications.
<b>Utah</b>	Utility sales tax rate on gas, electricity, heat, coal, fuel oil, or other fuels for residential use is 2%.
<b>Washington</b>	Sales of natural or manufactured gas are exempt.
<b>Wisconsin</b>	Residential use of natural gas or electricity for heating purposes is exempt from November through April.

Sources: ACIR staff compilations as of November 1990 based on Commerce Clearing House, *State Tax Guide* (Chicago, 1990); and Prentice Hall, *All States Tax Handbook, 1990* (Englewood Cliffs, New Jersey, 1990).

*Table 30*  
**State Use Tax Laws on Mail Order Sales**

In *National Bellas Hess, Inc. v. Illinois Department of Revenue* 386 US 753 (1967), the U.S. Supreme Court held that Illinois cannot require a foreign mail order company to collect and remit use tax on sales made to an Illinois resident when the company's only activity in the state is solicitation of sales by catalogs and flyers followed by delivery of the goods by mail or common carrier. The court held that the due process clause of the U.S. Constitution was violated in that the company received no benefit from the state in return for the burden of collecting and remitting the tax. Also, the mail order transactions involved were exclusively interstate in character and the Illinois use tax collection requirements would impede the free flow of interstate business in violation of the commerce clause of the U.S. Constitution.

While use tax liability is on the consumer, many states require a seller with nexus to collect the use tax from the consumer and are liable if they fail to collect the tax. The following is a chart of a seller's state-by-state responsibility to collect a state's use tax.

**Alabama**

Not liable if only sending catalogs into the state.

**Arizona**

Liable if solicitations are substantial and recurring and if retailer benefits from in-state banking, financing, debt collection, communication system, or marketing activities; or authorized installation, servicing or repair facilities.

**Arkansas**

Liable if retailer engages in continuous, regular, or systematic solicitation by advertisement or through mail order or catalog publications. Use tax imposed on distribution of tangible personal property.

**California**

Liable if retailer engages in business in the state.

**Colorado**

Not liable if only connection is by U.S. mail or common carrier.

**Connecticut**

Liable if retailer solicits sales in the state and makes 100 or more retail sales to destinations within the state during the 12-month period ended on the preceding September 30; no tax if only using mail or common carrier.

**District of Columbia**

Liable.

**Florida**

Liable if out-of-state dealer is a corporation doing business under the laws of Florida or a person domiciled in Florida, maintains retail establishments or offices in the state, has agents in the state, creates nexus with the state or consents to imposition of the tax; if the property was delivered in this state in fulfillment of a sales contract that was entered into in this state; if another jurisdiction uses its taxing powers and its jurisdiction over the retailer in support of this state's taxing powers, the dealer is subject to service of process, the dealer's mail order sales are subject to the power of this state to tax sales or to require the dealer to collect use taxes under a statute or statutes of the United States; the dealer, while not having nexus with this state on any of the basis described above or below, is a corporation that is a member of an affiliated group of corporations (as defined in Internal Revenue Code Sec. 1504(a) whose members are includible under IRC Sec. 1504(b) and whose members are eligible to file a consolidated federal corporation income tax return and any parent or subsidiary corporation in the affiliated group has nexus with Florida on one or more of the bases described above or below; or the dealer or his activities have sufficient connection with or relationship to this state or its residents of some type other than those described above to create nexus empowering this state to tax its mail order sales or to require the dealer to collect sales tax or accrue use tax

**Georgia**

Liable.

**Hawaii**

Liable.

**Idaho**

Liable if retailer engages in business in the state.

**Illinois**

Liable if retailer engages in business in the state.

**Indiana**

Liable if retailer engages in business in the state, which does not include delivery by common carrier or parcel post.

**Iowa**

Liable if retailer benefits from any in-state banking, financing, debt collection, telecommunications, or market activities; or benefits from authorized installation, servicing, or repair facilities.

**Kansas**

Liable if retailer maintains place of business or agent in the state or solicits orders through catalog or other advertising media.

**Kentucky**

Liable if retailer utilizes services of any in-state financial institution, telecommunication system, radio or TV station, cable TV service, print media, or other facility or service.

**Louisiana**

Liable if retailers make sales of tangible personal property for distribution, storage, use, or other consumption in the state. Use tax due on mail order shipments by concerns having a place of business or qualified to do business in the state.

**Maine**

Liable if retailer has employee or agent in the state.

**Maryland**

Liable if retailer engages in business in the state.

**Massachusetts**

Liable. The Massachusetts Department of Revenue will not enforce the law until federal statutory or case law specifically authorizes each state to require foreign mail order vendors to collect sales and use taxes on goods delivered to that state.

**Michigan**

No tax on the storage, use, or consumption of property that the state is prohibited from taxing under U.S. law.

**Minnesota**

Liable if retailer has agent or place of business in the state.

**Mississippi**

Liable if retailer does business in the state.

**Missouri**

Not liable unless retailer has agent or representative in the state or maintains place of business and a stock of goods, or engages in business activities, and total gross receipts exceed \$500,000 in Missouri or \$12.5 million in the U.S. in the preceding calendar year.

**Nebraska**

Not liable if only connection is by mail, advertisements, etc.

**Nevada**

Liable if retailer maintains place of business in the state.

*Table 30 (cont.)*  
**State Use Tax Laws on Mail Order Sales**

**New Jersey**

Not liable if only connection is by mail or common carrier.

**New Mexico**

Liable if attempting to exploit in-state markets, including delivering or distributing products as a consequence of an advertising or other sales program.

**New York**

Liable if retailer has more than \$300,000 in gross receipts from deliveries in New York and more than 100 deliveries into New York in December-November, period and solicitation satisfied nexus requirement of U.S. Constitution.

**North Carolina**

Liable if retailer engages in business in the state.

**North Dakota**

Liable if retailer has place of business or agent in the state; not liable if all business in state is conducted by U.S. mail, telephone, or common carrier.

**Ohio**

Liable if sufficient nexus exists, which includes conducting a continuing pattern of advertising, for mail order retailers who benefit from in-state banking, financing, debt collection, telecommunication, or marketing activities, or from installation, servicing, or repair facilities, and telecommunication shopping systems utilizing a toll-free number intended to be broadcast or transmitted to consumers in the state.

**Oklahoma**

Liable if retailer engages in business through continuous, regular, or systematic solicitation of retail sales by advertisement through mail order or catalog publications.

**Pennsylvania**

Liable if retailer creates nexus with the state.

**Rhode Island**

Liable if retailer maintains place of business or agent in the state.

**South Carolina**

Not liable if orders are received by mail or telephone at place of business outside the state and delivered by mail or common carrier.

**South Dakota**

Liable if retailer engages in business in the state.

**Tennessee**

Liable if retailer engages in regular or systematic solicitation

of a consumer market by advertising or by means of a communication system.

**Texas**

Liable if retailer solicits orders by means of advertising originating in the state, solicits orders by mail and benefits from any banking, financing, debt collection, telecommunication, or marketing activities, or from installation, servicing, or repair facilities; or solicits orders by mail or through other media and under federal law is subject to or permitted to be made subject to the jurisdiction of the state.

**Utah**

Liable if retailer engages in regular or systematic solicitation of in-state consumer market by advertising by print, radio or television, or communication system.

**Vermont**

Liable if retailer solicits sales through a representative, owns or controls a person engaged in the same manner or similar line of business, or maintains or has a franchisee or licensee operating under such person's name in the state if the franchisee or licensee is required to collect the sales tax, makes sales from outside the state to a destination within the state who engages in regular, systematic, or seasonal solicitation of sales in the state through the display or distribution of advertising in the state or by communication systems if such person has made sales from outside the state to destinations within the state of at least \$50,000 during any 12-month period preceding the monthly or quarterly period for determining state sales tax liability.

**Virginia**

Not liable if retailer advertises only through U.S. mail and makes delivery by common carrier.

**Washington**

Liable if gross proceeds of sales of tangible personal property delivered from outside the state to in-state destinations exceed \$500,000 during any 12-month period.

**West Virginia**

Liable if retailer has physical presence in the state or any other presence constituting nexus.

**Wisconsin**

Not liable if only connection is sending catalogs if subsequent orders are shipped by mail or common carrier, or receiving mail or telephone orders outside the state if such orders are shipped by mail or common carrier.

**Wyoming**

Liable if retailer has agents in the state.

Source: Commerce Clearing House, *State Tax Guide* (Chicago, November 1990), Volume 2.

Table 31  
State General Sales Tax Rates, Selected Years, 1978-1990

State	10/1/90	10/1/89	10/1/88	7/1/87	7/1/86	7/1/85	7/1/84	7/1/82	7/1/80	7/1/78
U.S. Median		5.0%	5.0%	5.0%	5.0%	4.75%	4.75%	4.0%	4.0%	4.0%
Alabama <sup>+</sup>	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Alaska										
Arizona <sup>+</sup>	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0
Arkansas <sup>+</sup>	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0
California <sup>+</sup>	5.0 <sup>1</sup>	5.0 <sup>1</sup>	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75
Colorado <sup>+</sup>	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Connecticut	8.0	8.0	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.0
Delaware										
District of Columbia	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0	5.0
Florida <sup>+</sup>	6.0	6.0	6.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0
Georgia <sup>+</sup>	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Hawaii <sup>2</sup>	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Idaho	5.0	5.0	5.0	5.0	5.0	4.0	4.0	3.0	3.0	3.0
Illinois <sup>+</sup>	6.25	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0
Indiana	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0
Iowa <sup>+</sup>	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0
Kansas <sup>+</sup>	4.25	4.25	4.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0
Kentucky <sup>+</sup>	6.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Louisiana <sup>+</sup>	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0
Maine	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Maryland	5.0	5.0	5.0	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	5.0	5.0	5.0
Michigan	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Minnesota <sup>+</sup>	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0	4.0	4.0
Mississippi	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0
Missouri <sup>+</sup>	4.225	4.425 <sup>3</sup>	4.225	4.225	4.225	4.225	4.125	3.125	3.125	3.125
Montana										
Nebraska <sup>+</sup>	5.0	4.0	4.0	4.0	3.5	3.5	3.5	3.5	3.0	3.0
Nevada <sup>+</sup>	5.75 <sup>4</sup>	5.75 <sup>4</sup>	5.75 <sup>4</sup>	5.75 <sup>4</sup>	5.75 <sup>4</sup>	5.75 <sup>4</sup>	5.75 <sup>4</sup>	5.75 <sup>4</sup>	3.0	3.0
New Hampshire										
New Jersey	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0
New Mexico	5.0	4.75	4.75	4.75	4.75	3.75	3.75	3.5	3.75	3.75
New York <sup>+</sup>	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
North Carolina <sup>+</sup>	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
North Dakota <sup>+</sup>	5.0	5.0	5.5	5.5	4.0	4.0	4.0	3.0	3.0	3.0
Ohio <sup>+</sup>	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0
Oklahoma <sup>+</sup>	4.5	4.0	4.0	4.0	3.25	3.25	3.0	2.0	2.0	2.0
Oregon										
Pennsylvania <sup>+</sup>	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Rhode Island	7.0 <sup>5</sup>	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
South Carolina <sup>+</sup>	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	3.0
South Dakota <sup>+</sup>	4.0	4.0	4.0	5.0	4.0	4.0	4.0	4.0	5.0	4.0
Tennessee <sup>+</sup>	5.5	5.5	5.5	5.5	5.5	5.5	5.5	4.5	4.5	4.5
Texas <sup>+</sup>	6.25	6.0	6.0	6.0	4.125	4.125	4.0	4.0	4.0	4.0
Utah <sup>+</sup>	5.0	5.0938	5.0938	5.0938	4.5938	4.625	4.625	4.0	4.0	4.0
Vermont	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0
Virginia <sup>+</sup>	3.5	3.5	3.5	3.5	3.0	3.0	3.0	3.0	3.0	3.0
Washington <sup>+</sup>	6.5	6.5	6.5	6.5	6.5	6.5	6.5	5.4	4.5	4.6
West Virginia	6.0	6.0	6.0	5.0	5.0	5.0	5.0	5.0	3.0	3.0
Wisconsin <sup>+</sup>	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0
Wyoming <sup>+</sup>	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0

<sup>+</sup> Local sales taxes are additional.

<sup>1</sup> California's rate was increased temporarily to 5% to provide funds for earthquake relief. On 1/1/91, the rate is scheduled to decrease to 4.75%.

<sup>2</sup> Hawaii levies its retail sales tax as part of a multirate general excise (gross receipts) tax.

<sup>3</sup> Missouri's rate was 4.425% from 10/1/89 to 6/30/90.

<sup>4</sup> Includes statewide state-levied local tax of 3.75% and a 2% state rate.

<sup>5</sup> Rhode Island's rate will be reduced to 6.5% on 7/1/91.

Source: ACTR staff compilation from Commerce Clearing House, *State Tax Guide* (Chicago, November 1990). See also Tables 32 and 33.

Table 32  
Local Governments with Sales Taxes, Selected Years 1976-1990

State	1990	1989	1988	1987	1986	1984	1981	1979	1976
<b>Alabama (Total)</b>	403	398	389	382	374	353	321	301	265
Municipalities	344	343	334	326	323	310	281	270	
Counties	59	55	55	56	51	43	40	31	
<b>Alaska (Total)</b>	101	101	101	93	97	99	92	93	86
Municipalities	95	95	95	87	91	92	85	86	
Boroughs	6	6	6	6	6	7	7	7	
<b>Arizona (Total)</b>	85	83	81	77	75	70	59	39	—
Municipalities	82	81	79	75	74	70	59	39	38
Counties	3	2	2	2	1	—	—	—	—
<b>Arkansas (Total)*</b>	185	175	142	111	78	60	2	1	1
Municipalities	131	120	100	76	59	44	2	1	
Counties	54	55	42	35	19	16	—	—	
<b>California (Total)*</b>	460	450	446	445	444	443	441	441	438
Municipalities	380	380	380	380	380	380	380	380	
Counties	58	58	58	58	58	58	58	58	
Special Districts	22	12	8	7	6	5	3	3	
<b>Colorado (Total)</b>	236	235	235	225	222	205	183	165	121
Municipalities	198	200	200	193	191	175	159	144	
Counties	37	34	34	31	30	29	23	20	
Transit District	1	1	1	1	1	1	1	1	
<b>Florida (Total)*</b>	23	11							
Counties	21	10	10	0	0	—	—	—	—
Transit District	2	1							
<b>Georgia (Total)*</b>	165	154	155	144	143	133	104	84	16
Municipalities	0	0	0	0	0	0	0	3	
Counties	164	153	154	143	142	132	103	80	
Transit District	1	1	1	1	1	1	1	1	
<b>Idaho*</b>									
<b>Illinois (Total)*</b>	34	1,348	1,383	1,375	1,376	1,353	1,359	1,359	1,342
Municipalities	31	1,278	1,279	1,271	1,272	1,249	1,256	1,256	
Counties	0	68	102	102	102	102	102	102	
Transit Districts	2	2	2	2	2	2	1	1	
Water District	1								
<b>Iowa</b>									
Counties	12	9	5						
<b>Kansas (Total)</b>	180	178	175	168	168	139	40	20	7
Municipalities	119	116	112	108	108	87	35	15	
Counties	61	62	62	60	60	52	5	5	
<b>Louisiana (Total)</b>	325	325	302	302	287	253	251	217	183
Municipalities	193	189	193	192	177	158	152	136	
Parishes	63	64	63	63	63	30	30	21	
School Districts	48	47	46	47	47	65	66	60	
Special Districts	21	25	23	23	23	18	12	7	
<b>Minnesota</b>									
Municipalities	3	3	3	3	1	2	1	1	1
<b>Missouri (Total)*</b>	725	698	674	657	556	487	333	215	152
Municipalities	508	490	479	474	458	406	332	214	
Counties	126	126	120	114	98	81		1	1
Transit Districts	91	82	75	69					
<b>Nebraska</b>									
Municipalities	41	30	25	22	16	12	7	4	—
<b>Nevada (Total)*</b>	7	7	7	7	5	1	1	13	12
Municipalities	—	—	—	—	—	—	—	—	1
Counties	7	7	7	7	5	1	1	12	
<b>New Mexico (Total)</b>	135	134 <sup>c</sup>	132	128	134	120	84	99	32
Municipalities	102	101 <sup>c</sup>	101	100	101	98	76	93	
Counties	33	33	31	28	33	22	8	6	
<b>New York (Total)</b>	87	85	83	85	81	87	74	70	68
Municipalities	25	30	28	26	27	29	29	25	
Counties	61	54	54	58	53	57	45	45	
Transit District	1	1	1	1	1	1	—	—	



Table 32 (cont.)  
Local Governments with Sales Taxes, Selected Years 1976-1990

State	1990	1989	1988	1987	1986	1984	1981	1979	1976
<b>North Carolina</b>									
Counties	100	100	100	100	100	100	99	99	96
<b>North Dakota</b>									
Municipalities	5	5	4	3	3	—	—	—	—
<b>Ohio (Total)</b>	89	90	88	81	76	65	55	51	33
Counties	83	85	83	79	74	62	52	50	
Transit Districts	4	3	3	2	2	3	3	1	
Islands	2	2	2						
<b>Oklahoma (Total)</b>	494	492	479	473	466	447	398	398	356
Municipalities	470	468	458	457	452	441	398	398	356
Counties	24	24	21	16	14	6	—	—	—
<b>South Carolina*</b>									
<b>South Dakota (Total)</b>	139	135	120	111	107	82	61	46	18
Municipalities	136	132	117	111	107	82	61	46	18
Indian Reservations	3	3	3	—	—	—	—	—	—
<b>Tennessee (Total)</b>	104	106	106	105	105	102	105	104	115
Municipalities	9	11	11	10	10	8	11	12	
Counties	95	95	95	95	95	94	94	92	
<b>Texas (Total)*</b>	1,276	2,610	1,107	1,029	1,032	1,120	949	946	854
Municipalities	1,164	2,521	1,023	1,023	1,026	1,117	921	921	
Counties	105	82	78						
Transit Districts	7	7	6	6	6	3	28	25	
<b>Utah (Total)*</b>	251	260	258	248	248	248	n.a.	230	204
Municipalities	222	225	222	219	219	219	n.a.	201	
Counties	29	29	29	29	29	29	29	29	
Transit Districts	n.a.	6	7						
<b>Virginia (Total)</b>	136	136	136	136	136	136	136	136	133
Municipalities	41	41	41	41	41	41	41	41	
Counties	95	95	95	95	95	95	95	95	
<b>Washington (Total)</b>	307	305	307	307	305	306	302	302	300
Municipalities	268	266	267	268	266	267	264	264	
Counties	39	39	40	39	39	39	38	38	
<b>Wisconsin</b>									
Counties	28	24	18	12	2	—	—	—	—
<b>Wyoming</b>									
Counties	19	19	16	15	14	15	15	13	5
<b>U.S. Total</b>	6,155	8,814	6,955	6,892	6,705	6,492	5,702 <sup>e</sup>	5,448	4,893
<b>Percentage Change from Previous Year</b>	30%	26%	1%	1%	1%	14%	5%	11%	
n.a. not available									<sup>e</sup> estimate
— not authorized									<sup>c</sup> correct from last edition

\*State Notes

<b>Arkansas</b>	Local governments can levy a 1% sales tax for 12 months to finance Capital Improvements.	<b>Illinois</b>	On 1/1/90, a portion of the statewide sales tax will be returned to local governments where the goods were purchased. On 9/1/90, home rule cities will be able to impose sales taxes. All taxes will be collected by the state department of revenue. As a result, the number of local government units with sales taxes has decreased. Municipalities impose and collect a use tax.
<b>California</b>	Los Angeles and San Francisco impose a special gross receipts tax. The 22 Special Districts include 19 Transit Districts.	<b>Iowa</b>	Excluded from total. Tax is on a county basis.
<b>Florida</b>	There are 21 local governments that impose the sales tax as a local infrastructure surtax and 2 as a Charter County Transit System surtax.	<b>Missouri</b>	Dedicated for transportation purposes.
<b>Georgia</b>	Local School Tax—Specified counties are authorized to impose a local sales and use tax for educational purposes. To date, no counties levy the tax.	<b>Nevada</b>	Includes only counties that levy an optional local sales tax to promote tourism or for transportation.
<b>Idaho</b>	Resort cities may, subject to voter approval, adopt, implement, and collect a tax on part or all of the sales subject to the state sales tax.	<b>Utah</b>	All counties impose sales tax. As of 1/1/90, most recent statistics available from the Utah Department of Revenue.

Source: ACIR staff compilations based on Commerce Clearing House, *State Tax Reporter* (Chicago, November 1990). See also Advisory Commission on Intergovernmental Relations, *Local Revenue Diversification: Local Sales Taxes* (Washington, DC, 1989). See Table 33 for local rates.

Table 33  
**Combined State-Local General Sales Tax Rates, Selected Cities, November 1990**

State	City (County)	State Tax	County Tax	City Tax	Other Tax	Combined State-Local Tax Rate
Alabama*	Birmingham (Jefferson)	4.0	1.0	2.0	1.0	8.0
	Huntsville (Madison)	4.0	1.0	3.0	1.5	9.5
	Mobile (Mobile)	4.0	1.0	3.0	1.5	9.5
Alaska*	Juneau (Juneau)	—		4.0		4.0
Arizona*	Phoenix (Maricopa)	5.0		1.2	0.5	6.7
	Tucson (Pima)	5.0		2.0		7.0
Arkansas*	Fayetteville (Washington)	4.0	1.0	1.0		6.0
	Fort Smith (Sebastian)	4.0		2.0		6.0
	Little Rock (Pulaski)	4.0	2.0			6.0
	Pine Bluff (Jefferson)	4.0		1.0		5.0
California*	Anaheim (Orange)	5.0	1.25			6.25
	Los Angeles (Los Angeles)	5.0	1.25		0.5	6.75
	Sacramento (Sacramento)	5.0	1.25		0.5	6.75
	San Diego (San Diego)	5.0	1.25		1.0	7.25
	San Francisco (San Francisco)	5.0	1.25		0.5	6.75
Colorado*	Colorado Springs (El Paso)	3.0	1.0	2.5	0.6	6.5
	Denver (Denver)	3.0		3.5	0.6	7.1
	Golden (Jefferson)	3.0	0.5	2.0		6.1
	Pueblo (Pueblo)	3.0		3.5		6.5
Connecticut	No local general sales taxes	8.0				8.0
Delaware	No state or local general sales taxes	—				—
District of Columbia		n.a.		6.0		6.0
Florida*	Jackson County	6.0	1.0			7.0
	Jefferson County	6.0	1.0			7.0
Georgia*	Atlanta (Fulton)	4.0	1.0		1.0	6.0
	Columbus (Muscogee)	4.0	1.0			5.0
	Macon (Bibb)	4.0	1.0			5.0
	Savannah (Chatham)	4.0	1.0			5.0
Hawaii	No local general sales taxes	4.0				4.0
Idaho*	No local general sales taxes	5.0				5.0
Illinois*	Chicago (Cook)	6.25		1.0	0.75	8.0
	Peoria (Peoria)	6.25		1.0		7.25
	Rockford (Winnebago)	6.25				6.25
	Springfield (Sangamon)	6.25		1.0		7.25
Indiana	No local general sales taxes	5.0				5.0
Iowa*	(see Iowa note)	4.0	1.0			5.0
Kansas*	Kansas City (Wyandotte)	4.25	1.0	1.0		6.25
	Topeka (Shawnee)	4.25		1.0		5.25
	Wichita (Sedgwick)	4.25	1.0			5.25
Kentucky	No local general sales taxes	6.0				6.0
Louisiana*	Baton Rouge (E. Baton Rouge)	4.0	4.0			8.0
	Lafayette (Lafayette)	4.0	1.5	2.0		7.5
	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	2.5	2.5		9.0
Maine	No local general sales taxes	5.0				5.0
Maryland	No local general sales taxes	5.0				5.0
Massachusetts	No local general sales taxes	5.0				5.0
Michigan	No local general sales taxes	4.0				4.0
Minnesota*	Duluth (St. Louis)	6.0		1.0		7.0
	Minneapolis (Hennepin)	6.0		0.5		6.5
Mississippi	No local general sales taxes	6.0				6.0

Table 33 (cont.)  
**Combined State-Local General Sales Tax Rates, Selected Cities, November 1990**

State	City (County)	State Tax	County Tax	City Tax	Other Tax	Combined State-Local Tax Rate
Missouri*	Independence (Jackson)	4.225	0.75	1.0	0.5	5.975
	Kansas City (Jackson)	4.225	0.75	1.0	0.5	6.475
	St. Louis City	4.225		1.0		5.725
	Springfield (Greene)	4.225	0.5	1.25		5.975
Montana	No state or local general sales taxes	—				—
Nebraska*	Lincoln (Lancaster)	5.0		1.5		6.5
	Omaha (Douglas)	5.0		1.5		6.5
Nevada*	Las Vegas (Clark)	5.75			0.25	6.0
	Reno (Washoe)	5.75		0.25		6.0
New Hampshire	No state or local general sales taxes	—				—
New Jersey	No local general sales taxes	7.0				7.0
New Mexico*	Albuquerque (Bernalillo)	5.0		0.75		5.75
	Santa Fe (Santa Fe)	5.0		0.875		5.875
New York*	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
	Yonkers (Westchester)	4.0	1.5	2.5	0.25	8.25
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
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
Ohio*	Akron (Summit)	5.0	0.5			5.5
	Cincinnati (Hamilton)	5.0	0.5			5.5
	Cleveland (Cuyahoga)	5.0	1.0		1.0	7.0
	Columbus (Franklin)	5.0	0.5		0.25	5.75
	Dayton (Montgomery)	5.0	1.0		0.5	6.5
	Toledo (Lucas)	5.0	1.0			6.0
	Youngstown (Mahoning)	5.0	0.5			5.5
Oklahoma*	Tahlequah (Cherokee)	4.5	1.0	2.0		7.5
	Oklahoma City (Canadian)	4.5		2.875		7.375
	Okmulgee (Okmulgee)	4.5		3.5		8.0
	Tulsa (Tulsa)	4.5		3.0		7.5
Oregon	No local general sales taxes	—				—
Pennsylvania	No local general sales taxes	6.0				6.0
Rhode Island	No local general sales taxes	7.0				7.0
South Carolina*	No local general sales taxes imposed	5.0				5.0
South Dakota*	Sioux Falls (Minnehaha)	4.0		2.0		6.0
	Pierre (Hughes)	4.0		1.0		5.0
Tennessee*	Chattanooga (Hamilton)	5.5	1.75			7.25
	Knoxville (Knox)	5.5	2.25			7.75
	Memphis (Shelby)	5.5	2.25			7.75
	Nashville (Davidson)	5.5	2.25			7.75
Texas*	Abilene (Taylor)	6.25		2.0		8.25
	Austin (Travis)	6.25		1.0	1.0	8.0
	Dallas (Dallas)	6.25		1.0		8.25
	Fort Worth (Tarrant)	6.25		1.0		7.75
	Houston (Harris)	6.25		1.0	0.25	8.25
	Lubbock (Lubbock)	6.25	0.5	1.0	0.25	7.75
	Pasadena (Harris)	6.25		1.0	0.25	7.25
	Utah*	Provo (Utah)	5.0	1.0		0.25
Orem (Utah)	5.0	1.0		0.25	6.25	
Salt Lake City (Salt Lake)	5.0	1.0		0.25	6.25	

Table 33 (cont.)  
**Combined State-Local General Sales Tax Rates, Selected Cities, November 1990**

State	City (County)	State Tax	County Tax	City Tax	Other Tax	Combined State-Local Tax Rate
Vermont	No local general sales taxes	4.0				4.0
Virginia*	Alexandria	3.5		1.0		4.5
	Newport News	3.5		1.0		4.5
	Norfolk	3.5		1.0		4.5
	Richmond	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	
Washington*	Seattle (King)	6.5		1.7		8.2
	Spokane (Spokane)	6.5		1.4		7.9
	Tacoma (Pierce)	6.5		1.3		7.8
West Virginia	No local general sales taxes	6.0				6.0
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
Wyoming*	Cheyenne (Laramie)	3.0	1.0			4.0
	Casper (Natrona)	3.0	1.0			4.0

**\*State Notes**

**Alabama** 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 is half the rate applicable within the corporate limits.

**Alaska** 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 on 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.

**Arizona** 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.

**Arkansas** Cities are allowed to impose an extra 1.0% for 24 months to finance capital improvements, with voter approval. Counties may 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.

**California** Effective from 12/1/89 through 12/31/90, the state sales tax rate increased from 4.75% to 5% to provide funds for earthquake relief. The tax is scheduled to decrease to 4.75% on 1/1/91. 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 6.25%, except in transit district, which cannot exceed 6.75%.

**Colorado** The regional transportation district, consisting of the City and County of Denver and portions

of Adams, Arapahoe, Jefferson, Boulder, and Douglas counties, levies a 0.6% sales tax. City sales taxes are in addition to any county sales taxes. Denver levies a 4% tax on food for immediate consumption and liquor by the drink. Pueblo County imposes a use tax of 1% on motor vehicles only. Other authorized taxes include the following: Incorporated cities and towns may levy sales and/or use taxes, with voter approval. Public highway authorities are authorized to levy sales and use tax not to exceed 0.4%. Local improvement district tax—board of county having a population greater than 100,000 may fund all or a portion of the cost of specified local improvements by levying a sales tax not to exceed 0.5% through the local improvement district, with voter approval. Denver metropolitan baseball stadium district tax—if approved by the voters, to fund construction of a major league baseball stadium.

**Florida** Governing body in each county may levy a local government infrastructure (sales) surtax for up to 15 years, with voter approval.

**Georgia** The general assembly has authorized the imposition of joint county and municipal sales and use taxes. It created special districts, based on county lines, which may impose a 1.0% tax. The Metropolitan Atlanta Rapid Transit Authority levies an additional sales tax of 1.0%. Specified counties are authorized to impose a local sales and use tax for educational purposes.

**Hawaii** Hawaii counties (except Kalawao County) may impose a 0.5% general excise (sales) and use tax surcharge to provide funds for public mass transit projects from January 1, 1993, through December 31, 2002.

*Table 33 (cont.)*  
**Combined State-Local General Sales Tax Rates, Selected Cities, November 1990**

**State Notes (cont.)**

<b>Idaho</b>	Cities that derive a major portion of their economic well-being from tourism may impose a sales tax on all sales subject to taxation under state Sales and Use Tax Act if approved by 60% of the cities' voters.	<b>New York</b>	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 is imposed in New York City and the counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester. Yonkers preempts a portion of the county tax.
<b>Illinois</b>	As of 1/1/90, the state tax rate is 6.25%, with 1.25% being returned to the local government of origin. As of 9/1/90, home rule cities are able to impose sales taxes at 0.25% increments, which will be collected by the state department of revenue. 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 0.75%. Chicago imposes its own sales and use tax of 1%. DuPage County water district levys a 0.25% tax.	<b>North Carolina</b>	Counties may impose a 1%-2% sales tax, with voter approval.
<b>Iowa</b>	The cities of Bertram and Polk City have a tax rate of 1.0%. Counties are authorized to levy a local sales and service tax at a rate not to exceed 1%, with voter approval. Based on state sales tax laws.	<b>Ohio</b>	Counties may impose a sales tax not to exceed 1.5%. An additional transit tax is imposed in several counties, but may not exceed 1.5%.
<b>Kansas</b>	Cities and counties may impose a 0.5% or 1.0% sales tax.	<b>Oklahoma</b>	Counties may impose a sales tax not to exceed 2.0%. City sales taxes are in addition to any county sales taxes.
<b>Louisiana</b>	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 parish sales taxes. Any school board taxes are included in parish sales taxes.	<b>South Carolina</b>	Counties may impose 1% sales and use taxes on the gross proceeds of sales subject to the state sales and use taxes, with voter approval. To date, no county sales taxes have been imposed.
<b>Minnesota</b>	Minneapolis and two other cities are authorized to levy a tax on sales of admissions, amusements, food, and nonalcoholic beverages in restaurants. Three other cities levy special taxes on the sales of food and beverage, liquor and lodging.	<b>South Dakota</b>	Municipalities may impose a sales tax not to exceed a local rate of 2%. Indian reservations impose their own tax, independent of the state.
<b>Missouri</b>	Cities may impose a 0.5-1% sales tax, except St. Louis, which may impose a 1.375% tax. Counties may impose a 0.25%-1.5% sales tax. St. Louis County imposes a 1.375% 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.	<b>Tennessee</b>	Counties may levy a local sales tax not to exceed one-half 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 may levy only the difference. If a city or county adopts a local option base, then the sales tax may be applied only 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.
<b>Nebraska</b>	Municipalities may impose a 0.5%-1.5% sales tax, with voter approval.	<b>Texas</b>	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 tax.
<b>Nevada</b>	The state sales tax of 5.75% includes 1.5% for local school support and 2.25% for local relief. 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.	<b>Utah</b>	Cities and counties may impose a sales tax of 1%. Presently, all 29 counties levy the tax. Cities within the counties that impose the tax receive a portion of the revenues. 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.
<b>New Mexico</b>	Incorporated municipalities may 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) 0.25% to support indigent hospital patients, (2) 0.125% 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.	<b>Virginia</b>	Cities are independent of counties in Virginia. Every city and county imposes a 1.0% sales tax; total combined statewide sales tax is 4.5%.
		<b>Washington</b>	Cities and counties may levy a local sales and use tax of 0.5%. They also are authorized to levy an additional sales tax not to exceed 0.6% for transportation. Counties must allow a credit for the full amount of any city sales and use taxes.
		<b>Wisconsin</b>	Counties may impose a sales tax at a rate of 0.5%.
		<b>Wyoming</b>	Counties are authorized to levy a sales tax not to exceed 1.0%.

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Reporter* (Chicago, November 1990). See also Advisory Commission on Intergovernmental Relations, *Local Revenue Diversification: Local Sales Taxes* (Washington, DC, 1989). See also Table 32.

Table 34  
State Cigarette Tax Rates per Pack

Region and State	10/1/90	10/1/89	10/1/88	7/1/87	7/1/86	7/1/85	7/1/84	7/1/82	7/1/80	7/1/78
<i>Exhibit: Federal Tax</i>	\$ .16	\$ .16	\$ .16	\$ .16	\$ .16	\$ .16	\$ .16	\$ .08	\$ .08	\$ .08
Median	.21	.20	.18	.18	.17	.17	.16	.13	.125	.12
Alabama	.165	.165	.165	.165	.165	.165	.165	.16	.12	.12
Alaska	.29	.29	.16	.16	.16	.08	.08	.08	.08	.08
Arizona	.18	.15	.15	.15	.15	.15	.15	.13	.13	.13
Arkansas	.21	.21	.21	.21	.21	.21	.21	.1775	.1775	.1775
California	.35	.35	.10	.10	.10	.10	.10	.10	.10	.10
Colorado	.20	.20	.20	.20	.20	.15	.15	.10	.10	.10
Connecticut	.40	.40	.26	.26	.26	.26	.26	.21	.21	.21
Delaware	.19 <sup>a</sup>	.14	.14	.14	.14	.14	.14	.14	.14	.14
District of Columbia	.17	.17	.17	.17	.13	.13	.13	.13	.13	.13
Florida	.339	.24	.24	.24	.24	.21	.21	.21	.21	.21
Georgia	.12	.12	.12	.12	.12	.12	.12	.12	.12	.12
Hawaii <sup>b</sup>	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%
Idaho	.18	.18	.18	.18	.091	.091	.091	.091	.091	.091
Illinois +	.30	.30	.20	.20	.20	.12	.12	.12	.12	.12
Indiana	.155	.155	.155	.155	.105	.105	.105	.105	.105	.105
Iowa	.31	.31	.34	.26	.26	.18	.18	.18	.13	.13
Kansas	.24	.24	.24	.24	.24	.16	.16	.11	.11	.11
Kentucky <sup>c</sup>	.031	.031	.03	.03	.03	.03	.03	.03	.03	.03
Louisiana	.20	.16	.16	.16	.16	.16	.16	.11	.11	.11
Maine	.31 <sup>d</sup>	.31	.28	.28	.28	.20	.20	.16	.16	.16
Maryland	.13	.13	.13	.13	.13	.13	.13	.13	.13	.10
Massachusetts	.26	.26	.26	.26	.26	.26	.26	.21	.21	.21
Michigan	.25	.25	.25	.21	.21	.21	.21	.21	.11	.11
Minnesota	.38	.38	.38	.38	.39 <sup>e</sup>	.23	.18	.18	.18	.18
Mississippi	.18	.18	.18	.18	.18	.11	.11	.11	.11	.11
Missouri	.13	.13	.13	.13	.13	.13	.13	.09	.09	.09
Montana	.18	.16	.16	.16	.16	.16	.16	.12	.12	.12
Nebraska	.27	.27	.27	.27	.23	.18	.18	.18	.13	.13
Nevada	.35 <sup>f</sup>	.35	.20	.20	.15	.15	.15	.10	.10	.10
New Hampshire	.25	.21	.17	.17	.17	.17	.17	.12	.12	.12
New Jersey +	.40	.27	.27	.27	.25	.25	.25	.24	.19	.19
New Mexico	.15	.15	.15	.15	.15	.12	.12	.12	.12	.12
New York	.39	.33	.21	.21	.21	.21	.21	.15	.15	.15
North Carolina	.02	.02	.02	.02	.02	.02	.02	.02	.02	.02
North Dakota	.30 <sup>g</sup>	.30	.27	.27	.18	.18	.18	.12	.12	.11
Ohio	.18	.18	.18	.18	.14	.14	.14	.14	.15	.15
Oklahoma	.23	.23	.23	.25	.18	.18	.18	.18	.18	.13
Oregon	.28	.27	.27	.27	.27	.19	.19	.19	.09	.09
Pennsylvania	.18	.18	.18	.18	.18	.18	.18	.18	.18	.18
Rhode Island	.37	.37	.27	.25	.25	.234	.23	.23	.18	.18
South Carolina	.07	.07	.07	.07	.07	.07	.07	.07	.07	.07
South Dakota	.23	.23	.23	.23	.23	.23	.15	.15	.14	.12
Tennessee	.13 <sup>h</sup>	.13	.13	.13	.13	.13	.13	.13	.13	.13
Texas	.41	.26	.26	.205	.205	.195	.185	.185	.185	.185
Utah	.23	.23	.23	.23	.12	.12	.12	.12	.10	.08
Vermont	.17	.17	.17	.17	.17	.17	.17	.12	.12	.12
Virginia +	.025	.025	.025	.025	.025	.025	.025	.025	.025	.025
Washington	.34	.34	.31	.31	.31	.23	.23	.208	.16	.16
West Virginia	.17	.17	.17	.18	.17	.17	.17	.17	.17	.17
Wisconsin	.30	.30	.30	.25	.25	.25	.25	.25	.16	.16
Wyoming	.12	.12	.08	.08	.08	.08	.08	.08	.08	.08

+ Local taxes are additional.

<sup>a</sup> Rate scheduled to increase to 24¢ on 1/1/91.

<sup>b</sup> Tax is 40% of wholesale price. On a per unit basis, Hawaii's tax is 30¢ per pack.

<sup>c</sup> Plus an additional .1¢ tax on each pack.

<sup>d</sup> Rate scheduled to increase to 33¢ on 1/1/91, to 37¢ on 7/1/91.

<sup>e</sup> Credit granted for federal excise tax paid.

<sup>f</sup> Rate scheduled to be reduced to 20¢ on 7/1/91.

<sup>g</sup> Rate decreases to 27¢ on 7/1/91.

<sup>h</sup> Additional 5¢ per pack fee on distributors.

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Guide* (Chicago, 1990).

Table 35  
State Gasoline Tax Rates per Gallon

Region and State	12/1/90	12/1/89	10/1/88	7/1/87	7/1/86	7/1/85	7/1/84	7/1/82	7/1/80	7/1/78
<i>Exhibit: Federal Tax</i>	\$.09	\$.09	\$.09	\$.09	\$.09	\$.09	\$.09	\$.04	\$.04	\$.04
<b>Median</b>	.16	.16	.145	.145	.13	.12	.12	.10	.09	.08
Alabama + <sup>a</sup>	.11	.11	.11	.11	.11	.11	.11	.11	.07	.07
Alaska	.08	.08	.08	.08	.08	.08	.08	.08	.08	.08
Arizona	.18	.17	.16	.16	.16	.13	.13	.10	.08	.08
Arkansas	.135	.135	.135	.135	.135	.135	.095	.095	.095	.085
California + <sup>b</sup>	.14	.09	.09	.09	.09	.09	.09	.07	.07	.07
Colorado <sup>d</sup>	.20	.20	.18	.18	.18	.12	.13	.09	.07	.07
Connecticut <sup>c</sup>	.22	.20	.20	.19	.17	.16	.15	.11	.11	.11
Delaware <sup>e</sup>	.16	.16	.16	.16	.11	.11	.11	.11	.09	.11
District of Columbia	.18	.18	.155	.155	.155	.155	.155	.14	.10	.10
Florida + <sup>f</sup>	.04	.04	.04	.04	.04	.04	.04	.08	.08	.08
Georgia <sup>g</sup>	.075	.075 <sup>h</sup>	.075 <sup>h</sup>	.075 <sup>h</sup>	.075 <sup>h</sup>	.075 <sup>h</sup>	.075 <sup>h</sup>	.075 <sup>h</sup>	.075 <sup>h</sup>	.075 <sup>h</sup>
Hawaii + <sup>h</sup>	.11	.11	.11	.11	.11	.11	.085	.085	.085	.085
Idaho	.19	.18	.18	.145	.145	.145	.145	.125	.095	.095
Illinois +	.13	.13	.13	.13	.13	.13	.12	.075	.075	.075
Indiana	.15	.15	.15	.14	.14	.14	.111	.111	.085	.08
Iowa	.20	.20	.18	.16	.16	.15	.13	.13	.10	.085
Kansas <sup>i</sup>	.16	.15	.11	.11	.11	.11	.11	.08	.08	.08
Kentucky	.15	.15	.15	.15	.15	.10	.10	.098	.09	.09
Louisiana	.20	.20	.16	.16	.16	.16	.16	.08	.08	.08
Maine	.17	.17	.16	.14	.14	.14	.14	.09	.09	.09
Maryland	.185	.185	.185	.185	.135	.135	.135	.11	.09	.09
Massachusetts <sup>j</sup>	.17	.11	.11	.11	.11	.11	.11	.104	.085	.085
Michigan	.15	.15	.15	.15	.15	.15	.15	.11	.11	.09
Minnesota	.20	.20	.20	.17	.17	.17	.17	.13	.11	.09
Mississippi +	.18	.18	.17	.15	.09	.09	.09	.09	.09	.09
Missouri	.11	.11	.11	.11	.07	.07	.07	.07	.07	.07
Montana	.20	.20	.20	.20	.15	.15	.15	.09	.09	.08
Nebraska	.214	.22	.182	.176	.19	.164	.149	.137	.105	.095
Nevada +	.1625	.1625	.1625	.1425	.1125	.1125	.1025	.1025	.06	.06
New Hampshire	.16	.14	.14	.14	.14	.14	.14	.14	.11	.10
New Jersey	.105	.105	.105	.08	.08	.08	.08	.08	.08	.08
New Mexico	.162	.162	.142	.14	.11	.11	.11	.10	.08	.07
New York +	.08	.08	.08	.08	.08	.08	.08	.08	.08	.08
North Carolina	.215	.209	.14	.155	.12	.12	.12	.12	.09	.09
North Dakota	.17	.17	.17	.17	.13	.13	.13	.08	.08	.08
Ohio	.20	.18	.148	.147	.12	.12	.12	.117	.07	.07
Oklahoma	.16	.17	.16	.16	.10	.10	.09	.0658	.0658	.0658
Oregon + <sup>k</sup>	.18	.16	.14	.12	.11	.10	.09	.08	.07	.07
Pennsylvania	.12	.12	.12	.12	.12	.12	.12	.11	.11	.09
Rhode Island <sup>l</sup>	.20	.20	.15	.13	.13	.13	.13	.10	.10	.10
South Carolina	.16	.16	.15	.15	.13	.13	.13	.13	.10	.09
South Dakota +	.18	.18	.18	.13	.13	.13	.13	.13	.12	.08
Tennessee +	.21	.21	.17	.17	.17	.12	.09	.09	.07	.07
Texas	.15	.15	.15	.15	.10	.10	.05	.05	.05	.05
Utah	.19	.19	.19	.19	.14	.14	.14	.11	.09	.09
Vermont <sup>m</sup>	.15	.15	.13	.13	.13	.13	.13	.11	.09	.09
Virginia +	.175	.175	.175	.175	.15	.11	.11	.11	.11	.09
Washington <sup>n</sup>	.22	.18	.18	.18	.18	.18	.18	.12	.12	.11
West Virginia	.155	.155	.105	.105	.105	.105	.105	.105	.105	.105
Wisconsin	.215	.208	.209	.20	.175	.165	.16	.13	.09	.07
Wyoming	.09	.09	.08	.08	.08	.08	.08	.08	.08	.08

+ Local taxes are additional

<sup>a</sup> Local tax rates range from 01¢-04¢.

<sup>b</sup> Rate scheduled to increase to 15¢ on 1/1/91.

<sup>c</sup> Rate scheduled to increase to 23¢ on 7/1/91.

<sup>d</sup> Rate scheduled to increase to 22¢ 1/1/91.

<sup>e</sup> Rate scheduled to increase to 19¢ on 1/1/91.

<sup>f</sup> Local tax rates range from 01¢-06¢. A state comprehensive enhanced transportation system tax is levied in counties imposing county transportation local option taxes.

<sup>g</sup> Additional tax levied at 3% of retail sales price.

<sup>h</sup> Local tax rates range from 8.8¢-16.5¢.

<sup>i</sup> Rate scheduled to increase to 17¢ on 7/1/91.

<sup>j</sup> Tax is 15.5% (19.1% on 1/1/91) of weighted average selling price.

<sup>k</sup> Rate scheduled to increase to 20¢ on 1/1/91.

<sup>l</sup> Tax imposed at 11% of wholesale price, plus an additional excise tax of 2% on distributors.

<sup>m</sup> Rate scheduled to decrease 1¢ on 4/1/91.

<sup>n</sup> Rate scheduled to increase to 23¢ on 4/1/91.

Source: ACTR staff compilation from Commerce Clearing House, *State Tax Guide* (Chicago, 1990).

Table 36  
State Alcoholic Beverage Excise Tax Rates—License States, as of November 1990

State	Beer over 3.2%	Wine	Distilled Spirits <sup>1</sup>	Other Taxes <sup>2</sup>
Alaska	\$.35/gal	\$.85/gal	\$5.60/gal	+
Arizona	\$.16/gal	\$.84/gal 24% or less \$.25/8 oz over 24%	\$3.00/gal	+
Arkansas	\$.16/gal 3.2% or less \$.23/gal 3.2% or more	\$.75/gal \$.25/gal cooler	\$2.50/gal	Enforcement tax: \$.25/32 gal beer \$.05/case wines 4-6% sales tax 10% gross receipts tax (on-premise and clubs) Additional 4% tax on alcoholic beverages, excluding beer and wine (on-premise and clubs)
California	\$.04/gal	\$.01/gal 14% or less \$.02/gal over 14% \$.30/gal sparkling	\$2.00/gal 50% or less \$4.00/gal over 50%	6.25%-7.25% sales tax +
Colorado	\$.08/gal	\$.27/gal	\$2.28/gal	3-7% sales tax
Connecticut	\$.20/gal	\$.60/gal 21% or less \$1.50/gal over 21% and sparkling	\$4.50/gal \$2.05/gal coolers not over 7%	8% sales tax
Delaware	\$.06/gal	\$.97/gal	\$3.64/gal 25% or less \$5.46/gal over 25%	
District of Columbia	\$.09/gal	\$.30/gal 14% or less \$.40/gal over 14% \$.45/gal sparkling	\$1.50/gal	6% sales tax on packaged liquor 9% sales tax for on-premise consumption
Florida	\$.48/gal	\$2.25/gal under 17.259% and coolers \$3.00/gal 17.259% and over \$3.50/gal natural sparkling	\$2.25/gal over 0.5% but less than 17.259% \$6.50/gal 17.259-55.78% \$9.53/gal over 55.78%	6% sales tax Surcharge \$.10/oz of liquor or /4 oz of wine \$.04/12 oz of beer sold at retail for consumption on licensed premises
Georgia	\$.045/12 oz container \$.32/gal \$.05 local tax	\$1.52/gal 14% or less \$2.54/gal over 14%	\$5.30/gal ethyl \$3.79/gal \$.83/gal (local)	City and county tax on malt beverages \$.05/12 oz bottles, cans, and containers
Hawaii	\$.50/gal draft \$.89/gal other than draft	\$.81/gal cooler \$1.30/gal still \$2.00/gal sparkling	\$5.75/gal	.5% wholesalers' tax 4% retailers' tax
Illinois	\$.07/gal	\$.23/gal 14% or less \$.60/gal over 14%	\$.23/gal not over 14% \$2.00/gal over 14%	+
Indiana	\$.115/gal	\$.47/gal 15% or less \$2.68/gal over 15%	\$.47/gal not over 15% \$2.68/gal over 15%	5% sales tax
Kansas	\$.18/gal	\$.30/gal 14% or less \$.75/gal over 14%	\$2.50/gal	Enforcement tax of 8% in lieu of sales tax 10% on-premise gross receipts tax



Table 36 (cont.)  
 State Alcoholic Beverage Excise Tax Rates—License States, as of November 1990

State	Beer over 3.2%	Wine	Distilled Spirits <sup>1</sup>	Other Taxes <sup>2</sup>
Kentucky	\$.08/gal	\$.50/gal	\$1.92/gal	Additional 9% gross receipts on wholesalers \$.05/case on wholesalers Packaged liquor is exempt from sales tax 5-5.5% (on-premise only)
Louisiana	\$.32/gal	\$.11/gal 14% or less \$.23 over 14% to 24% \$1.59/gal over 24% and sparkling \$.32/gal coolers under 6%	\$2.50/gal	\$.05/gal of beer (local tax) 4-7% sales tax
Maryland	\$.09/gal	\$.40/gal	\$1.50/gal	5% sales tax
Massachusetts	\$.11/gal	\$.03/gal 3-6% cider \$.55/gal 3-6% still \$.70/gal sparkling	\$1.10/gal 15% or less \$4.05/gal over 15%	Additional gross receipts tax on sales of packaged and on-premise liquor of 0.57% 5% sales tax (on-premise only)
Minnesota	\$.15/gal over 3.2% \$.07/gal under 3.2%	\$.30/gal under 14% \$.95/gal over 14% to 21% \$1.82/gal over 21% to 24% \$3.59/gal over 24% \$1.82/gal sparkling	\$5.03/gal	Additional 2.5% tax above regular 6% sales tax levied on sales of packaged and on-premise liquor \$.01/bottle tax on spirits and wines
Missouri	\$.06/gal	\$.36/gal	\$2.00/gal	4.225-5.225% sales tax
Nebraska	\$.23/gal	\$.75/gal 14% or less \$1.35/gal over 14%	\$3.00/gal	4-5.5% sales tax
Nevada	\$.09/gal	\$.40/gal 14% or less \$.75/gal over 14% to 22% \$2.05/gal over 22%	\$2.05/gal \$.40/gal not over 14%	5.75% sales tax
New Jersey	\$.10/gal	\$.50/gal	\$4.20/gal	2.9% wholesale tax in lieu of sales tax +
New Mexico	\$.18/gal	\$.95/gal	\$3.94/gal	4.75-6.125% sales tax
New York	\$.21/gal	\$.18/gal still \$.94/gal sparkling \$.56/gal artificially carbonated	\$2.53/gal 24% or less \$5.29/gal over 24%	+
North Dakota	\$.08/gal barrel and keg \$.16/gal bottled and canned	\$.50/gal less than 17% \$.60/gal over 17% to 24% \$1 sparkling	\$2.50/gal distilled \$4.05/gal alcohol	Sales tax is levied at 5-6% 2% special alcohol sales tax
Oklahoma	\$.40/gal \$.36/gal under 3.2%	\$.72/gal 14% or less \$1.40/gal over 14% \$2.08/gal sparkling	\$5.56/gal	12% additional gross receipt tax for on-premise On-premise enforcement tax of \$1 per bottle (or case for beer) 4-7% sales tax +
Rhode Island	\$.10/gal \$.04/case wholesale tax	\$.30/gal native \$.60/gal still \$.75/gal sparkling	\$3.75/gal \$7.50/gal ethyl	6% sales tax

Table 36 (cont.)  
State Alcoholic Beverage Excise Tax Rates—License States, as of November 1990

State	Beer over 3.2%	Wine	Distilled Spirits <sup>1</sup>	Other Taxes <sup>2</sup>
<b>South Carolina</b>	\$.77/gal	\$.05/gal native 14% or less \$.45/gal native over 14% to 21% \$.90/gal over 21% \$.18/gal excise tax	\$2.72/gal	5% sales tax Additional 9% liquor surtax; plus 3 separate taxes on spirits: Wholesale tax \$1.81/case Additional retail tax \$.56/case Retailers' tax \$2.99/case +
<b>South Dakota</b>	\$.27/gal	\$.93/gal 14% or less \$1.45/gal over 14% to 20% \$2.07/gal over 20% and sparkling	\$.93/gal 14% or less \$3.93/gal over 14%	Additional wholesale tax of 2% of purchase price on alcoholic beverages except beer 4-7% sales tax +
<b>Tennessee</b>	\$.125/gal	\$1.10/gal	\$1.10/gal less than 7% \$4.00/gal over 7%	Additional taxes include: Enforcement tax of \$.15/case on spirits and wine 15% (on-premise) on spirits and wine Beer wholesalers' tax of 17%
<b>Texas</b>	\$.19/gal	\$.204/gal 14% or less \$.408/gal over 14% \$.516/gal sparkling	\$2.40/gal	Additional gross receipts tax of 0.14% when sold by holders of mixed beverages license 6% sales tax \$.05/serving on planes and trains
<b>Wisconsin</b>	\$.06/gal	\$.25/gal 14% or less \$.45/gal over 14% to 21%	\$3.25/gal	5-5.5% sales tax

Notes: In *license* states, the wholesale and retail distribution and sale of distilled spirits are private sector activities. In *control* states, in general, the state has a monopoly on the wholesale distribution of distilled spirits. In some control jurisdictions, the state also monopolizes retail sales. In bailment control states, the retail sales are left to the private sector and/or a combination of private and public sellers.

Special tax rates for native alcoholic beverages are not always included. Does not include state and local license fees. Many states levy tax rates based on barrels or liters. These have been converted to rates per gallon.

+ Local taxes additional.

<sup>1</sup> All taxes on spirits are levied for a "proof gallon," defined as a gallon of liquor containing 50% ethyl alcohol. Taxes on liquor containing more or less than 50% alcohol are prorated accordingly.

<sup>2</sup> Sales of liquor, wine, and beer are generally subject to the sales tax. Only Vermont ex-

empts all liquor. Special taxes in lieu of sales tax are used in Kansas and North Carolina. Virginia exempts liquor sales through state stores. New Jersey places a 7.3% rate on liquor at the wholesale level only. Kentucky exempts off-premise sales, but applies an extra wholesale tax.

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Reporter* (Chicago, November 1990); and Distilled Spirits Council of the United States, Inc., *Tax Briefs, 1990* (Washington, DC, 1990).



Table 37  
**State Alcoholic Beverage Excise Tax Rates and/or Markup, and Method of Control<sup>1</sup>**  
 — Control States, as of November 1990

State	Beer	Wine	Distilled Spirits	Other Taxes	Methods of Control
<b>Alabama</b>	\$1.05/gal (includes \$.52/gal local tax)	\$1.70/gal table (includes \$.26/gal local tax) 62% retail markup on table wine sold in ABC stores	30% wholesale non-case lot markup 56% tax on laid-in cost plus markup 30% retail markup 16.99% wholesale case lot markup 3.85% on retail sales	6% sales tax (local taxes additional)	Monopoly on spirits at wholesale State also owns 152 retail stores Wine less than 14% is sold both by the state, wholesale and retail, and private wholesalers and retailers Beer sold by private retailers and wholesalers
<b>Idaho</b>	\$.15/gal	\$.45/gal private outlet or 45% state store markup plus bottle charge	76.3% markup plus bottle charge	5% sales tax included in markup	State-owned retail stores sell spirits and wine 14% and over Licensed retailers may sell wine and beer under 14%
<b>Iowa</b>	\$.19/gal	\$1.75/gal	50% maximum markup	\$.05/bottle deposit	Licensed retailers may sell beer, wine, and liquor No state-owned stores as of June 1987 State warehouse sells at wholesale only
<b>Maine</b>	\$.35/gal	75% markup \$.60/gal still \$1.24/gal sparkling	2% ad valorem excise 75% markup plus \$1.25/proof gal 10% ad valorem excise	Taxes include alcoholic rehabilitation dedication \$1.25/proof gal 5% sales tax	State-owned retail stores and privately owned agency stores sell all spirits and spiritous wine over 15.5%
<b>Michigan</b>	\$.20/gal	\$.51/gal 16% or less \$.76/gal over 16%	51% markup 12% tax on base after markup	Added tax of 1.85% of base price of liquor for off-premise 4% sales tax	State-owned stores serve as wholesale outlets to licensed retailers Licensed retailers sell wine and beer, or beer, wine, spirits, and mixed sprit beverages Licensees may have combinations of different types of licenses
<b>Mississippi</b>	\$.47/gal	\$.35/gal still \$1.00/gal sparkling 27.5% markup	\$2.50 tax 27.5% markup	3% alcohol abuse tax 6% sales tax \$1.65/case freight	State monopoly of wholesale sales of alcoholic beverages over 4% by weight
<b>Montana</b>	\$.14/gal	\$1.02/gal (except fortified) 26% excise tax fortified 40-60% state store markup \$.96/case freight	26% excise tax 40% markup \$.96/case freight		State-operated retail stores and agencies sell spirits and wine Licensed retailers may sell table wine and beer
<b>New Hampshire</b>	\$.35/gal	\$.35/gal coolers 6% or less 55-63% markup	40-47% markup	8% rooms and meals including beer, wine, and liquor	State-owned retail stores sell alcoholic beverages Licensed retailers may sell wine under 14% and beer

Table 37 (cont.)  
**State Alcoholic Beverage Excise Tax Rates and/or Markup, and Method of Control<sup>1</sup>**  
 — Control States, as of November 1990

State	Beer	Wine	Distilled Spirits	Other Taxes	Methods of Control
North Carolina	\$ .53/gal containers of 7.75 gal or less \$ .48/gal containers of 7.75 gal or more	\$ .80/gal 17% or less \$ .91/gal over 17% Varied markup for local ABC stores	33.36% markup 28% state excise tax 3.5% markup \$.05/local bottle profit \$.85/case bailment	\$.60/case bailment surcharge \$.01-.05/bottle alcoholic rehabilitation tax \$15/gal mixed beverage tax	County and city-operated liquor stores in counties allowing sale Licensed retailers may sell wine and beer
Ohio	\$.16/gal \$.0015/oz—12 oz or less bottle or can \$.0075/6 oz—12 oz or more bottle and can	\$.26/gal 14% or less \$.62/gal over 14% to 21% \$1.27/gal sparkling	\$2.25/gal 42.86% markup \$.45/case handling charge 35% markup 12.35% operating expenses	5-7.5% sales tax \$3/gal sin tax (Cuyahoga County)	State-owned retail or agency stores sell alcoholic beverages over 21% Licensed retailers sell wine under 21% and beer
Oregon	\$.0838/gal	\$.67/gal 14% or less \$.77/gal over 14% to 21% (includes \$.02 for wine advisory board) 91% markup	91% markup		Retail liquor stores operated by agents contracted with Oregon Liquor Control Commission Stores sell distilled spirits
Pennsylvania	\$.08/gal	25% markup plus a variable handling charge depending on items sales velocity and source (domestic vs. import)	25% markup plus a variable handling charge depending on items sales velocity and source (domestic vs. import)	6% sales tax Added tax of 18% of net price	State-owned retail stores sell spirits and wine Licensed retailers sell beer
Utah	\$.355/gal in private and state stores	\$.17/gal 1-14% \$.67/gal over 14% to 21% \$2.25/gal over 21% to 24% 61% markup	61% markup	6.25% state sales tax 13% added school lunch tax on wine and spirits	State monopoly of sales of alcoholic beverages Licensed retailers may sell beer under 4%
Vermont	\$.265/gal	\$.55/gal for private outlet wine 16% or less 25% tax over 16% 40% average markup in state stores	25% retail tax 37% average markup	10% sales tax (on-premise only)	State-owned retail stores sell spirits, wine over 16%, and beer over 6% Licensed retailers may sell wine 16% or less and beer 6% or less
Virginia	\$.256/gal bulk \$.02/bottle not over 7 oz \$.0222/bottle 7-12 oz \$.0282/bottle 12-43 oz \$.02/oz per container over 43 oz	\$1.51/gal private and state store 50% state store markup 4% excise tax	20% excise tax 46.5% markup	\$1/case handling for wine and spirits—state stores Local option tax in some localities (on-premise with meal)	State-owned retail stores sell spirits, vermouth, and Virginia-made wines Licensed retailers may sell wine and beer

Table 37 (cont.)  
**State Alcoholic Beverage Excise Tax Rates and/or Markup, and Method of Control<sup>1</sup>**  
 —Control States, as of November 1990

State	Beer	Wine	Distilled Spirits	Other Taxes	Methods of Control
<b>Washington</b>	<b>\$.154/gal private outlet</b> 70% state store markup	50% state store markup \$.868/gal private and state store under 14% \$1.717/gal private and state store over 14% \$.88/gal additional tax	39.2% markup on cost plus merchandise expense 17.1% liquor sales tax \$7.687/gal liquor tax	6.5-8.1% state-local sales tax on all beer and wine sales and on-premise spirits	Private retailers may sell only wine and beer State may sell all beverages
<b>West Virginia</b>	<b>\$.18/gal</b>	\$1.00/gal private outlet or 25% markup plus bottle tax at state store \$1.05/case freight—distribution 25% special order items	65% specialty items 81% distilled spirits \$1.05/case freight—distribution	11% sales tax on wine and spirits 6% sales tax on beer	No state-owned retail stores as of 1/91 Licensed retailers may sell wine 14% or less and beer
<b>Wyoming</b>	<b>\$.19/gal</b>	\$.28/gal private outlet 17.6% markup	\$.94/gal 17.6% markup	\$.17/case handling \$2.75/case freight for wine and spirits 3-5% sales tax	State monopoly at wholesale level

Note: In *control* states, in general, the state has a monopoly on the wholesale distribution of distilled spirits. In some control jurisdictions, the state also monopolizes retail sales. In bailment control states, the retail sales are left to the private sector and/or a combination of private and public sellers. In *license* states, the wholesale and retail distribution and sale of distilled spirits are private sector activities.

<sup>1</sup> In 18 control states, retail or wholesale sales of spirits are made mainly by state-owned outlets. In 12 of these states, off-premise retail sales are made by state-owned stores or agencies. In four states—Iowa, Mississippi, West Virginia, and Wyoming—wholesale

sales are a state monopoly, with retail sales 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 surveys of state alcoholic beverage control boards, November 1990; Commerce Clearing House, *State Tax Guide* (Chicago, November 1990).



Table 38  
Automobile Taxes and Fees, September 1990

State	Registration Fee	Other Fees	Certificate of Title	Operator's License	Property Tax	Sales Tax on Purchase		Inspection	
						State	Local		
Alabama*	Auto Motorcycle	\$23 \$15	\$1.25 issuance fee	\$15	\$15 (4 years) \$20 original	State and local at various rates	2.0%	—	Cities may have inspection stations
Alaska*	Auto Motorcycle	\$35 \$20	Local annual fees range from \$2 to \$60	\$5	\$10 (5 years)	Local	No tax	Range 1-6%	State troopers may inspect on need
Arizona*	Auto Motorcycle	\$8 \$9	Annual license tax	\$4	\$7 (4 years)	Exempt	5%	Range 1-2%	\$7, annual
Arkansas*	Auto by weight Motorcycle	\$17-\$30 \$3-\$7		\$5.50	\$7 (2 years)	State	4%	County 1%	Annual
California*	Auto and motorcycle	\$22	Annual license fee 2%	No fee	\$10 (4 years)	License fee in lieu of property tax	5.75%	1.25-2.25%	Annual
Colorado*	Auto by weight	\$9-\$16.10	Annual specific ownership tax	\$5.50	\$15 (4 years)	Specific ownership tax in lieu of personal property	3%	0.251-4%	Emissions \$8.50, annual
Connecticut*	Auto (biennial) Motorcycle	\$62 \$30		\$16 Transfer \$10	\$31 renewal (4 years) \$24.75-\$38 original	Local	7.5%	No tax	Emissions, annual
Delaware*	Auto Motorcycle	\$20 \$10	Motor vehicle document fee	\$4	\$12.50 (5 years)	Exempt	No sales tax		Annual, no fee
District of Columbia*	Auto by weight Motorcycle	\$45-\$78 \$21	Title issuance excise tax	\$10	\$15 (4 years)	Exempt	Titling issuance excise tax is in lieu of sales tax		\$5, annual
Florida*	Auto Motorcycle	\$20.10-\$38.10 \$17.60		\$7.25	\$19 original (4 years) \$15 renewal (4 years)	Exempt	6%	—	Emissions, local
Georgia*	Auto Motorcycle	\$8 \$8		\$5 Transfer \$6	\$4.50 (4 years)	State and local	4%	1%	Emissions
Hawaii	Auto Motorcycle	\$10 \$10	Annual vehicle weight tax	\$3	County fees \$5.50-\$8.50	Exempt	4%	No tax	Annual
Idaho	Auto Motorcycle	\$16.08-\$36.48 \$6.48	Additional fees	\$3	\$13.50 (3 years)	State	5%	No tax	None
Illinois	Auto Motorcycle	\$48 \$30		\$5	\$10 (4 years)	Exempt	6.25%	0.25-.75%	Chicago area, no fee
Indiana*	Auto Motorcycle	\$12.75 \$12.75	Annual vehicle excise tax Annual county surtax	\$5	\$6 (4 years)	Excise tax is in lieu of property tax	5%	No tax	None



Table 38 (cont.)  
Automobile Taxes and Fees, September 1990

State	Registration Fee	Other Fees	Certificate of Title	Operator's License	Property Tax	Sales Tax on Purchase		Inspection
						State	Local	
Iowa*	Auto by weight and age Motorcycle \$20		\$10	\$16 (4 years)	Motor vehicle fee is in lieu of property tax	4%	—	None
Kansas	Auto by weight Motorcycle \$11		\$3.50	\$8-12 (4 years)	Based on local ad valorem rates and collected by counties	4.25%	0.5% or 1%	None
Kentucky*	Auto Motorcycle \$12 \$5	\$2 clerks fee for registration	\$6	\$8 (4 years)	State and local	6%	—	—
Louisiana*	Auto Motorcycle \$3 \$3		\$18.50	\$15.50 (4 years) motorcycle \$18.50 (4 years)		4%	Parish and city 0.5-5%	Annual
Maine*	Auto Motorcycle \$22 \$17	Annual excise tax	\$10	\$18 (4 years)	Excise tax is in lieu of property tax	5%	No tax	\$6, annual
Maryland*	Auto Motorcycle \$27-\$40.50 \$15	Excise tax	\$1	\$6 (4 years) \$20 original	Exempt	Excise tax is in lieu of sales tax		Emissions in metro areas
Massachusetts*	Auto Motorcycle \$20-\$40 \$25	Annual motor vehicle excise tax	\$50	\$35 (valid for 4 years)	Motor vehicle excise tax is in lieu of property tax	5%	No tax	\$15, annual Safety test fee
Michigan*	Auto (price based) Motorcycle \$23		\$10.50	\$12 (4 years) \$12 original	Exempt	4%	No tax	—
Minnesota	Auto: regular tax = \$10 + 1.25% of a base value equaling a percentage of manufacturer's suggested retail price Motorcycle \$10	Excise tax 6% (at time of purchase)	\$2	\$15 (4 years)		Excise tax is in lieu of sales tax	—	Municipalities may inspect
Mississippi*	Auto Motorcycle \$15 \$8		\$2.50	\$13 (4 years)	State	3%	No tax	\$5, annual
Missouri*	Auto (72 horsepower or more) Motorcycle \$51 \$8.50		\$7.50	\$7.50 (3 years)	Local	4.225%	Combined county and local 0.375-3%	\$4.50, annual safety \$4.50, annual emissions
Montana*	Auto Motorcycle \$10-\$15 \$5		\$5	\$16-\$24 (4 years)	State and local	1.5%	—	None
Nebraska*	Auto Motorcycle \$17.50-\$30 \$5.50	Additional fees \$2.50 (each year)	\$6	\$10 (4 years)	Local	5%	City 0.5-1.5%	None
Nevada*	Auto Motorcycle \$23 \$23	Annual privilege tax	\$10	\$9	Privilege tax is in lieu of property tax	2%	3.75-4%	Emissions, annual in Clarke and Washoe, fees vary
New Hampshire*	Auto by weight Motorcycle \$19.20-\$43.20 \$12	Annual municipal fee	\$20	\$30 (4 years)	Municipal fee is in lieu of property tax	No sales tax		Local

Table 38 (cont.)  
Automobile Taxes and Fees, September 1990

State	Registration Fee	Other Fees	Certificate of Title	Operator's License	Property Tax	Sales Tax on Purchase		Inspection
						State	Local	
<b>New Jersey*</b>	Auto by weight and age \$25-\$52.50 Motorcycle \$12.50		\$5	\$17.50 (4 years)	Exempt	7%	No tax	\$2.50, annual
<b>New Mexico</b>	Auto by weight and age \$20-\$42 Motorcycle \$11	Excise tax 3%	\$4	\$10	Exempt	Excise tax is in lieu of sales tax		None
<b>New York*</b>	Auto by weight \$.75/100 lbs- \$26.25 + \$1.125/100 lbs Motorcycle \$10		\$15	\$17.50 (4 years)	Exempt	4%	Cities and counties 0-4.25%	Safety, \$10, annual Emissions, \$17, annual (only in 9 downstate counties)
<b>North Carolina*</b>	Auto \$20 Motorcycle \$9		\$35	\$15 (4 years)	Local	3%	—	Annual
<b>North Dakota*</b>	Auto by weight and age Motorcycle \$27	Additional fee \$3 (each year) Excise tax 6%	\$5	\$10 (4 years)	No tax	Excise tax is in lieu of sales tax		Random, no fee
<b>Ohio*</b>	Auto \$20 Motorcycle \$14		\$3	\$9 (4 years) \$11.50 motorcycle	No tax	5%	County 0.5% or 2.0%	Emissions, \$8-\$10.50, annual (1987)
<b>Oklahoma*</b>	Auto \$17.75 Motorcycle \$17.75	Excise tax	\$10	\$14 (4 years) \$18 original	Exempt	Excise tax is in lieu of sales tax		\$5, annual
<b>Oregon*</b>	Auto (biennial) \$30 Motorcycle (biennial) \$9		\$9	\$15 (4 years) \$32 original	Exempt	No sales tax		Emissions, local
<b>Pennsylvania*</b>	Auto \$24 Motorcycle \$12		\$15	\$22 (4 years) \$30 motorcycle	Exempt	6%	No tax	\$14, annual
<b>Rhode Island*</b>	Auto by weight \$10-\$33 Motorcycle \$13	Annual excise tax	\$5	\$20 (5 years) \$8 original	Local	6%	No tax	\$10, annual
<b>South Carolina</b>	Auto \$12 Motorcycle \$5		\$5	\$10 (4 years)	Local	5%	No tax	Annual
<b>South Dakota</b>	Auto by weight \$20-\$100 Motorcycle \$7.50-\$10	Excise tax 3%	\$5	\$6 (4 years)	Exempt	Excise tax is in lieu of sales tax		None
<b>Tennessee*</b>	Auto \$26.25 Motorcycle \$13	Wheel tax	\$6.50	\$14 (4 years)	Local	5.5%	County 1-2.75%	Certain cities
<b>Texas*</b>	Auto by weight and age Motorcycle \$31.05	\$.30 reflectorized fee	\$10	\$16 (4 years)	Local	4.125%	—	\$7.75, annual (includes emissions)
<b>Utah*</b>	Auto \$10 Motorcycle \$7.50		\$2 Transfer \$2	\$10 (4 years)	Local	5%-7.25%	County 0-2.25%	\$10, annual (maximum)

Table 38 (cont.)  
Automobile Taxes and Fees, September 1990

State	Registration Fee	Other Fees	Certificate of Title	Operator's License	Property Tax	Sales Tax on Purchase		Inspection
						State	Local	
Vermont	Auto \$42 Motorcycle \$20		\$10	\$20 (4 years)	Exempt	4%	No tax	Annual
Virginia*	Auto \$23-\$30 Motorcycle \$23 (including surcharge)		\$10	\$12 (5 years)	Local	3%	No tax	Annual
Washington*	Auto original \$27.50 renewal \$23.85 Motorcycle \$27.85	Excise tax 2.2%	\$4	\$14 (4 years)	Annual excise tax is in lieu of property tax	6.5%	County 0.5-1.6%	Emissions, King County and Spokane
West Virginia	Auto by weight \$26-\$37 Motorcycle \$10.50	Titling tax 5%	\$5	\$10 (4 years)	Local	Titling tax is in lieu of sales tax		\$7, annual
Wisconsin*	Auto \$25 Motorcycle \$7		\$5	\$9 (4 years)	Exempt	5%	—	Spot checks
Wyoming*	Auto \$15 Motorcycle \$5	Annual county tax	\$5	\$10 (4 years) \$5 renewal		3%	County 2%	None

— tax may apply

**\*State Notes**

<b>Alaska</b>	Other Fees Property Tax	Municipalities may impose sales or registration taxes. Incorporated cities and boroughs may impose vehicle registration taxes in lieu of use or property taxes on vehicles subject to state license fees.
<b>Alabama</b>	Sales Tax	Effective October 1, 1989, all new title licenses on passenger vehicles may also be subject to county and city tax where applicable.
<b>Arizona</b>	Inspection Fee Other Fees	Applicable only to the Phoenix and Tucson metropolitan areas. 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 15% less than the preceding year.
<b>Arkansas</b>	Property Tax Sales Tax	State has personal property tax, assessed by counties at varying rates. Counties may impose a 1% sales tax. City sales taxes range from 0.5% to 1%.
<b>California</b>	Other Fees Sales Tax Inspection 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. \$7 fee for transfer of title. 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 rates of county sales taxes are 0.25%, 0.75%, or 1.25%. The city tax rate is 1%. There is no inspection fee; however, vehicle air pollution control equipment inspection and certification is required on initial registration and when transferred. Vehicles garaged in metropolitan areas also require biennial certification.
<b>Colorado</b>	Other Fees	Annual specific ownership tax based on first year of service at 2.1% to tenth year at \$3.
<b>Connecticut</b>	Property Tax Inspection Fee	Local property taxes levied at 70% of assessed valuation; valuation is based on the State Valuation Book. Mill rates vary among communities. Inspections are required on automobiles ten years or older that are changing ownership, or on out-of-state vehicles registered in Connecticut for the first time.
<b>Delaware</b>	Other Fees	Motor vehicle document fee is imposed on the sale, 2% of net cost of vehicle.

Table 38 (cont.)  
Automobile Taxes and Fees, September 1990

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State Notes (cont.)

<b>District of Columbia</b>	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%.
<b>Georgia</b>	Property Tax	State millage 1/4 mill, county rates vary.
	Sales Tax	1% local option tax.
	Inspection Fee	Vehicles registered in Fulton, DeKalb, Cobb, and Gwinett counties require annual emission inspection.
<b>Indiana</b>	Other Fees	Vehicle excise tax \$12-\$1,063. County surtax 10% of state excise tax collected. Minimum \$7.50 surtax.
<b>Iowa</b>	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. Minimum fee \$5. 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%.
<b>Kentucky</b>	Sales Tax	There is a 6% use tax imposed on 90% of the manufacturer's suggested retail price, to be paid at the first registration.
	Property Tax	Personal property taxes levied at time of registration by state and local taxing districts at varying rates.
<b>Louisiana</b>	Sales Tax	Local taxes are in effect with a maximum rate of 5%.
<b>Maine</b>	Other Fees	Annual excise tax is based on the manufacturer's list price, the rates are: first year, 2.4% to sixth year, 0.4%.
	Sales Tax	Motor vehicles purchased by nonresidents to be taken out of the state immediately are exempt from sales tax.
<b>Maryland</b>	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.
<b>Massachusetts</b>	Other Fees	The motor vehicle excise tax is collected locally, based on \$25/\$1,000 of the car's value. The rate is imposed at 90% to 10% of the manufacturer's list price from the year of manufacture to the fifth and succeeding years.
<b>Michigan</b>	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.
<b>Mississippi</b>	Other Fees	Vehicles are assessed uniformly according to valuations fixed by the state tax commission.
<b>Missouri</b>	Property Tax	State personal property tax, paid to local county or township.
	Sales Tax	County and city combined rates range from 0.375% to 3%.
	Inspection Fee	Vehicles registered in St. Louis City and in the counties of St. Charles, St. Louis, and Jefferson are subject to an emissions inspection fee of \$4.50.
<b>Montana</b>	Property Tax	Rates vary in local taxing divisions. State rate, 2% of the trade-in value.
	Sales Tax	Sales tax on new passenger cars based on F.O.B. factory or F.O.B. port of entry list price and date of purchase.
<b>Nebraska</b>	Property Tax	Valuation is by the state, and assessment and taxation are local.
	Sales Tax	City sales taxes range from 0.5% to 1.5%.
<b>Nevada</b>	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 \$4 per \$100 valuation.
	Sales Tax	2% state, 1.5% school support tax, and 2.25% city and county relief tax. 0.25% transportation tax applicable in Washoe, Storey, Nye, Churchill, White Pine, and Carson City.
<b>New Hampshire</b>	Other Fees	Municipal fee is based on the manufacturer's list price, 15 mills to 6 mills, depending on age.
	Inspection Fee	The fees are set by each inspection station. Emissions testing in selected towns only.
<b>New Jersey</b>	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.
<b>North Carolina</b>	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 \$1,000.
<b>North Dakota</b>	Registration Fee	Age and weight based: \$25-\$250. \$2 abandoned vehicle fee on all automobiles and trucks payable on first registration.
<b>Ohio</b>	Sales Tax	Motor vehicles sold to nonresidents are not subject to sales tax.
	Other Fees	Counties and cities may levy an additional tax of \$20.

Table 38 (cont.)  
Automobile Taxes and Fees, September 1990

State Notes (cont.)

<b>Oklahoma</b>	Registration Fee	There is an additional fee of 1.25% of the factory delivered price for the first year, and then 90% of previous fee each year 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.
<b>Oregon</b>	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. In the Portland metropolitan area and Jackson County, the state imposes a biennial fee (\$7 in 1989) for mandated emissions testing at reregistration. This fee pays for the testing program and does not go to local government.
<b>Pennsylvania</b>	Inspection Fee	The state does not set a fee; the average fee is \$14. Emissions inspection required in the metropolitan areas of Philadelphia, Pittsburgh, and Allentown/Bethlehem/Easton.
<b>Rhode Island</b>	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.
<b>Tennessee</b>	Other Fees	A wheel tax is imposed by some counties annually. The range is from \$5.50 to \$35.50.
<b>Texas</b>	Registration Fee	The fees are based on age for vehicles 6,000 pounds or less: \$40.50-\$58.50
	Other Fee	Some counties charge an additional \$5 road and bridge fee.
<b>Utah</b>	Inspection Fee	Emissions inspection for Salt Lake, Davis, and Utah counties.
	Property Tax	Each county has a tax base or mill levy from which taxes are computed based on the market value.
	Sales Tax	Motor vehicles sold to nonresidents to be used outside state are exempt.
<b>Virginia</b>	Property Tax	City and county personal property taxes range from 1% to 7.2%.
<b>Washington</b>	Sales Tax	Motor vehicles sold to nonresidents to be used outside state are exempt. County sales taxes range from 0.05% to 1.6%. All counties except Wahkiakum impose a tax.
	Inspection Fee	Inspection is required at the time of original title application for vehicles previously titled or licensed in another state. Annual emissions testing inspection is required in Seattle (King County) and Spokane areas.
<b>Wisconsin</b>	Sales Tax	Motor vehicles sold to nonresidents to be used outside state are exempt.
<b>Wyoming</b>	Other Fees	The county tax is 3% of 60% of factory price in the first year to 15% after five years.

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Reporter* (Chicago, September 1990); and American Automobile Association, *1990 Digest of Motor Laws* (Heathrow, Florida, 1990).

Table 39  
State Severance Tax Rates and Bases, as of November 1990

State	Product	Rate
<b>Alabama<sup>1+</sup></b>	Iron ore	\$.03 per ton
	Pine lumber	\$.50 per 1,000 ft., \$.75 per 1,000 ft. if sold as logs
	Hardwoods, cypress	\$.30 per 1,000 ft., \$.50 per 1,000 ft. if sold as logs
	Pulpwood, chemical wood, bolts	\$.25 per cord (128 cubic feet)
	Pine ore mine props	\$.75 per 1,000 ft.
	Hardwood ore mine props	\$.50 per 1,000 ft.
	Pulpwood chips	\$.25 per cord (5,000 lbs.)
	Gum turpentine	\$.15 per barrel (400 lbs.)
	Tarwood	\$.125 per ton
	Cross ties	\$.015 each
	Switch ties	\$.025 each
	Other ties	\$.125 each
	Oil and gas	10% of gross value of point of production <sup>2</sup>
	Coal	\$.335 per ton
	Lignite	\$.20 per ton
<b>Alaska</b>	Salmon, canned at shore-based site	4.5% of value
	All other fish	3% of value
	Fish processed off shore	5% of value
	Oil	Greater of \$.64 per barrel for old crude oil (\$.80 for all other) or 15% of modified gross value <sup>3</sup>
	Gas	Greater of \$.64 per 1,000 cubic ft. (MCF) or 10% of modified gross value
<b>Arizona</b>	Minerals	2.5% of net severance base <sup>4</sup>
	Timber	1.5% of value
<b>Arkansas</b>	Bauxite, barite, titanium ore, zinc, etc.	\$.15 per ton
	Coal	\$.10 per ton
	Iron ore, lignite	\$.02 per ton
	Crushed stone, granite, sand, gravel, etc.	\$.04 per ton
	Gypsum <sup>5</sup>	\$.015 per ton
	Timber products	\$.178 per ton (pine); \$.125 per ton (all other wood)
	Saltwater (used for production of bromine)	\$.00245 per barrel
	Diamonds	5% of value
	Oil	5% of market value from wells producing 10 barrels per day or more; 4% if 10 barrels per day or less <sup>6</sup>
	Gas	\$.003 per MCF <sup>6</sup>
<b>California</b>	Oil and gas	\$.026136 per barrel of oil and \$.0026136 per MCF of gas
<b>Colorado<sup>7</sup></b>	Metallic minerals	2.25% of gross income over \$11 million
	Molybdenum ore	\$.05 per ton
	Coal	\$.36 per ton <sup>8</sup>
	Oil shale	4% of market value <sup>9</sup>
	Oil and gas <sup>10</sup>	2.11% of market value, gross income less than \$25,000 3.11% more than \$25,000 but less than \$100,000 4.11% more than \$100,000 but less than \$300,000 5.11% greater than \$300,000
<b>Florida</b>	Oil	8% <sup>11</sup>
	Gas	\$.011 per MCF
	Sulfur	\$2.43 per ton
	Solid minerals <sup>12</sup>	5% of market value, except phosphate rock (\$1.43 per ton) and heavy minerals (\$1.47 per ton)

Table 39 (cont.)  
State Severance Tax Rates and Bases, as of November 1990

State	Product	Rate
<b>Georgia</b>	Phosphates	\$1.00 per ton
<b>Idaho</b>	Ores	2% of net value <sup>13</sup>
	Oil and gas	2% of market value <sup>14</sup>
<b>Illinois</b>	Timber	4% of market value
<b>Indiana</b>	Oil and gas	1% of market value
<b>Kansas</b>	Oil and gas	8% of market value plus \$.0135 per barrel of oil and \$.004 per MCF of gas
	Coal	\$1.00 per ton <sup>15</sup>
<b>Kentucky</b>	Oil, coal	4.5% of market value
	Other than coal or oil	4.5% of gross value less transportation expenses
<b>Louisiana</b>	Coal, other ores	\$.10 per ton
	Lignite	\$.12 per ton
	Gravel	\$.06 per ton
	Marble	\$.20 per ton
	Salt	\$.06 per ton <sup>16</sup>
	Sand, shells	\$.06 per ton
	Stone	\$.03 per ton
	Sulfur	\$.92 per ton
	Timber grown on lands under reforestation contracts	6% of average stumpage market value
	Timber, other than virgin timber	5% of average stumpage market value (pulpwood); 2.25% (all other timber)
	Gas and natural gas liquids	\$.07 per MCF <sup>17</sup>
Oil	12.5% of market value <sup>18</sup>	
<b>Maine</b>	Minerals	Greater of the value of facilities and equipment multiplied by .005, the gross proceeds multiplied by .009
<b>Maryland</b> <sup>+</sup>	Coal (open pit or strip mined)	\$.09 per ton to state and \$.06 per ton to county
<b>Michigan</b>	Gas	5% of market value <sup>19</sup>
	Oil	6.6% of market value <sup>19</sup>
<b>Minnesota</b> <sup>+</sup>	Net proceeds from mining <sup>20</sup>	2% of market value
	Taconite (iron sulphide and agglomerates)	\$1.975 per ton (\$.05 per ton for agglomerates)
	Semi-taconite and agglomerates	\$.10 per ton (\$.05 per ton for agglomerates)
<b>Mississippi</b> <sup>+</sup>	Oil and gas	6% of market value plus \$.02 per barrel of oil and \$.002 per MCF of gas <sup>21</sup>
	Saw logs; pine and soft wood	\$1.00 per 1,000 ft.
	Saw logs; hardwood	\$.75 per 1,000 ft.
	Lumber, including cross ties	\$.75 per 1,000 ft.
	Poles, pilings, posts	\$.036 per cubic ft.
	Pulpwood, except pine	\$.225 per cord
	Pulpwood, pine	\$.30 per cord
	Stumpwood or other distillates	\$.25 per ton
	Crude gum turpentine	\$.30 per barrel
	Salt	3% of market value
	All other	\$.75 per 1,000 feet or \$.375 per cord
<b>Missouri</b>	Coal (surface mined)	\$.45 per ton for the first 50,000 tons; \$.30 per ton for next 50,000 tons

Table 39 (cont.)  
 State Severance Tax Rates and Bases, as of November 1990

State	Product	Rate
Montana	Coal—under 7,000 BTU/lb. <sup>22</sup>	13% of market value (surface mined); 3% of market value (underground mined) <sup>23</sup>
	Coal—over 7,000 BTU/lb. <sup>22</sup>	20% of market value (surface mined); 4% of market value (underground mined) <sup>23</sup>
	Metalliferous minerals <sup>24</sup>	1.81% of market value over \$250,000
	Gold and silver	1.6% of market value over \$250,000
	Oil	5.2% of market value <sup>25</sup>
	Gas	2.85% of market value <sup>26</sup>
	Micaceous minerals	\$.05 per ton <sup>23</sup>
Nebraska	Cement	\$.22 per ton; \$.05 per ton for cement products, plaster, gypsum, or gypsum products <sup>23</sup>
	Oil and gas	3.35% of market value (2.35% from wells producing less than 10 barrels per day)
Nevada	Uranium	2% of market value over \$5,000,000
	Minerals (excluding sand, gravel, and water)	2% if less than 10% of gross proceeds <sup>27</sup> 2.5% more than 10% but less than 18% 3% more than 18% but less than 26% 3.5% more than 26% but less than 34% 4% more than 34% but less than 42% 4.5% more than 42% but less than 50% 5% if greater than 50%
New Mexico	Potash	3% of market value
	Copper	1.25% of market value
	Molybdenum	0.25% of market value
	All other minerals	0.875% of market value
	Uranium ore	3.68% of market value
	Coal	\$1.17 per ton (surface mined); \$1.13 per ton (underground mined)
	Timber	0.875% of market value
	Oil	7.08% of market value
Gas	7.08% of the market value	
North Carolina	Softwood saw timber, veneer logs, and bolts	\$.50 per 1,000 ft.
	Hardwood saw timber, veneer logs, and bolts	\$.40 per 1,000 ft.
	Softwood pulpwood, and other products	\$.20 per cord
	Hardwood pulpwood, and other products	\$.12 per cord
North Dakota	Oil and gas	11.5% of market value <sup>28</sup>
	Coal	\$.77 per ton
Ohio	Coal	\$.09 per ton
	Salt	\$.04 per ton
	Limestone, dolomite, sand, and gravel	\$.02 per ton
	Clay, sandstone, shale, gypsum, and quartzite	\$.01 per ton
	Oil	\$.10 per barrel
	Gas	\$.025 per MCF
Oklahoma	Asphalt, ores of lead, zinc, gold, silver, or copper	0.75% of market value
	Uranium	5% of market value
	Oil and gas	7.085% of market value <sup>29</sup>
Oregon	Oil and gas	6% of market value <sup>30</sup>
	Forest products	\$.51 per 1,000 ft. (more than 25,000 feet) <sup>31</sup>
South Dakota	Energy minerals	4.74% of market value
	Gold and silver	2% of market value plus 8% of net profits from sale or royalties from sale of these metals



Table 39 (cont.)  
State Severance Tax Rates and Bases, as of November 1990

State	Product	Rate
Tennessee <sup>+</sup>	Oil and gas	3% of market value
	Coal	\$.20 per ton
Texas	Cement	\$.55 per ton
	Sulfur	\$.92 per ton
	Gas	7.5% of market value
	Oil	The greater of 4.6% of market value plus \$.001875 per barrel or \$.046 per barrel
Utah	Oil and gas	4.2% of market value
	Metalliferous minerals	2.6% of market value above \$50,000
Virginia <sup>+</sup>	Coal	\$.025 per ton (surface mined); \$.015 per ton (deep mined)
	Pine lumber	\$1.15 per 1,000 ft. <sup>32</sup>
	Hardwood, cypress, and all other	\$.225 per 1,000 ft. <sup>33</sup>
	Pulpwood, chemical wood, etc.	\$.475 per cord (pine); \$.1125 per cord (all other)
	Chips manufactured from round wood	\$.00986 per 100 lbs. (pine); \$.00234 per 100 lb. (all other)
	Railroad ties	\$.038 each (pine); \$.01 each (all other)
	Lumber used in mines	\$1.045 per 1,000 ft. (pine); \$.2475 per 1,000 ft. (all other)
	Keg staves (pine)	\$.038 per 400 inch bundle
	Keg staves (all other)	\$.015 per 400 inch bundle
	Keg heads (pine)	\$.115 per 100 keg heads
	Keg heads (all other)	\$.045 per 100 keg heads
	Tight cooperage	\$.045 per stave; \$.09 per 100 keg heads
	Pilings and poles	2.31% of invoice value
	Bright flue cured tobacco	\$.20 per 100 lbs.
Washington	Uranium and thorium	\$.05 per pound
	Chinook, coho, chum salmon and anadromous game fish	5% of market value
	Pink and sockeye salmon	3% of market value
	Oysters	0.07% of market value
	Other food fish and shell fish	2% of market value
West Virginia	Coal	5% of market value
	Limestone or sandstone	3.28% of market value
	Timber	3.22% of market value
	Sand, gravel, other minerals	5% of market value
	Oil	5% of market value
	Natural gas	5% of market value
	All other	3.544% of market value
Wisconsin	Metalliferous minerals	3% of net proceeds greater than \$250,000 but less than \$5,000,000
		7% greater than \$5,000,000 but less than \$10,000,000
		10% greater than \$10,000,000 but less than \$15,000,000
		13% greater than \$15,000,000 but less than \$20,000,000
		14% greater than \$20,000,000 but less than \$25,000,000
		15% greater than \$25,000,000
Wyoming	Oil and gas	1.5% of market value
	Uranium	4% of market value
	Underground coal	5.75% of market value
	Surface coal	9% of market value

Table 39 (cont.)  
**State Severance Tax Rates and Bases, as of November 1990**

+ Local tax are additional.

- <sup>1</sup> A privilege tax equal to 50% of the severance tax is imposed on processors of forest products and manufacturers using forest products.
- <sup>2</sup> Includes 2% conservation and regulation tax; tax rate is reduced by 2 percentage points if drilling permit was issued after July 1, 1988. Tax is 6% for wells producing less than 25 barrels of oil per day or less than 200,000 cubic feet of gas per day; and 8% for certain off-shore and on-shore wells; occluded gas from coal seams is taxed at 4% of value for the first 5 years.
- <sup>3</sup> Old crude oil is from wells in production prior to June 30, 1981. Modified gross value is gross value multiplied by economic adjustments factor. Additional tax of \$.004 per barrel of oil and \$.00008 per MCF of gas is imposed.
- <sup>4</sup> Net revenue base is the greater of (1) the gross value of the product multiplied by the ratio of mining costs to production costs; or (2) 50% of the difference between the gross value of production and out-of-state production costs.
- <sup>5</sup> If not used for or sold for manufacturing in Arkansas into ultimate consumer goods, chemical grade limestone, or silica sand.
- <sup>6</sup> Additional tax not to exceed \$.025 per barrel of oil and \$.005 per MCF of gas may be imposed.
- <sup>7</sup> A credit is allowed against severance taxes for which first severance was after 6/30/79, or for increased production after 6/30/80.
- <sup>8</sup> The first 25,000 tons per quarter (8,000 tons after 6/30/2000) are exempt from tax. The tax rate will change by 1% for each 1.5% change in the U.S. Bureau of Labor Statistics Producer Price Index.
- <sup>9</sup> The tax rate is 1% for the first year; 2% for the second year, 3% for the third year, and the full rate for the fourth and subsequent years. The first 15,000 tons per day of oil shale and 10,000 barrels per day are exempt.
- <sup>10</sup> Includes conservation tax of .11% of market value. Production from wells producing less than 10 barrels per day on average, is exempt.
- <sup>11</sup> Tax rate is 5% for small wells and wells using tertiary methods of recovery. Tax on escaped oil is 20.5%.
- <sup>12</sup> Clay, gravel, phosphate rock lime, shells, stone, sand, heavy minerals, and rare earths.
- <sup>13</sup> Net value is determined by (1) gross value less all mining and processing costs and federal depletion allowance; or (2) gross value for federal royalty purposes less all costs of mining attributable to Idaho, less applicable portions of federal depletion allowance.
- <sup>14</sup> Additional taxes not to exceed \$.005 per barrel of oil and \$.0001 per MCF of gas may be imposed.
- <sup>15</sup> Additional tax of \$50 plus tax of not less than \$.03 per ton but not more than \$.10 per ton is imposed.
- <sup>16</sup> The rate is \$.005 per ton if used to manufacture other products.
- <sup>17</sup> At 15.025 lbs. per sq. inch of pressure at 60 degrees F; from oil wells at less than 50 lbs per sq. inch pressure, \$.03 per MCF; from wells incapable of producing an average of 250 MCF per day, \$.013 per MCF. Natural gas, casinghead gas, and other natural gas liquids, \$.07 per MCF.
- <sup>18</sup> Includes distillate, condensate, or similar resources. The tax rate is 6.25% of market value from wells incapable of producing a minimum of 25 barrels per day on average.
- <sup>19</sup> An additional tax of 1% of cash value of all oil and gas produced in Michigan in the previous year is imposed. Rate is 4% on stripper wells producing less than 10 barrels per day on average and from marginal properties (production varies with depth of well).
- <sup>20</sup> Excludes sand, silica, gravel, crushed rock, building stone, limestone, granite, dimension granite, horticultural peat, clay, soil, iron ore, and taconite deposits.
- <sup>21</sup> For wells drilled after March 15, 1987, but before July 1, 1990, if the value of oil is less than \$25 per barrel, the first 50 barrels of oil produced per day are exempt if the well is less than 12,000 feet deep. If the well is more than 12,000 feet deep, the first 100 barrels produced per day are exempt.
- <sup>22</sup> The first 20,000 tons produced in a calendar year are exempt if total annual production exceeds 50,000 tons. If annual production is less than 50,000 tons, all coal is exempt.
- <sup>23</sup> Additional tax of \$25 plus .5% of gross value (4% for talc) over \$5,000 is imposed.
- <sup>24</sup> Metals, precious and semi-precious stones.
- <sup>25</sup> Rate is 2.5% from wells using tertiary recovery methods; rate is 3% from stripper wells (first 5 barrels per day are exempt).
- <sup>26</sup> Rate is 1.79% from wells producing less than 60 MCF per day in previous calendar year; rate on first 30 MCF is .2%.
- <sup>27</sup> Gross sales less costs for extraction, transportation to site of refining or sale, refining, marketing, maintenance, depreciation, insurance, development, and royalties.
- <sup>28</sup> The rate is 9% of market value for wells completed after April 27, 1987, or from wells using secondary and tertiary recovery methods.
- <sup>29</sup> Additional tax of 7 cents per MCF of natural gas or casinghead gas, less 7% of gross value of gas is imposed. Maximum tax is 33% of market value.
- <sup>30</sup> The first \$3,000 of gross sales from each well, per quarter, is exempt.
- <sup>31</sup> Additional tax of 9% of market value of timber harvested from Eastern Oregon is imposed; surtax for Western Oregon is 6.5%.
- <sup>32</sup> Includes timber sold as logs and veneer logs.

Source: Commerce Clearing House, *State Tax Reporter* (Chicago, November 1990).



Table 40  
**General Property Tax Relief Strategies, by State**  
 (Generally, Laws in Effect for 1989)

State	State-Financed Circuit Breakers				Homestead Exemptions		
	Eligible Taxpayers	Number of Beneficiaries	Income Ceiling <sup>a</sup>	Average Benefit	Eligible Taxpayers	Number of Beneficiaries	Maximum Value of Exemption
Alabama					AH,B,D,EH	n.a.	4,000 AV (AH)
Alaska	Locally financed				DV,EHR,W	8,659	150,000 AV (AH)
Arizona	AR,EH	280,946	3,750/5,500 <sup>b,h</sup>	160.80	D,V,W		See state notes, Table 42
Arkansas	EH	34,617	12,000	121.88	EH,V,W		See state notes, Table 42
California	B,EHR,DHR	223,000	13,200	98.00	AH,DV	4,576,635 (AH)	7,000 (AH), 100,000 AV (DV)
Colorado	DHR,EHR	42,000	7,500/11,200 <sup>b</sup>	381.00	LID,LIE	n.a.	Total
Connecticut	EHR,DHR	47,483	\$16,900/\$20,800 <sup>b</sup>	\$393.49	D,DV	258,992	\$1,000 AV (D), \$1,500-\$30,000 AV (DV)
Delaware	Locally financed				LIE	n.a.	Varies by county
District of Columbia	AHR,DHR,EHR	30,383	20,000	308.00	AH	91,500	22,000 AV
Florida					AH	2,862,990	25,000 AV
Georgia					AH,LIE,V	n.a.	2,000 AV
Hawaii	AR	79,257	30,000	54.58	AH,B,D,DV,EH	n.a.	20,000-50,000 AV, total (DV)
Idaho	D,EH	19,727	14,410	211.11	AH	n.a.	50% AV or \$50,000
Illinois	D,EHR	347,000	14,000	254.00	AH,DV,EH	2,900,000	3,500 AV(AH)
Indiana					AH,B,D,LIE,V	n.a.	4% of tax (AH) credit, not exemption
Iowa	DHR,EHR	45,370	12,000	206.08	AH,DV	686,299	4,850 AH, total (DV)
Kansas	D,EHR	46,625	15,000	158.12			
Kentucky					D,EH	n.a.	18,400 AV
Louisiana					AH	998,578	7,500 AV
Maine <sup>c</sup>	AHR/EHR	48,431	7,400-28,000	190.23	B,DV	37,336	4,000-40,000 AV, 4,000 (B)
Maryland	AH,ER	95,296	(Net worth 200,000)	477.04	B,DV	n.a.	6,000 AV (B), total (DV)
Massachusetts					AH,B,DV,EH,V	n.a.	20% Avg. AV (AH)
Michigan	AHR	1,422,100	82,650	449.00	DV	n.a.	Total
Minnesota	AHR	417,000	35,000	278.00	AH	1,108,683	54% of gross tax up to \$725
Mississippi					AH,D,EH	534,164	6,000 AV
Missouri	EHR	59,000	13,500/15,500 <sup>b</sup>	234.88			
Montana	EHR	14,398	None	220.06	DV,LI	9,016	80,000 (LI), total (DV)
Nebraska <sup>f</sup>					D,DV,EH	54,831	35,000
Nevada	EHR	10,727	15,100	134.00	B,DV,O,V,W	n.a.	1,000 AV (W,O,V), 3,000 AV (B), 10,000 AV (DV)
New Hampshire					B,DV,EH	n.a.	5,000 AV (EH)
New Jersey	HR	Added direct property tax relief program in 1990			AH,D,DV,EH	1,592,875	50% of tax (AH)
New Mexico	EHR	27,310	16,000	134.21	AH,V	275,555	200 AV (AH), 2,000 AV (V)

Table 40 (cont.)  
**General Property Tax Relief Strategies, by State**  
 (Generally, Laws in Effect for 1989)

State	State-Financed Circuit Breakers				Homestead Exemptions		
	Eligible Taxpayers	Number of Beneficiaries	Income Ceiling <sup>a</sup>	Average Benefit	Eligible Taxpayers	Number of Beneficiaries	Maximum Value of Exemption
New York	AHR	499,577	18,000	92.00	DV,EH,V		See state notes, Table 42
North Carolina					D,DV,EH	159,937	12,000 AV (D,EH), 34,000 AV (DV)
North Dakota	DHR,EHR	9,427	12,000 <sup>e</sup>	244.56	B,D,DV	n.a.	5,000-10,000AV
Ohio	D,EH	290,617	16,500	168.77			
Oklahoma	D,EH	4,792	10,000	110.22	AH,V	761,976	1,000 AV
Oregon	AHR	283,415	17,500	210.00	DV	n.a.	7,500 AV or 10,000 AV
Pennsylvania	D,EHR	490,000 <sup>d</sup>	15,000	327.18 <sup>c</sup>	B,D,DV	n.a.	Total
Rhode Island	DHR,EHR	3,015	12,500	179.83			
South Carolina					B,D,DV,EH	251,286	20,000 AV (B,D,EH), total (DV)
South Dakota	DHR,EHR	4,232	5,750/7,750 <sup>b</sup>	110.84			
Tennessee	D,DV,EH	80,398	9,200	87.45			
Texas					AH,D,EH	n.a.	20% AV
Utah	EHR	8,437	15,000	106.85	B, DV	1,203	11,500 AV
Vermont	AHR	32,077	None	401.86	V	3,640	10,000AV
Virginia					D,EH	n.a.	Local option
Washington	Locally financed; see state notes, Table 41				D,EH	90,773	28,000 AV (plus)
West Virginia	EHR	26	5,000	14.12	D,EH	n.a.	20,000 AV
Wisconsin	AHR	248,414	18,000	400.34	AH		See state notes, Table 42
Wyoming	DHR,EHR	9,722	10,000/14,000 <sup>b</sup>	541.33	AH	n.a.	13,900 AV

<sup>a</sup> For single persons.

<sup>b</sup> Amounts are for single/married, except South Dakota, which are single/multimember households.

<sup>c</sup> A nonelderly credit was added in 1988. The number of elderly beneficiaries is 24,968; all others, 23,463.

<sup>d</sup> Represents households, not individuals.

<sup>e</sup> Includes property tax/rent rebate and inflation dividend per household.

<sup>f</sup> One-time relief bill for 1989.

<sup>g</sup> \$13,000 for 1990 and thereafter.

<sup>h</sup> Income ceiling applies only to elderly homeowners.

**Key:**

AHR—all homeowners and renters

AH—all homeowners

AR—all renters

B—blind

D—disabled homeowners

DV—disabled veterans

DHR—disabled homeowners and renters

EH—elderly homeowners

EHR—elderly homeowners and renters

ER—elderly renters

LI—low-income

LID—low-income disabled

LIE—low-income elderly

LIED—low-income elderly disabled

O—orphans

V—veteran homesteaders

W—widows or widowers

AV—assessed value

n.a.—not available

Source: ACIR staff compilations based on survey responses from state departments of revenue and on Tables 41 and 42.

*Table 41*  
**Key Features of Circuit Breaker Property Tax Relief Programs, by State**  
 (Generally, Laws in Effect for 1989)

State <sup>1</sup>	Date of Adoption	Description of Beneficiaries (Number of Beneficiaries)	Income Ceiling	Description of Program	Form of Relief	Average Benefit (per capita) [total in 000s]
Alaska*	See notes					
Arizona* 1988	1973 Revised: 1977, 1981, 1984	Homeowners 65 and over (27,454)  Renters (253,492)	\$3,750/single \$5,500/married (excludes Social Security income)  None	Maximum tax credit is \$502 (indexed annually) for single taxpayers earning less than \$1,750 and married taxpayers earning less than \$2,500. Minimum tax credit is \$56 with an income ceiling of \$3,750 for single and \$5,500 for married taxpayers. Social Security payments are exempted from income limits.  Tax credit allowed on 5% of rent. Maximum credit \$70.	State income tax credit or rebate	Homeowners \$229.05 (\$1.77) [\$6,288]  Renters \$92.55 (\$6.61) [\$23,461]
Arkansas 1988	1973 Revised: 1975, 1983, 1987	Homeowners 65 and over, widows 62 and over (34,617)	\$12,000 (WWI veterans and widows exclude all Social Security and retirement income)	Relief based on amount that property taxes exceed various percentages of household income, based on income size. Maximum relief ranges from \$250 if income is \$7,000 or less to \$50 if income is between \$11,000 and \$12,000.	State rebate	\$121.88 (\$1.76) [\$4,200]
California 1989	1967 Revised: 1971, 1973, 1977, 1978, 1979, 1984, 1989	Homeowners and renters 62 and over, totally disabled, or blind Homeowners (46,000) Renters (177,000)	\$13,200 total household income; \$24,000 gross household income	Homeowner relief ranges from 96% of tax payment on first \$34,000 of full value if net household income is not over \$3,300 to 4% of tax payment if net household income is not over \$13,200. Renter relief is based on household income and a statutory property tax equivalent of \$250. Relief also ranges from 96% of the property tax equivalent to 4% of property tax equivalent for same income brackets as homeowners.	State rebate	Homeowners \$89 (\$1.15) [\$4,094] Renters \$106 (\$1.68) [\$18,762]
Colorado FY 1988-89	1971 Revised: 1972, 1973, 1974, 1975, 1977, 1978, 1980	Homeowners and renters 65 and over, disabled or surviving spouse 58 and over (42,000)	\$7,500/single \$11,200/married	Relief cannot exceed \$500 and is equal to \$500 reduced by 20% of income over \$5,000 for individuals and 20% of income over \$8,700 for married couples. Heating assistance relief cannot exceed \$160 and is based on the same income and percentage levels stated above. (20% of rent equals tax equivalent)	State rebate	\$381 (\$4.86) [\$16,006]
Connecticut* FY 1988	1974 Revised: 1980, 1981, 1984, 1985	Homeowners and renters 65 and over, surviving spouse 50 and over, and totally disabled Homeowners (24,102) Renters (23,381)	\$16,900/single \$20,800/married	Homeowners: Provides for a property tax reduction based on a graduated percentage of the real property tax, with a maximum benefit of \$1,250 for a married couple, \$1,000 for an unmarried individual. Renters: Expenses exceeding 5% of income. Maximum benefit ranges up to \$900 for a married couple and \$700 for an unmarried individual. (35% of rent and utilities equals tax equivalent)	Reduction in tax bill or state rebate	Homeowners \$397.18 (\$2.98) [\$9,572] Renters \$389.73 (\$2.83) [\$9,112]
Delaware*	See notes					

Table 41 (cont.)  
**Key Features of Circuit Breaker Property Tax Relief Programs, by State**  
 (Generally, Laws in Effect for 1989)

State <sup>1</sup>	Date of Adoption	Description of Beneficiaries (Number of Beneficiaries)	Income Ceiling	Description of Program	Form of Relief	Average Benefit (per capita) [total in 000s]
District of Columbia 1987	1974 Revised: 1977	Nonelderly homeowners and renters (16,585)	\$20,000	Relief takes the form of a variable credit ranging from 95% of tax in excess of 1.5% of income for incomes less than \$3,000 to 75% of tax in excess of 4% of income for incomes between \$15,000 and \$20,000. Maximum credit \$750. (15% of rent equals tax equivalent)	Income tax credit	\$256 (\$6.84) [\$4239]
		Elderly, blind, or disabled homeowners and renters (13,798)	\$20,000	Credit is based on amount of property tax paid in excess of various percentages of household gross income. Credit ranges from taxes paid in excess of 1% of gross household income if income is under \$5,000 to taxes paid in excess of 2.5% of income for incomes between \$15,000 and \$20,000. Maximum credit is \$750. (15% of rent equals tax equivalent)	Income tax credit	\$360 (\$8.00) [\$4,961]
Hawaii* 1986	1977 Revised: 1981, 1984, 1989	All renters (79,257)	\$30,000	Taxpayers with AGI under \$30,000 who have paid more than \$1,000 in rent qualify for a tax credit or refund of \$50 per qualified exemption. Taxpayers 65 and over may claim double tax credits.	Income tax credit	\$54.58 (\$4.06) [\$4,326]
Idaho 1988	1974 Revised: 1976, 1978, 1980, 1982	Homeowners age 65 and over, widows, former POWs, blind, disabled, fatherless children under 18 (19,727)	\$14,410 (exclude capital gains income)	Relief ranges from lesser of \$400 or actual taxes for those with incomes \$5,350 or less, to the lesser of \$50 or taxes for those with incomes less than \$14,410. Brackets adjusted annually with COLA based on Social Security increase.	Reduction of tax bill	\$211.11 (\$4.16) [\$4,164]
Illinois FY 1988	1972 Revised: 1974, 1975, 1977, 1981, 1982, 1984	Homeowners and renters 65 and over or disabled (347,000)	\$14,000	Relief based on amount by which property tax (or rent equivalent) exceeds 3.5% of household income. Relief limit is \$700 less 4.5% of household income. An additional grant is provided regardless of the amount of property tax or rent payments. The additional grant is \$80. (30% of rent equals tax equivalent)	State rebate	\$254.00 (\$7.64) [\$88,138]
Iowa 1988	1973 Revised: 1975, 1977-81, 1983, 1988	Homeowners and renters 65 and over, surviving spouse 56 or older, and totally disabled (45,370)	\$12,000	Relief ranges from 100% of property tax or rent equivalent for incomes below \$5,000 to 25% for incomes \$10,000 to \$12,000. Property taxes or rent equivalent are limited to \$1,000 for calculating relief. In addition, all homeowners receive a state-financed homestead tax exemption of \$4,850. However, homestead assistance must be deducted from elderly credit program. (25% of rent equals tax equivalent)	State-funded credit against taxes at the local level; renters receive reimbursement from state	\$206.08 (\$3.33) [\$9,350]

Table 41 (cont.)  
**Key Features of Circuit Breaker Property Tax Relief Programs, by State**  
 (Generally, Laws in Effect for 1989)

State <sup>1</sup>	Date of Adoption	Description of Beneficiaries (Number of Beneficiaries)	Income Ceiling	Description of Program	Form of Relief	Average Benefit (per capita) [total in 000s]
Kansas* 1988	1970 Revised: 1972, 1973, 1975, 1978, 1983, 1989	Homeowners and renters 55 and over, disabled, blind having a dependent or child under 18 (46,625)	Effective ceiling is \$15,000. No refunds of less than \$5.	Relief is dependent on income level with various percentages of income plus a statutory dollar amount subtracted from property tax to determine refund. Deductions range from 0% for incomes below \$3,000 to 4.5% plus \$130 for incomes above \$7,000. Property taxes are limited to \$500 for calculating relief. (15% of rent equals tax equivalent)	State rebate	\$158.12 (\$3.07) [\$7,372]
Maine FY 1988	1971 Revised: 1973, 1974, 1977, 1981, 1985, 1988	Homeowners and renters 62 and over, disabled surviving spouse 55 and over (24,968) Other homeowners and renters (23,463)	\$7,400/single \$9,200/married (gift, inheritance, and life insurance, exempt)  \$28,000 other	Elderly: Relief equal to amount of tax up to \$400. (25% of rent equals tax equivalent)  General: Relief equal to amount of tax up to \$250. (15% of rent equals tax equivalent)	State rebate	Elderly \$263.60 (\$5.54) [\$6,582]  General \$116.85 (\$2.31) [\$2,742]
Maryland* FY 1989	1975 Revised: 1977, 1981, 1983, 1985, 1986, 1989	All homeowners (84,503) Renters age 60 and over or disabled (10,793)	None (net worth \$200,000)	Homeowners relief, not to exceed \$1,500, equals property tax exceeding sum of graduated percentage of income ranging from 0% of first \$4,000 of household income to 9% of income over \$16,000. Renters' relief, not to exceed \$500, equals amount by which 15% of individual rent exceeds the same graduated percentage of income as homeowners relief.	Homeowners: Credit against property tax bill Renters: direct payment	Homeowners \$507.20 (\$9.52) [\$42,492] Renters \$236.64 (\$5.56) [\$2,573]
Minnesota FY 1989	1967 Revised Periodically: 1973-89	All homeowners and renters (417,000)	\$35,000	Tax exceeding various percentages of income is refunded up to a \$1,100 maximum. Seniors and filers with dependents are allowed a deduction from income in computing the refund. The refund is reduced by the amount of homestead credit. For 1989, 75% of the tax increase over 10% up to a maximum of \$250 for homeowners regardless of income.	State refund	\$278 (\$27.33) [\$116,000]
Missouri 1989	1973 Revised: 1975, 1977, 1979, 1983, 1985, 1988	Homeowners and renters 65 and over (59,000)	\$13,500/single \$15,500/married	For incomes not over \$5,000 the credit is equal to actual property tax or rent equivalent paid up to \$750. The \$5,000 minimum base will be increased by the same percentage increase in the general price level as measured by the CPI.	State income tax credit or rebate	\$234.88 n.a. n.a.
Montana 1989	1981 Revised: 1983, 1987, 1989	Homeowners and renters 62 and over (14,398)	None	Credit is based on a percentage ranging from 0.006-0.05 multiplied by household income and then subtracted from property tax liability or rent equivalent. Household income means \$0 or amount obtained by subtracting the greater of \$4,000 or 50% of total retirement benefits from gross household income. Maximum credit is \$400. (15% of rent equals tax equivalent)	Income tax credit	\$220.06 (\$3.92) [\$3,168]



Table 41 (cont.)  
**Key Features of Circuit Breaker Property Tax Relief Programs, by State**  
 (Generally, Laws in Effect for 1989)

State <sup>1</sup>	Date of Adoption	Description of Beneficiaries (Number of Beneficiaries)	Income Ceiling	Description of Program	Form of Relief	Average Benefit (per capita) (total in 000s)
Nevada* 1989	1973 Revised: 1975, 1977, 1979, 1981, 1983, 1985, 1987, 1989	Homeowners and renters 62 and over (10,727)	\$15,100* (excludes income of certain gifts of \$300 or less and up to \$5,000 of life insurance)	Relief ranges from 90% of property tax for incomes less than \$5,400 to 10% for incomes between \$13,001 and \$15,100. Maximum relief is \$500. (6% of rent equals tax equivalent)	State rebate	\$134 (\$1.35) [\$1,357]
New Jersey <sup>2</sup> 1990	1990	Homeowners and renters (n.a.)	\$70,000	Direct Property Tax Relief Program replaces 3 current general property tax relief programs: the homestead rebate, the tenant credit, and property tax deduction. For incomes under \$70,000, the Act limits property tax payments to 5% of personal income up to \$500. Regardless of the 5% measurement criteria, homeowners with incomes between \$70,000 and \$100,000 are entitled to a minimum benefit in the form of a flat rebate of \$100. (18% of rent equals tax equivalent)	State income tax rebate	n.a. n.a. n.a.
New Mexico 1988	1977 Revised: 1981	Homeowners and renters 65 and over (27,310)	\$16,000	The amount of credit allowed is based on a schedule for various modified gross income classes. The credit is the difference between actual property tax liability and this maximum amount, not to exceed \$250. The maximum liability ranges from \$20 for MGI of \$1,000 or less to \$180 for MGI of \$15,000 to \$16,000.	State income tax rebate	\$134.21 (\$2.44) [\$3,665]
New York* 1987	1978 Revised: 1981, 1982, 1985	All homeowners and renters (499,577)	\$18,000	Relief is equal to 50% of the difference between real property tax and a certain percentage of income. The percentage of income ranges from 3.5% for taxpayers 65 and over with \$3,000 or less to 6.5% for taxpayers (all ages) with income over \$14,000 but not over \$18,000. The maximum credit ranges from \$375 for taxpayers 65 and over with income of \$1,000 or less to \$41 for taxpayers under 65 with income over \$17,000 but not over \$18,000. (25% of rent equals tax equivalent)	State income tax credit or rebate	\$92 (\$2.52) [\$45,000]
North Dakota* FY 1989	1969 Revised: 1973, 1975, 1977, 1979, 1981, 1983, 1985	Homeowners age 65 and over or disabled (7,546)  Renters 65 and over or disabled (1,881)	\$12,000  \$12,000	For persons with income under \$6,000, the taxable value of the homestead is reduced 100% (maximum reduction, \$2,000). For persons with incomes between \$6,000 and \$12,000 the reduction in taxable value varies. Relief ranges from an 80% reduction for income between \$6,000 and \$7,500, with a maximum reduction of \$1,600 to a 20% reduction for incomes between \$10,500 and \$12,000, with a maximum reduction of \$400.  Property tax in excess of 4% of income is refunded. Maximum relief is \$210. (20% of rent equals tax equivalent)	Reduction of tax bill  State rebate	Homeowners \$283.88 (\$3.30) [\$2,151]  Renters \$86.85 (\$.24) [\$157]

Table 41 (cont.)  
**Key Features of Circuit Breaker Property Tax Relief Programs, by State**  
 (Generally, Laws in Effect for 1989)

State <sup>1</sup>	Date of Adoption	Description of Beneficiaries (Number of Beneficiaries)	Income Ceiling	Description of Program	Form of Relief	Average Benefit (per capita) [total in 000s]
Ohio* 1987	1971 Revised: 1972, 1973, 1975, 1977, 1979, 1988	Homeowners 65 and over or disabled (290,617)	\$16,500 (excludes income from military disability and some Social Security)	Benefits range from reduction of 75% or \$5,000 assessed value (whichever is less) for incomes below \$6,500 to 25% or \$1,000 for incomes between \$11,500 and \$16,500.	Reduction of tax bill	\$168.77 (\$4.57) [\$49,048]
Oklahoma* 1989	1974 Revised: 1979, 1980, 1984, 1988	Homeowners 65 and over or disabled (4,792)	\$10,000	Relief equal to property taxes due in excess of 1% of household income, not to exceed \$200. In addition, home- owners with household incomes of \$10,000 or less receive a double homestead exemption (\$2,000).	State income tax credit or rebate	\$110.22 (\$.16) [\$528]
Oregon* 1987	1971 Revised: 1973, 1977, 1979, 1985, 1986	All homeowners and renters; HARRP (283,415)	\$17,500 (allows adjustments listed on lines 25-29 on Form 1040 and excludes home medical care benefits)	Homeowners and Renters Relief Program (HARRP) Re- fund of all property taxes up to various maximums that de- pend on income. For homeowners, these maximums range from \$750 if household income is under \$500 to \$18 if household income is \$17,000 to \$17,499. For renters, maximums range from \$375 if household income is under \$500 to \$18 if household income is \$17,000 to \$17,499. (17% of rent equals tax equivalent)	State rebate	\$210.00 (\$.22) [\$59,536]
Pennsylvania 1987	1971 Revised: 1973, 1979, 1981, 1985	Homeowners and renters 65 and over or disabled 18 and over, widows and widowers 50 and over (490,000) households	\$15,000 (excludes income from some gifts and life insurance death benefits under \$5,000)	Relief ranges from 100% of tax for incomes less than \$5,500 (maximum relief, \$500) to 10% of tax for incomes greater than \$13,000. (20% of rent equals tax equivalent)  Eligible recipients also receive an inflation dividend rang- ing from \$125 for claimants with household income less than \$5,000 to \$20 for claimants with household income between \$13,000 and \$15,000.	State rebate	Homeowners \$258.12/ household n.a. (based on household) [\$126,479]  Renters \$69.15 n.a. (based on household) [\$33,840]
Rhode Island 1988	1977	Homeowners and renters, 65 and over, or disabled (3,015)	\$12,500	The credit equals the amount by which property taxes paid exceed various percentages of household income. A table is provided based on income and household size. The credit ranges from taxes paid in excess of 3% of household income for taxpayers with income of less than \$4,000 to taxes paid in excess of 6% of household income for two or more person households with income between \$11,001 and \$12,500. The maximum credit or rebate is \$200. (20% of rent equals tax equivalent.)	State income tax credit or direct rebate	\$179.83 (\$.55) [\$542]

Table 41 (cont.)  
**Key Features of Circuit Breaker Property Tax Relief Programs, by State**  
 (Generally, Laws in Effect for 1989)

State <sup>1</sup>	Date of Adoption	Description of Beneficiaries (Number of Beneficiaries)	Income Ceiling	Description of Program	Form of Relief	Average Benefit (per capita) [total in 000s]
South Dakota* FY 1989	1976 Revised: 1978, 1982, 1988	Homeowners and renters 65 and over, disabled homeowners and renters (4,232) (400 received property tax refund; 3,832 a sales tax refund)	\$5,750 (single-member household) \$7,750 (multimember household)	Refund is based on a percentage of real estate tax according to income. For single-member households the percentage refunded ranges from 35% of tax if household income is less than \$2,750 to 11% if income is between \$2,750 and \$5,750. For multimember households, refunds range from 55% of tax if income is less than \$5,500 to 19% if income is between \$5,500 and \$7,750.	State rebate	\$110.84 (\$.66) [\$469]
Tennessee* FY 1989	1973 Revised: 1974, 1976, 1978-81, 1983, 1984, 1985, 1988	Elderly and disabled homeowners, certain disabled veteran homeowners and their surviving spouses (80,398)	Elderly and disabled \$9,200; disabled veterans and their surviving spouses n.a.	Eligible elderly and disabled homeowners are reimbursed for taxes paid on the first \$15,000 of full market value. Eligible disabled veterans and their surviving spouses are reimbursed for taxes paid on the first \$120,000 of full market value.	State rebate	\$87.45 (\$2.00) [\$9,700]
State <sup>1</sup>	Date of Adoption	Description of Beneficiaries (Number of Beneficiaries)	Income Ceiling	Description of Program	Form of Relief	Average Benefit (per capita) [total in 000s]
Utah* 1989	1977 Revised: 1987, 1988, 1989	Homeowners and renters 65 and over, widowed persons (8,437)	\$15,000	Homeowner rebates range from \$400 for incomes under \$5,099 to \$50 for incomes between \$13,500 to \$15,000. Renters receive between 2.5%-9.5% of rent as credit for the previous year within the same income limits. Not to exceed \$400.	State rebate	\$106.85 (\$.54) [\$901]
Vermont 1987	1969 Revised: 1971, 1973, 1983, 1985	All homeowners and renters (full-year residents) (32,077)	None	Refund of taxes exceeding variable percentage of income ranging from 3.5% for incomes less than \$4,000 to 5% for incomes of \$12,000 or more. (24% of rent equals tax equivalent)	State rebate (or income tax credit for elderly)	\$401.86 (\$23.82) [\$12,890]
Washington*	See notes					
West Virginia 1987	1972	Homeowners and renters age 65 and over (26)	\$5,000	Relief ranges from 30-75% of taxes exceeding a given percentage of income. These percentages range from 0.5% to 4.5%, with graduated income brackets ranging from \$0-\$499 to \$4,950-\$5,000, including any public assistance or private disability benefits. (12% of rent equals tax equivalent; not more than \$125 considered for relief)	State rebate	\$14.12 n.a. [\$0.296]

Table 41 (cont.)  
**Key Features of Circuit Breaker Property Tax Relief Programs, by State**  
 (Generally, Laws in Effect for 1989)

State <sup>1</sup>	Date of Adoption	Description of Beneficiaries (Number of Beneficiaries)	Income Ceiling	Description of Program	Form of Relief	Average Benefit (per capita) [total in 000s]
Wisconsin* FY 1989	1964 Revised: 1971, 1973, 1977, 1979, 1981, 1983, 1984, 1986, 1989	All homeowners and renters (248,414)	\$18,000	If household income was more than \$8,000, excess taxes are taxes above 13.5% of income exceeding \$8,000. Tax credit equals 80% of excess tax. If household income was \$8,000 or less, credit equals 80% of total tax. In all cases, aidable property taxes cannot exceed \$1,350. (In computing household income, a claimant may deduct \$250 for each dependent who lives with the claimant.) (25% of rent equals tax equivalent; 20% if landlord pays heat bill)	State income tax credit or rebate	\$400.34 (\$20.56) [\$99,449]
Wyoming FY 1989	1975 Revised: 1977-82, 1984	All taxpayers over 65 and totally disabled (9,722)	\$10,000/single \$14,000/married	Rebate for sales and property taxes. Rebate based on income level with \$630 maximum for singles and \$723 maximum for married.	State rebate	\$541.33 (\$11.03) [\$5,263]

Note: Circuit breaker property tax relief programs for homeowners and renters are generally defined as state-funded programs that target property tax relief to selected income groups or senior citizens and take the form of a state income tax credit, a direct payment to qualified individuals, or a state payment to the local government that lost tax revenue. Homestead exemptions may be state or locally financed and operate by subtracting a given dollar amount from assessed valuation before computing the tax liability and are often available to all homeowners (or just senior citizen homeowners) regardless of income.

n.a.—not available.

<sup>1</sup> For each state, the number of beneficiaries and cost data are for the time period indicated.

<sup>2</sup> Not surveyed.

#### \*State Notes

**Alaska** There is a local circuit breaker program.

**Arizona** The renters' credit is being phased out and is scheduled to terminate in 1991. The maximum credit in 1988 was \$85.

**Connecticut** Numerical data (e.g., number of beneficiaries) refers to FY 1988; however, the description of the program and income ceilings refer to current law. Municipalities may grant totally disabled elderly additional tax relief if total (state and municipal) tax relief does not exceed 100% of the tax otherwise due.

**Delaware** There is a local circuit breaker program.

**Hawaii** The low-income renters' credit does not apply to renters in public subsidized housing. The description of the program and income ceiling refer to current law.

**Indiana** In 1980, the circuit breaker was revised to the Unified Tax Credit for the elderly, which enables all senior citizens, regardless of whether they are homeowners, to qualify for the credit if their income is below \$10,000. The state also offers a program for all renters, which provides for a maximum \$1,500 deduction on state income taxes.

**Kansas** An alternative refund is available for property tax years 1989 and 1990 (only) for taxpayers who have experienced an increase in property taxes between 1988 and 1989 because of statewide mass reappraisal. The criteria for this refund are household income not over \$35,000 for appropriate calendar year, and property taxes in 1989 exceed those in 1988 by at least 50%. For 1989, the refund amount is the lesser of 50% of the difference in the taxes or \$500. For 1990, the amount of refund is the lesser of 25% of the difference in the taxes or \$250.

**Maryland** In 1990, homeowners' relief not to exceed \$2,000 and renters' relief not to exceed \$600.

**Nevada** Claimants may not own Nevada realty, other than their own home, assessed at over \$30,000. Claimants must be residents of the state when application is filed. Homeowners must own their home and maintain it as their primary residence for at least six months preceding the filing of their claim. Renters must rent and maintain their primary residence in Nevada for at least six months of the preceding calendar year.

Table 41 (cont.)  
**Key Features of Circuit Breaker Property Tax Relief Programs, by State**  
 (Generally, Laws in Effect for 1989)

**State Notes (cont.)**

<b>New Jersey</b>	Added direct property tax relief program in 1990. Was not surveyed in the Fall of 1989. It is estimated that 52% of the homeowners will receive the maximum amount of \$500.		
<b>New York</b>	The low-income renters' credit does not apply to renters in public subsidized housing.	<b>Tennessee</b>	are the same for both programs. Applicants may receive either a property or a sales tax refund. The Department of Revenue processes the claims for both programs and refunds whichever is to the applicant's advantage.
<b>North Dakota</b>	State has separate program that lowers the taxable value for low-income elderly homeowners by as much as \$2,000. In determining a person's income for eligibility, the amount of medical expenses incurred and not compensated shall be deducted.	<b>Utah</b>	Certain individuals receive relief from two sources, producing 110,507 claims. Starting 1/1/90, the household income and credit shall be adjusted for COLA. Cost and benefit figures are for 1988. Other county-financed programs exist for veterans, blind, and indigent persons.
<b>Ohio</b>	Numerical data (e.g., number of beneficiaries) refers to 1986; however, the description of the program and income ceilings refer to current law.	<b>Washington</b>	Uses a cross between a circuit breaker and a homestead exemption, which allows senior citizens and disabled homeowners with incomes less than \$12,000 to receive a valuation exemption of \$28,000 or 50%, whichever is more. Taxpayers with incomes between \$12,000 and \$14,000 receive an exemption of \$24,000, or 30% of total value of residence up to a maximum of \$40,000 exempted. All special excess property tax levies also are exempted for households with less than \$18,000 income. This program is financed locally.
<b>Oklahoma</b>	The new income ceiling of \$10,000 becomes effective 1/1/89.	<b>Wisconsin</b>	Numerical data (e.g., number of beneficiaries, average benefit) refer to FY 1989. However, the description of the program and income ceilings refer to claims for 1989 and after, that are filed in 1990 and thereafter.
<b>Oregon</b>	Low-income senior citizens (age 58 and over with income under \$5,000) are provided optional rental and utility assistance.		
<b>South Dakota</b>	The number of beneficiaries, average benefits, and cost data are for property or sales tax refunds to the elderly or disabled. Age and income requirements		

Source: ACIR staff compilation based on survey responses from state departments of revenue (Fall 1989), and Commerce Clearing House, *State Tax Guide*. See also Tables 40 and 42.

Table 42  
**Property Tax Homestead Exemptions and Credits, by State**

State <sup>1</sup>	Eligible Homesteaders (number receiving exemption)	Maximum Value of Exemption (average benefit)	Total Revenue Loss (000s)	State Reimbursement of Local Government (Cost, 000s)
<b>Alabama*</b> 1989	All Elderly, blind, and disabled with AGI under \$12,000 (n.a.)	\$4,000 AV on state taxes, \$2,000 AV on county taxes Total exemption from state taxes, \$5,000 AV on local taxes	n.a.	None
<b>Alaska</b> 1987	Homeowners 65 and over, widows or widowers 60 and over or disabled veterans (7,857) Renters with identical characteristics as homeowners (802)	\$150,000 AV (950) See note (623)	\$7,460  n.a.	(\$2,520)  (\$499) Reimbursement directly to applicant
<b>Arizona*</b> 1989	Veterans, widows, widowers, disabled			
<b>Arkansas*</b> 1989	Veterans, elderly, widows			
<b>California*</b> PTY 1989-90	All (4,567,500) Disabled veterans and dependents (9,135)	\$7,000 of full cash value if owner-occupied principal residence \$100,000 AV	\$3,898,000  \$5,000	Full (\$3,898,000) None
<b>Colorado*</b> 1989	Low-income elderly and disabled	Total exemption	n.a.	n.a.
<b>Connecticut*</b> 1989	Disabled Disabled veterans and dependents (258,992)	Required minimum levels by state law \$1,000 AV \$1,500—\$30,000 depending on disability	\$500  \$18,022	\$500  Partial (\$6,007)
<b>Delaware</b> 1989	Elderly owner-occupants with income less than \$3,000 (n.a.)	Kent County—\$18,000 AV New Castle County—\$32,000 AV Sussex County—\$12,000 AV	n.a.	n.a.
<b>District of Columbia</b> 1989	All owner-occupants with not more than 5 dwelling units (91,500)	\$30,000 AV (268.40)	\$21,758	n.a.
<b>Florida*</b> 1987	All (2,862,990)	\$25,000 AV Up to value of \$500; total exemption for some disabled	\$1,300,000	None
<b>Georgia</b> 1989	All Elderly with income less than \$10,000 Disabled veterans and dependents (n.a.)	\$2,000 AV \$4,000 AV, \$10,000 AV on local education assessment \$32,000 AV	n.a.	None
<b>Hawaii</b> 1989	All Elderly Blind, disabled, and Hansen's disease sufferers Disabled veterans and dependents (n.a.)	\$20,000 AV on owner-occupied principal home Aged 60-70: \$40,000 AV, Aged 70+ \$50,000 AV \$25,000 Total exemption if owner-occupied	n.a.	None (local option)

Table 42 (cont.)  
**Property Tax Homestead Exemptions and Credits, by State**

State <sup>1</sup>	Eligible Homesteaders (number receiving exemption)	Maximum Value of Exemption (average benefit)	Total Revenue Loss (000s)	State Reimbursement of Local Government (Cost, 000s)
Idaho* 1989	All owner-occupied structures (n.a.)	\$50,000 AV or 50% AV, whichever is less	None	None
Illinois* FY 1988	All owner-occupied residences Elderly owner-occupants Disabled veterans with specially adapted housing Total (2,900,000)	\$3,500 AV \$2,000 AV \$47,500 AV \$30,000 AV Homestead improvement—up to \$30,000 increase in AV caused by new improvement for 4-year period	\$398,000	None
Indiana 1989	All (principal residence and 1 acre surrounding) Mortgage or contract buyers Elderly with AGI less than \$10,000 and real property AV less than \$11,000 Blind or disabled with taxable gross income less than \$8,500 Veterans WWI veterans with income less than \$14,000 and real property AV \$3,000	Credit of 4% of property tax liability (26 million) Lesser of (1) balance of mortgage or contract indebtedness, (2) 1/2 total AV, or (3) \$1,000 \$1,000 AV \$2,000 AV \$1,000-4,000 AV	\$26,000	None
Iowa FY 1989	All Disabled veterans with income less than \$10,000 (686,299)	\$4,850 of actual value; minimum credit of \$62.50 Full exemption Average benefit \$139	\$95,200	Full (95,200)
Kentucky* 1988	Elderly and disabled (n.a.)	\$18,400 AV	\$8,434	Full (8,434)
Louisiana* 1987	All homesteads not exceeding 160 acres (998,578)	\$7,500 AV	\$401,270	Parish-to-parish formula based 80% on population, 20% on number of homesteads. (90 million)
Maine 1988	Estates of veterans age 62 or 100% disabled and their dependents (36,536) Blind (800)	WWI veterans \$6,000 AV, paraplegics \$40,000 AV, other veterans \$4,000 AV Blind \$4,000 AV	\$473 \$40	50% of property tax revenue loss (236,455) None
Maryland 1989	Blind 100% permanently disabled veterans (n.a.)	\$6,000 AV Total exemption	n.a.	Partial

Table 42 (cont.)  
**Property Tax Homestead Exemptions and Credits, by State**

State <sup>1</sup>	Eligible Homesteaders (number receiving exemption)	Maximum Value of Exemption (average benefit)	Total Revenue Loss (000s)	State Reimbursement of Local Government (Cost, 000s)
<b>Massachusetts*</b> 1989	All  Elderly (over age 70) owner-occupants with home value less than \$20,000 (\$40,000 for local exemptions by cities and towns) and surviving spouses and minors (15,465)  Certain veterans, disabled veterans, and dependents (50,510)  Blind (4,089)  Surviving spouses and minors of a police officer or fire fighter killed in the line of duty (208)  Additional for certain elderly (29,811)  Paraplegics (666)  Hardship (1,868)	With city or town approval, 20% of average AV deducted on principal residence \$2,000 in value or \$175 in taxes, whichever is greater  \$2,000-10,000 or \$175-875 in taxes, whichever is greater (depending on disability), paraplegic veterans or surviving spouses receive a total exemption \$5,000 in value or \$437.50 (\$500 if locally approved) in taxes, whichever is greater Total exemption  Maximum \$500  Full Based on assessor's judgment	n.a.	Partial:  The state reimbursement for elderly exemptions (\$500) is \$15 million  The state reimbursement for veterans, paraplegics, the blind, surviving spouses, and the elderly (\$175) is \$5.2 million
<b>Michigan</b> 1989	Disabled veterans with specially adapted housing	Total exemption	n.a.	None
<b>Minnesota*</b> 1989	All (1,108,683)	Homestead credit of 54% of gross tax up to \$725 (\$760 in 1989) for first \$68,000 of market value (\$559.90)	\$660,000	Full ((\$660,000))
<b>Mississippi</b> 1987	All (534,164) Disabled and elderly homeowners	\$6,000 AV—Exemption based on sliding scale amount equal to approximately 40 mills times total AV not to exceed \$240 \$6,000 AV	\$98,200	Partial ((\$64,000))
<b>Missouri*</b>	See notes			
<b>Montana*</b> 1986	Low-income persons with AGI of not more than \$10,898 single or \$13,077 joint, and residences of totally disabled or deceased veterans with AGI not more than \$15,000 single or \$18,000 joint (9,016)	\$80,000 AV for low-income individuals Total exemption for certain disabled veterans	\$1,200	None
<b>Nebraska*</b> 1987	Elderly homeowners Disabled Veteran disabled by a nonservice connected accident or illness Value of home substantially contributed to by the Department of Veterans Affairs All categories (54,831)	100% of actual value up to \$35,000 depending on income Same as above Same as above  100% of actual value  All categories ((\$611))	\$33,495	Full ((\$33,495))



Table 42 (cont.)  
**Property Tax Homestead Exemptions and Credits, by State**

State <sup>1</sup>	Eligible Homesteaders (number receiving exemption)	Maximum Value of Exemption (average benefit)	Total Revenue Loss (000s)	State Reimbursement of Local Government (Cost, 000s)
Nevada 1989	Widows, orphans, veterans Blind Disabled veterans	\$1,000 AV \$3,000 AV \$10,000 AV	n.a.	n.a.
New Hampshire* 1989	Elderly (68 or over) with net assets less than \$35,000 and net income less than \$5,000 (\$6,000 if married)* Blind Disabled veterans and dependents	\$5,000 AV  \$15,000 in value \$100-1,400 in taxes; total exemption for specially adapted homesteads	n.a.	n.a.
New Jersey* 1987	All Elderly, disabled, and surviving spouse All above categories (1,542,875) 100% permanently disabled veteran	Rebate up to 50% of net property tax otherwise due Additional \$50 rebate  Total exemption	\$303,758	Full (303,758)  None
New Mexico* 1986	All heads of household (209,580) Veterans and unmarried surviving spouse (65,975)	\$800 AV (\$6.71) \$2,000 AV (\$67.17)	\$5,200 est. \$3,200	None
New York*	Elderly, veterans, disabled veterans			
North Carolina* FY 1988-89	Elderly and/or disabled owner-occupants with disposable income not exceeding \$11,000 (159,937) Disabled veterans and dependents	\$12,000 AV \$97 average benefit for homestead exemption does not include \$34,000 exclusion  \$34,000 AV	\$15,464	50% of revenue loss (7,732)
North Dakota* 1989	Blind, disabled, disabled veterans	\$5,000-10,000 taxable value	n.a.	None
Oklahoma 1989	All (729,486) Heads of household with gross income \$10,000 or less (32,490)	\$1,000 AV (\$71.02) Additional \$1,000 AV (\$60.93)	\$51,800  \$1,980	None (647,543) Full (1,980)
Oregon 1987	Disabled veterans or widows of veterans Service-connected disabled veterans or widows	\$7,500 AV \$10,000 AV	n.a.	None
Pennsylvania* 1989	Paraplegic, blind, amputee, or disabled veterans	Total exemption	n.a.	None
Rhode Island*	See notes			
South Carolina 1989	Elderly, blind, and disabled Paraplegics and disabled veterans (251,286)	\$20,000 fair market value Total exemption of dwelling house and lot (not to exceed 1 acre) (\$103.90)	\$26,108	Full (26,108)

Table 42 (cont.)  
**Property Tax Homestead Exemptions and Credits, by State**

State <sup>1</sup>	Eligible Homesteaders (number receiving exemption)	Maximum Value of Exemption (average benefit)	Total Revenue Loss (000s)	State Reimbursement of Local Government (Cost, 000s)
Texas* 1989	All, elderly, and disabled	School districts have a mandatory \$5,000 homestead exemption. Local option 20% of appraised value (minimum \$5,000) may be offered by any taxing unit. School districts have an additional mandatory \$10,000 exemption to those 65 and over or disabled. Local option at least \$3,000 to 65 and over or disabled may be offered by any local taxing unit.	School districts lost \$780,000	None
Utah 1987	Blind or their unmarried surviving spouse or minor orphans (1,203)	\$11,500 AV real and personal property Veterans personal, real; business \$30,000 maximum	\$217	None
Vermont 1989	Veterans of American Wars and their widows Veterans with at least 50% disability and their dependents Veterans receiving war-time dependent and indemnity compensation, wartime death compensation or a pension for disability (3,640)	\$10,000 exemption value of owner-occupied real and personal property	\$1,000	None
Virginia* 1989	Elderly or disabled owner-occupants with total combined income not exceeding \$22,000 and combined net worth (excluding the value of the dwelling and 1 acre of land) not exceeding \$75,000 (n.a.)	Counties, cities, and towns are authorized to provide deferrals or exemptions of realty taxes	n.a.	None (local option)
Washington 1987	Elderly (62 and over) and disabled with income restrictions (90,773)	Special levies: 100% exemption for households with income of \$18,000 or less Regular levies: income up to \$12,000—1st \$28,000 AV or 50% of total AV is exempt, whichever is more Income \$12,001-14,000—1st \$24,000 AV or 30% of total AV up to maximum of \$40,000 is exempt (\$392)	\$35,600	None
West Virginia 1989	Elderly and disabled owner-occupants	First \$20,000 AV	n.a.	None
Wisconsin* 1989	All			
Wyoming* 1989	All homesteads with AV less than \$5,850 but more than \$3,900 AV under \$13,900	Credit up to \$590  Credit up to \$1,400	\$ 0 in FY 1988 because of funding statute	None

Note: This table records the exemptions from property tax provided to homesteaders, homeowners, and owners of residential property. Although variations exist, homestead exemptions generally reduce by a certain amount (sometimes all) the assessed valuation of a homestead to which the property tax is applied. The exemption may be restricted, e.g., to certain classes of beneficiaries, owner-occupants, or those with income below specified limits. Tax deferral programs and exemptions for new construction or rehabilitation have not been included in the table.

<sup>1</sup>The number of beneficiaries and cost data are for the time period indicated.

AV—assessed value

AGI—adjusted gross income

Disabled—permanently and totally disabled unless otherwise noted

Elderly—65 and over unless otherwise noted

n.a.—not available

Table 42 (cont.)  
**Property Tax Homestead Exemptions and Credits, by State**

**\*State Notes**

**Alabama** Exemptions allowed only on homesteads 160 acres or less. If AGI less than \$7,500, total exemption from all ad valorem tax.

**Arizona** Exemptions up to \$2,340 on all property of veterans depend on total assessment; exemptions up to \$2,340 for widows, widowers, and disabled are allowed if household income is less than \$8,400 (\$12,000 with dependents).

**Arkansas** Residents 65 or older, their widows 60 or older, or disabled veterans who rent their homes are eligible for tax equivalent payments calculated by applying property tax equivalent percentage for each home rule or general law municipality levying a general property tax at the rate of 1% per mill to the annual rent charged.

**California** 1989 estimated figures.

**Colorado** Low income is less than 150% of the limit prescribed for similar households who occupy low-rent public housing operated by a local housing authority. Elderly is 62 and over.

**Connecticut** Municipalities may also allow veterans an additional exemption if income meets prescribed limits.

**Florida** Additional exemption, which applies to residential property, such as a \$500 exemption for widows, widowers, and the blind, and a total exemption for certain totally and permanently disabled homeowners.

**Idaho** All owner-occupied principal residents qualify.

**Kentucky** Amount is adjusted every two years for inflation. State law allows local taxing units to raise property tax rates to make up for lost revenue.

**Louisiana** Homestead exemption does not apply to municipal taxes, except in Orleans Parish, and to municipal taxes levied for school purposes.

**Massachusetts** The value of each exemption (except hardship) is set by state statute. With the exception of "hardship" cases (aged, infirm, and poverty stricken), persons are generally not eligible for multiple exemptions.

**Minnesota** Agricultural and non-agricultural homesteads and homesteads of the blind, disabled, or paraplegic vets also receive preferential classification ratios. Additional agricultural credit for farm homesteads reduced the gross tax of farm homestead property by 36% of first 320 acres excluding house, garage, and one acre; and 26% of gross tax on any acres over 320 acres. For five-year resident veterans with a Congressional Medal of Honor, the first \$2,000 of their property tax is paid by the Commissioner of Revenue. The maximum amount of market value subject to the homestead credit is \$68,000 for residential homestead property. Farm homestead property is not subject to market value maximum.

**Missouri** Citizen circuit breaker is available to residents 65 and older within a specified income range.

**Montana** Low-income individuals receive a percentage reduction for real property taxes. The first \$80,000 or less of the market value of real property is taxed at 3.86% multiplied by a percentage figure based on income (income boundaries in the table are adjusted annually for inflation) as follows

Income Single	Income Married	Percentage Multiplier
\$0-1,090	\$0-1,308	0%
\$1,091-2,180	\$1,309-2,616	10%
\$2,181-3,269	\$2,617-3,923	20%
\$3,270-4,359	\$3,924-5,231	30%
\$4,360-5,449	\$5,232-6,539	40%
\$5,450-6,539	\$6,540-7,846	50%
\$6,540-7,629	\$7,848-9,154	60%
\$7,630-8,718	\$9,155-10,462	70%
\$8,719-9,808	\$10,463-11,770	80%
\$9,809-10,898	\$11,771-13,077	90%

A second form of property relief is available to disabled veterans and their families. If deceased, the veteran must have been killed in active duty or died as a result of service disability. If living, the veteran must be rated 100% disabled and have an adjusted gross income of not more than \$15,000 for a single person or \$18,000 for a married couple. Real property in this case is exempt from taxation (0% tax rate).

**Nebraska** 100% to 20% of AV up to \$35,000 for veterans or unremarried widow/widowers drawing compensation from the Department of Veterans Affairs for 100% disability, or unremarried widow/widowers of veterans who died on active duty, depending on date and income.

**New Hampshire** Municipalities may adopt elderly homestead exemptions as follows:

Age	Plan I	Plan II
65-75	\$5,000*	\$10,000*
75-80	10,000	15,000
80+	20,000	20,000
<b>Income Limit:</b>	7,000	10,000
	(\$9,000 if married)	(\$12,000 if married)
<b>Assets Limit:</b>	\$50,000	\$30,000
		(excluding homestead and land)

\* Any town or city may adopt optional adjusted elderly exemptions by vote.

**New Jersey** Rebate of \$1.50 per \$100 of equalized value, or two-thirds of equalized value, whichever is less. Plus 12.5% of the effective tax rate in the municipality wherein the rebate is claimed, multiplied by \$10,000 of equalized value, whichever is less, up to 50% of net property tax otherwise due. Elderly, disabled, and surviving spouses with income less than \$10,000 also receive \$250 deduction from all real property taxes. Veterans, spouses of veterans, and spouses of servicemen receive \$50 deduction on real or personal property. Both of these programs are funded by the state at a total cost of \$67,068,591.

Table 42 (cont.)  
**Property Tax Homestead Exemptions and Credits, by State**

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**State Notes (cont.)**

<b>New Mexico</b>	Maximum value of exemption in 1990 was \$400; in 1991 and thereafter, \$2,000.	<b>Pennsylvania</b>	Information not maintained at state level; each county assessment office keeps information on the amount of property qualifying for the disabled veterans exemption.
<b>New York</b>	Municipalities may grant exemptions to elderly with income less than \$12,025 up to 50% of AV on residential realty. Local government may increase the maximum annual income eligibility ceiling by up to an additional \$3,000; however, each progressive \$500 of income must be matched by a decrease in the percentage of assessed property value exempted. Veterans may exempt the lesser of 15% of AV or \$12,000, if they served during wartime. In addition, those serving in combat zones may exempt the lesser of 25% or \$8,000, and disabled veterans may exempt the lesser of 50% or \$40,000. The nondisabled exemption applies for only 10 years.	<b>Rhode Island</b>	Homestead exemption is financed and administered entirely at the local level. Programs vary widely between and among Rhode Island's 39 cities and towns.
<b>North Carolina</b>	\$34,000 exemption (\$38,000 for 1990-91) for residences of disabled veterans is a separate statutory provision. The state does not reimburse local governments for any portion of loss from this exemption.	<b>Texas</b>	Percentage decreases to 20% in 1988. All homesteaders also receive a \$3,000 exemption from market value for county farm-to-market roads/flood control tax purposes and \$5,000 for school district purposes. Disabled veterans are allowed exemptions of from \$1,500-3,000 in market value which may be applied to the homestead. School districts must freeze taxes on residential homesteads of those 65 and over.
<b>North Dakota</b>	Disabled in wheelchair, blind owner-occupants, and owner-occupant disabled veterans with 50% disability or more and income \$13,000 (1990 and thereafter) or less: \$5,000 taxable value. Owner-occupant paraplegics with income \$10,000 or less or those awarded specially adapted housing: \$10,000 taxable value.	<b>Virginia</b>	For any locality having a 1980 population of more than 500,000, and any county adjacent thereto, the income and financial worth limitations may be increased to \$40,000 in combined income and \$150,000 in combined net financial worth.
		<b>Wisconsin</b>	The state provides a tax credit payment to each municipality. The credit is distributed to property taxpayers in proportion to their share of the municipality's total assessed value.
		<b>Wyoming</b>	Homestead exemption remains in Wyoming state law, but clause restricts funding to years when revenue is available.

Source: ACIR staff compilation based on surveys from state departments of revenue (Fall 1989) and Commerce Clearing House, *State Tax Guide* (Chicago, 1989). See also Tables 40 and 41.



Table 43  
**Classification of Real Property and Tangible Personal Property, by State, 1987**

State	Number of Classes		High/Low		Selected Rates, by Classification							
					Differential by		Residential		Commercial/Industrial		Telecommunications Utility	
	Real	Personal	Real	Personal	Real	Personal	Real	Personal	Real	Personal	Real	Personal
Alabama*	3	3	3:1		Value		10%		20%		30%	
Alaska	1	1										
Arizona*	9	9	5:1		Value		10%		25%		25%	
Arkansas	1	1										
California*	2	1										
Colorado	2	1	1.61:1		Value		21%		29%		29%	
Connecticut	1	1										
Delaware	1	X										
District of Columbia	4	1	1.66:1		Rate		\$1.22		\$2.03		\$2.03	
Florida	1	1										
Georgia	1	1										
Hawaii*	8	X	2.11:1		Rate		\$4.75/10		\$6-\$10			
Idaho	1	1										
Illinois*	1	X										
Indiana	1	1										
Iowa	4	X	4.41:1		Value		22.64%		100%		100%	
Kansas	4	4	2.5:1		Value		12%		30%		30%	
Kentucky	1	1										
Louisiana*	5	5	2.5:1		Value		10%		25%		25%	
Maine	1	1										
Maryland*	1	1										
Massachusetts*	4	4			Value		2.5%		2.5%		2.5%	
Michigan	1	1										
Minnesota*	32	X	28:1		Value/ Credit		18/28%		28/43%		43%	
Mississippi	3	3	2:1		Value		15%		15%		30%	
Missouri*	3	8	1.68:1	6.66:1	Value	Value	19%	33.3%	32%	33.3%	32%	33.3%
Montana*	11	13	2.07:1	10:1	Value	Value	3.86%	X	3.86%	11%	3/8%	3/8%
Nebraska	1	1										
Nevada	1	1										
New Hampshire	1	X										
New Jersey*	1	1										
New Mexico	1	1										
New York*	4,2	X	1.217:1		Value		\$92.77/ 94.52		\$95.82		\$112.89	
North Carolina	1	1										
North Dakota*	4	X	1.1:1		Value		9%		10%			
Ohio*	2	3	3.12:1		Rate/ Credit Value		32%		32%		32%	

Table 43 (cont.)  
**Classification of Real Property and Tangible Personal Property, by State, 1987**

State	Number of Classes		High/Low		Selected Rates, by Classification								
					Differential by		Residential		Commercial/Industrial		Telecommunications Utility		
	Real	Personal	Real	Personal	Real	Personal	Real	Personal	Real	Personal	Real	Personal	
Oklahoma*	1	1											
Oregon*	1	1											
Pennsylvania*	1	X											
Rhode Island	1	1											
South Carolina*	5	5	2.63:1	2.1:1	Value	Value	4%	10.5%	6%	10.5%	10.5%	10.5%	
South Dakota	2	X			Value								
Tennessee	3	3		11:1	Value	Value	25%	5%	40%	30%	55%	55%	
Texas	1	1											
Utah*	3	3	1.33:1		Value		75% of MV		100% of MV		100% of MV		
Vermont*	1	2				Value/Cost							
Virginia	1	1											
Washington	1	1											
West Virginia*	3	3	2:1		Rate		\$1		\$1.50/2	\$1.50/2			
Wisconsin	1	1											
Wyoming	1	1											

Note: High/Low refers to the ratio of the highest taxed property class to the lowest.

Differential by value in column 3 refers to the proportion of market value in column 4 at which each class of property is assessed.

Differential by rate in column 3 refers to percentage of assessed value in column 4 at which each class of property is taxed.

MV—market value

X—exempt

**\*State Notes**

**Alabama** Fourth class added for tangible personal property composed of passenger automobiles and noncommercial pickup trucks assessed at 15%.

**Arizona** High/low ratio based on relationship between class for commercial/industrial and telecommunications utility of 25% (high) and class for historic property 5% (low). The 25% utility rate applies for 1990 and thereafter.

**California** Full cash value or fair market value is defined, in terms of base year or when change of ownership occurs, as the amount of cash or its equivalent which property would bring if offered for sale in the open market.

**Hawaii** Hawaii counties may classify by differential rates both on the basis of use (four counties) and land v. improvements (three counties). High/low ratio based on relationship between \$10 per thousand assessed on the land of commercial and industrial in Hawaii County (highest) and \$4.75 per thousand on all residential in Maui County (lowest). Residential and commercial/industrial rates shown are improved and unimproved in all four counties. Public utilities may obtain exemption based on payment of public utility tax in lieu of real property.

**Illinois** Ten classes applicable only in Cook County. Residential rate, 16%; industrial, 36%; commercial and utilities, 38%.

**Louisiana** Excludes land and property of electric cooperatives whose land is taxed at 15%.

**Maryland** Agricultural property is valued at full cash value less inflation allowance of 50% of current value. Exemption of personal property either in full or part permitted at the option of localities; 13 counties and Baltimore City have exempted all commercial and manufacturing inventories and manufacturing machinery from ad valorem taxation.

**Massachusetts** Beginning with fiscal 1982, total property taxes on realty may not exceed 2.5% of the full and fair cash valuation, except for any overrides created in accordance with specific statutes.

**Minnesota** Real property high/low ratio based on relationship between class for unmined ore at 50% and low-end class of residential at 18%. Residential rates are 18% for first \$65,000, 28% for excess value excluding 5%-14% rates for disabled, blind, paraplegic veterans. Commercial/industrial rates are 28% for first \$60,000, 43% for excess value.

**Missouri** Personal property high/low ratio based on relationship between property taxed at 33.3% (high) and class for historic motor vehicles taxed at 5% (low). Low end of ratio does not reflect 0.5% for grain and other agricultural crops in unmanufactured condition.

Table 43 (cont.)  
**Classification of Real Property and Tangible Personal Property, by State, 1987**

**State Notes (cont.)**

<b>Montana</b>	Cooperative rural telephone associations, 3%; cooperative rural telephone associations that serve less than 95% of consumers within the incorporated limits of a city or town, 8%. Personal property ratio based on relationship between class for nonproductive patented mining claims, 30% (high) and class for property of cooperative rural telephone associations, 3% (low). Rate for property of cooperative rural telephone associations, 3%. All property used and owned by persons, firms, corporations, or other organizations engaged in the business of furnishing telephone communications exclusively to rural areas or to rural areas and cities and towns of 800 persons or fewer; all property owned by cooperative rural electrical and cooperative rural telephone associations that serve less than 95% of the electricity or telephone users within the incorporated limits of a city or town. There are nine different percentage rates for 12 classes of property.	<b>Oklahoma</b>	only those properties that existed in an unchanged form in both periods. Personal property ratio based on relationship between class for machinery of electric power plants taxed at 100% of value (high) and class for all other tangible personal property taxed at 32% of value (low). Intercounty deviations of not more than 3% above or below mean of the assessed 12% taxable value may occur.
<b>New Jersey</b>	Real property rates based on value not lower than 20% or higher than 100% (multiples of 10) as established by each county Board of Taxation.	<b>Oregon</b>	Personal property exceptions: taxable ships and vessels with Oregon as home port registry assessed at 40% of true cash value; those in intercoastal or foreign trade assessed at 4% of true cash value.
<b>New York</b>	Four classes in New York City and Nassau County; two optional elsewhere. Real property high/low ratio based on figures applicable to New York City only. Residential 1, 2, or 3 family, \$92.77; all other residential \$94.52, in New York City only. Commercial/industrial and utility rates applicable to New York City only.	<b>Pennsylvania</b>	Real property at actual value; certain counties not to exceed 75% of actual value.
<b>North Dakota</b>	Telephone companies subject to tax on percentage of operating receipts in lieu of real and personal property tax.	<b>South Carolina</b>	Personal property high/low ratio based on relationship between property taxed at 10.5% (high) and class for commercial fishing boats and power driven farm machinery at 5% (low).
<b>Ohio</b>	A two-part real property classification system (residential and agricultural) freezes tax shares of the classes and all other real property from one tax period to the next when considering	<b>South Dakota</b>	Personal property not centrally assessed is tax exempt.
		<b>Utah</b>	All metalliferous mines and mining claims, both placer and rock in place, assessed at \$50 per acre plus 10 times the average net annual proceeds for the three preceding calendar years.
		<b>Vermont</b>	Personal property, commercial/industrial and utility rates for listed value which is 100% of appraised value, 1% of the listed value of personalty is entered in the grand list. That grand list value (1% of listed value) is the value against which the tax rate is applied. Business personalty is appraised, at the taxpayer's option, at either 50% of cost (10% if fully depreciated) or net book value (10% if fully depreciated).
		<b>West Virginia</b>	Real property outside of municipalities taxed at lower rate of \$1.50. Property inside municipalities taxed at higher rate of \$2.

Source: U.S. Department of Commerce, Bureau of the Census, *Taxable Property Values, 1987 Census of Governments*, Volume 2. 1989. Appendix A.



Table 44  
State Programs Compensating Local Governments for State-Owned Property, 1989

Type and Number of Programs

State	Taxation	Pilot		Annual Cost	State	Taxation	Pilot		Annual Cost		
		Full	Part				Full	Part			
Alabama*				—	Montana			1	1	465,000	
Alaska*				—	Nebraska*					—	
Arizona*				—	Nevada				1	26,260	
Arkansas*				—	New Hampshire				3	741,040	
California*				—	New Jersey				4	14,092,960	
Colorado				2	107,500					—	
Connecticut				2	20,001,400	New Mexico*				—	
Delaware*				—	New York	5	2	7	59,000,000		
Florida*				—	North Carolina*					—	
Georgia*				—	North Dakota			3	281,810		
Hawaii*				—	Ohio				2	51,050 +	
Idaho*				—	Oklahoma				1	n.a.	
Illinois				1	n.a.	Oregon			1	80,000	
Indiana*				—	Pennsylvania				3	1,980,000 +	
Iowa		1	1	35,500 +	Rhode Island				1	500,000	
Kansas	1			n.a.	South Carolina				3	1,501,220	
Kentucky*				—	South Dakota	1	1			408,900	
Louisiana*				—	Tennessee*					—	
Maine*				—	Texas*					—	
Maryland				1	200,000	Utah				2	122,000 +
Massachusetts				3	17,000,000 +	Vermont	1		1	98,000 +	
Michigan				4	18,405,360	Virginia	1			n.a.	
Minnesota		1	3	5,248,800 +	Washington*					—	
Mississippi*				—	West Virginia*					—	
Missouri				2	365,800	Wisconsin				3	13,776,530
						Wyoming	1			130,000	
					<b>Total</b>	<b>10</b>	<b>9</b>	<b>52</b>	<b>93,619,770 +</b>		

\*—no programs

Taxation—The state has consented to be taxed on some of its property.

Full Pilot—Payment in lieu of taxes equal to total taxes payable if property were not exempt.

Part Pilot—Payment in lieu of taxes less than total taxes payable if property were not exempt.

Annual Cost—Amounts are rounded to the nearest \$10. The symbol + indicates that multiple programs exist but costs are not available for all of them.

New York's estimated total cost is based on 1989 assessments.

Source: Sylvia Adams, *State Programs Compensating Local Governments for State-Owned Property* (Albany: New York State Board of Equalization and Assessment, 1990).

Table 45  
Selected Features of Intangibles Taxation by State

State	Tax Levied	Part of General Property	Taxable Unless Exempt	Special Intangibles Tax	Tax Imposed on	
					Individuals	Corporations
Alabama	Y	Y	Y		Y	Y
Alaska			Y			
Arizona			Y			
Arkansas			Y			
California			Y			
Colorado			Y			
Connecticut	Y			Y	Y	
Delaware						
District of Columbia			Y			
Florida	Y		Y	Y	Y	Y
Georgia	Y		Y	Y	Y	Y
Hawaii						
Idaho						
Illinois <sup>1</sup>						
Indiana			Y			
Iowa	Y			Y		Y
Kansas	Y			Y	Y	Y
Kentucky	Y	Y	Y		Y	Y
Louisiana	Y	Y	Y	Y	Y	Y
Maine						
Maryland						
Massachusetts			Y			
Michigan	Y		Y	Y	Y	
Minnesota			Y			
Mississippi	Y	Y	Y			Y
Missouri	Y		Y	Y	Y	
Montana			Y			
Nebraska			Y			
Nevada <sup>1</sup>						
New Hampshire	Y			Y	Y	
New Jersey						
New Mexico						
New York <sup>1</sup>						
North Carolina	Y		Y	Y	Y	Y
North Dakota	Y			Y	Y	Y
Ohio	Y			Y		Y
Oklahoma			Y			
Oregon			Y			
Pennsylvania	Y	Y	Y	Y	Y	Y
Rhode Island	Y			Y		Y
South Carolina <sup>1</sup>						
South Dakota						
Tennessee	Y	Y	Y	Y	Y	Y
Texas	Y			Y	Y	
Utah			Y			
Vermont						
Virginia						
Washington	Y <sup>2</sup>	Y <sup>2</sup>	Y		Y <sup>2</sup>	Y <sup>2</sup>
West Virginia	Y	Y	Y		Y	Y
Wisconsin			Y			
Wyoming	Y	Y	Y		Y	Y
<b>Totals</b>	<b>22</b>	<b>9</b>	<b>29</b>	<b>16</b>	<b>18</b>	<b>18</b>

<sup>1</sup> Taxation of intangibles prohibited by state constitution.

<sup>2</sup> In 1989, a state Board of Tax Appeals ruling made Washington the only state to tax software as an intangible. A state legislative committee may recategorize it as tangible property.

Source: John H. Bowman, George E. Hoffer, and Michael D. Pratt, "Current Patterns and Trends in State and Local Intangibles Taxation," *National Tax Journal*, December 1990. See also Table 46.

Table 46  
**Details of Intangibles Tax Base by State**

State	Base Items (see key at end of table)	Number
Alabama	A, B	2
Connecticut	O	1
Florida	A, B, E, F, H, O	5
Georgia	A, <sup>1</sup> B, C, D, E, I, J, K, L, M, O	11
Iowa	O	1
Kansas	A, B, C, D, E, <sup>2</sup> F, H, I, O	9
Kentucky	A, <sup>1</sup> B, C, D, E, F, G, H, I, J, K, L, M, O	14
Louisiana	A, <sup>1</sup> B, <sup>1</sup> E, <sup>1</sup> O	4
Michigan	A, B, C, D, E, F, H, I	8
Mississippi	O	1
Missouri	O	1
New Hampshire	A, B, C, E, G, I, O	7
North Carolina	A, <sup>1</sup> B, E, F, H	5
North Dakota	O	1
Ohio	O	1
Pennsylvania	A, <sup>3</sup> B, E, I, O	5
Rhode Island	C	1
Tennessee	A, <sup>3</sup> B, <sup>4</sup> C, <sup>4</sup> E, <sup>4</sup> H, I, <sup>4</sup> O	7
Texas	O	1
Washington	N	1
West Virginia	A, B, F, G, I, J, K, M, O	9
Wyoming	O	1

**Key to Intangible Base Categories [number of states]**

A—Equities [12]	I—Other financial instruments [8]
B—Bonds [12]	J—Patents [3]
C—Deposits [7]	K—Copyrights and trademarks [3]
D—Cash [4]	L—Licenses [2]
E—Mortgages [10]	M—Franchises [3]
F—Accounts receivable [6]	N—Computer software [1]
G—Cash value of insurance policies [3]	O—Other [17]
H—Interest in trusts [6]	

<sup>1</sup> Equities of firms paying selected other state taxes may be exempt from this tax.

<sup>2</sup> Mortgages and notes secured by in-state real property are exempt.

<sup>3</sup> Types of firms whose equities are subject to tax is very limited.

<sup>4</sup> Income subject to intangible personal property tax if duration of instrument contract is six months or greater.

Source: John H. Bowman, George E. Hoffer, and Michael D. Pratt, "Current Patterns and Trends in State and Local Intangibles Taxation," *National Tax Journal*, December 1990. See also Table 45.

Table 47  
States with Transfer and Real Estate Taxes, November 1990

State	Basis of Tax			Rates <sup>1</sup>		State	Basis of Tax			Rates <sup>1</sup>	
	Total Sales Price	Sales Price Exclusive of Mortgage or Other Liens		Deed Transfer Tax	Mortgage Tax		Total Sales Price	Sales Price Exclusive of Mortgage or Other Liens		Deed Transfer Tax	Mortgage Tax
Alabama*	Yes			0.10%	0.15%	Minnesota		Yes	0.33	0.23	
Arizona		flat fee		\$2.00		Nebraska	Yes		0.15		
Arkansas	Yes <sup>2</sup>			0.22		Nevada		Yes <sup>2</sup>	0.11		
California* <sup>3</sup>		Yes <sup>2</sup>				New Hampshire*	Yes		0.525		
Colorado	Yes <sup>4</sup>			0.01		New Jersey*	Yes <sup>2</sup>		0.35		
Connecticut*	Yes			0.61		New York**		Yes	0.40	1.00	
Delaware**	Yes <sup>2</sup>			2.00		North Carolina*		Yes	0.10		
District of Columbia*	Yes			2.20		Ohio* <sup>3</sup>			0.30		
Florida**	Yes			0.55	0.32	Oklahoma*		Yes	0.15	0.10	
Georgia**		Yes <sup>2</sup>		0.10		Pennsylvania**	Yes		1.00		
Hawaii	Yes <sup>2</sup>			0.05		Rhode Island	Yes <sup>2</sup>		0.28		
Illinois**	Yes <sup>2</sup>			0.10		South Carolina**		Yes <sup>2</sup>	0.22		
Iowa	Yes <sup>4</sup>			0.11		South Dakota	Yes		0.10		
Kansas				0.26		Tennessee*		Yes	0.33	0.115	
Kentucky	Yes			0.10		Vermont*	Yes		1.25		
Maine	Yes			0.22		Virginia**	Yes	Yes	0.10	0.15	
Maryland**	Yes			0.11		Washington**	Yes		1.28		
Massachusetts*		Yes <sup>2</sup>		0.40		West Virginia**	Yes		0.22		
Michigan*	Yes <sup>2</sup>			0.11		Wisconsin	Yes <sup>2</sup>		0.30		

<sup>+</sup> Local taxes are additional.

<sup>1</sup> Taxes are listed as a percentage of the tax base even though statutory rates are sometimes listed as cents/\$100 or cents/mills.

<sup>2</sup> Transfers under \$100 are exempt.

<sup>3</sup> Local taxes only.

<sup>4</sup> Transfers under \$500 are exempt.

**\*State Notes**

<b>General Information:</b>	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. Most states grant a variety of exemptions to these taxes.	acquisition or classification, whichever is earlier, it, too, is subject to the conveyance tax. The tax rates 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 on a scale from 10% within the first year to 1% within the tenth year. The tax on nonresidential property is 1%. For residential properties over \$800,000, the tax is 0.5% on the first \$800,000 and 1% on the remainder.
<b>Alabama</b>	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.	<b>Delaware</b> There is a realty transfer tax imposed by the City of Wilmington at the rate of 1%. Counties are authorized to impose and collect a tax.
<b>California</b>	Counties have the authorization to impose a .11% documentary transfer tax. Charter cities, such as Berkeley, Oakland, Piedmont, Santa Clara, San Jose, Campbell, and others, impose an additional tax at one-half the county rate per \$500. The Los Angeles County documentary tax is \$1.10 per \$1,000 of the value. The Los Angeles City tax is \$.55 per \$1,000.	<b>District of Columbia</b> The recordation tax on deeds is 1.1% and is paid by the transferee. The transfer tax is 1.1%, and is paid by the transferor.
<b>Connecticut</b>	The rate shown is a combination of 0.5% of the consideration paid plus an additional tax at the rate of 0.11% of the consideration paid. 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	<b>Florida</b> Until October 1, 2011, counties are authorized to levy a surtax on documents at a rate not to exceed \$.45/\$100. The county tax is levied on the same items as the state tax, except any document which involves a single family residence.
		<b>Georgia</b> \$1 for the first \$1,000 and \$.10 for each additional \$100.
		<b>Illinois</b> Counties are authorized to impose a real estate transfer tax at the rate of .05% of the full consideration. Chicago imposes a real estate transfer tax at the rate of 0.5% of the value. There are 29 home rule cities that levy a real estate transfer tax.

*Table 47 (cont.)*  
**States with Transfer and Real Estate Taxes, November 1990**

**State Notes (cont.)**

<b>Maryland</b>	A realty transfer tax is imposed by the state at 0.5% of actual consideration paid. The first \$30,000 of the sales price of a home is excluded from the tax base. Counties may impose an additional transfer tax not to exceed 0.5%. Counties and municipalities may impose an additional recordation tax. The rate of tax varies between the counties; the range is from \$1.10 to \$3.50 per \$500. There also is 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. Counties also impose additional deed transfer taxes.	other real property is 1.75%. The mortgage recording tax is a state tax that is administered by localities. 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% for a one-, two-, or three-family house, individual cooperative apartment, individual residential condominium unit, or individual dwelling unit in a four-unit dwelling, or where the consideration for the transfer is less than \$500,000, and 1.425% if the consideration is more than \$500,000. With respect to all other transfers, the rate is 1.425% if the consideration is under \$500,000 and 2.625% where the consideration is more than \$500,000. The real property gains tax is imposed at a rate of 10% on the gain from the transfer of real property if the consideration is \$1 million or more.
<b>Massachusetts</b>	If the sale price is greater than \$100 and less than \$500, the fee is \$2, and for each additional \$500 or fractional part, \$2. In addition, a 14% surtax per \$500 is imposed.	<b>North Carolina</b> Authorizes an excise stamp tax on transfers of real estate at the rate of \$.50 per \$500, or fraction thereof. The levy is administered by county governments in accordance with procedures established by the state.
<b>Michigan</b>	The \$.55 per \$500 rate increases to \$.75 per \$500 for counties with a population of 2 million or more.	<b>Ohio</b> Counties may levy a realty transfer tax on each deed, with a rate not to exceed \$.30 per \$100 of value. There is an additional tax of \$1 or \$.10 per \$100, whichever is greater, imposed by counties; there are 22 exemptions to this second tax.
<b>New Hampshire</b>	The buyer and the seller each pay \$.525 per \$100 of the full consideration, the total tax being \$1.05 per \$100 (minimum tax \$19 from buyer and seller). Rates are in effect from 4/1/90 through 6/30/91.	<b>Oklahoma</b> The real estate mortgage tax rates, for each \$100 and remaining fraction thereof, increase with the time of the mortgage as follows: \$.10—5 years or more, \$.08—4 to 5 years, \$.06—3 to 4 years, \$.04—2 to 3 years, and \$.02—2 years or less. If mortgage is less than \$100, a tax of \$.10 is levied. County treasurers impose a \$5 fee on each mortgage presented for certification.
<b>New Jersey</b>	The rate is .35% on the first \$150,000; the rate on the excess over \$150,000 of the consideration is an additional \$.75/\$500. There is a reduction in the tax rate to \$.50/\$500 when the transfer involves the sale of low- or moderate-income housing. The sale of any one- or two-family residence owned and occupied by a senior citizen, blind or disabled person who is the seller also qualifies for the reduction.	<b>Pennsylvania</b> 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. Philadelphia imposes a realty transfer tax at the rate of 3.92% (rate in effect until 6/30/91).
<b>New York</b>	New York City imposes a mortgage recording tax of 1%, in addition to the state tax, 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 \$1.125/\$100. The tax on mortgages secured on all	<b>South Carolina</b> Counties may impose an additional \$1.10 per \$1,000 deed transfer tax.
<b>Vermont</b>	The capital gains tax on land is based on the gain and the years held; the rates are as follows:	<b>Tennessee</b> Mortgage Tax—county registrar receives \$.50 recording fee at time of payment. Also entitled to a commission of 5% of tax collected. Not liable for the first \$2,000 of indebtedness. The rate is scheduled to be reduced to 0.1% on 7/1/91. Real Estate Transfer Tax—county registrar receives \$.50 recording fee at time of payment. Also entitled to a commission of 5% of tax collected. Maximum tax \$100,000.

<b>Gain as a Percentage of Basis</b> (rounded to the next highest percent)			
<b>Land Held by Transferor</b>			
	<b>0-99</b>	<b>100-199</b>	<b>200 &amp; over</b>
less than four months	60	70.0	80
four to 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

*Table 47 (cont.)*  
**States with Transfer and Real Estate Taxes, November 1990**

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**State Notes (cont.)**

**Virginia**

The deed transfer tax is actually a two-part recordation tax: the grantor's tax of \$.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. The recordation tax per \$100 value decreases as follows: 1st \$10 million, \$.15; 2nd \$10 million, \$.12; 3rd \$10 million, \$.09; 4th \$10 million, \$.06; and 5th \$10 million, \$.03. In addition to the state realty transfer tax, 27 cities and 65 counties impose a tax equal to 1/3 of the state tax.

ing 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. In lieu of imposing an additional 0.5% local sales and use tax, a city or county may impose an additional tax on the sale of property not to exceed 0.5% of the selling price. Counties may impose an additional excise tax on each sale of real property in the county at a rate not to exceed 1% of the selling price. Proceeds from the tax are to be used exclusively for the acquisition and maintenance of conservation areas.

**Washington**

There is an excise tax of 1.28% of the total sell-

**West Virginia**

There is an additional county excise tax on transfers of property at a rate of 0.11%.

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Reporter* (Chicago, November 1990).

Table 48  
Types of State Death and Transfer Taxes, November 1990

Type of Tax	Number	States
"Pick-Up" Tax Only	26	Alabama, Alaska, Arizona, Arkansas, California, Colorado, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Maine, Minnesota, Missouri, Nevada (applies only to resident decedents), New Mexico, North Dakota, Oregon, Texas, Utah, Vermont, Virginia, <sup>1</sup> Washington, West Virginia, Wyoming
Estate and "Pick-Up" Tax	9	Massachusetts, Michigan, <sup>2</sup> Mississippi, New York, Ohio, Oklahoma, Rhode Island (estate tax being phased out by 1/1/92), South Carolina, Virginia
Inheritance and "Pick-Up" Tax	18	Connecticut, Delaware, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan, <sup>2</sup> Montana, Nebraska, New Hampshire, New Jersey, North Carolina, Pennsylvania, South Dakota, Tennessee, Wisconsin (inheritance tax being phased out by 1/1/92)
States with Added Gift Tax	7	Delaware, Louisiana, New York, North Carolina, South Carolina (repealed effective 1/1/92), Tennessee, Wisconsin (repealed effective 1/1/92)

**Notes**

<sup>1</sup>Local estate taxes are additional.

<sup>2</sup>Counties collect an additional 0.5%. See also Table 42.

**General Description of Death, Gift, and Inheritance Taxes**

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.

**Interaction of Federal and State Taxes**

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 on Federal Death Taxes—Maximum State Death Tax Credit). All states have *at least* this "pick-up" tax; the federal government receives tax amounts only 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 above.)

Nine states have estate taxes that exceed the amount of the "pick-up" tax (see above).

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Reporter* (Chicago, November 1990). See also Tables 49-51.

Unlike the aforementioned nine states, 18 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 estate as a whole (see above).

In seven states, gift taxes apply to transfers occurring while the donor is alive. Like the federal gift tax, this tax could be viewed generally 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 state estate tax credit (the so-called state "pick-up" tax) is found in Table 13.

Table 49  
State Estate Tax Rates and Exemptions, November 1990

State	Taxable Estate		Rate Percent	Considerations
	Over	But Not Over		
Massachusetts	\$0	\$50,000	5.0	if estate: < or = \$200,000 there is no tax liability > \$200,000 there is a credit of either the lesser of: Massachusetts estate tax liability or \$1,500 Charitable exemptions are allowed.
	50,000	100,000	7.0	
	100,000	200,000	9.0	
	200,000	400,000	10.0	
	400,000	600,000	11.0	
	600,000	800,000	12.0	
	800,000	1,000,000	13.0	
	1,000,000	2,000,000	14.0	
	2,000,000	4,000,000	15.0	
	4,000,000	16.0		
Michigan	Federal pick-up tax			Counties collect an additional 0.5% of the federal estate tax paid.
Mississippi	0	60,000	1.0	Exemption: property up to the value of \$600,000.
	60,000	100,000	1.6	
	100,000	200,000	2.4	
	200,000	400,000	3.2	
	400,000	600,000	4.0	
	600,000	800,000	4.8	
	800,000	1,000,000	5.6	
	1,000,000	1,500,000	6.4	
	1,500,000	2,000,000	7.2	
	2,000,000	2,500,000	8.0	
	2,500,000	3,000,000	8.8	
	3,000,000	3,500,000	9.6	
	3,500,000	4,000,000	10.4	
	4,000,000	5,000,000	11.2	
	5,000,000	6,000,000	12.0	
	6,000,000	7,000,000	12.8	
7,000,000	8,000,000	13.6		
8,000,000	9,000,000	14.4		
9,000,000	10,000,000	15.2		
10,000,000		16.0		
New York	0	50,000	2.0	New York follows federal guidelines for deductions, including unlimited marital deductions as of 1/1/84 Unified credit: if tax < or = \$2,750, credit equals full amount of tax \$2,750 < tax < \$5,000, credit = an amount by which \$5,500 exceeds the tax if tax = or > \$5,000, credit = \$500 The effect of the unified credit is to eliminate tax liability for estates with total taxable assets of \$108,333.33 or less. Charitable exemptions are allowed.
	50,000	150,000	3.0	
	150,000	300,000	4.0	
	300,000	500,000	5.0	
	500,000	700,000	6.0	
	700,000	900,000	7.0	
	900,000	1,100,000	8.0	
	1,100,000	1,600,000	9.0	
	1,600,000	2,100,000	10.0	
	2,100,000	2,600,000	11.0	
	2,600,000	3,100,000	12.0	
	3,100,000	3,600,000	13.0	
	3,600,000	4,100,000	14.0	
	4,100,000	5,100,000	15.0	
	5,100,000	6,100,000	16.0	
	6,100,000	7,100,000	17.0	
	7,100,000	8,100,000	18.0	
	8,100,000	9,100,000	19.0	
	9,100,000	10,100,000	20.0	
10,100,000		21.0		
Ohio	0	40,000	2.0	Tax credit of the lesser of \$500 or the amount of the tax, thus no tax liability for estates < \$25,000 Gross estate includes gifts made within three years of death. Marital deduction is the lesser of: (a) greater of 1/2 difference between value of gross estate and deductions or \$500,000, if decedent dies between 7/1/89-7/1/91 (after 7/1/91, \$1,000,000); or (b) the federal marital deduction After 7/1/93, spouse exempt Charitable exemptions are allowed.
	40,000	100,000	3.0	
	100,000	200,000	4.0	
	200,000	300,000	5.0	
	300,000	500,000	6.0	
	500,000		7.0	



Table 49 (cont.)  
State Estate Tax Rates and Exemptions, November 1990

State	Taxable Estate		Rate		Considerations
	Over	But Not Over	Percent		
<b>Oklahoma</b>					
	0	10,000	0.5	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. A total exemption of \$175,000 may be divided among lineal heirs. Estate is exempt if it does not exceed \$100. Charitable exemptions are allowed.
	40,000	60,000	2.0	4.0	
	60,000	100,000	2.5	5.0	
	100,000	250,000	3.0	6.0	
	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	
<b>Rhode Island</b>					
	0	25,000	2.0		Marital deduction: \$175,000 Orphan child exemption: \$5,000 x number of years (age of child from 21) Exemption: \$25,000 Phase-out of estate tax, federal credit or Rhode Island tax, whichever is greater, for deaths occurring during: 1987 pay 80% of tax; 1988, 60%; 1989, 40%; and 1990, 20%. After 6/1/90, and until 1/1/92, 40%. After 1992, estates are subject to a pick-up tax only.
	25,000	50,000	3.0		
	50,000	100,000	4.0		
	100,000	250,000	5.0		
	250,000	500,000	6.0		
	500,000	750,000	7.0		
	750,000	1,000,000	8.0		
	1,000,000		9.0		
	additional estate tax				
	250,000	300,000	1.4		
	300,000	500,000	2.2		
	500,000	700,000	3.0		
	700,000	900,000	3.8		
	900,000	1,000,000	4.6		
	1,000,000	1,500,000	5.24		
	1,500,000	2,000,000	6.04		
	2,000,000	2,500,000	6.84		
	2,500,000	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		
<b>South Carolina</b>					
	0	40,000	6		Exemptions: \$170,000 (\$320,000 for decedents dying after 6/30/90) After 7/1/91 estates are subject to a pick-up tax only. For decedents dying before 7/1/91, an additional estate tax is imposed equal to the excess, if any, over the state estate tax up to the credit allowable against the federal estate tax, so that the aggregate state tax will always at least equal the maximum federal credit.
	40,000	100,000	7		
	100,000		8		
<b>Virginia</b>					
	Federal pick-up tax				In addition to the estate tax, the probate of every will or grant of administration, not exempt by law, is subject to tax. This tax amounts to \$.10 on every \$100 of value or fraction thereof, except that estates of \$5,000 or less are not subject to the tax. The governing bodies of cities and counties may also impose a tax on the probate of wills or grants of administration in an amount equal to one-third the amount of the state tax levied on such probate or administration.

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Reporter* (Chicago, November 1990). See also Tables 48, 50, and 51.

Table 50  
State Inheritance Tax Rates and Exemptions, November 1990

State	Value of Share before Exemption Applied		Rates According to Class (in percent)					Conditions
	Over	But Not Over	A	B	C	D	E	
<b>Connecticut</b>	\$0	\$1,000						Class A = (grand)parent, descendant (natural or adoptive) Class B = spouse or widow(er) of child who has not remarried, stepchild, sibling, descendant of sibling Class C = any others  Exemptions: surviving spouse Class A \$50,000 Class B \$6,000 Class C \$1,000  Additional tax: Estates of decedents dying on or after 6/8/61, equal to 30% of the basic tax is imposed; on or after 7/1/83, second tax equal to 10% of the basic tax and the first additional tax. The second additional tax is not applicable to real property classified as farm land at time of death.  Charitable exemptions are allowed.
	1,000	6,000			8			
	6,000	25,000		4	8			
	25,000	50,000		5	9			
	50,000	150,000	3	5	9			
	150,000	250,000	4	6	10			
	250,000	400,000	5	7	11			
	400,000	600,000	6	8	12			
	600,000	1,000,000	7	9	13			
	1,000,000		8	10	14			
<b>Delaware</b>	1,000	3,000				10	Class A = spouse Class B = lineal descendant and (grand)parents, children, stepchild, spouse, or widow(er) of child Class C = any other relative within 5 degrees consanguinity Class D = all others  Exemptions: Class A \$70,000 Class B \$25,000 Class C \$5,000 Class D \$1,000  Charitable exemptions are allowed.	
	3,000	10,000			5	10		
	10,000	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		
<b>Indiana</b>	0	25,000	1	7	10			Class A = spouse, lineal ancestor, lineal descendant Class B = siblings, their descendants, spouse or widow(er) of child Class C = all others  Exemptions: transfers to spouse proceeds from insurance policies minor (under 21 years) \$10,000 child 21 and older \$5,000 parent \$5,000 other Class A \$2,000 Class B \$500 Class C \$100  Charitable exemptions are allowed.
	25,000	50,000	2	7	10			
	50,000	100,000	3	7	10			
	100,000	200,000	3	10	15			
	200,000	300,000	4	10	15			
	300,000	500,000	5	10	15			
	500,000	700,000	6	12	15			
	700,000	1,000,000	7	12	15			
	1,000,000	1,500,000	8	15	20			
	1,500,000		10	15	20			
<b>Iowa</b>	0	5,000	1	5	10	10	15	Class A = spouse, parent, child, lineal descendant Class B = sibling, spouse of child, step child Class C = all others Class D = certain institutions organized in other states for charitable, educational, or religious purposes, or resident trustees, for use outside the state. Charitable exemptions may apply if reciprocal exemptions exist. Class E = firms, corporations, or societies organized for profit. Estates which do not exceed \$10,000 after deducting debts are exempt.  Exemptions for Class A only: spouse \$180,000 each child \$50,000 parent \$15,000 other lineal descendants \$15,000
	5,000	12,500	2	5	10			
	12,500	25,000	3	6	10			
	25,000	50,000	4	7	10			
	50,000	75,000	5	7	12			
	75,000	100,000	6	8	12			
	100,000	150,000	7	9	15			
	150,000		8	10	15			

Bequests to profit-making organizations are taxable at 15%  
 Bequests to charitable organizations are taxable at 10% unless organization is incorporated under the laws of Iowa for charitable, educational, or religious purposes.  
 Transfers to alien, nonresident of US, within Class A are taxable at 10%

Table 50 (cont.)  
State Inheritance Tax Rates and Exemptions, November 1990

State	Value of Share before Exemption Applied		Rates According to Class (in percent)					Conditions
	Over	But Not Over	A	B	C	D	E	
<b>Kansas</b>								
	0	25,000	1	3	10			Class A = lineal ancestor, descendant, step parent or child, adopted child, spouse of child Class B = siblings Class C = all others Deductions: Class A               \$30,000 Class B               \$5,000 (if share of estate after deductions is less than \$200, no tax is due) Surviving spouse is exempt
	25,000	50,000	2	5	10			
	50,000	100,000	3	7.5	10			
	100,000	200,000	4	10	12			
	200,000	500,000	4	10	15			
	500,000		5	12.5	15			
<b>Kentucky</b>								
	0	10,000	2	4	6			Class A = parent, spouse, (grand)child, child adopted during infancy Class B = sibling, their descendants, spouse of child, aunt, uncle Class C = all others Exemptions: surviving spouse minor (< 18 years) or incompetent child \$20,000 parent               \$5,000 child                 \$5,000 grandchild           \$5,000 Class B               \$1,000 Class C               \$500
	10,000	20,000	2	5	8			
	20,000	30,000	3	6	10			
	30,000	45,000	4	8	12			
	45,000	60,000	5	10	14			
	60,000	100,000	6	12	16			
	100,000	200,000	7	14	16			
	200,000	500,000	8	16	16			
	500,000		10	16	16			
<b>Louisiana</b>								
	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 transfers to a surviving spouse, after 1991 Charitable exemptions are allowed.
	5,000	20,000	2	5	10			
	20,000		3	7	10			
<b>Maryland</b>								
			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; first \$100,000 of other property is exempt. 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 descendant is taxed at 1%.
<b>Michigan</b>								
	0	50,000	2	12				Class A = (grand)parent, spouse, child, sibling, spouse of child, lineal descendant Class B = all others No tax due if share of estate is < or = \$100. Exemptions: spouse               \$65,000 an additional \$5,000 for widows with minor children to whom no property is transferred if that transfer qualifies for marital deduction under federal estate tax all others in Class A \$10,000 Counties collect an additional 0.5% of the tax paid. Charitable exemptions are allowed.
	50,000	250,000	4	14				
	250,000	500,000	7	14				
	500,000	750,000	8	17				
	750,000		10	17				

Table 50 (cont.)  
**State Inheritance Tax Rates and Exemptions, November 1990**

State	Value of Share before Exemption Applied		Rates According to Class (in percent)					Conditions
	Over	But Not Over	A	B	C	D	E	
<b>Montana</b>								
	0	25,000	2	4	6	8		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: Class A property passing to spouse and lineal descendant exempt. Lineal ancestor, \$7,000 Class B \$1,000 Charitable exemptions are allowed. Armed forces exemption during active service if 1) killed in action in combat zone 2) died from wounds, disease, or injury suffered in combat zone
	25,000	50,000	4	8	12	16		
	50,000	100,000	6	12	18	24		
	100,000		8	16	24	32		
<b>Nebraska</b>								
	0	2,000			6		Class A = parent, spouse, child, sibling, spouse or widow(er) of child, lineal descendant, Class B = uncle, aunt, their descendants, spouses of descendants Class C = all others Exemptions: surviving spouse Class A               \$10,000 Class B               \$2,000 Class C               \$500 Tax is paid to and administered by county where decedent resided or had property.	
	2,000	5,000		6	6			
	5,000	10,000		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			
<b>New Hampshire</b>								15% tax rate. Exempt: spouse, lineal ascendants, lineal descendants, their spouses, legal guardians, step children, their spouses and lineal descendants. Credit for taxes paid on prior transfers between siblings. If sibling died within two years, credit is 100%; credit decreases by 20% every two years up to 10 years. Real property for nonresidents is taxed at same rate. Personal property is taxed at a flat 2%; no deductions or exemptions allowed.
<b>New Jersey</b>								
	0	25,000				15	Class A = (grand)parents, child, issue of any child or legally adopted child of a decedent, mutually acknowledged child and stepchild Class C = brother or sister of decedent, wife or widow of decedent's son, or husband or widower of a daughter Class D = all others Class A               exempt Class C               \$25,000 Charitable exemptions are allowed Class B eliminated effective 7/1/63 If share is < \$500, there is no tax due. Life insurance proceeds payable to a named beneficiary are not included in estate Surviving spouse is exempt.	
	25,000	700,000			11	15		
	700,000	1,100,000			11	16		
	1,100,000	1,400,000			13	16		
	1,400,000	1,700,000			14	16		
	1,700,000				16	16		

Table 50 (cont.)  
**State Inheritance Tax Rates and Exemptions, November 1990**

State	Value of Share before Exemption Applied		Rates According to Class (in percent)					Conditions
	Over	But Not Over	A	B	C	D	E	
<b>North Carolina</b>								
	0	5,000	1	4	8			Class A = lineal ancestor, descendant, adopted or stepchild (spouse of child) Class B = siblings, their descendants, uncle, aunt by blood Class C = all others Surviving spouse is exempt. Total credits due Class A if decedent dies on or after: 1/1/88—\$20,150 1/1/89—\$26,150 Priority given: 1) minors, children 18 or over who are single and unable to support themselves due to being mentally or physically incapacitated 2) others
	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			
<b>Pennsylvania</b>								
	0		6	15			Class A = (grand)parent, spouse, lineal descendant, spouse or widow(er) of child Class B = all others Exemptions: gift of < \$3,000 per year, proceeds from insurance, property held jointly with spouse, employment benefits, family exemption of \$2,000	
<b>South Dakota</b>								
	0	3,000			4	5	6	Class A = lineal issue, adopted child, loco parentis Class B = lineal ancestor and (sibling who for at least 10 of 15 years operated business or farm with decedent) Class C = siblings, their descendants, spouse or widow(er) of child Class D = uncle, aunt, their descendants Class E = all others Exemptions deducted from first bracket: surviving spouse Class A spouse, child, lineal issue, adopted child: \$30,000 Class B lineal ancestor \$3,000 Class C \$500 Class D \$200 Class E \$100 Charitable exemptions are allowed.
	3,000	15,000		3	4	5	6	
	15,000	30,000		7.5	10	12.5	15	
	30,000	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	
<b>Tennessee</b>								
	0	40,000	5.5	5.5				Class A = spouse, child, lineal ancestor, descendant, siblings, spouse of children Class B = all others Credit for gift tax paid for gifts made within three years of death Exemptions: spouse Class A 1989 \$600,000 Class B 1989 \$350,000 1990 \$600,000 Charitable exemptions are allowed. Marital deduction: 1/2 value of taxable transfer
	40,000	200,000	6.5	6.5				
	200,000	240,000	6.5	6.5				
	240,000	300,000	7.5	7.5				
	300,000	440,000	7.5	7.5				
	440,000		9.5	9.5				
	After 1989, no distinction between the classes							
<b>Wisconsin</b>								
	0	25,000	2.5	5	7.5	10		Class A = lineal ancestor, issue, spouse of child, adopted child Class B = siblings, their descendants Class C = uncle, aunt, their descendants Class D = all others Exemptions: surviving spouse Class A \$50,000 Class B \$1,000 Class C \$1,000 Class D \$500 first \$10,000 of tangible personal property, household furniture, appliances, except money Charitable exemptions are allowed. Credit: gift tax paid is a credit against estate or inheritance tax.
	25,000	50,000	5	10	15	20		
	50,000	100,000	7.5	15	22.5	20		
	100,000	500,000	10	20	20	20		
	Inheritance/gift tax 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* (Chicago, November 1990). See also Tables, 48, 49, and 51.

Table 51  
State Gift Tax Rates and Exemptions, November 1990

State	Taxable Gift		Rate According to Class (in percent)			Considerations
	Over	But Not Over	A	B	C	
<b>Delaware</b>						
	\$0	\$25,000	1			Gifts 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			
<b>Louisiana</b>						
	0	15,000	2			Gifts to spouse after 1991 are fully exempt. \$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.
	15,000					
<b>New York</b>	see estate tax rates					\$10,000 per donee per year is excluded from taxation. Unlimited marital deduction applies to gifts given after September 30, 1983. Unified credit (same as estate tax): 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
<b>North Carolina</b>			A	B	C	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. 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 are residents of North Carolina when the gift is made. Charitable exemptions are allowed.
	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	
<b>South Carolina*</b>						
	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			
<b>Tennessee</b>			A	B		
	0	40,000	5.5	6.5		Class A = spouse, child, stepchild, lineal ancestor, descendant siblings, spouse of child Class B = all others
	40,000	50,000	6.5	6.5		
	50,000	100,000	6.5	9.5		Gifts made by either spouse to a third party may be considered as being made one-half by each spouse. Marital Exemption: One-half of gift
	100,000	150,000	6.5	12.0		
	150,000	200,000	6.5	13.5		Exemptions: Class A = \$10,000 Class B = \$5,000
	200,000	240,000	6.5	16.0		
	240,000	440,000	7.5	16.0		
	440,000		9.5	16.0		
<b>Wisconsin*</b>	see inheritance tax rates					\$10,000 per donee per year is excluded from taxation. Gifts to spouse are exempt. One-time exemption of \$50,000 is allowed to gifts to Class A. All others, no exemptions. Gift tax reduced by 40% in 1989; 60% in 1990; 80% in 1991; and 100% thereafter.

\*This law has been repealed, effective 1/1/92.

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Guide* (Chicago, November 1990). See also Tables 48-50.

*Section V*

*Special Study:*

**Taxation of Telecommunications and Banks,  
by State, 1990**

Table 52  
State Gross Receipts Taxation of Telecommunications Companies, 1990

State	Tax	Rate (in percent)	Tax Base	Access Charges Deductible	Tax in Lieu of
Alabama	Yes	2.5	Intrastate Service	Yes, by IXC and LEC	Nothing
Alaska	No	—	—	—	—
Arizona	No	—	—	—	—
Arkansas	No	—	—	—	—
California	No	—	—	—	—
Colorado	No	—	—	—	—
Connecticut	No	—	—	—	—
Delaware	Yes <sup>1</sup>	4.25	Intrastate Service <sup>1</sup>	n.a.	Nothing
District of Columbia	Yes	6.7	Intra and Interstate Service	Yes, by LEC	Personal Property Tax
Florida	Yes	1.5	Intra and Interstate Service	Yes, by LEC	Nothing
Georgia	No	—	—	—	—
Hawaii	No	—	—	—	—
Idaho	No	—	—	—	—
Illinois	No	—	—	—	—
Indiana	Yes <sup>2</sup>	1.20	Intrastate Service	No	May be in lieu of Income Tax
Iowa	No	—	—	—	—
Kansas	No	—	—	—	—
Kentucky	No <sup>3</sup>	—	—	—	—
Louisiana	No	—	—	—	—
Maine	No	—	—	—	—
Maryland	Yes	2.0	Intra and Interstate Service	Yes, by LEC	Corporation Income Tax <sup>4</sup>
Massachusetts	No	—	—	—	—
Michigan	No	—	—	—	—
Minnesota	Yes	3.0-5.5	Intra and Interstate Service <sup>5</sup>	Yes, by IXC	Real Property Tax <sup>5</sup>
Mississippi	No	—	—	—	—
Missouri	No	—	—	—	—
Montana	Yes	1.725	Intrastate Service	No	Nothing
Nebraska	No	—	—	—	—
Nevada	No	—	—	—	—
New Hampshire	No	—	—	—	—
New Jersey	Yes	5.0 <sup>6</sup>	Intrastate Service	Yes, by LEC	Corporation Business Tax <sup>6</sup>
New Mexico	Yes	5.0	Intra and Interstate Service <sup>7</sup>	†	†
New York	Yes	3.3	Intra and Interstate Service	Yes, by LEC	Corporation Income Tax
North Carolina	Yes	3.22	Local Exchange Service	n.a.	Nothing
North Dakota	No	—	—	—	—
Ohio	No	—	—	—	—
Oklahoma	No	—	—	—	—
Oregon	No	—	—	—	—
Pennsylvania	Yes	4.4	Intrastate Service	Yes, by IXC	Nothing
Rhode Island <sup>8</sup>	Yes	6.0	Intra and Interstate Service	Yes, by IXC	Corporation Income Tax
South Carolina	Yes	0.3	Intrastate Service	No	Nothing
South Dakota	Yes	5.0	Intra and Interstate Service	Yes, by IXC	Property Tax
Tennessee	No	—	—	—	—
Texas	No	—	—	—	—
Utah	No	—	—	—	—
Vermont <sup>9</sup>	Yes	2.25-5.25	Intra and Interstate Service	No	—
Virginia <sup>10</sup>	Yes	1.2	Intra and Interstate Service	Yes, by LEC	Corporation Income Tax
Washington	No <sup>11</sup>	—	—	—	—
West Virginia	Yes	4.0	Intra and Interstate Service	Yes, by IXC	Nothing
Wisconsin <sup>12</sup>	Yes	6.333-8.073	Intra and Interstate Service	Yes, by IXC	Property Tax
Wyoming	No	—	—	—	—
Total	Yes = 20	Range = .03-8.073%	Intrastate = 7 Intra and Interstate = 12 Local Exchange = 1	Yes = 14	—



*Table 52 (cont.)*  
**State Gross Receipts Taxation of Telecommunications Companies, 1990**

IXC—interexchange carrier

LEC—local exchange carrier

† not available

n.a.—not applicable

<sup>1</sup> Residential consumers are exempt from this tax. Also, there is a tax based on miles of wire and number of telephone transmitters within the state.

<sup>2</sup> Other corporations as well as utilities are subject to Indiana's gross earnings tax.

<sup>3</sup> In Kentucky there is a 3.0% gross earnings license tax on LECs, which is administered at the county level.

<sup>4</sup> Receipts subject to gross earnings tax are allowed as a deduction in computing corporation net income tax liability in Maryland.

<sup>5</sup> IXC's have been exempt from gross receipts (earnings) tax since 1986. The gross receipts tax on the LEC will phase out from 4% (on rural LECs) and 7% (other LECs) from calendar year 1989-91. The Minnesota tax will sunset on 12/31/91.

<sup>6</sup> Effective 1/1/90, IXC's exempt from gross receipts tax and subject to corporate business tax. Plus 0.625% surtax.

<sup>7</sup> The 30% exemption on interstate sales is intended to adjust for the intrastate portion of interstate service.

<sup>8</sup> The Rhode Island special tax on telecommunications is being phased down according to the following schedule: 7% cur-

rently; 6% on 7/1/88; 5% on 7/1/90. An access charge deduction for IXC's will be phased in according to the following schedule: 50% deduction effective 7/1/87; 100% deduction effective 7/1/88.

<sup>9</sup> Effective 6/30/91, the Vermont gross receipts tax will be repealed for IXC's and LEC's. Effective 1/1/88, subject to income tax; effective 7/1/88, subject to personal property tax. Income and property taxes are allowed as a credit against gross receipts tax liability. Telephone companies with annual gross receipts of \$50 million or less may elect to pay the gross receipts tax and not the income and personal property tax.

<sup>10</sup> The Virginia tax is the greater of a 6% income tax or a minimum tax on gross receipts at the following rates: 1.2% (1989 and 1990); 1.0% (1991); and decreasing 0.1% per year thereafter until the rate reaches 0.5% in 1996.

<sup>11</sup> Since Washington levies a multistage, multirate gross earnings tax on all businesses (the business and occupations tax), that tax, as it applies to retail telephone service, is not considered a form of special gross receipts taxation for the purposes of this table.

<sup>12</sup> Wisconsin's special tax rates are 8.073% on toll revenues and 6.333% on exchange revenues.

Sources: Compiled from Commerce Clearing House, *State Tax Guide* (Chicago, 1990), and with the assistance of AT&T, MCI, BellSouth, Southwestern Bell, and US West. See also Tables 53-55.

Table 53  
State Sales Taxation of Telecommunications Services, 1990

State	Tax	Rate (in percent)	Tax Base
Alabama	Yes	4.0	Intrastate Service <sup>1</sup>
Alaska	No	—	—
Arizona	Yes	5.0	Intrastate Service
Arkansas	Yes	4.0	Intrastate and Interstate MTS
California	Yes	0.75 <sup>2</sup>	Intrastate MTS and WATS/800 Service
Colorado	Yes	3.0	Intrastate Service and Interstate Access <sup>3</sup>
Connecticut	Yes	8.0	Local, Intrastate, and Interstate Service
Delaware	No	—	—
District of Columbia	Yes	6.0	Local Service
Florida	Yes	6.0	Intrastate and Interstate Business Service
Georgia	Yes	4.0	Local Service
Hawaii	Yes	4.0	Interstate Service
Idaho	NA	—	—
Illinois	Yes	5.0	Intrastate and Interstate Service
Indiana	Yes	5.0	Intrastate Service
Iowa	Yes	4.0	Intrastate Service
Kansas	Yes	4.25	Intrastate Service
Kentucky	Yes	6.0	Intrastate Service
Louisiana	Yes	3.0	Intrastate Service
Maine	Yes	5.0	Intrastate Service
Maryland	Yes	5.0	Local Service
Massachusetts	NA	—	—
Michigan	Yes	4.0	Intrastate Service
Minnesota	Yes	6.0	Intrastate Service and Interstate MTS and Outgoing WATS
Mississippi	Yes	6.0	Intrastate Service <sup>4</sup>
Missouri	Yes	4.225	Intrastate Service
Montana	No	—	—
Nebraska	Yes	5.0	Intrastate Service
Nevada	NA	—	—
New Hampshire	Yes	5.0 <sup>5</sup>	Intrastate and Interstate Service
New Jersey	NA	—	—
New Mexico <sup>+</sup>	No <sup>6</sup>	—	—
New York	Yes	4.0	Intrastate Service
North Carolina	Yes	3.0 and 6.5	Intrastate Service <sup>7</sup>
North Dakota	Yes	5.0	Intrastate Service
Ohio	Yes	5.0	Intrastate and Interstate MTS
Oklahoma	Yes	5.0	Intrastate and Interstate Service
Oregon	No	—	—
Pennsylvania	Yes	6.0	Intrastate Service for Nonresidential Use
Rhode Island	Yes	7.0	Intrastate, Interstate, and International Service
South Carolina	Yes	5.0	Local Service
South Dakota	Yes	4.0	Intrastate Service
Tennessee	Yes	5.5	Intrastate Service and Interstate MTS
Texas	Yes	6.0	Intrastate and Interstate Service
Utah	Yes	5.0	Intrastate Service
Vermont	NA	—	—
Virginia	NA	—	—
Washington	Yes	6.5	Intrastate and Interstate Service <sup>8</sup>
West Virginia	NA	—	—
Wisconsin	Yes	5.0	Intrastate and Interstate Service <sup>9</sup>
Wyoming	Yes	3.0	Intrastate Service
Total	Yes = 39	Range = 0.5-8.0%	Interstate and Intrastate Service = 10 Intrastate = 17 Interstate = 17 Local Only = 4 None = 12

*Table 53 (cont.)*  
**State Sales Taxation of Telecommunications Services, 1990**

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NA—is used when there is a statewide general retail sales tax, but it is not levied on telecommunications services.

<sup>1</sup> Alabama telephone service is not taxed under the sales tax statute; however, a 4% privilege tax, limited to utilities, is considered equivalent to a sales tax.

<sup>2</sup> In California, tax is a 911 surcharge, and rate varies depending on 911 revenue requirements.

<sup>3</sup> Some cities will begin taxing interstate services in 1990.

<sup>4</sup> Mississippi has interpreted its statutes to include end user (customer) access charges, which are interstate services established by FCC.

<sup>5</sup> Tax at rate of 3% on local service and toll, plus a 66<sup>2</sup>/<sub>3</sub>% surcharge, for an effective rate of 5%.

<sup>6</sup> Generally taxes business activities under its gross receipts tax levy.

<sup>7</sup> The 3% rate applies to local exchange service. The 6.5% rate applies to intrastate toll and local and toll private line service.

<sup>8</sup> Basic local exchange service is exempt.

<sup>9</sup> Wisconsin is the only state to include intrastate and interstate carrier access charges in the tax base. Similar provisions to apply the sales tax to access charges were repealed in South Carolina effective July 1, 1987, and in Maine effective January 1, 1988.

Sources: Compiled from Commerce Clearing House, *State Tax Guide* (Chicago, 1990), and with the assistance of AT&T, MCI, BellSouth, Southwestern Bell, and US West. See also Tables, 52, 54, and 55.

Table 54  
State Corporation Income Taxation of Telecommunications Companies, 1990

State	Tax	Rate (in percent)	Comments	State	Tax	Rate (in percent)	Comments
Alabama	Yes	5.0	—	Missouri	Yes	5.0	—
Alaska	Yes	1.0-9.4	—	Montana	Yes	6.75	—
Arizona	Yes	2.5-10.5	—	Nebraska	Yes	4.75-6.65	—
Arkansas	Yes	1.0-6.0	—	Nevada	No	—	—
California	Yes	9.3	—	New Hampshire	Yes	8.0	—
Colorado	Yes	5.47	Effective July 1, 1989	New Jersey	NA	—	Gross receipts tax is in lieu <sup>4</sup>
Connecticut	Yes	11.5	Effective rate 13.8% (20% surcharge)	New Mexico	Yes	4.8-7.6	—
Delaware	Yes	8.7	—	New York	NA	—	Gross receipts tax is in lieu
District of Columbia	Yes	10.25 <sup>1</sup>	—	North Carolina	Yes	7.0	—
Florida	Yes	5.5	—	North Dakota	Yes	3.0-10.5	—
Georgia	Yes	6.0	—	Ohio	Yes	5.1-9.2	On IXC in lieu of gross receipts
Hawaii	Yes	4.4-6.4	—	Oklahoma	Yes	5.0	—
Idaho	Yes	8.0	—	Oregon	Yes	6.6	—
Illinois	Yes	4.0 <sup>6</sup>	—	Pennsylvania	Yes	8.5	—
Indiana	Yes	7.9 <sup>2</sup>	Tax due is greater of gross receipts tax or adjusted gross income plus supplemental income tax	Rhode Island	No	—	—
Iowa	Yes	6.0-12.0	—	South Carolina	Yes	5.5 (1988), 5.0 (1989)	—
Kansas	Yes	4.5-6.75	—	South Dakota	No	—	—
Kentucky	Yes	3.0-7.25	—	Tennessee	Yes	6.0	—
Louisiana	Yes	4.0-8.0	—	Texas	No	—	—
Maine	Yes	3.5-8.93	—	Utah	Yes	5.0	—
Maryland	Yes	7.0	Gross receipts subject to gross receipts tax are deductible	Vermont	Yes	5.5-8.25	—
Massachusetts	Yes	6.5	—	Virginia	Yes	6.0	Greater of minimum gross receipts tax or net income tax
Michigan	Yes <sup>3</sup>	2.35	—	Washington	No	—	—
Minnesota	Yes	6.0-9.5	—	West Virginia	Yes	9.6 <sup>5</sup>	—
Mississippi	Yes	3.0-5.0	—	Wisconsin	Yes	7.9	—
				Wyoming	No	—	—
				<b>Total</b>	<b>Yes =</b>	<b>Range =</b>	
					<b>43</b>	<b>1.0-12.0%</b>	

NA—is used when there is a corporate income tax, but it is not levied on telecommunications firms. When the state does not levy a corporate income tax, the response in column 2 is “No.”

IXC—interexchange carrier

<sup>1</sup> Includes surtax at 2.5%.

<sup>2</sup> This is a combination of a 3.4% adjusted gross income tax, plus a 4.5% supplemental net income tax on all corporations.

<sup>3</sup> Michigan levies a “single business” (value added) tax.

<sup>4</sup> Effective 1/1/90. IXCs are subject to the income tax but are exempt from the gross receipts tax.

<sup>5</sup> Rate is 9.6% as of 7/1/88, and decreases 0.15% per year to 9.0% by 7/1/92.

<sup>6</sup> Temporary rate increase to 4.8% for period 7/1/89 to 6/30/91.

<sup>7</sup> 5–5.3% effective 7/1/90.

Sources: Compiled from Commerce Clearing House, *State Tax Guide*; and with the assistance of AT&T, MCI, BellSouth, Southwestern Bell, and US West. See also Tables 52, 53, and 55.

Table 55  
State and Local Taxation of Telecommunications Property, 1990

State	Tax	Base	Assessment Practice
Alabama	Yes	Real and Personal	Centrally Assessed
Alaska	Yes	Real and Personal	Locally Assessed
Arizona	Yes	Real and Personal	Centrally Assessed
Arkansas	Yes	Real and Personal	Centrally Assessed
California	Yes	Real and Personal	Centrally Assessed
Colorado	Yes	Real and Personal	Centrally Assessed
Connecticut	Yes	Real and Personal	Centrally Assessed
Delaware	Yes	Real and Personal	Locally Assessed
District of Columbia	Yes	Real and Personal	Locally Assessed
Florida	Yes	Real and Personal	Locally Assessed
Georgia	Yes	Real and Personal	Centrally Assessed
Hawaii	Yes	Real	Locally Assessed
Idaho	Yes	Real and Personal	Centrally Assessed
Illinois	Yes	Real	Locally Assessed
Indiana	Yes	Real and Personal	Centrally Assessed
Iowa	Yes	Real and Personal	Centrally Assessed
Kansas	Yes	Real and Personal	Centrally Assessed
Kentucky	Yes	Real and Personal	Centrally Assessed
Louisiana	Yes	Real and Personal	Centrally Assessed
Maine	Yes	Real and Personal <sup>1</sup>	Centrally Assessed
Maryland	Yes	Real and Personal	Centrally Assessed
Massachusetts	Yes	Real and Personal	Locally Assessed
Michigan	Yes	Real and Personal	Centrally Assessed
Minnesota	Yes	Real <sup>2</sup>	Locally Assessed
Mississippi	Yes	Real and Personal	Centrally Assessed
Missouri	Yes	Real and Personal	Centrally Assessed
Montana	Yes	Real and Personal	Centrally Assessed
Nebraska	Yes	Real and Personal	Centrally Assessed
Nevada	Yes	Real and Personal	Centrally Assessed
New Hampshire	Yes	Real	Locally Assessed
New Jersey	Yes	Real and Personal <sup>3</sup>	Locally Assessed
New Mexico	Yes	Real and Personal	Centrally Assessed
New York	Yes	Real	Locally Assessed
North Carolina	Yes	Real and Personal	Centrally Assessed
North Dakota	Yes	Real and Personal	Centrally Assessed
Ohio	Yes	Real and Personal <sup>1</sup>	Centrally or Locally Assessed
Oklahoma	Yes	Real and Personal	Centrally Assessed
Oregon	Yes	Real and Personal <sup>4</sup>	Centrally Assessed
Pennsylvania	Yes	Real	Centrally Assessed
Rhode Island	Yes	Real and Personal <sup>1</sup>	Centrally Assessed
South Carolina	Yes	Real and Personal	Centrally Assessed
South Dakota	Yes	Real and Personal <sup>5</sup>	Centrally Assessed
Tennessee	Yes	Real and Personal	Centrally Assessed
Texas	Yes	Real and Personal	Locally Assessed
Utah	Yes	Real and Personal	Centrally Assessed
Vermont	Yes	Real and Personal	Locally Assessed
Virginia	Yes	Real and Personal	Centrally Assessed
Washington	Yes	Real and Personal	Centrally Assessed
West Virginia	Yes	Real and Personal	Centrally Assessed
Wisconsin <sup>6</sup>	No		
Wyoming	Yes	Real and Personal	Centrally Assessed
Total	Yes = 50	Real Only = 6 Real and Personal = 44	Locally Assessed = 13 Centrally Assessed = 36 Centrally or Locally Assessed = 1

<sup>1</sup> Personal is centrally assessed; realty is locally assessed. All proceeds to localities.

<sup>2</sup> In 1987, Minnesota imposed a real property tax; the gross receipts tax will be gradually phased out by 1992.

<sup>3</sup> Effective 1/1/90, interexchange carriers are subject to the state business personal property tax. Local exchange carriers continue to be subject to the local personal property tax.

<sup>4</sup> In Oregon, rural telephone exchanges pay a gross earnings tax

in lieu of a property tax. However, other telephone companies pay a property tax but no gross earnings tax.

<sup>5</sup> In South Dakota, rural telephone companies with gross receipts less than \$25 million are subject to a gross receipts tax in lieu of a property tax. Other telephone companies pay a property tax but no gross receipts tax.

<sup>6</sup> In Wisconsin, gross receipts tax is in lieu of real and personal property tax.

Sources: Compiled from Commerce Clearing House, *State Tax Guide*, and with the assistance of AT&T, MCI, BellSouth, Southwestern Bell, and US West. See also Tables 52-54.

Table 56  
State Taxation of Banks

State	Corporate Income Tax Rate	Franchise Tax Rate	Share Tax Rate	Apportion Franchise Interest from Government				Exhibit: Interstate Banking Law
				Bank Tax Liability	Tax Based on Income	Securities Taxable		
						Federal	State and Local	
Alabama	-	6.0	-	Y	Y	Y	Y	R
Alaska <sup>1</sup>	9.4	-	-	Y	n.a.	N	Y	C
Arizona <sup>1,2</sup>	10.5	-	-	Y	n.a.	N	Y	C(6/92)
Arkansas <sup>1</sup>	6.0	.27	-	Y	N	N	N	R(1/89)
California <sup>3</sup>	-	10.644	-	Y	Y	Y	Y	R
Colorado <sup>1</sup>	6.0	-	-	N	n.a.	N	N	R(7/93)
Connecticut <sup>4</sup>	-	11.5	-	Y	Y	Y		R
Delaware <sup>1</sup>	-	8.7	-	N	Y	Y	Y	R
District of Columbia <sup>2</sup>	-	10.5	-	Y	Y	N	Y	R
Florida <sup>5</sup>	-	5.5	.2	Y	Y	Y	Y	R
Georgia <sup>2,6</sup>	6.0	-	-	Y	N	N	Y	R
Hawaii	-	11.7	-	N	Y	Y	Y	
Idaho <sup>2</sup>	7.7	-	-	Y	n.a.	N	Y	C
Illinois	6.5	-	-	Y	n.a.	N	Y	R
Indiana <sup>6</sup>	3.4	-	.25	Y	n.a.	N	N	R
Iowa	-	5.0	-	N	Y	Y	Y	
Kansas	-	6.375	-	Y	Y	Y	Y	
Kentucky	-	-	.95	N	n.a.	N	Y	C
Louisiana	-	-	-	N	n.a.	N	N	R
Maine <sup>7</sup>	-	1.0	.015	Y	Y	Y	Y	C
Maryland	-	7.0	-	Y	Y	Y	Y	R
Massachusetts	-	12.54	-	N	Y	Y	Y	R
Michigan <sup>8</sup>	-	-	-	Y	n.a.	N	Y	R
Minnesota	-	9.5	-	Y	Y	Y	Y	R
Mississippi <sup>1,9</sup>	5.0	.25	-	N	N	N	N	R
Missouri	-	7.0	-	N	Y	Y	Y	R
Montana	-	6.75	-	Y	Y	Y	Y	
Nebraska	-	-	.0004	N	n.a.	N	N	R(1/90)
Nevada	-	-	-	N	n.a.	N	N	R(7/90)
New Hampshire	8.0	1.0	-	N	N	N	N	R
New Jersey <sup>7</sup>	-	9.0	.2	Y	Y	Y	Y	C
New Mexico <sup>1,6,10</sup>	7.6	-	-	Y	n.a.	N	N	C(7/92)
New York	-	9.0	-	Y	Y	Y	Y	C
North Carolina	7.0	.15	-	Y	N	Y	Y	C
North Dakota	-	10.5	-	Y	Y	Y	Y	

Table 56  
State Taxation of Banks

State	Corporate Income Tax Rate	Franchise Tax Rate	Share Tax Rate	Apportion Franchise Interest from Government				Exhibit: Interstate Banking Law
				Bank Tax Liability	Tax Based on Income	Securities Taxable		
						Federal	State and Local	
Ohio	-	1.5	-	Y	N	Y	Y	R
Oklahoma	5.0	.125	-	Y	N	Y	Y	C
Oregon	7.75	-	-	Y	n.a.	N	N	R
Pennsylvania	-	-	1.075	N	n.a.	N	Y	R
Rhode Island	8.0	.00025	.000695	N	N	N	N	C
South Carolina	-	4.5	-	N	Y	Y	Y	R
South Dakota	-	6.0	-	Y	Y	Y	Y	C
Tennessee	6.0	.25	-	Y	N	Y	Y	R
Texas	-	.525	-	N	N	N	N	C(9/2001)
Utah <sup>11</sup>	-	5.0	-	Y	Y	Y	Y	C
Vermont	-	.00024	-	N	N	N	N	R
Virginia	-	1.0	-	N	N	Y	Y	R
Washington <sup>2,6,12</sup>	-	1.5	-	Y	n.a.	N	Y	C
West Virginia	9.45	.75	-	Y	N	N	N	C
Wisconsin	-	7.9	-	Y	Y	Y	Y	R
Wyoming	-	-	-	N	n.a.	N	N	C

C—Nationwide R—Regional

n.a.—not applicable

<sup>1</sup>This is the highest marginal tax rate levied on income.

<sup>2</sup>Not all state and local government interest is taxable.

<sup>3</sup>Varies from year to year. Usually between 10% and 11%.

<sup>4</sup>Minimum tax is levied in the event no income is earned.

<sup>5</sup>Levies an intangible property tax.

<sup>6</sup>Levies a gross receipts tax.

<sup>7</sup>The share tax is a franchise tax levied on assets.

<sup>8</sup>Levies a single business tax.

<sup>9</sup>Levies a share tax, but it is a credit against the personal property tax

<sup>10</sup>Levies a \$50 franchise tax.

<sup>11</sup>Has a supplemental income tax.

<sup>12</sup>The franchise tax is the business and occupation tax.

Source: William F. Fox and Harold A. Black, "The Economic Impact of State Taxation and Regulation of Banking," presented at a Conference on State Taxation and Regulation of Banking, U.S. Advisory Commission on Intergovernmental Relations and National Conference of State Legislatures, 1989 (revised 1990).

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# Definitions

The definitions of terms used in *Significant Features of Fiscal Federalism* are taken from U.S. Bureau of the Census, *State Government Finances in [year]* or *Governmental Finances in [year]*, and Tax Analysts, *The Tax Lexicon, 1989*.

**Accelerated Cost Recovery System (ACRS)**—A system of accelerated depreciation applicable to tangible property, referred to as cost recovery, which was introduced in the *Economic Recovery Tax Act of 1981*. The system must be used to compute the depreciation deduction for federal tax purposes for most tangible property placed in service after 1980 and before 1987. In general, a modified accelerated cost recovery program (MACRS) is now mandatory for property placed in service after 12/31/86.

**Accelerated Depreciation**—A method of depreciation resulting in larger deductions in the earlier years of the life of an asset than would result from application of the straight-line (i.e., equal annual depreciation expense) method, but which stops when a reasonable salvage value is attained.

**Adjusted Gross Income**—A tax computation unique to individuals, determined by subtracting a limited group of expenses from gross income.

**Alcoholic Beverages**—See *License Taxes* and *Sales and Gross Receipts Taxes*.

**Amusements**—See *License Taxes* and *Sales and Gross Receipts Taxes*.

**Capital Gain**—Gain from the actual or constructive sale or exchange of a capital asset.

**Capital Gain Net Income**—The excess of gains from the sale or exchange of a capital asset.

**Capital Loss**—A loss from the actual or constructive sale or exchange of a capital asset.

**Casualty Loss**—Physical damage to the taxpayer's property resulting from a casualty.

**Charitable Contribution**—Generally, gifts to charities. Only a limited class is deductible for federal income tax purposes.

**Circuit Breaker**—A type of residential property tax relief in which benefits depend on both income and/or wealth, and property tax payments. A circuit breaker usually takes one of two forms. Under the *threshold approach*, an "acceptable" tax burden is defined as some fixed percentage of household income (different percentages may be set for different income levels), and any tax above this portion of income is "excessive" and qualifies for relief. The portion of

income that is deemed an acceptable tax burden is the threshold level. Under the *sliding scale* approach, no threshold is defined. Rather, a fixed percentage of the property tax is rebated for each eligible taxpayer within an income class. The rebate percentage declines as income increases.

**Corporation Net Income Taxes**—Taxes on net income of corporations and unincorporated businesses (when taxed separately from individual income). Includes distinctively imposed net income taxes on special kinds of corporations (e.g., financial institutions).

**Credit**—An amount that offsets tax liabilities directly, as opposed to a deduction that offsets only income.

**Current Charges**—Amounts received from the public for performance of specific services benefiting the person charged, and from sales of commodities and services, except liquor store sales. Includes fees, assessments, and other reimbursements for current services, rents and sales derived from commodities or services furnished incident to the performance of particular functions, and gross income of commercial activities. Excludes amounts received from other governments and interdepartmental charges and transfers. *Current charges* are distinguished from license taxes, which relate to privileges granted by the government or regulatory measures for the protection of the public.

**Death and Gift Taxes**—Taxes imposed on transfer of property at death, in contemplation of death, or as a gift.

**Deduction**—An expense, whether paid in cash, in kind, or merely claimed on paper (e.g., depletion or depreciation), which is used as an offset in determining taxable income or a taxable estate.

**Dividend**—A distribution of money or property to stockholders of the distributing company in the ordinary course of business.

**Document and Stock Transfer Taxes**—Taxes on the recording, registering, and transfer of documents such as mortgages, deeds, and securities, except taxes on recording or transfer of motor vehicle titles, which are classified elsewhere.

**Domestic International Sales Corporation**—A domestic corporation, often a shell, that exports goods produced in the United States, meets various statutory tests, and makes a revocable election to be treated as a domestic international sales corporation (DISC). The DISC is exempt from federal income, personal holding company, and accumulated earnings taxes, but its shareholders are taxed on a portion of the DISC's income whether or not distributed to them.

**Earned Income**—Wages, salaries, tips, and other employee compensation, plus net earnings from self-employment (or such net losses), excluding amounts received as a pension or an annuity, or not effectively connected with a United States trade or business received by nonresident aliens.

**Effective Tax Rate**—Tax rate based on economic income or wealth rather than taxable income or wealth usually expressed as a percentage of tax base.

**Excise Tax**—A tax imposed on manufacturing, selling, or using goods or on an occupation or activity. Taxes on property transfers are also viewed as excise taxes. Census classifies these taxes as selective sales taxes. For a list of related definitions, see *Sales and Gross Receipts Taxes, Selective Sales and Gross Receipts Taxes*.

**Exemption**—A deduction (after 1989, subject to indexing for inflation) granted to individuals under various circumstances. One class is the so-called personal exemption, available to individual taxpayers. The second type is the dependency exemption, which generally entitles individual taxpayers to a like deduction for each dependent.

**Fiscal Year**—The 12-month period at the end of which the government or any governmental agency determines its financial condition and the results of its operation and closes its books.

**General Sales or Gross Receipts Taxes**—See *Sales and Gross Receipts Taxes*.

**Gift Tax**—A cumulative, progressive excise tax imposed on the donor of a gift, measured by its fair market value, applicable only to individuals.

**Gross-Up**—Generally, to add the amount of the associated tax imposed on the transfer to the value of the property or income received.

**Homestead Exemption**—A specific dollar amount subtracted from the assessed value of a home. The assessed value minus the exemption equals the amount of taxable assessed value for property tax purposes. A closely related device is the *homestead credit*, which is an amount that is subtracted from the gross property tax rather than from the assessed value.

**Individual Income Taxes**—Taxes of individuals measured by net income and taxes distinctively imposed on special types of income (e.g., interest, dividends, income from intangibles, etc.).

**Inheritance Tax**—A tax imposed on the recipient of an inheritance, bequest, or devise from a decedent.

**Insurance Sales and Gross Receipts Taxes**—See *Sales and Gross Receipts Taxes*.

**Insurance Trust System**—A government-administered program for employee retirement and social insurance protection relating to unemployment compensation, workmen's compensation, and old age, survivors', disability, and health insurance. Insurance trust revenue comprises amounts from contributions required of employers and employees for financing these social insurance programs, and earnings on assets of such systems. Insurance trust expenditure comprises only cash payments to beneficiaries (including withdrawals of contributions). The costs of administering insurance trust systems are classed as

general expenditure. Insurance trust revenue and expenditure do not include any contributions of a government to a system it administers. Any amounts paid by a government as employer contributions to an insurance trust system administered by another government are classed as general expenditure for current operation, and as insurance trust revenue of the particular system and receiving government.

**Interest Earnings**—Interest earned on deposits and securities, including amounts for accrued interest on investment securities sold. However, receipts for accrued interest on bonds issued are treated as offsets to interest expenditure.

**Interest Expense**—Generally, the implicit or express price charged per unit of time for the use of a creditor's money, or for the creditor's forbearance in demanding repayment.

**Interest Expense Deduction**—A deduction allowed for interest paid or accrued in the taxable year.

**Jobs Credit, Targeted**—An elective credit for hiring unrelated individuals who are members of targeted groups. The credit applies to individuals who started work before 1988, and is somewhat lower for summer youth and cooperative educational students. The definitions have been changing rapidly in recent times, and the credit is subject to a "sunset" provision.

**License Taxes**—Taxes exacted (either for revenue raising or for regulation) as a condition to the exercise of a business or nonbusiness privilege, at a flat rate or measured by such bases as capital stock, capital surplus, number of business units, or capacity. Excludes taxes measured directly by transactions, gross or net income, or value of property except those to which only nominal rates apply. "Licenses" based on these latter measures, other than those at nominal rates, are classified according to the measure concerned. Includes "fees" related to licensing activities—automobile inspection, gasoline and oil inspection, professional examinations and licenses, etc.—as well as license taxes producing substantial revenues.

**Alcoholic Beverages**—Licenses for manufacturing, importing, wholesaling, and retailing alcoholic beverages other than those based on volume or value of transactions or assessed value of property.

**Amusements**—License taxes imposed on amusement businesses generally or on specific amusement enterprises (race tracks, theaters, athletic events, etc.) Does not include "licenses" based on value or number of admissions, amount of wagers, or gross or net income, which are classified elsewhere.

**Corporations in General**—Franchise license taxes, organization, filing and entrance fees, and other license taxes that are applicable, with specific exceptions, to all corporations. Does not include corporation taxes based on value of property, net income, or gross receipts from sales, or taxes imposed distinctively on particular types of corporations (public utilities, insurance companies, etc.).

**Hunting and Fishing**—Commercial and noncommercial hunting and fishing license and shipping permits.

**Motor Vehicles**—License taxes imposed on owners or operators of motor vehicles, commercial and noncommercial, for the right to use public highways, in-

cluding charges for title registration and inspection of vehicles. Does not include personal property taxes or sales and gross receipts taxes relating to motor vehicles, taxes on motor carriers based on assessed value of property, gross receipts, or net income, or other taxes on the business of motor transport.

**Motor Vehicle Operators**—Licenses for privilege of driving motor vehicles, including private and commercial licenses.

**Occupations and Businesses, not elsewhere classified**—License taxes (including examination and inspection fees) required of persons engaging in particular professions, trades, or occupations, and such taxes on businesses not elsewhere classified. Includes charges relating to inspection and marketing of seed, feed, fertilizer, gasoline, oil, citrus fruit, and other commodities, and chain store licenses, as well as licenses relating to operation of particular business enterprises.

**Public Utilities**—License taxes imposed distinctively on public passenger and freight transportation companies, telephone, telegraph, and light and power companies, and other public utility companies, including government-owned utilities. Does not include taxes measured by gross or net income, units of service sold, or value of property.

**Other License Taxes**—License taxes not listed separately (e.g., animal licenses, marriage licenses, registration fees on pleasure boats and aircraft, individual permits to purchase liquor, and other non-business privileges).

**Marginal Rate**—The rate of tax applied to the last dollar of the tax base. For example, if between \$16,000 and \$20,000 of taxable income were taxed at 20 percent and the taxpayer had \$16,500 of taxable income, the marginal rate on the last \$500 of income would be 20 percent.

**Marital Deduction**—An unlimited deduction used in determining taxable gifts or the taxable estate for interspousal transfers. After 12/31/81, generally all qualifying gifts and bequests between a husband and wife will pass without gift or estate tax liability because of the 100 percent marital deduction.

**Medical Expense Deduction**—An itemized deduction allowable to individuals for unreimbursed payments on their own behalf, and on behalf of their dependents for medical care and for certain drugs.

**Motor Fuels Sales Taxes**—See *Sales and Gross Receipts Taxes*.

**Motor Vehicle License Taxes**—See *License Taxes*.

**Natural Resources**—Government activities to conserve, promote, and develop agriculture, fish and game, forestry, and other soil and water resources, including geological research, flood control, irrigation, drainage, and other conservation activities.

**Net Operating Loss (NOL)**—Generally, the excess of allowable deductions over gross income from a trade or business, with adjustments.

**Net Operating Loss Carrybacks**—Net operating losses applied to a taxable year earlier than the taxable year in

which the loss arose. Generally, net operating losses are first carried back to the third year preceding the year of loss, and then to the second year preceding the year of loss, etc., until the loss is fully absorbed.

**Net Operating Loss Carryovers**—Net operating losses utilized in a taxable year after the year in which the loss was incurred. Generally, a net operating loss must be carried back three years before it is carried forward.

**Parimutuel Taxes**—See *Sales and Gross Receipts Taxes*.

**Pick-Up Tax, Estates**—A reference to the federal provision that a credit is given for federal estate tax purposes equal to the greater of actual state estate, inheritance, legacy, or succession taxes up to a dollar limit, to which some states react by imposing a tax equal to the allowable credit, or an addition sufficient to absorb the credit.

**Property Taxes**—Taxes conditioned on ownership of property and measured by its value. Includes general property taxes relating to property as a whole, real and personal, tangible or intangible, whether taxed at a single rate or at classified rates; and taxes on selected types of property, such as motor vehicles or certain or all intangibles.

**Public Utility Taxes**—See *License Taxes* and *Sales and Gross Receipts Taxes*.

**Safe Harbor Leases**—A colloquial term for a former system designed to allow transfers of the tax benefits associated with machinery and equipment.

**Sales and Gross Receipts Taxes**—Taxes, including “licenses” at more than nominal rates, based on volume or value of transfers of goods or services, on gross receipts therefrom, or on gross income, and related taxes based on use, storage, production (other than severance of natural resources), importation, or consumption of goods. Dealer discounts or “commissions” allowed to merchants for collection of taxes from consumers are excluded.

**General Sales or Gross Receipts Taxes**—Applicable with only specified exceptions to all types of goods, all types of goods and services, or all gross income, whether at a single rate or at classified rates. Taxes imposed distinctively on sales of or gross receipts from selected commodities, services, or businesses are reported separately under categories listed below.

**Selective Sales and Gross Receipts Taxes**—Imposed on sales of particular commodities or services or gross receipts of particular businesses, separately and apart from the application of general sales and gross receipts taxes.

**Alcoholic Beverages**—Taxes on alcoholic beverages, retail and/or wholesale.

**Amusements**—Taxes on admission tickets or admission charges and on gross receipts of all or specified types of amusement businesses.

**Insurance**—Taxes imposed distinctively on insurance companies and measured by gross premiums or adjusted gross premiums.

**Motor Fuels**—Taxes on gasoline, diesel oil, and other fuels used in motor vehicles, including aircraft fuel. Any amounts refunded are deducted from gross collections.

**Parimutuel**—Taxes measured by amounts wagered at race tracks, including “breakage” collected by the government.

**Public Utilities**—Taxes imposed distinctively on public passenger and freight transportation companies, telephone, telegraph, and light and power companies, and other public utility companies and measured by gross receipts, gross earnings, or units of service sold. Taxes levied on such companies on other bases are classified elsewhere in accordance with the nature of papers.

**Tobacco Products**—Taxes on tobacco products, including cigarette tubes and papers.

**Severance Taxes**—Imposed distinctively on removal of natural product—e.g., oil, gas, other minerals, timber, fish, etc., from land or water and measured by value of quantity of products removed or sold.

**Social Security Tax (Federal Insurance Contributions Act—FICA)**—A term often used for the tax imposed on both employers and employees to provide funds for old age, disability, and medical benefits.

**State or Local Tax**—A tax imposed by a state or possession of the United States or any of their political subdivisions, or the District of Columbia. Such taxes are deductible from federal individual income taxes if they are (1) real property taxes, (2) personal property taxes, or (3) income, war profit, and excess profit taxes.

**Taxes**—Compulsory contributions exacted by a government for public purposes, except employee and employer assessments for retirement and social insurance purposes, which are classified as insurance trust revenue. All tax revenue is classified as general revenue and comprises amounts received (including interest and penalties but excluding protested amounts and refunds) from all taxes imposed by a government.

**Tobacco Products Taxes**—See *Excise Taxes*.

**Unearned Income**—Generally, income from investments.

**Unified Gift and Estate Tax Credit**—A reference to a feature of the present unified transfer tax system under which a limited amount of combined transfers may be made free of estate and gift taxes.

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