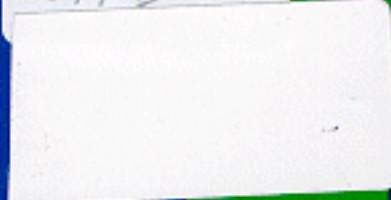


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# *Significant Features of Fiscal Federalism*

*Volume 1*

*Budget Processes  
and Tax Systems*

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# 1995



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on Intergovernmental Relations  
September 1995 M-197

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# Significant Features of Fiscal Federalism

Volume I

*Budget Processes  
and Tax Systems*

1995

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September 1995 M-197

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**William E. Davis III**  
**Executive Director**



# Contents

<b>Section I—Budget Processes and Tax and Expenditure Limits</b> .....	1
<i>Table 1</i> The Federal Budget Process .....	3
<i>Table 2</i> State Budget Processes and Calendars .....	4
<i>Table 3</i> State Balanced Budgets and Deficit Limitations: Constitutional and Statutory Provisions .....	6
<i>Table 4</i> State Budget Stabilization Funds .....	8
<i>Table 5</i> Gubernatorial Veto Authority .....	15
<b>Section II—Federal Taxes</b> .....	17
<i>Table 6</i> Federal Individual Income Tax (Average and Marginal Tax Rates), Selected Income Groups and Years, 1954-1994 .....	19
<i>Table 7</i> Federal Individual Income Tax, Rates and Exemptions, 1913-1995 .....	21
<i>Table 8</i> Federal Corporation Income Tax, Rates and Exemptions, Income Years 1909-1994 .....	23
<i>Table 9</i> Federal Excise Tax Rates on Selected Items, Selected Years, 1944-1995 .....	25
<i>Table 10</i> Old Age Survivors, Disability, and Hospitalization Insurance (Social Security), Rates and Maximum Contributions, Calendar Years 1937-2000 .....	27
<i>Table 11</i> Federal Death Taxes and the State Pick-Up Credit .....	29
<b>Section III—State and Local Taxes: Overview</b> .....	31
<i>Table 12</i> Dates of Adoption of Major State Taxes .....	32
<i>Table 13</i> State Taxes by Major Source, 1994 .....	34
<i>Table 14</i> 1994 Major Tax Changes, by Tax .....	36
<b>Section IV—State and Local Tax Rates and Bases by Type of Tax Individual Income Taxes</b> .....	47
<b>Individual Income Taxes</b>	
<i>Table 15</i> State Individual Income Taxes: Summary of Personal Exemptions, Standard Deductions, and Deductibility of Federal Income Taxes, 1994 .....	49
<i>Table 16</i> State Individual Income Taxes: Exclusions and Adjustments to Income, 1994 .....	51
<i>Table 17</i> State Income Tax Treatment of Social Security and Pension Income Exemptions, 1994 .....	57
<i>Table 18</i> State Individual Income Taxes: Itemized Deductions, 1994 .....	61
<i>Table 19</i> State Individual Income Taxes: Rates, 1994 .....	65
<i>Table 20</i> Local Income Taxes: Number and Type of Jurisdiction, Selected Years, 1976-1994 .....	70
<i>Table 21</i> Local Income Taxes: Rates, Selected Cities and Counties, November 1994 .....	71
<b>Corporation Income Taxes</b>	
<i>Table 22</i> State Corporation Income Taxes: Rates, October 1994 .....	74
<i>Table 23</i> State Corporation Income Taxes: Bases, Credits, and Formulas .....	78
<i>Table 24</i> State Corporation Taxes: Primary Bases, 1994 .....	88
<b>General Sales Taxes</b>	
<i>Table 25</i> State Sales Taxes: Rates and Exemptions, November 1994 .....	89
<i>Table 26</i> State General Sales Taxes: Rates, Selected Years, 1978-1994 .....	93
<i>Table 27</i> Local Sales Taxes: Number and Type of Jurisdiction, Selected Years, 1976-1994 .....	95
<i>Table 28</i> State-Local General Sales Taxes: Combined Rates, Selected Cities, June 1995 .....	97

**Excise Taxes and Fees**

*Table 29* State Gasoline Taxes: Rates per Gallon, Selected Years, 1978–1994 .....102  
*Table 30* State Cigarette Taxes: Rates per Pack, Selected Years, 1978–1994 .....105  
*Table 31* State Alcoholic Beverage Excise Taxes: Rates, License States, January 1995 .....107  
*Table 32* State Alcoholic Beverage Excise Taxes: Rates and/or Markup, and Method of Control,  
Control States, January 1995 .....111  
*Table 33* Automobile Taxes and Fees, January 1995 .....115  
*Table 34* State Severance Taxes: Rates and Bases, November 1994 .....122

**Property Taxes**

*Table 35* State Property Tax Relief: Circuit Breaker Programs .....130  
*Table 36* State Property Tax: Homestead Exemptions and Credits .....138

**Transfer Taxes**

*Table 37* State Transfer and Real Estate Taxes, December 1994 .....144  
*Table 38* State Death and Transfer Taxes: Number and Type, December 1994 .....147  
*Table 39* State Estate Taxes: Rates and Exemptions, December 1994 .....148  
*Table 40* State Inheritance Taxes: Rates and Exemptions, December 1994 .....150  
*Table 41* State Gift Tax Rates and Exemptions, December 1994 .....154

**Definitions** .....155

**Sources** .....161

**Index** .....163



*Section I*

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

## **2 ACIR/Significant Features of Fiscal Federalism**

*Table 1*  
**The Federal Budget Process**

<b>Executive Budget Process</b>	<b>Deadline</b>	<b>Congressional Budget Process</b>
Agencies subject to executive branch review submit initial budget request materials.	September 1	
Fiscal year begins.	October 1	Fiscal year begins.
Agencies not subject to executive branch review submit budget request materials.	October 15	
	10 days after adjournment	CBO issues final sequester report.
OMB issues final sequester report. <sup>1</sup> President issues sequester order, if necessary.	15 days after adjournment	
	30 days later	Comptroller General issues compliance report.
Legislative branch and the judiciary submit budget request materials.	November - December	
	5 days before President's budget transmittal	CBO issues sequester preview report.
President transmits budget to Congress, including OMB sequester preview report.	Not later than 1st Monday in February	
OMB sends allowance letters to agencies.	February - March	
	February 15	CBO reports to Budget Committees on the President's Budget.
	Within 6 weeks of President's budget transmittal	Committees submit views and estimates to Budget Committees.
	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 bills.
	June 15	Congress completes action on reconciliation legislation.
	June 30	House completes action on annual appropriations bills.
	After completion of action on discretionary, direct spending, or receipts legislation	CBO provides estimate of impact of legislation as soon as practicable.
President transmits Mid - Session Review, updating the budget estimates.	July 15	
OMB provides agencies with policy guidance for the upcoming budget.	July - August	
	August 15	CBO issues sequester update report.
OMB issues sequestration update report.	August 20	

Note: OMB also reports to the Congress on the impact of enacted legislation and provides an explanation of any differences between OMB and CBO estimates within 5 calendar days of enactment of legislation.

CBO - Congressional Budget Office                      OMB - Office of Management and Budget

<sup>1</sup> A within-session sequester is triggered within 15 days after enactment of appropriations that are enacted after the end of a session for the budget year and before July 1, if they breach the category spending limit for that fiscal year. A lookback reduction to a category limit is applied for appropriations enacted after June 30 for the fiscal year in progress that breach a category limit for that fiscal year and is applied to the next fiscal year.

Source: Executive Office of the President, Office of Management and Budget, *Preparation and Submission of Budget Estimates* (Circular No. A-11), November 1994.

*Table 2*  
**State Budget Processes and Calendars**

<b>State</b>	<b>Budget Guidelines to Agencies</b>	<b>Agency Requests Submitted to Governor</b>	<b>Agency Hearings Held</b>	<b>Governor's Budget Sent to Legislature</b>	<b>Legislature Adopts Budget</b>	<b>Fiscal Year Begins</b>	<b>Frequency of Legislative/Budget Cycles</b>
<b>Alabama</b>	September	November/December	January	February	February/May	October 1	A/A
<b>Alaska</b>	July	October	November	December	May	July 1	A/A
<b>Arizona*</b>	June 1	September 1	November/December	January	January/April	July 1	A/A,B
<b>Arkansas</b>	March	July	August	September/December	January/April	July 1	B/B
<b>California</b>	July/November	August/September	August/November	January 10	June 15	July 1	A/A
<b>Colorado</b>	June	August 1-15	August/September	January 15	May	July 1	A/A
<b>Connecticut</b>	July	September	February	February	June/May	July 1	A/B
<b>Delaware</b>	August	October/November	October/November	January	June 30	July 1	A/A
<b>Florida</b>	June	September	November	December	March	July 1	A/A
<b>Georgia</b>	May	September	November/December	January	March	July 1	A/A
<b>Hawaii</b>	July/August	September	November	December	April	July 1	A/B
<b>Idaho</b>	June	September	-	January	March	July 1	A/A
<b>Illinois</b>	September	November/December	November/December	March	June	July 1	A/A
<b>Indiana</b>	-	-	-	-	-	July 1	A/B
<b>Iowa</b>	June	September	November/December	January	April/May	July 1	A/A
<b>Kansas*</b>	June	September	November	January	May	July 1	A/A, B
<b>Kentucky</b>	July	October	-	January	April	July 1	B/B
<b>Louisiana</b>	September	November	February	February	June	July 1	A/A
<b>Maine</b>	July	September	October/December	January	June	July 1	B/B
<b>Maryland</b>	June	August 31	October/November	January	April	July 1	A/A
<b>Massachusetts</b>	August	October	October	January	June	July 1	A/A
<b>Michigan*</b>	October	November	December		July	October 1	A/A
<b>Minnesota</b>	May/June	October 15	September/October	January (4th Tues.)	May	July 1	A/B
<b>Mississippi</b>	June	August	-	November 11	-	July 1	A/A
<b>Missouri*</b>	July	October	-	January	April/May	July 1	A/A, B
<b>Montana</b>	December/August	May/October	May/October	January	April	July 1	B/B
<b>Nebraska</b>	July	September	January/February	January	April	July 1	A/B
<b>Nevada</b>	May/June	September	September/December	January	June	July 1	B/B
<b>New Hampshire</b>	August	October	November	February	May	July 1	A/B
<b>New Jersey</b>	July/August	October	-	January	June	July 1	A/A
<b>New Mexico</b>	July	September	September/December	January	February/March	July 1	A/A
<b>New York</b>	July	September	October/November	January	March	April 1	A/A
<b>North Carolina</b>	January	August	September/November	February	June	July 1	B/B
<b>North Dakota</b>	March	June/July	July/October	December	January/April	July 1	B/B
<b>Ohio*</b>	July	September/October	October/November	February	June	July 1	A/B

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	October	October/December	February (1st Mon.)	May (last Fri.)	July 1	A/A
Oregon	January/July	September	September/November	January	January/June	July 1	B/B
Pennsylvania*	August	October	December/January	February	June	July 1	A/A
Rhode Island	July	October	November/December	February	June	July 1	A/A
South Carolina	August	September	—	January	June	July 1	A/A
South Dakota	June/July	September	September/October	December	March	July 1	A/A
Tennessee*	August	October	November	January	April/May	July 1	A/A
Texas	March	July/November	July/September	January	May	September 1	B/B
Utah	July	September	October/November	December	February	July 1	A/A
Vermont*	September	October	November/December	January	May	July 1	A/A
Virginia	April/August	June/September	September/October	December	March/April	July 1	A/B
Washington	April	September	October	December	May	July 1	A/B
West Virginia	July	September	October/November	January	March	July 1	A/A
Wisconsin	June	September	—	January	June/July	July 1	B/B
Wyoming	May 15	September	By November 20	December	March	July 1	A/B

— no provision

A—Annual

B—Biennial

**\*State Notes**

<b>Arizona</b>	Agencies are divided into major budget units and other budget units. Major budget units submit annual budget requests. Other budget units submit biennial budget requests.	<b>Ohio</b>	Beginning in Fiscal 1994, the operating budget has been on an annual basis while the capital budget has been on a biennial basis. Budget submission delayed to mid-March for new governors.
<b>Kansas</b>	Twenty agencies are on a biennial budget cycle. The rest are still on an annual cycle.	<b>Pennsylvania</b>	The budget is submitted in March when the governor has been elected for his/her first term of office.
<b>Michigan</b>	Within 30 days after legislature convenes in regular session, except when a newly elected governor is inaugurated when presentation must occur within 60 days after legislature convenes.	<b>Tennessee</b>	Budget may be submitted by March 1 during the first year of a governor's term.
<b>Missouri</b>	There is constitutional authority to do annual and biennial budgeting.	<b>Vermont</b>	State Constitution prescribes a biennial budget legislature; in practice, legislature meets annually, in regular and adjourned sessions.

Source: National Association of State Budget Officers, *Budget Processes in the States* (Washington, DC, 1995).

*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
Alabama	Y	C,S	Y	S	N		N
Alaska	Y	S	Y	S	Y	S	N
Arizona	Y	C,S	Y	C,S	Y	C,S	Y
Arkansas	Y	S	Y	S	Y	S	N
California	Y	C	N		N		Y
Colorado	Y	C	Y	C	Y	C	Y
Connecticut	Y	S	Y	C,S	Y	C	Y
Delaware	Y	C,S	Y	C,S	Y	C,S	N
Florida	Y	C,S	Y	C,S	Y	C,S	N
Georgia	Y	C	Y	C	Y	C	N
Hawaii	Y	C,S			Y	C,S	N
Idaho*	N		Y	C	N		N
Illinois	Y	C,S	Y	C	N		Y
Indiana	Y	C	Y	C	Y	C	N
Iowa	Y	C,S	Y	S	N		N
Kansas	Y	C	Y	C,S	N		N
Kentucky	Y	C,S	Y	C,S	Y	C,S	N
Louisiana	Y	C,S	Y	C,S	Y	C,S	N
Maine	Y	C,S	Y	C	Y	C,S	N
Maryland*	Y	C	Y	C	N		Y
Massachusetts	Y	C,S	Y	C,S	Y	C,S	Y
Michigan	Y	C,S	Y	C	Y	C,S	Y
Minnesota	Y	S	Y	S	Y	C,S	N
Mississippi	Y	S	Y	S	N		N
Missouri	Y	C	N		Y	C	N
Montana	Y	S	Y	C	N		N
Nebraska	Y	C	Y	S	N		N
Nevada	Y	S	Y	C	Y	C	N
New Hampshire	Y	S	N		N		N
New Jersey	Y	C	Y	C	Y	C	Y
New Mexico	Y	C	Y	C	Y	C	N
New York*	Y	C	N		N		Y
North Carolina	Y	C,S	Y	S	N		N
North Dakota	Y	C	Y	C	Y	C	N
Ohio*					Y	C	N
Oklahoma	Y	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*	Y	C	Y	C	Y	C	N
South Dakota	Y	C	Y	C	Y	C	N
Tennessee	Y	C	Y	C,S	Y	C	N
Texas	N		Y	C,S	N		Y
Utah	Y	C,S	Y	C	N		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	N		Y
Wyoming	N		N		N		N

Y - Yes    N - No    C - Constitutional provision    S - Statutory provision

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

**\*State Notes**

<b>Idaho</b>	Although the Constitution requires the legislature to pass a balanced budget, there are no sanctions, and in recent years the legislature has over-appropriated its general account revenue estimate for the coming year.		requirement that the governor submit or the legislature enact a balanced budget. There is a constitutional requirement that the legislature provide 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>Maryland</b>	Budget becomes law immediately on enactment by the legislature.		
<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>South Carolina</b>	The formal budget is submitted by the Budget and Control Board, not the governor.
		<b>Virginia</b>	Requirement applies only to budget execution. The governor is required to ensure that actual expenditures do not exceed actual revenues.
<b>Ohio</b>	There is no constitutional or statutory		

Source: National Association of State Budget Officers, *Budget Processes in the States* (Washington, DC, 1995).

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

State	Methods for Deposit	Methods for Withdrawal
<b>Alabama</b> <i>Proration Prevention Fund-Education (S)</i>	First year, \$21 million; second year, \$8 million; thereafter, up to \$75 million maximum; automatic appropriation waived via emergency resolution	(1) Declaration of proration by governor; or (2) Declaration of emergency by legislature
<b>Alaska</b> <i>Budget Reserve Account (S)</i>	By appropriation	By appropriation for the governor to meet a disaster
<i>Constitutional Budget Reserve Fund (C)</i>	Mineral litigation/dispute settlements	(1) Amount available for appropriation for fiscal year less than amount appropriated previous fiscal year (2) $\frac{3}{4}$ legislative vote
<b>Arizona</b> <i>Budget Stabilization Fund (S)</i>	Capped at 15% of general fund revenue; funded by formula comparing real net personal income growth to 7-year trend	(1) By formula, with majority legislative appropriation; or (2) Nonformula, with $\frac{2}{3}$ legislative approval
<b>California</b> <i>Special Fund for Economic Uncertainties (S)</i>	Year-end surplus or by appropriation	(1) By appropriation in the budget act, special statutes, or continuous appropriations provided by constitution or statute (2) Director of finance can allocate funds for additional fire fighting or disaster response needs
<b>Colorado*</b> <i>Required Reserve (S)</i>	4% of general fund appropriations	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 (S)</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 (C)</i>	Automatic deposit from previous year's unencumbered funds; fund capped at 5% of estimated general fund revenues	By appropriation to cover unanticipated budget deficit or to compensate for revenue reductions; requires $\frac{3}{5}$ vote of legislature
<b>Florida</b> <i>Working Capital Fund (S)</i>	Year-end surplus until fund reaches minimum level of 5% of net general fund revenue for previous fiscal year; fund capped at 10% of previous year's general fund	By appropriation when revenue collections are insufficient to meet appropriations or governor declares an emergency
<i>Budget Stabilization Fund (S)</i>	Automatic deposit beginning in FY 1995 equal to 1% of previous year's general fund revenue collections, increasing each year until the reserve reaches minimum level of 5% (in FY 1999); principal fund balance capped at 10%	By executive transfer when revenue collections in the general revenue fund will be insufficient to meet general revenue fund appropriations
<b>Georgia</b> <i>Revenue Shortfall Reserve (S)</i>	Year-end surplus, fund capped at 3% of net revenue	By appropriation
<b>Idaho</b> <i>Budget Reserve Account (S)</i>	By appropriation	By appropriation



Table 4 (cont.)  
State Budget Stabilization Funds

State	Methods for Deposit	Methods for Withdrawal
<b>Indiana</b>		
<i>Countercyclical Revenue and Economic Stabilization Fund (S)</i>	(Annual growth rate in personal income minus 2%) x (previous year's general fund revenues); fund capped at 7% of prior year's general fund revenues	Funds transferred to general fund if adjusted personal income declines by more than 2%
<b>Iowa</b>		
<i>Economic Emergency Fund (S)</i>	By appropriation when year-end general fund surplus; fund capped at 5% of adjusted revenue estimate for current fiscal year	By appropriation for emergency expenditures
<i>Cash Reserve Fund (S)</i>	By appropriation when year-end general fund surplus; fund capped at 5% of adjusted general fund revenue estimate for current fiscal year	By appropriation for nonrecurring emergency expenditures; requires 3/5 vote if fund balance drops to less than 3% of adjusted revenue estimate for year appropriation is made
<b>Kansas</b>		
<i>Budget Stabilization Fund (S)</i>	Funded by a one-time federal disproportionate share windfall; fund expected to be depleted end of FY 1996	By appropriation
<b>Kentucky*</b>		
<i>Budget Reserve Trust Fund (S)</i>	By appropriation	Allotted by governor to meet a revenue shortfall; governor must notify legislature
<b>Louisiana</b>		
<i>Revenue Stabilization/Mineral Trust Fund (C)</i>	Revenues exceeding \$750 million from production and exploration of minerals	By appropriation, not to exceed 1/3 of the fund
<b>Maine*</b>		
<i>Rainy Day Fund (S)</i>	Capped at 4% of general fund revenue received in previous fiscal year	Subject to annual legislative deliberations
<b>Maryland</b>		
<i>Revenue Stabilization Account (S)</i>	By appropriation; beginning in FY 1995, the governor shall include in budget bill an appropriation equal to at least the lesser of \$50 million or amount necessary for fund balance to exceed 5% of estimated general fund revenues for fiscal year	Transferred by governor if authorized by act of the General Assembly or specifically authorized in state budget bill as enacted; amount of transfer is reduced by amount of general fund budget reductions made by legislature
<b>Massachusetts</b>		
<i>Commonwealth Stabilization Fund</i>	After year-end GF consolidated net surplus is determined, a portion can be used as general revenue in current FY; of remaining surplus, 60% is transferred to stabilization fund; fund capped at 5% of current fiscal year revenues	By appropriation (1) to make up any difference between actual state revenues and allowable state revenues when actual falls below allowable; (2) to replace the state and local loss of federal funds; (3) for any event that threatens the health, safety, or welfare of the people or fiscal stability of the state
<b>Michigan</b>		
<i>Countercyclical Budget and Economic Stabilization Fund (S)</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 the fiscal year ending in the current calendar 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

Table 4 (cont.)  
State Budget Stabilization Funds

State	Methods for Deposit	Methods for Withdrawal
<b>Minnesota*</b> <i>Budget and Economic Stabilization Fund (S)</i>	By surplus until total amount in account equals 5% of total general fund appropriations for current biennium; restoration of reserves should occur when objective measures, such as increased growth in total wages, reflect upturn in state's economy	By appropriation or transfer by commissioner of finance, with approval of governor; consultation with Legislative Advisory Commission when: (1) a negative budgetary balance is projected and when objective measures (such as reduced growth in total wages) reflect downturns in state economy; (2) probable receipts for general fund will be less than anticipated and amount available for rest of biennium will be insufficient
<b>Mississippi</b> <i>Working Cash Stabilization Fund (S)</i>	Year-end surplus until fund reaches \$4 million; thereafter, 50% of unencumbered general fund cash balance until fund reaches 7.5% of general fund appropriations	Transfer by executive director of Department of Finance and Administration: (1) to meet cash-flow within same FY; (2) to cover deficits (up to \$50 million in any one FY); (3) to provide funds for disaster assistance
<b>Missouri*</b> <i>Budget Stabilization Fund (S)</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>Nebraska</b> <i>Cash Reserve Fund (S)</i>	Transfer by state treasurer when actual GF net receipts for preceding three months exceed receipts for the three-month period	Transfer made to general fund when obligations exceed balance
<b>Nevada</b> <i>Fund to Stabilize Operation of State Government (S)</i>	Transfer by controller of 40% of revenues in excess of required fund balance, which is 10% of general fund appropriations; fund capped at \$100 million	By appropriation only if: (1) total actual revenue of the state falls short by 5% or more of the total anticipated revenue for the biennium in which the appropriation is made; (2) the legislature and governor declare a fiscal emergency
<b>New Hampshire</b> <i>Revenue Stabilization Reserve Account (S)</i>	Transfer by comptroller of any surplus at end of each biennium; fund capped at 5% of actual general fund unrestricted revenues for most recently completed fiscal years	Transfer by the comptroller with approval of the Fiscal 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; fund cannot be used for another purpose without $\frac{2}{3}$ legislative vote and governor's approval
<b>New Jersey</b> <i>Surplus Revenue Fund (S)</i>	50% of revenue collections in excess of governor's certification of revenues; fund capped at 5% of anticipated revenues	(1) By appropriation when revenues are less than certified; (2) by the governor in event of an emergency identified by the governor, on approval by the legislature's Joint Budget Oversight Committee; (3) by appropriation upon findings by legislature that to offset anticipated general fund revenue declines, an appropriation from the fund is more prudent than a tax increase; (4) when governor declares an emergency and notifies Joint Legislative 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 (S)</i>	Transfer from general fund	By appropriation in the event revenues and balances are insufficient to meet the level of appropriations authorized
<b>New York*</b> <i>Tax Stabilization Reserve Fund (S)</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 transfer at end of FY when general fund revenues fall below aggregate amount disbursed from general fund; fund can also be temporarily loaned to general fund to assist with cash flow
<b>North Carolina</b> <i>Savings Reserve Account (S)</i>	25% of year-end general fund unreserved credit balance; to accumulate to 5% of general fund operating budget	Approval of the General Assembly
<b>North Dakota</b> <i>Budget Stabilization Fund (S)</i>	Transfer of general fund surplus in excess of \$70 million at end of biennium	Governor may transfer for revenue shortfall in excess of 2½% of estimate made by most recently adjourned assembly
<b>Ohio</b> <i>Budget Stabilization Fund (S)</i>	Transfer from general fund by director of budget and management; written report on transfer must be submitted to controlling board; fund capped at 4% of GF revenue for preceding fiscal year	Legislative action necessary
<b>Oklahoma</b> <i>Constitutional Reserve Fund (C)</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 ½ of balance may be appropriated if (1) the forthcoming fiscal year general revenue fund is less than that of current fiscal year certification; (2) the governor declares emergency, with concurrence by legislature with a 2/3 vote of each house; or (3) speaker and president pro tempore declare emergency, with concurrence by legislature by a 3/4 vote of each house
<b>Pennsylvania</b> <i>Tax Stabilization Reserve Fund (S)</i>	By appropriation; fund capped at 3% of GF revenue estimates	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 (S)</i>	By transfer; fund capped at 3% of total fiscal year resources	By appropriation to meet GR shortfall
<b>South Carolina*</b> <i>General Reserve Fund (C)</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	By appropriation to cover year-end operating deficit
<i>Capital Reserve Fund (S)</i>	By appropriation, an amount equal to 2% of GF revenue of latest completed FY	(1) By appropriation when year-end deficit is projected; (2) with 2/3 vote of members present and voting, but not less than 1/3 vote of total membership
<i>Carnell-Felder Set-Aside Account (S)</i>	Beginning in FY 1995, by appropriation based on statutory formula	By appropriation for non-recurring purposes

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

State	Methods for Deposit	Methods for Withdrawal
<b>South Dakota</b> <i>Budget Reserve Fund (S)</i>	Year-end surplus; fund capped at 5% of general fund appropriations for prior fiscal year	By appropriation
<b>Tennessee*</b> <i>Revenue Fluctuation Reserve (S)</i>	By appropriation	By transfer by commissioner of finance and administration to offset revenue shortfalls with notification to Senate and House Finance Ways and Means Committee
<b>Texas*</b> <i>Economic Stabilization Fund (C)</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; legislature may also appropriate additional funds; fund capped at 10% of general revenue fund deposits (excluding interest and investment income) during preceding biennium	By appropriation, with 3/5 vote of members present if: (1) comptroller certifies that appropriations from general revenue made by preceding legislature for current biennium exceed available general revenues for remainder of biennium; (2) estimate of anticipated revenues for a succeeding biennium is less than revenues estimated to be available for current biennium; (3) for any purpose with 2/3 vote of members present
<b>Utah</b> <i>Budget Reserve Account (S)</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; 25% of GF surplus; fund capped at 8% of GF appropriation for FY in which surplus occurred	By appropriation to cover operating deficits or retroactive tax returns
<b>Vermont</b> <i>Budget Stabilization Trust Fund (S)</i>	Undesignated general fund surplus; fund is capped at 5% of general fund appropriations from most recently ended fiscal year; any additional amounts as may be authorized by General Assembly	Transfer by commissioner of finance and management to the extent necessary to offset a general fund deficit
<b>Virginia*</b> <i>Revenue Stabilization Fund (C)</i>	By formula as specified in constitution; fund capped at 10% of average annual tax revenue for the three fiscal years immediately preceding	Governor may transfer for revenue shortfall caused by economic conditions or by changes in federal tax legislation; by appropriation (up to 1/2 of fund and balance) with specific provisions
<b>Washington*</b> <i>Budget Stabilization Fund (S)</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
<i>Emergency Reserve Fund (S)</i>	Beginning in FY 1996, transfer by state treasurer of all state revenues in excess of state expenditure limit for that fiscal year; fund capped at 5% of biennial GF state revenues	By appropriation, with 2/3 vote required, only if appropriation does not cause total expenditures to exceed limit
<b>West Virginia</b> <i>Revenue Shortfall Reserve Fund (S)</i>	Beginning in FY 1995, transfer of first 50% of all surplus revenues accrued during FY just ended; fund capped at 5% of GF appropriations for FY just ended	By appropriation to meet any anticipated revenue shortfall

Table 4 (cont.)  
State Budget Stabilization Funds

State	Methods for Deposit	Methods for Withdrawal	
<b>Wisconsin</b> <i>Budget Stabilization Fund (S)</i>	By appropriation	By appropriation	
<b>Wyoming</b> Budget Reserve Account (S)	Year-end surplus plus appropriations	By appropriation	
S - Statutory	C - Constitutional	GF - General Fund	FY - Fiscal Year
<b>*State Notes</b>			
<b>Colorado</b>	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.		ments to the fund shall be stipulated in annual budget bills.
<b>Kentucky</b>	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 the budget bill.	<b>Rhode Island</b>	State statutes call for fund to be repaid in the second FY following FY in which a transfer was made from the fund and, when necessary, in subsequent fiscal years.
<b>Maine</b>	According to statute, appropriations may be made by 2/3 vote of legislature upon recommendation of the governor, but only for prepayment of outstanding GF bonds or for major construction. In practice, the legislature has enacted exceptions to the statute to use the funds as needed for emergencies, disasters, or other expenditures deemed necessary.	<b>South Carolina</b>	Funds withdrawn from the General Reserve Fund must be restored annually at a rate of not less than 1% of the general fund revenue of the latest completed fiscal year until the fund is restored to 3%. If the Capital Reserve Fund is not tapped to address a budget deficit, the legislature (with a 2/3 vote of members present and voting, but not less than 1/5 of the total membership) can appropriate money from the fund: (1) to finance in cash previously authorized capital improvement bond projects; (2) to retire interest or principal on bonds previously issued; or (3) for capital improvements or other non-recurring purposes. The Camel-Felder Set-Aside Account was authorized beginning in FY 1995 to cushion the state's budget against unforeseen revenue shortfalls stemming from inaccurate revenue estimates.
<b>Minnesota</b>	Beginning July 1, 1993, forecast unrestricted budgetary GF balances are first appropriated to restore the budget reserve and cash flow account to \$500 million. Effective July 1, 1995, \$180 million of the amount shall be dedicated to elementary and secondary education.	<b>Tennessee</b>	To the extent practical, revenue shortfalls are to be offset by reductions in expenditures before using funds appropriated by the Revenue Fluctuation Reserve.
<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 occur only 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. Repay-		

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

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**State Notes (cont.)**

**Virginia**

The General Assembly may appropriate an amount for transfer from the fund to compensate for no more than  $\frac{1}{2}$  of the difference between the total GF revenues appropriated and a revised GF revenue forecast presented to the General Assembly prior to or during a subsequent regular or special legislative session. However, no transfer shall be made unless the GF revenues appropriated exceed such revised

**Washington**

GF revenue forecast by more than 2% of certified tax revenues collected in the most recently ended fiscal year.

The Budget Stabilization Account is repealed effective July 1, 1995, by Laws 1994, Chapter 2, Section 9 (Initiative Measure No. 601, approved November 2, 1993). The Emergency Reserve Fund is created (Initiative 601) effective July 1, 1995.

Source: State surveys; National Association of State Budget Officers, *Budget Processes in the States 1995* (Washington, DC, 1995); and *The Fiscal Letter* (NCSL), March/April 1995.

*Table 5*  
**Gubernatorial Veto Authority**

State	No Veto Power	No Item Veto	Line Item Veto	Item Veto Appropriations	Item Veto Select Words	Item Veto Change Word Meaning
Alabama*			X	X		
Alaska			X	X		
Arizona			X	X		
Arkansas			X	X		
California*			X	X	X	
Colorado			X	X	X	
Connecticut			X	X		
Delaware			X	X		
Florida				X		
Georgia			X	X	X	
Hawaii*			X	X		
Idaho			X	X		
Illinois*			X	X	X	X
Indiana		X				
Iowa			X	X		
Kansas			X	X		
Kentucky*			X	X		
Louisiana			X	X		
Maine		X				
Maryland*			X			
Massachusetts			X	X	X	
Michigan*			X	X		
Minnesota			X	X		
Mississippi			X	X		
Missouri*			X	X	X	
Montana			X	X		
Nebraska			X	X		
Nevada		X				
New Hampshire		X				
New Jersey			X	X	X	X
New Mexico			X	X	X	
New York*			X	X		
North Carolina	X					
North Dakota*			X	X		
Ohio*			X	X	X	
Oklahoma			X	X		
Oregon			X	X		
Pennsylvania*			X	X	X	
Rhode Island		X				
South Carolina			X	X		
South Dakota			X	X		
Tennessee			X	X		
Texas			X	X		
Utah			X			
Vermont		X				
Virginia*			X			
Washington				X	X	
West Virginia			X	X	X	
Wisconsin			X	X	X	X
Wyoming			X	X		
<b>U.S. Total</b>	<b>1</b>	<b>7</b>	<b>40</b>	<b>39</b>	<b>13</b>	<b>3</b>

Table 5 (cont.)  
Gubernatorial Veto Authority

**\*State Notes**

<b>Alabama</b>	For line item veto and item veto of amount, the governor may return a bill without limit for recommended amendments for amount and language as long as legislature is still in session.	<b>Maryland</b>	Supplementary budget bills may be vetoed by governor.
<b>California</b>	Item veto of select words only in extenuating circumstances, such as an issue involving separation of powers in the branches of government.	<b>Michigan</b>	Regarding item veto of select words, Michigan Constitution provides the governor may disapprove any distinct item or items appropriating moneys in any appropriations bill. Under Attorney General's Opinion No. 6399, an item of appropriation may be contained in language sections of appropriations bills, if the amount and subject of appropriations are stated.
<b>Hawaii</b>	For item veto of appropriations, judicial and legislative appropriation bills may be vetoed by governor only in their entirety.	<b>Missouri</b>	Governor may veto unconstitutional language and language that establishes purpose of monies vetoed. Governor may not veto language to change purpose of appropriation.
<b>Illinois</b>	The governor can veto appropriation items entirely (item veto) or merely reduce an item of appropriation to a lesser amount (reduction veto). If the governor reduces an item of appropriation, the remaining items in the bill are not affected and can become law immediately. The governor can also veto substantive or appropriation bills entirely (veto) or merely make changes to them (amendatory veto). If amendatory, the entire bill including all other appropriation items are held up until the legislature considers changes. The legislature can add explanatory or limiting language to appropriations without violating the constitutional distinction between substantive and appropriation bills.	<b>New York</b>	Any appropriation added to governor's budget by the legislature is subject to line item veto.
<b>Kentucky</b>	Constitutional authority is unclear in item veto of select words and change in meaning of words because neither of the issues has been litigated.	<b>North Dakota</b>	The governor may execute an item veto of appropriations if the item veto is in a separate and distinct line item.
		<b>Ohio</b>	Line item veto and select words veto in appropriation acts only.
		<b>Pennsylvania</b>	The governor may remove only language directly related to an appropriation.
		<b>Virginia</b>	Governor may return bill without limit for recommended amendments for amount and language. For purposes of a veto, a line item is defined as an indivisible sum of money that may or may not coincide with the way in which items are displayed in an appropriation act. If a language paragraph designates a sum of money for a distinct purpose, it is subject to the item veto.

Source: National Association of State Budget Officers, *Budget Processes in the States* (Washington, DC, 1995).



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*Section II*  
**Federal Taxes**

Table 6  
Federal Individual Income Tax (Average and Marginal Tax Rates)  
Selected Income Groups and Years, 1965-1994

Adjusted Gross Income <sup>a</sup>	Average Rate (percent) <sup>b</sup>										Marginal Tax Rate (percent) <sup>c</sup>									
	1965	1970 <sup>d</sup>	1975	1979 -							1965	1970 <sup>d</sup>	1975	1979 -						
			1980	1985	1990	1991	1992	1993	1994				1980	1985	1990	1991	1992	1993	1994	
<b>Current Dollars</b>																				
<b>Single—No Dependents</b>																				
5,000	13.4	13.7	8.1	5.0	3.5	—	—	—	—	-6.1 <sup>f</sup>	19.0	19.5	19.0	16.0	12.0	—	—	—	—	—
10,000	17.4	17.3	14.8	11.8	8.9	7.1	6.7	6.2	6.0	5.6	28.0	25.6	20.2	21.0	16.0	15.0	15.0	15.0	15.0	15.0
20,000	24.6	22.0	20.6	19.2	14.3	11.0	10.8	10.6	10.5	10.3	42.0	34.8	34.0	34.0	26.0	15.0	15.0	15.0	15.0	15.0
25,000	27.9	24.4	23.5	21.9	16.5	12.0	11.2	11.5	11.4	11.3	48.0	39.0	38.0	39.0	26.0	28.0	28.0	28.0	28.0	28.0
35,000	33.2	28.7	27.7	26.3	19.8	16.3	15.9	15.3	15.0	14.6	53.0	46.1	45.0	44.0	34.0	28.0	28.0	28.0	28.0	28.0
50,000	38.5	34.5	33.4	32.1	24.1	19.0	18.7	18.3	18.1	17.9	60.0	61.5	60.0	55.0	42.0	28.0	28.0	28.0	28.0	28.0
75,000	44.3	42.1	40.9	39.3	29.6	22.3	21.5	21.2	21.0	20.7	64.0	65.6	64.0	63.0	48.0	33.0	31.0	31.0	31.0	31.0
<b>Married—2 Dependents<sup>e</sup></b>																				
5,000	5.8	5.8	6.0	-10.0 <sup>f</sup>	-11.0 <sup>f</sup>	-14.0 <sup>f</sup>	-17.4 <sup>f</sup>	-18.5 <sup>f</sup>	-19.6 <sup>f</sup>	-30.0 <sup>f</sup>	15.0	15.0	10.0 <sup>f</sup>	—	—	—	—	—	—	—
10,000	11.1	11.2	7.1	3.7	1.3 <sup>f</sup>	-9.5 <sup>f</sup>	-12.4 <sup>f</sup>	-13.8 <sup>f</sup>	-15.1 <sup>f</sup>	25.3 <sup>f</sup>	19.0	19.5	19.0	16.0	24.2	—	—	—	—	—
20,000	16.1	16.1	13.7	11.3	8.4	4.8	-1.9 <sup>f</sup>	-2.1	-2.1 <sup>f</sup>	1.8 <sup>f</sup>	25.0	25.6	25.0	24.0	16.0	15.0	15.0	15.0	15.0	15.0
25,000	18.0	18.0	16.4	14.0	10.3	6.8	6.4	5.9	5.7	5.1 <sup>f</sup>	32.0	28.7	28.0	28.0	18.0	15.0	15.0	15.0	15.0	15.0
35,000	21.9	21.9	20.5	18.8	14.0	9.2	8.9	8.5	8.3	8.1	39.0	40.0	39.0	37.0	25.0	15.0	15.0	15.0	15.0	15.0
50,000	27.3	27.3	26.0	24.2	18.2	11.9	11.2	10.4	10.3	10.2	48.0	49.2	48.0	43.0	33.0	28.0	28.0	15.0	15.0	15.0
75,000	34.1	34.1	32.8	31.2	23.5	16.5	16.1	15.6	15.3	15.0	55.0	56.4	55.0	54.0	42.0	28.0	28.0	28.0	28.0	28.0
<b>Constant (1980) Dollars<sup>g</sup></b>																				
<b>Single—No Dependents</b>																				
5,000	7.5	4.0	3.9	5.0	5.6	4.9	5.0	4.6	4.8	4.6	16.8	16.0	16.0	16.0	14.0	15.0	15.0	15.0	—	15.0
10,000	13.8	11.4	10.9	11.8	10.5	10.0	10.0	9.8	9.9	9.8	21.5	21.0	19.0	21.0	18.0	15.0	15.0	15.0	15.0	15.0
20,000	17.0	16.7	17.9	19.2	16.6	15.3	15.3	15.0	15.7	15.1	25.6	22.7	30.0	34.0	26.0	28.0	28.0	28.0	28.0	28.0
25,000	18.7	19.0	20.9	21.9	18.7	17.3	17.4	17.1	18.1	17.7	27.7	31.0	34.0	39.0	30.0	28.0	28.0	28.0	28.0	28.0
35,000	21.1	23.2	24.9	26.3	22.6	19.6	19.6	19.4	20.4	20.7	31.8	38.0	44.0	44.0	38.0	33.0	31.0	28.0	31.0	31.0
50,000	24.8	27.7	30.0	32.1	27.1	22.6	22.1	22.0	23.4	23.8	41.0	45.0	55.0	55.0	48.0	33.0	31.0	31.0	31.0	31.0
75,000	30.2	34.4	37.5	39.1	32.5	25.3	24.0	23.9	26.9	27.3	51.2	60.0	63.0	63.0	50.0	33.0	31.0	31.0	31.0	36.0
<b>Married—2 Dependents<sup>e</sup></b>																				
5,000	—	-10.0 <sup>f</sup>	-10.0 <sup>f</sup>	-10.0 <sup>f</sup>	-8.7 <sup>f</sup>	-12.1 <sup>f</sup>	-14.9 <sup>f</sup>	-16.2 <sup>f</sup>	—	—	—	-10.0 <sup>f</sup>	-10.0 <sup>f</sup>	—	—	—	—	—	—	—
10,000	5.8	1.4	1.4	3.7	4.7	-0.9 <sup>f</sup>	-1.2 <sup>f</sup>	-2.5 <sup>f</sup>	1.9	1.9	16.8	26.0 <sup>f</sup>	26.5 <sup>f</sup>	16.0	14.0	—	—	—	15.0	15.0
20,000	11.4	10.3	10.3	11.3	10.4	8.5	8.5	8.3	8.5	8.4	19.5	18.5	21.0	24.0	22.0	15.0	15.0	15.0	15.0	15.0
25,000	12.9	12.8	12.8	14.0	12.9	9.8	9.8	9.7	9.7	12.1	22.6	22.0	24.0	28.0	25.0	15.0	15.0	15.0	15.0	15.0
35,000	15.3	17.4	17.4	18.8	16.7	13.4	13.4	13.1	13.4	13.3	25.6	28.0	32.0	37.0	33.0	28.0	28.0	28.0	28.0	28.0
50,000	18.3	22.8	22.8	24.2	21.3	16.9	17.0	16.7	17.8	17.7	32.8	39.0	43.0	44.0	38.0	28.0	28.0	28.0	28.0	28.0
75,000	23.3	29.4	29.4	31.2	26.6	20.5	20.2	20.0	21.8	21.8	43.0	50.0	54.0	42.0	42.0	33.0	31.0	31.0	31.0	31.0

*Table 6 (cont.)*  
**Federal Individual Income Tax (Average and Marginal Tax Rates)**  
**Selected Income Groups and Years, 1965-1994**

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– Represents zero.

<sup>a</sup> Income after exclusions.

<sup>b</sup> Tax liability divided by 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 \$35,800 of taxable income taxed at 15%; the additional \$4,200 of taxable income would be taxed at 28%. The total tax liability would be \$6,546.

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

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

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

<sup>g</sup> Amount of adjusted gross income equivalent to adjusted gross income in 1980 dollars was calculated by using NIPA personal consumption deflator (1987=100). The values of the deflator are: 1965, 32.2; 1970, 37.9; 1975, 50.5; 1980, 72.6; 1985, 93.3; 1990, 115.3; 1991, 120.4; 1992, 123.8; 1993, 126.6; 1994, 129.4 (estimated)

Source: ACIR computations and Commerce Clearinghouse, 1994 *U.S. Master Tax Guide* (Chicago, 1993).



*Table 7*  
**Federal Individual Income Tax Rates and Exemptions, 1913 - 1995**

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	1.5b-46.0	4,000	500,000
1925 - 28	1,500	3,500	400	1.125b-25.0	4,000	100,000
1929	1,500	3,500	400	0.375b-24.0	4,000	100,000
1930 - 31	1,500	3,500	400	1.125b-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	4.0c-63.0	4,000	1,000,000
1936 - 39	1,000	2,500	400	4.0c-79.0	4,000	5,000,000
1940	800	2,000	400	4.4c-81.1	4,000	5,000,000
1941	750	1,500	400	10.0c-81.0	2,000	5,000,000
1942 - 43 <sup>d</sup>	500	1,200	350	19.0c-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	500	100,000
1970	625	1,250	625	14.0-71.75	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.-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	29,750	171,090
1989	2,000 <sup>j,k</sup>	4,000 <sup>j,k</sup>	2,000 <sup>j,k</sup>	15.0-28.0 <sup>l</sup>	30,950	149,250
1990	2,050 <sup>j,k</sup>	4,100 <sup>j,k</sup>	2,050 <sup>j,k</sup>	15.0-28.0 <sup>l</sup>	32,450	78,400
1991	2,150 <sup>j,k</sup>	4,300 <sup>j,k</sup>	2,150 <sup>j,k</sup>	15.0-31.0 <sup>l</sup>	34,000	82,150
1992	2,300 <sup>j,k</sup>	4,600 <sup>j,k</sup>	2,300 <sup>j,k</sup>	15.0-31.0	35,800	86,500
1993	2,350 <sup>j,k</sup>	4,700 <sup>j,k</sup>	2,350 <sup>j,k</sup>	15.0-39.6 <sup>m</sup>	36,900	250,000
1994	2,450 <sup>j,k</sup>	4,900 <sup>j,k</sup>	2,450 <sup>j,k</sup>	15.0-39.6 <sup>m</sup>	38,000	250,000
1995	2,500 <sup>j,k</sup>	5,000 <sup>j,k</sup>	2,500 <sup>j,k</sup>	15.0-39.6 <sup>m</sup>	39,000	256,500

\* Married filing joint return.

Table 7 (cont.)

Federal Individual Income Tax Rates and Exemptions, 1913 - 1995

For tax year 1994, personal exemptions are phased out at threshold incomes of \$167,700 for joint returns, \$139,750 for heads of household, \$111,800 for single taxpayers, and \$83,850 for married persons filing separately. 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. Phaseout thresholds for 1995, as determined by the Commerce Clearing House, are increased to \$172,050 for joint returns or surviving spouses, \$143,350 for heads of households, \$114,700 for single taxpayers, and \$86,000 for married persons filing separately.

For tax years beginning after 1990, 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. The 1992 threshold amount is \$105,250; the 1993 amount is \$108,450; the 1994 amount is \$111,800; and the 1995 amount, as determined by the Commerce Clearing House, is \$114,700.

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

<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 1988.

<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%.

<sup>m</sup> A 36% marginal rate applies to taxable income in excess of the following threshold amounts: \$140,000 for joint returns and surviving spouses; \$127,500 for heads of households; \$115,000 for single individuals filing separately. A 39.6% rate applies to taxable income over \$250,000 (\$125,000 for married individuals filing separately)

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, *U.S. Master Tax Guide* (Chicago, various years).

*Table 8*  
**Federal Corporation Income Tax Rates and Exemptions,  
Income Years 1909-1994**

Year	Income Brackets and Specific Dollar Exemptions	Rate (percent)	Year	Income Brackets and Specific Dollar Exemptions	Rate (percent)
1909-13	\$5,000 exemption	1	1965-67	First \$25,000	22
1913-15	No exemption after 3/1/13	1		Over \$25,000	48
1916	None	2	1968-69	First \$25,000	24.2 <sup>e</sup>
1917	None	6		Over \$25,000	52.8 <sup>e</sup>
1918	\$2,000 exemption	12 <sup>a</sup>	1970	First \$25,000	22.55 <sup>e</sup>
1919-21	\$2,000 exemption	10 <sup>a</sup>		Over \$25,000	49.2 <sup>e</sup>
1922-24	\$2,000 exemption	12.5	1971-74	First \$25,000	22
1925	\$2,000 exemption	13		Over \$25,000	48
1926-27	\$2,000 exemption	13.5	1975-78	First \$25,000	20
1928	\$3,000 exemption	12		\$25,000 to \$50,000	22
1929	\$3,000 exemption	11		Over \$50,000	48
1930-31	\$3,000 exemption	12	1979-81	First \$25,000	17
1932-35	None	13.75 <sup>b</sup>		\$25,000 to \$50,000	20
1936-37	Graduated normal tax ranging from—			\$50,000 to \$75,000	30
	First \$2,000	8 <sup>b</sup>		\$75,000 to \$100,000	40
	Over \$40,000	15 <sup>b</sup>		Over \$100,000	46
	Graduated surtax on undistributed		1982	First \$25,000	16
	profits ranging from—	7-27 <sup>b</sup>		\$25,000 to \$50,000	19
1938-39	First \$25,000	12.5-16 <sup>b</sup>		\$50,000 to \$75,000	30
	Over \$25,000	19 <sup>c</sup>		\$75,000 to \$100,000	40
1940	First \$25,000	14.85-18.7 <sup>b</sup>		Over \$100,000	46
	\$25,000 to \$31,964.30	38.3 <sup>b</sup>	1983-86	First \$25,000	15
	\$31,964.30 to \$38,565.89	36.9 <sup>b</sup>		\$25,000 to \$50,000	18
	Over \$38,565.89	24 <sup>b</sup>		\$50,000 to \$75,000	30
1941	First \$25,000	21-25 <sup>b</sup>		\$75,000 to \$100,000	40
	\$25,000 to \$38,461.54	44 <sup>b</sup>		Over \$100,000	46
	Over \$38,461.54	31 <sup>b</sup>	1987-92 <sup>f</sup>	First \$50,000	15
1942-45	First \$5,000	25 <sup>b</sup>		\$50,000 to \$75,000	25
	\$5,000 to \$20,000	27 <sup>b</sup>		\$75,000 to \$100,000	34
	\$20,000 to \$25,000	29 <sup>b</sup>		\$100,000 to \$335,000	39 <sup>g</sup>
	\$25,000 to \$50,000	53 <sup>b</sup>		Over \$335,000	34
	Over \$50,000	40 <sup>b</sup>	1993	First \$50,000	15
1946-49	First \$5,000	21		\$50,000 to \$75,000	25
	\$5,000 to \$20,000	23		\$75,000 to \$100,000	34
	\$20,000 to \$25,000	25		\$100,000 to \$335,000	39 <sup>h</sup>
	\$25,000 to \$50,000	53		\$335,000 to \$10,000,000	34
	Over \$50,000	38		\$10,000,000 to \$15,000,000	35
1950	First \$25,000	23 <sup>d</sup>		\$15,000,000 to \$18,333,333	38 <sup>h</sup>
	Over \$25,000	42 <sup>d</sup>		Over \$18,333,333	35
1951	First \$25,000	28.75 <sup>d</sup>	1994	First \$50,000	15
	Over \$25,000	50.75 <sup>d</sup>		\$50,000 to \$75,000	25
1952-53	First \$25,000	30 <sup>d</sup>		\$75,000 to \$100,000	34
	Over \$25,000	52 <sup>d</sup>		\$100,000 to \$335,000	39 <sup>h</sup>
1964	First \$25,000	22		\$335,000 to \$10,000,000	34
	Over \$25,000	50		\$10,000,000 to \$15,000,000	35
				\$15,000,000 to \$18,333,333	38 <sup>h</sup>
				Over \$18,333,333	35

*Table 8 (cont.)*  
**Federal Corporation Income Tax Rates and Exemptions,  
Income Years 1909-1994**

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- <sup>a</sup> 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 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 for 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.
- <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%.
- <sup>h</sup> The 39% and 38% rates are imposed to phase out the benefits of the lower brackets for high-income corporations.

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



*Table 9*  
**Federal Excise Tax Rates on Selected Items**  
**Selected Years 1944-1995**

Item Taxed (base)	Rates as of December 31							
	1944	1954	1964	1989	1991	1992	1993	1995
<b>Alcoholic beverages</b>								
Distilled spirits (\$/proof gallon)	9.00	10.50	10.50	12.50	13.50	13.50	13.50	13.50
Still wines (\$/wine gallon)								
Not over 14% alcohol	0.15	0.17	0.17	0.17	1.07	1.07	1.07	1.07
14 to 21% alcohol	0.6	0.67	0.67	0.67	1.57	1.57	1.57	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>	3.15 <sup>b</sup>	3.15 <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>	18.00 <sup>c</sup>	18.00 <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	0.9375	1.125	1.125
Large cigars (\$ more than 3 lbs per 1,000)	2.50- 20.00	2.50- 20.00	2.50- 20.00	8.3% of whole- sale price	10.625% <sup>d</sup> of whole- sale price	10.625% <sup>d</sup> of whole- sale price	12.75% <sup>d</sup> of whole- sale price	12.75% <sup>d</sup> of whole- sale price
Cigarettes (\$/pack of 20)	0.07	0.08	0.08	0.16	0.20	0.20	0.24	0.24 <sup>e</sup>
Tobacco and snuff (\$/lb)	0.18	0.10	0.10	f	f	f	f	f
<b>Manufacturers excise taxes</b>								
Gasoline (\$/gallon)	0.015	0.02	0.02	0.09 <sup>g</sup>	0.14 <sup>h</sup>	0.14 <sup>h</sup>	0.184 <sup>h</sup>	0.184 <sup>h</sup>
Trucks and trailers (% of sales price)	7.0%	10.0%	10.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Highway tires (\$/lb)	0.05	0.05	0.1	.15-.50 <sup>i</sup>	.15-.50 <sup>i</sup>	.15-.50 <sup>i</sup>	.15-.50 <sup>i</sup>	.15-.50 <sup>i</sup>
"Gas Guzzler" (\$/auto)				j	j	j	j	j
Firearms, shells, and cartridges (% of price)	11.0%	11.0%	11.0%	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%	10.0%	10.0%	10.0%
Bows and arrows (% of sales price)				11.0%	11.0%	11.0%	11.0%	11.0%
Sport fishing equipment (% of sales price)		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
<b>Retailers excise taxes</b>								
Diesel fuel for highway vehicles (\$/gallon)				0.15	0.20	0.20	0.244	0.244
Gasohol (\$/10% or more alcohol-gasoline blend)				0.03	0.966	0.966	0.130	0.130
Gasoline used in noncommercial aviation (\$/gallon)				0.12	0.15	0.15	0.10	0.194
Fuels other than gasoline, noncommercial aviation (\$/gallon)				0.14	0.176	0.176	0.184	0.219
Inland waterways fuel (\$/gallon)				0.10 <sup>k</sup>	0.11	0.15	0.214	0.244
Airplanes					10.0% <sup>k</sup>	10.0% <sup>k</sup>	l	l
Automobiles					10.0% <sup>k</sup>	10.0% <sup>k</sup>	10.0% <sup>k</sup>	10.0% <sup>k</sup>
Boats					10.0% <sup>k</sup>	10.0% <sup>k</sup>	l	l
Furs and jewelry					10.0% <sup>k</sup>	10.0% <sup>k</sup>	l	l
<b>Other excise taxes</b>								
Air passenger ticket (% of price)	15.0%	10.0%	5.0%	8.0%	10.0%	10.0%	10.0%	10.0%
International departures (\$/person)				3.00	6.00	6.00	6.00	6.00
Domestic air cargo (% of value)					6.25%	6.25%	6.75%	6.25%
Local telephone service (% of amount)	15.0%	10.0%	10.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Long-distance and teletype service (% of amount)	25.0%	10.0%	10.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Certain vaccines (\$/dose)				m	m	m	m	m
Foreign insurance policies (% of premiums)								
Life insurance (% of premium)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Other insurance (% of premium)	4.0%	4.0%	4.0%	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>n</sup>	2.0% <sup>n</sup>	2.0% <sup>n</sup>	2.0% <sup>n</sup>	2.0% <sup>n</sup>
Leaking underground storage tanks (\$/gallon)				0.001	0.001 <sup>o</sup>	0.001 <sup>o</sup>	0.001 <sup>o</sup>	0.001 <sup>o</sup>

Table 9 (cont.)  
**Federal Excise Tax Rates on Selected Items**  
**Selected Years 1944-1995**

Item Taxed (base)	Rates as of December 31							
	1944	1954	1964	1989	1991	1992	1993	1995
<b>Environmental ("Superfund") excise taxes</b>								
Domestic crude oil (\$/barrel)				0.082	0.147	0.097	0.097	0.097
Imported petroleum products (\$/barrel)				0.117	0.147	0.097	0.097	0.097
Feedstock chemicals and certain imported substances (\$/ton)				.22-4.87	.22-4.87	.22-4.87	.22-4.87	.22-4.87
Use of harbors and ports (% of cargo)				0.04%	0.125%	0.125%	0.125%	0.125%
Use tax on heavy highway vehicles (\$/ton)			6	P	P	P	P	P
Coal (\$/ton)								
Underground mines				1.10	1.10	1.10	1.10	1.10
Surface mines				0.55	0.55	0.55	0.55	0.55

- a Wines over 24% alcohol are taxed at rate for distilled spirits.
- b Artificially carbonated wines, \$3.30; champagnes and sparkling wines, \$3.40.
- c 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).
- d Rate is 12.75% of wholesale price or \$30 per 1,000, whichever is greater.
- e Cigarettes weighing more than 3 lbs. per 1,000 are taxed at \$.504 per pack.
- f Rates are: 1989—snuff, \$.24; chewing tobacco, \$.08; and pipe tobacco, \$.45; 1991 and 1992—\$.30, \$.10, and \$.5625; 1993 and thereafter—\$.36, \$.12, and \$.675.
- g Rate for alcohol fuels (more than 85% methanol or ethanol), \$.03.
- h Includes \$.025 per gallon tax for deficit reduction. This portion is scheduled to expire 10/1/95.
- i Tires under 40 lbs., no tax; over 40 but less than 70 lbs., \$.15 per lb. over 40 lbs.; over 70 but less than 90lbs., \$4.50 plus \$.30 per lb. over 70 lbs.; over 90 lbs., \$10.50 plus \$.50 per lb. over 90 lbs.
- j 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 1993-1995, the rates range from \$1,000 per vehicle to \$7,700 per vehicle for corresponding fuel economy ratings.
- k Rate applies to difference between retail price and threshold price. Threshold price for automobiles (except taxicabs) is \$32,000.
- l Repealed effective 1993.
- m Vaccine Injury Compensation Trust Fund. Rates are: Diphtheria, Pertussis, and Tetanus (DPT) \$4.56; Measles, Mumps, Rubella (MMR) \$4.44; Polio, \$0.29; DT only, \$.06.
- n Rate is 0.25% of wagers in states where wagering is authorized by state law.
- o \$.001 per gallon, not included in excises for fuels and chemicals.
- p 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; *Congressional Record* 136 (October 26, 1990): Part II; Commerce Clearing House, *U.S. Excise Tax Guide* 1991 and 1992 (Chicago, 1990 and 1991), and *U.S. Federal Excise Tax Reporter*, 1993.

*Table 10*  
**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 Persons				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	1.5	1.5	—	—	—	—	—	—	45	—
1951-53	3,600	3	1.5	1.5	—	—	2.25	2.25	—	—	54	81
1954	3,600	4	2	2	—	—	3	3	—	—	72	108
1955-56	4,200	4	2	2	—	—	3	3	—	—	84	126
1957-58	4,200	4.5	2.25	2	0.25	—	3.375	3	0.375	—	94.5	141.75
1959	4,800	5	2.5	2.25	0.25	—	3.75	3.375	0.375	—	120	180
1960-61	4,800	6	3	2.75	0.25	—	4.5	4.125	0.375	—	144	216
1962	4,800	6.25	3.125	2.875	0.25	—	4.7	4.325	0.375	—	150	225.6
1963-65	4,800	7.25	3.625	3.375	0.25	—	5.4	5.025	0.375	—	174	259.2
1966	6,600	8.4	4.2	3.5	0.35	0.35	6.15	5.275	0.525	0.35	277.2	405.9
1967	6,600	8.8	4.4	3.55	0.35	0.5	6.4	5.375	0.525	0.5	290.4	422.4
1968	7,800	8.8	4.4	3.325	0.475	0.6	6.4	5.0875	0.7125	0.6	343.2	499.2
1969	7,800	9.6	4.8	3.725	0.475	0.6	6.9	5.5875	0.7125	0.6	374.4	538.2
1970	7,800	9.6	4.8	3.65	0.55	0.6	6.9	5.475	0.825	0.6	374.4	538.2
1971	7,800	10.4	5.2	4.05	0.55	0.6	7.5	6.075	0.825	0.6	405.6	585
1972	9,000	10.4	5.2	4.05	0.55	0.6	7.5	6.075	0.825	0.6	468	675
1973	10,800	11.7	5.85	4.3	0.55	1	8	6.205	0.795	1	631.8	864
1974	13,200	11.7	5.85	4.375	0.575	0.9	7.9	6.185	0.815	0.9	772.2	1,042.80
1975	14,100	11.7	5.85	4.375	0.575	0.9	7.9	6.185	0.815	0.9	824.85	1,113.90
1976	15,300	11.7	5.85	4.375	0.575	0.9	7.9	6.185	0.815	0.9	895.05	1,208.70
1977	16,500	11.7	5.85	4.375	0.575	0.9	7.9	6.185	0.815	0.9	965.25	1,303.50
1978	17,700	12.1	6.05	4.275	0.775	1	8.1	6.01	1.09	1	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	13.3	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	13.4	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	13.4	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	7 <sup>a</sup>	5.2	0.5	1.3	14 <sup>b</sup>	10.4	1	2.6	2,646.00 <sup>a</sup>	5,292.00 <sup>b</sup>
1985	39,600	14.1	7.05	5.2	0.5	1.35	14.10 <sup>b</sup>	10.4	1	2.7	2,791.80	5,583.60 <sup>b</sup>
1986	42,000	14.3	7.15	5.2	0.5	1.45	14.30 <sup>b</sup>	10.4	1	2.9	3,003.00	6,006.00 <sup>b</sup>
1987	43,800	14.3	7.15	5.2	0.5	1.45	14.30 <sup>b</sup>	10.4	1	2.9	3,131.70	6,263.40 <sup>b</sup>

Table 10 (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 Persons			Employee or Employer	Self- Employed
			Total	Old Age Survivors'	Disability	Hospital	Total	Old Age Survivors'	Disability	Hospital			
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>	
1990	51,300	15.3	7.65	5.6	0.6	1.45	15.3	11.2	1.2	2.9	3,924.45	7,848.90	
1991	53,400 <sup>c</sup>	15.3	7.65	5.6	0.6	1.45	15.3	11.2	1.2	2.9	5,123.30	10,246.60	
1992	55,000 <sup>c</sup>	15.3	7.65	5.6	0.6	1.45	15.3	11.2	1.2	2.9	5,368.90	10,657.80	
1993	57,600 <sup>c</sup>	15.3	7.65	5.6	0.6	1.45	15.3	11.2	1.2	2.9	5,528.70	11,057.40	
1994	60,600 <sup>c</sup>	15.3	7.65	5.6	0.6	1.45	15.3	11.2	1.2	2.9	d	d	
1995	61,200 <sup>c</sup>	15.3	7.65	5.6	0.6	1.45	15.3	11.2	1.2	2.9	d	d	
1996-99		15.3	7.65	5.6	0.6	1.45	15.3	11.2	1.2	2.9	d	d	
2000 and after		15.3	7.65	5.49	0.71	1.45	15.3	10.98	1.42	2.9	d	d	

a Includes credit of 0.3% of remuneration in 1984.

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

c Maximum taxable wages for Old Age Survivors and Disability Insurance. Maximum taxable

wage base for Hospitalization Insurance (Medicare) is \$125,000 in 1991, \$130,200 in 1992, and \$135,000 for 1993. Beginning in 1994, there is no limit for Medicare.

d There is no maximum tax because there is no maximum wage base for Medicare.

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

*Table 11*  
**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 Rate	Adjusted Taxable Estate <sup>2</sup>	Federal Credit	Rate on Excess Amount Over Lower Bracket <sup>3</sup>
\$0-9,999	18%	\$40,000-89,999	\$0	0.8%
10,000-19,999	20	90,000-139,999	400	1.6
20,000-39,999	22	140,000-239,999	1,200	2.4
40,000-59,999	24	240,000-439,999	3,600	3.2
60,000-79,999	26	440,000-639,999	10,000	4.0
80,000-99,999	28	640,000-839,999	18,000	4.8
100,000-149,999	30	840,000-1,039,999	27,600	5.6
150,000-249,999	32	1,040,000-1,539,999	38,800	6.4
250,000-499,999	34	1,540,000-2,039,999	70,800	7.2
500,000-749,999	37	2,040,000-2,539,999	106,800	8.0
750,000-999,999	39	2,540,000-3,039,999	146,800	8.8
1,000,000-1,249,999	41	3,040,000-3,539,999	190,800	9.6
1,250,000-1,499,999	43	3,540,000-4,039,999	238,800	10.4
1,500,000-1,999,999	45	4,040,000-5,039,999	290,800	11.2
2,000,000-2,499,999	49	5,040,000-6,039,999	402,800	12.0
2,500,000-2,999,999	53	6,040,000-7,039,999	522,800	12.8
Over 3,000,000 <sup>4</sup>	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 estates of decedents dying and gifts made after 1983.

<sup>2</sup> Adjusted taxable estate is the amount of the estate minus \$60,000. For example, the adjusted taxable estate of a \$660,000 estate would be \$600,000.

<sup>3</sup> For example, the state death credit on an adjusted taxable estate of \$600,000 would be \$16,400 (\$10,000 + (\$160,000 x .04)).

<sup>4</sup> The benefits of the graduated rates and the unified credit under the

unified transfer tax system are phased out beginning with cumulative transfers rising above \$10 million. This is accomplished by adding 5% of the excess of any transfer over \$10 million to the tentative tax computed in determining the ultimate transfer tax liability. For estates of decedents dying, and gifts made, after 1987, the tax is levied on amounts transferred in excess of \$10 million but not exceeding \$21,040,000 in order to recapture the benefit of any transfer tax rate below 55% as well as the unified credit.

Source: Commerce Clearing House, 1995 *U.S. Master Tax Guide* (Chicago, 1994).



*Section III*

**State and Local Taxes:  
Overview**

Table 12  
Dates of Adoption of Major State Taxes

Before 1911	Individual Income*				
	1911-20	1921-30	1931-40	1941-60	Since 1961
Hawaii, 1901 <b>Total, 1</b>	Wisconsin, 1911 Mississippi, 1912 Oklahoma, 1915 Massachusetts, 1916 Virginia, 1916 Delaware, 1917 Missouri, 1917 New York, 1919 North Dakota, 1919 <b>Total, 9</b>	North Carolina, 1921 South Carolina, 1922 New Hampshire, 1923 <sup>1</sup> Arkansas, 1929 Georgia, 1929 Oregon, 1930 <b>Total, 6</b>	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 <b>Total, 16</b>	District of Columbia, 1947 Alaska, 1949 <b>Total, 2</b>	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 <b>Total, 11</b>  <b>Repealed</b> Alaska, 1979  <b>Broad-based tax, 42</b> <b>Narrow-based tax, 2</b> <b>Grand Total, 44</b>

\* States without an individual income tax: Alaska, Florida, Nevada, South Dakota, Texas, Washington, Wyoming. States with limited tax: New Hampshire (interest and dividends) and Tennessee (interest and dividends).

Before 1911	Corporation Income*				
	1911-20	1921-30	1931-40	1941-60	Since 1961
Hawaii, 1901 <b>Total, 1</b>	Wisconsin, 1911 Connecticut, 1915 Virginia, 1915 Missouri, 1917 Montana, 1917 New York, 1917 Massachusetts, 1919 North Dakota, 1919 <b>Total, 8</b>	Mississippi, 1921 North Carolina, 1921 South Carolina, 1922 Tennessee, 1923 Arkansas, 1929 California, 1929 Georgia, 1929 Oregon, 1929 <b>Total, 8</b>	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 <b>Total, 15</b>	District of Columbia, 1947 Rhode Island, 1947 Alaska, 1949 Delaware, 1957 New Jersey, 1958 <b>Total, 5</b>	Indiana, 1963 Michigan, 1967 Nebraska, 1967 West Virginia, 1967 Illinois, 1969 Maine, 1969 New Hampshire, 1970 Florida, 1971 Ohio, 1971 <b>Total, 9</b>  <b>Repealed</b> Michigan, 1976  <b>Grand Total, 45</b>

\* 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*		1951-60	Since 1961
1930-40	1941-50		
Mississippi, 1930–Arizona, 1933 California, 1933–Illinois, 1933 Indiana, 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 <b>Total, 24</b>	Connecticut, 1947 Maryland, 1947 Rhode Island, 1947 Tennessee, 1947 District of Columbia, 1949 Florida, 1949 <b>Total, 6</b>	Georgia, 1951 Maine, 1951 South Carolina, 1951 Pennsylvania, 1953 Nevada, 1955 Kentucky, 1960 <b>Total 6</b>	Texas, 1961 Wisconsin, 1961 Idaho, 1965 New York, 1965 Massachusetts, 1966 New Jersey, 1966 Virginia, 1966 Minnesota, 1967 Nebraska, 1967 Vermont, 1969 <b>Total, 10</b>  <b>Grand Total, 46</b>

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



Table 12 (cont.)  
**Dates of Adoption of Major State Taxes**

Gasoline		1921-30	Since 1931
1911-20			
Colorado, 1919	Arizona, 1921–Arkansas, 1921–Connecticut, 1921		Hawaii, 1932
New Mexico, 1919	Florida, 1921–Georgia, 1921–Louisiana, 1921–Montana, 1921		Alaska, 1946
North Dakota, 1919	North Carolina, 1921–Pennsylvania, 1921		<b>Total, 2</b>
Oregon, 1919	Washington, 1921–Maryland, 1922–Mississippi, 1922		
Kentucky, 1920	South Carolina, 1922–South Dakota, 1922–Alabama, 1923		
<b>Total, 5</b>	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		
	<b>Total, 44</b>		
<b>Grand Total, 51</b>			

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

Distilled Spirits <sup>3</sup>		Since 1941
1933-40		
Arizona, 1933–Colorado, 1933–Delaware, 1933		Kansas, 1948
Indiana, 1933–Maryland, 1933–Massachusetts, 1933		Alaska, 1959
New Jersey, 1933–New York, 1933–Rhode Island, 1933		Oklahoma, 1959
District of Columbia, 1934–Illinois, 1934–Kentucky, 1934		<b>Total, 3</b>
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		
<b>Total, 30</b>		<b>Grand Total, 33</b>

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

<sup>2</sup> Taxed capital gains, interest, and dividends from 1969-1990. In 1991, imposed tax also on salaries and wages.

<sup>3</sup> Does not include excises imposed by the 16 states that own and operate liquor stores, or North Carolina, where county stores operate under state supervision.

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

Table 13  
State Taxes by Major Source, 1994

State	Corporation Franchise <sup>1</sup>	Corporation 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	Y <sup>5</sup>
Alaska		Y			Y	Y	Y	
Arizona		Y	Y	Y	Y	Y	Y	Y
Arkansas	Y	Y	Y	Y	Y	Y	Y	Y
California		Y	Y	Y	Y	Y	Y	
Colorado		Y	Y	Y	Y	Y	Y	
Connecticut		Y	Y	Y		Y	Y	Y
Delaware	Y	Y	Y				Y	Y
District of Columbia		Y	Y	Y		Y	Y	Y
Florida		Y		Y	Y	Y	Y	Y
Georgia	Y	Y	Y	Y	Y	Y <sup>10</sup>	Y	Y
Hawaii		Y	Y	Y		Y	Y	Y
Idaho		Y	Y	Y	Y	Y <sup>10</sup>	Y	
Illinois	Y	Y	Y	Y	Y	Y	Y	Y
Indiana		Y	Y	Y	Y	Y <sup>10</sup>	Y	
Iowa		Y	Y	Y		Y	Y	Y
Kansas	Y	Y	Y	Y	Y	Y	Y	Y
Kentucky	Y	Y	Y	Y	Y	Y	Y	Y
Louisiana	Y	Y	Y	Y	Y	Y	Y	
Maine		Y	Y	Y	Y	Y	Y	Y
Maryland	Y <sup>6</sup>	Y	Y	Y	Y	Y	Y	Y
Massachusetts		Y	Y	Y		Y	Y	Y
Michigan		7	Y	Y	Y	Y <sup>8</sup>	Y	Y
Minnesota		Y	Y	Y	Y	Y	Y	Y
Mississippi	Y	Y	Y	Y	Y	Y	Y	Y
Missouri	Y	Y	Y	Y	Y	Y	Y	
Montana		Y	Y		Y	Y	Y	
Nebraska	Y	Y	Y	Y	Y	Y	Y	Y
Nevada				Y	Y	Y	Y	Y
New Hampshire	Y	Y	Y <sup>9</sup>			Y	Y	Y
New Jersey		Y	Y	Y		Y	Y	Y
New Mexico	Y	Y	Y	Y	Y	Y	Y	
New York	Y <sup>6</sup>	Y	Y	Y			Y	Y
North Carolina	Y	Y	Y	Y	Y	Y	Y	Y
North Dakota		Y	Y	Y	Y	Y <sup>10</sup>	Y	

Table 13 (cont.)  
State Taxes by Major Source, 1994

State	Corporation Franchise <sup>1</sup>	Corporation 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	Y
South Dakota				Y	Y		Y	Y
Tennessee	Y	Y	Y <sup>9</sup>	Y	Y	11	Y	Y
Texas	Y			Y	Y		Y	
Utah		Y	Y	Y	Y	Y	Y	
Vermont		Y	Y	Y		Y	Y	Y
Virginia	Y	Y	Y	Y	Y	Y	Y	Y
Washington	Y			Y	Y	Y	Y	Y
West Virginia	Y	Y	Y	Y	Y	Y	Y	Y
Wisconsin		Y	Y	Y	Y	Y	Y	Y
Wyoming	Y			Y	Y	Y	Y	
<b>Total</b>	<b>26</b>	<b>45</b>	<b>44</b>	<b>46</b>	<b>38</b>	<b>44</b>	<b>51</b>	<b>37</b>

<sup>1</sup> Excludes franchise taxes (1) imposed specifically on public utilities and (2) measured by net income.

<sup>2</sup> Includes franchise taxes 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> Maryland applies to financial institutions only; New York applies to cooperative agricultural corporations only.

<sup>7</sup> Single business tax, which is a modified value added tax.

<sup>8</sup> Intangibles tax does not apply if intangibles income is subject to single business tax.

<sup>9</sup> New Hampshire and Tennessee apply only to income from intangibles.

<sup>10</sup> Personal property is exempt.

<sup>11</sup> State property tax on utilities.

Source: Commerce Clearing House, *State Tax Guide* (Chicago, 1994).

Table 14  
Tax Changes by Type of Tax—1994 Legislative Sessions

Amounts indicate collections projected for the period shown, which are not necessarily equal to annualized projections. Actions that will affect revenue but are not tax changes are denoted by \*. Amount not included in aggregate figures are denoted by \*\*. Decreases in revenue are indicated by ( ). Actions effective in a certain fiscal year as a result of legislation passed in an earlier year are denoted by (previous legislation).

State	Tax Description	Amount (\$ millions)	Effective Date
<b>PERSONAL INCOME TAX</b>			
<b>Arizona</b>	Conformed to federal IRC for 1994 tax year	FY 95=\$6.2	1/94
	Conformed to selected federal retroactive income tax provisions enacted during 1993 (11/93 special session)	FY 94=(\$6.5)	
		FY 95=(\$8.3)	1/93
	Reduced tax rates as follows: \$0-\$10,000, from 3.8% to 3.25%; \$10,001-\$25,000, from 4.4% to 4.0%; \$25,001-\$50,000, from 5.25% to 5.05%; \$50,001-\$150,000, from 6.5% to 6.4%; over \$150,000, from 7.0% to 6.9% (for joint and head of household filers, bracket amounts are doubled)	FY 95=(\$106.9)	1/94
	Accelerated phase-out of limitation on medical expense deduction (previous legislation)	FY 95=(\$5.5)**	1/94
<b>Colorado</b>	Modified state personal income tax treatment of capital gains included in federal taxable income and required five-year holding period (postpones revenue impact until FY 99)	FY 94=\$0.0	5/94
<b>Connecticut</b>	Modified structure of credit by increasing the maximum qualifying AGI, providing a lesser credit for higher income taxpayers and creating a more graduated structure to eliminate income tax "cliffs"	FY 95=(\$4.0)	1/95
	Limited taxable percentage of Social Security benefits to those taxable in 1993 (before federal IRC change to increase taxable portion of certain benefits)	FY 94=(\$4.0)	
		FY 95=(\$10.0)	1/94
	Adopted phase-in of income tax credit for property taxes paid on privately owned motor vehicles, as follows: CY 1997—20%, CY 1998—40%, CY 1999—60%, CY 2000—80%, CY 2001—100%	FY 95=\$0.0	1/97
<b>Georgia</b>	Increased exemption for taxpayers 62 or older from \$10,000 to \$11,000 in tax year 1994 and to \$12,000 in tax year 1995; increased the deduction for dependents from \$1,500 to \$2,000 in tax year 1994 and to \$2,500 in tax year 1995	FY 95=(\$100.0)	1/94
<b>Idaho</b>	Conformed to federal IRC	FY 94=(\$2.5) FY 95=\$2.0	1/94
<b>Indiana</b>	Conformed to federal IRC for moving expense, business meals and entertainment, and other deductions	FY 95=\$6.3	1/94
<b>Iowa</b>	Conformed to all portions of the federal IRC, except 1993 federal provision to tax 85% of Social Security income above \$32,000	FY 94=(\$17.7) FY 95=(\$5.4)	1/94
<b>Kentucky</b>	Conformed to federal IRC	FY 95=\$10.9	1/94
	Required taxpayers with more than \$100,000 in withholding liability to remit those funds immediately rather than when the tax return is due (see also corporation income tax)	FY 95=\$35.0*	1/95
<b>Louisiana</b>	Continued suspension of \$25 per child tax credit	FY 95=\$15.0	7/94 to 6/96
<b>Maine</b>	Repealed credit for nursing home expenses	FY 95=\$5.0	7/94
	Established catastrophic health expense credit of 2.7% of itemized medical deductions claimed on form 1040	FY 95=(\$3.0)	7/94

Table 14(cont.)  
Tax Changes by Type of Tax—1994 Legislative Sessions

State	Tax Description	Amount (\$ millions)	Effective Date
<b>PERSONAL INCOME TAX (cont.)</b>			
<b>Maryland</b>	Allowed the temporary 6% income tax bracket to sunset on schedule	FY 95=(\$29.3)**	1/95
<b>Massachusetts</b>	Established a new \$3,400 exemption for single head of household filers	FY 95=(\$18.0)	1/94
<b>Michigan</b>	Reduced the rate from 4.6% to 4.4%	FY 94=(\$102.4) FY 95=(\$261.5)	5/94
	Increased the private pension exclusion from \$7,500 to \$30,000 for single filers and from \$10,000 to \$60,000 for joint filers	FY 95=(\$34.0)	10/94
	Created a new senior citizens exemption for interest and dividend income of \$1,000 single/\$2,000 joint	FY 95=(\$6.0)	10/94
		FY 94=(\$5.0)	
	Extended credit for donations to food banks (due to expire 12/31/94)	FY 95=(\$5.0)	1/94 to 1/98
<b>Minnesota</b>	Conformed to federal IRC, except for increase in federal exemption amount for the alternative minimum tax	FY 94=(\$13.6) FY 95=\$27.9	1/94
	Increased exclusion amounts for senior citizens—from \$8,000 to \$9,600 for single filers and from \$10,000 to \$12,000 for joint filers	FY 95=(\$9.0)	1/94
	Expanded eligibility for dependent care credit to “stay-at-home” parents of children under the age of one	FY 95=(\$1.9)	1/94
<b>Montana</b>	Suspended income tax restructuring adopted in 1993 regular session, pending a voter referendum on November 8	FY 94=(\$30.2)	9/93
<b>New Jersey</b>	Adopted a 5% reduction in all marginal tax rates	FY 94=(\$62.0) FY 95=(\$300.0)	1/94
	Adopted an additional 10% reduction in marginal tax rates in lower brackets, with smaller additional reductions in higher tax brackets; lowest bracket falls from 2% to 1.7%, while highest bracket falls from 7% to 6.58%	FY 95=(\$155.0)	1/95
	Increased minimum gross income filing threshold from \$3,500 to \$7,000		1/94
	Recognized S-corporations (Net gain of \$40.0 million in personal income tax collections offsets loss in corporation income tax and is included in that section.)	FY 95=(\$25.0)	1/94
<b>New Mexico</b>	Enacted three-year phased reduction in personal income taxes: reduced lowest marginal rate from 1.8 percent to 1.7 percent for single filers and from 2.4 to 2.2 percent for married filers; adjusted tax brackets to reduce tax liability for most taxpayers	FY 95=(\$12.1)	7/94
	Expanded low-income rebate: maximum qualifying income increased from \$10,000 to \$14,000 and increased rebate amount from \$5 to \$220 depending upon income and the number of exemptions	FY 95=(\$12.7)	7/94
	Enacted credit of 3% of out-of-pocket prescription drug costs, up to a maximum of \$150 for single returns and \$300 for joint returns	FY 95=(\$5.9)	7/94
<b>New York</b>	Conformed to federal IRC rules for estimated payments	FY 95=(\$65.0)	1/94
	Adopted earned income tax credit at 7.5% of federal EITC in CY 94, 10% in CY 95, 15% in CY 96, and 20% in CY 97 and thereafter	FY 95=(\$21.0)	1/94
	Postponed scheduled rate cut (stays at 7.875% instead of dropping to 7.5%)	FY 95=\$800.0	1/94 to 1/95
	Expanded requirement for electronic funds transfer of withheld taxes by employers	FY 95=\$12.0*	7/94
	Revised method of calculating nonresident income	FY 95=\$2.0	1/94
<b>North Carolina</b>	Conformed to the federal IRC	FY 95=\$5.0	1/94

Table 14(cont.)  
Tax Changes by Type of Tax—1994 Legislative Sessions

State	Tax Description	Amount (\$ millions)	Effective Date
<b>PERSONAL INCOME TAX (cont.)</b>			
<b>Ohio</b>	Created a tax credit for the out-of-pocket job training expenses of displaced workers	FY 95=(\$2.4)	8/94
	Expanded child care credit (1993 fall session)	FY 94=(\$5.3)	2/93
	Created tax credit for expanded exports (1993 fall session)	FY 94=(\$1.0)	2/93
<b>Oklahoma</b>	Changed method used to compute Oklahoma income taxes for nonresidents and part-year residents	FY 95=\$18.0	9/94
<b>Pennsylvania</b>	Expanded exemption for low-income filers	FY 95=(\$46.0)	1/94
<b>South Carolina</b>	Conformed to federal IRC	FY 95=\$1.4	1/94
	Phased in doubling of exemption for dependents under the age of six	FY 95=(\$9.0)	1/94
	Postponed scheduled increase in capital gains exclusion; exclusion stays at 29% instead of increasing to 44%	FY 95=\$8.9	1/94 to 1/95
<b>Virginia</b>	Suspended indexing of age deduction for tax year 1994—deduction remains at 1993 levels of \$12,944 (over 65) and \$6,477 (age 62-64) minus Social Security payments received; beginning in tax year 1995, the Social Security offset is eliminated and standard deduction amounts are \$10,000 (over 65) and \$5,000 (age 62-64), increasing to \$12,000/\$6,000 in tax year 1996 and thereafter (1994 special session)	FY 95=\$8.0 FY 96=(\$28.0)**	1/94 and 1/95
	Postponed for two years the provision allowing individuals to withhold income taxes based upon the number of personal exemptions claimed	FY 95=\$19.7	1/95 to 1/97
<b>Wisconsin</b>	Conformed personal income tax to federal IRC	FY 95=(\$0.7)	1/94
<b>CORPORATION INCOME TAX AND OTHER MAJOR BUSINESS TAXES</b>			
<b>Alaska</b>	Authorized formation of limited liability companies	FY 95=undetermined	7/94
<b>Arizona</b>	Conformed to federal IRC	FY 95=\$10.0	1/94
	Reduced rate from 9.3% to 9.0%	FY 95=(\$5.8)	1/94
	Enacted income tax credit for water conservation	FY 95=(\$1.6)	1/94
	Increased research tax credit (previous legislation)	FY 95=(\$1.0)**	1/94
<b>Colorado</b>	Modified state corporation income tax treatment of capital gains included in federal taxable income and required five-year holding period (postpones revenue impact until FY 99)	FY 95=\$0.0	5/94
<b>Florida</b>	Extended credit of 15% of wages for new employees for businesses located in enterprise zones; extended credit for local property taxes paid by new or expanding businesses in enterprise zones	FY 95=(\$2.3) FY 96=(\$4.1)**	1/95
	Reduced corporate filing fee from \$200 to \$130	FY 95=(\$3.4)	7/94
<b>Georgia</b>	Expanded jobs tax credit and investment tax credit; created a credit for business job training expenses; created a credit for in-house child care expenses	FY 95=No est.	1/94
<b>Idaho</b>	Adopted double-weighted sales apportionment factor	FY 94=(\$0.6) FY 95=(\$1.1)	1/94

Table 14(cont.)  
Tax Changes by Type of Tax—1994 Legislative Sessions

State	Tax Description	Amount (\$ millions)	Effective Date
<b>CORPORATION INCOME TAX AND OTHER MAJOR BUSINESS TAXES (cont.)</b>			
<b>Indiana</b>	Accelerated quarterly payment requirement from last day of January, April, July, and October to the 20th of April, June, September, and December	FY 94=\$120.0*	1/94
<b>Iowa</b>	Conformed to federal IRC concerning deductible business expenses	FY 94=(\$0.9) FY 95=(\$0.9)	1/94
<b>Kansas</b>	Adopted credit of up to 70% for contributions to community service programs	FY 95=(\$2.0)	1/94
<b>Kentucky</b>	Conformed to federal IRC Required taxpayers with more than \$100,000 in withholding liability to remit those funds immediately rather than when the tax return is due (revenue impact is included in personal income tax section)	FY 95=\$0.0	1/94 1/95
<b>Maine</b>	Exempted special investment subsidiaries and increased maximum jobs and investment tax credit from \$300,000 to \$500,000 and lowered qualifying threshold from 200 new jobs to 100 new jobs	FY 95=\$0.0 FY 96=(\$2.6)**	1/95
<b>Massachusetts</b>	Expanded investment tax credit to include equipment leases and extended credit sunset date from 12/31/95 until 12/31/97	FY 95=(\$2.8)	7/94
<b>Michigan</b>	Cut the single business tax rate from 2.35% to 2.3% Increased the gross receipts filing threshold from \$100,000 to \$250,000 Cut the alternative profits tax rate from 3% to 2% Extended the credit for donations to food banks	FY 95=(\$45.0) FY 95=(\$30.0) FY 95=(\$10.0) FY 95=(\$1.0)	10/94 10/94 10/94 1/94 to 1/98
<b>Minnesota</b>	Conformed to federal IRC	FY 94=\$2.0 FY 95=\$11.2	1/94
<b>Mississippi</b>	Exempted capital gains on sale of shares in domestic corporations	FY 95=(\$2.5)	1/94
<b>Montana</b>	Suspended corporation income tax rate increase and restructuring approved in 1993 regular session, pending voter referendum on November 8	FY 94=(\$3.2)	9/93
<b>New Jersey</b>	Allowed corporation business tax (CBT) surcharge to expire; rate falls from 9.375% to 9% Accelerated expiration of CBT surcharge described above Adopted investment and research and development tax credits  Recognized S-corporation filing (loss in corporation income tax revenue is offset by \$40 million gain in personal income tax collections) Allowed limited liability corporation filing Increased minimum corporate tax and disallowed deduction for taxes paid to another state	FY 95=(\$40.0)** FY 94=(\$2.0) FY 94=(\$110.0) FY 95=(\$109.0) FY 94=(\$70.0) FY 95=(\$85.0) FY 95=(\$8.0) FY 94=\$29.0 FY 95=\$39.0	7/94 1/94 1/94 1/94 1/94 1/94 1/94 1/94

Table 14(cont.)  
Tax Changes by Type of Tax—1994 Legislative Sessions

State	Tax Description	Amount (\$ millions)	Effective Date
<b>CORPORATION INCOME TAX AND OTHER MAJOR BUSINESS TAXES (cont.)</b>			
<b>New York</b>	Allowed scheduled reduction in corporate income tax surcharge to occur, but with six-month delay; surcharge falls to 10% halfway through tax year ending after 7/1/94, 5% halfway through tax year ending after 7/1/95, and 0% halfway through tax year ending after 7/1/96	FY 95=\$122.0	7/94
	Conformed to federal IRC requirement that businesses with income over \$1 million pay 100% of liability during tax year	FY 95=\$12.0	1/94
	Adopted numerous changes in the corporate franchise tax base	FY 95=(\$34.0)	1/94
	Allowed scheduled reduction in the alternative minimum tax rate from 5% to 3.5% to occur	FY 95=\$0.0	1/95
	Adopted double-weighted sales factor for corporation minimum tax apportionment	FY 95=(\$10.0)	1/94
	Provided retroactive credit and prospective minimum offset for net operating loss deduction	FY 95=(\$58.0)	1/94
<b>Ohio</b>	Created tax credit for firms located in enterprise zones that hire certain disadvantaged workers	FY 95=(\$1.6)	8/94
	Created tax credit for firms that expand exports (fall 1993 session)	FY 94=(\$8.0)	2/93 to 2/01
	Created tax credit for certain firms that create new jobs in Ohio (fall 1993 session)	FY 94=(\$4.7)	2/93
	Provided a temporary credit for "excess" tax on qualifying affiliate groups	FY 94=(\$4.5)	8/93 to 9/93
<b>Pennsylvania</b>	Reduced corporate net income tax from 12.25% to 11.99%; rate drops to 10.99% on 1/1/95, 10.75% on 1/1/96, and 9.99% on 1/1/97	FY 95=(\$70.0)	1/94
	Restored net operating loss deduction (capped at \$500,000)	FY 96=(\$154.0)**	
		FY 95=(\$12.0)	1/95
	Increased capital stock and franchise tax deduction from \$50,000 to \$75,000	FY 96=(\$48.0)**	1/94
	Expanded neighborhood assistance tax credit	FY 95=(\$12.0)	7/94
<b>Tennessee</b>	Extended credit for portion of excise tax paid on the purchase price of industrial machinery to computer hardware and software	FY 94=(\$1.0)	1/93
<b>Virginia</b>	Deferred tax credits for low-income housing	FY 95=\$2.0	1/94 to 1/96
	Delayed increase in tax credits for the Neighborhood Assistance Program	FY 95=\$2.8	7/94 to 7/96
	Adopted major business facility tax credit	FY 95=(\$1.1)	1/95
<b>Washington</b>	Reduced business and occupation tax surcharge from 6.5% of liability to 4.5% of liability	FY 95=(\$7.9)	7/94
	Changed \$1,000 per month business and occupation tax threshold to a \$35 per month tax credit	FY 95=(\$18.3)	1/95
	Adopted business and occupation tax credit for research and development expenditures	FY 95=(\$4.9)	1/95
	Changed business and occupation tax deferral for manufacturing or research and development projects in distressed areas to an exemption	FY 95=(12.0)	7/94
	Adopted business and occupation tax deferral for building and equipment investment by high-tech firms	FY 95=(\$4.7)	1/95
<b>Wisconsin</b>	Conformed corporation income tax to federal IRC	FY 95=\$5.6	1/94
<b>SALES AND USE TAX</b>			
<b>Arizona</b>	Continued phase-out of tax on commercial leases (previous legislation)	FY 95=(\$18.2)**	7/94
	Exempted personal property liquidation temporarily	FY 95=(\$1.0)	7/94 to 1/95



Table 14(cont.)  
Tax Changes by Type of Tax—1994 Legislative Sessions

State	Tax Description	Amount (\$ millions)	Effective Date
<b>SALES AND USE TAX (cont.)</b>			
<b>Colorado</b>	Allowed 0.2% additional sales tax on tourism-related items to sunset (voters refused to extend tax in 11/93 referendum)	FY 94=(\$5.3)	7/93
<b>Connecticut</b>	Imposed sales and use tax on patient care services provided by hospitals, including therapeutic and diagnostic services provided to inpatients and outpatients and any tangible personal property transferred incidental to such services	FY 94=\$26.0 FY 95=\$104.0	4/94 7/96
	Phased out tax on computer and data processing services beginning in FY 1997; rate drops from 6% to 5% on 7/1/96 until fully phased out in FY 2002	FY 95=\$0.0	7/96
	Exempted health clubs (effective 1/95), puzzle magazines, manufacturing quality control and testing equipment, tax preparation services, auctioneer services, safety apparel, sales to private water companies, and aircraft trade-ins; all exemptions effective 7/96 except as noted	FY 95=\$0.0	7/96
<b>Delaware</b>	Repealed 10% surcharge on the gross receipts tax	FY 95=(\$3.5)	1/95
<b>Florida</b>	Exempted aircraft repair labor	FY 95=(1.8)	7/94
	Enacted sales tax credit for businesses in enterprise zones	FY 96=(\$1.7)**	7/95
	Reduced sales tax rate on amusement games from 7% to 4%	FY 95=(\$0.1) FY 96=(\$3.1)**	1/95
<b>Georgia</b>	Enacted exemptions for electricity used in manufacturing and processing if the cost is more than 50% of production costs, replacement machinery used in manufacturing, and material handling machinery costing more than \$10 million	FY 95= No est.	7/94
<b>Indiana</b>	Exempted engines and chassis of professional racing cars	FY 95=(\$1.2)	7/94
<b>Kansas</b>	Exempted purchase of utilities consumed in the process of severing oil; rate falls from 2.5% to 0%	FY 95=(\$1.5)	7/94
<b>Louisiana</b>	Continued suspension of exemption for food, utilities, and other items from the sales tax	FY 95=\$409.9	7/94 to 6/96
<b>Maine</b>	Increased sales tax on short-term auto rentals from 7% to 10%	FY 95=\$0.7	8/94
	Modified treatment of long-term auto leases; rate remains 6% but taxes now based on lease payments	FY 95=(\$0.5)	1/95
<b>Maryland</b>	Exempted production equipment and repair services on production equipment if used in a production activity	FY 95=(\$1.0)	1/95
	Increased seller collection credit from 1.2% of first \$4,200 monthly and 0.6% thereafter to 1.2% of first \$6,000 and 0.9% thereafter	FY 96=(\$3.9)**	7/95
<b>Michigan</b>	Increased the sales tax rate from 4% to 6%	FY 94=\$766.7 FY 95=\$1,930.0	5/94
	Exempted residential utility charges from the rate increase; rate remains at 4% instead of increasing to 6%	FY 94=(\$23.3) FY 95=(\$70.0)	5/94
	Extended the 6% sales tax to interstate phone calls	FY 94=\$22.5 FY 95=\$54.0	5/94
<b>Minnesota</b>	Reduced sales tax on manufacturing machinery from 6.5% to 5.5%; rate will drop to 4.5% on 7/1/95, 3.8% on 7/1/96, 2.9% on 7/1/97, and 2% on 7/1/98	FY 95=(\$12.6)	7/94
	Exempted used farm machinery from sales tax for one year	FY 95=(\$1.5)	7/94 to 7/95
	Exempted special tooling from sales tax	FY 95=(\$1.1)	7/94

Table 14(cont.)  
Tax Changes by Type of Tax—1994 Legislative Sessions

State	Tax Description	Amount (\$ millions)	Effective Date
<b>SALES AND USE TAX (cont.)</b>			
<b>Mississippi</b>	Increased tax on sales of automobiles from 3 percent to 5 percent	FY 95=\$0.0 FY 96=\$38.0**	1/95
<b>Nebraska</b>	Exempted purchases of copyrighted material for rebroadcast by radio and TV stations Exempted installation labor	FY 95=(\$2.0) FY 95=(\$2.6)	4/20/94 4/20/94
<b>New Jersey</b>	Reduced sales tax rate from 6% to 3% in certain counties Created 10 new urban enterprise zones	FY 95=(\$6.0) FY 95=(\$10.0)	1/94 4/94
<b>New York</b>	Lowered electronic funds transfer threshold from \$5 million to \$4 million Adopted 1.5% vendor collection allowance, capped at \$100 per quarter	FY 95=\$12.0* FY 95=(\$12.0)*	7/94 7/94
<b>Ohio</b>	Exempted construction materials used in livestock and horticultural structures Repealed sales tax on warranty property Exempted warehouse tangible property Exempted 501(c)(3) organization purchases (1993 fall session) Exempted qualifying research and development equipment (1993 fall session)	FY 95=(\$1.1) FY 95=(\$32.5) FY 95=(\$2.0) FY 94=(\$2.2) FY 94=(\$15.5)	8/94 8/94 8/94 8/93 8/93
<b>Pennsylvania</b>	Exempted labor costs from tax on janitorial services  Exempted magazine subscriptions Expanded manufacturing exemption to include remanufactured defense vehicles	FY 95=(\$3.0) FY 96=(\$21.0)** FY 95=(\$5.0) FY 95=(\$1.0)	4/95 7/94 7/94
<b>Rhode Island</b>	Phased out sales tax on electricity and gas used in manufacturing	FY 95=(\$1.7)	7/94
<b>Virginia</b>	Deferred sales tax exemption for nonprescription drugs	FY 95=\$11.4	7/94 to 7/96
<b>Utah</b>	Reduced sales tax rate from 5.0% to 4.875% Expanded sales tax base to certain services and equipment Imposed sales tax on admissions	FY 95=(\$23.6) FY 95=\$10.0 FY 95=\$3.3	7/94 7/94 7/94
<b>HEALTH CARE-RELATED TAXES AND FEES</b>			
<b>Connecticut</b>	Imposed sales tax on patient care services provided by hospitals (see revenue impact in sales tax section) Imposed an 11% tax on the gross earnings of hospitals	FY 94=\$51.0 FY 95=\$203.3	4/94 4/94
<b>Kentucky</b>	Extended and made permanent provider taxes at the following rates: hospitals, 2.5% of net revenues; prescriptions, 25 cents per prescription; other providers, 2 percent of gross receipts	FY 95=\$160.0	7/15/94
<b>Mississippi</b>	Increased nursing home bed tax from \$1 per bed day to \$2 per bed day	FY 95=\$6.0	1/94

*Table 14(cont.)*  
**Tax Changes by Type of Tax—1994 Legislative Sessions**

State	Tax Description	Amount (\$ millions)	Effective Date
<b>HEALTH CARE-RELATED TAXES AND FEES (cont.)</b>			
<b>Missouri</b>	Extended authority for executive branch to levy provider tax on hospitals at rates determined by the agency Authorized executive branch to levy provider tax on nursing homes at rates determined by the agency	No estimate No estimate	10/94 to 9/97 10/94 to 9/96
<b>New York</b>	Extended 0.9% gross receipts tax on hospitals for one year	FY 95=\$275.0	4/94 to 4/95
<b>South Carolina</b>	Increased bed tax at intermediate care facilities for the mentally retarded from \$5 to \$8.50 per patient per day	FY 95=\$4.1	7/94
<b>Tennessee</b>	Extended tax of \$2,600 per licensed bed on nursing homes FY 95=\$99.0 Imposed new tax of 6% on the gross receipts of ICF/MR facilities	7/94 to 6/95 FY 94=\$15.0 FY 95=\$15.0	7/93 to 6/95
<b>Utah</b>	Increased nursing home bed tax from \$1 per bed day to \$1.50 per bed day	FY 95=\$1.2	7/94
<b>MOTOR FUEL AND MOTOR VEHICLE EXCISE TAXES</b>			
<b>Alaska</b>	Increased rate on aviation gasoline from 4 cents per gallon to 4.7 cents per gallon and increased rate on aviation fuel other than gas from 2.5 cents per gallon to 3.2 cents per gallon	FY 95=\$1.7	7/94
<b>Florida</b>	Imposed use tax on motor fuel pollutant taxes	FY 95=\$0.6	1/95
<b>Kentucky</b>	Adopted a 1 cent per gallon additional tax on motor fuels (current rate is 9% of average wholesale price, adjusted annually)	FY 95=\$22.0	7/15/94
<b>Minnesota</b>	Reduced ethanol blender's credit from 25 cents per gallon to 20 cents per gallon; exemption is reduced 5 cents per year until fully phased out in FY 1999	FY 95=\$4.3	10/94
<b>Missouri</b>	Increased gasoline tax from 13 cents per gallon to 15 cents per gallon (previous legislation)	FY 95=\$34.0**	4/94
<b>New Mexico</b>	Reduced gasoline tax from 16 cents per gallon to 14 cents per gallon; rate returns to 16 cents on 7/1/97 Exempted certain leased vehicles from the motor vehicle excise tax	FY 95=(\$18.0) FY 95=(\$1.2)	7/94 to 7/97 7/94
<b>New York</b>	Allowed petroleum business tax indexing to occur on schedule and adopted numerous exemptions Reduced truck mileage tax on NY Thruway by 50% on 1/95, with full repeal on 1/96	FY 95=(\$36.0) FY 95=(\$2.0)	various 1/95
<b>Vermont</b>	Accelerated collection of motor fuel taxes from the 30th of the month to the 25th of the month	FY 94=\$1.3*	6/94
<b>Washington</b>	Repealed exemption for alcohol fuels	FY 95=\$36.5	5/94
<b>Wisconsin</b>	Repealed scheduled reduction in petroleum inspection fee; rate scheduled to drop from 3 cents per gallon to 1.7 cents per gallon on 7/1/95 now stays at 3 cents per gallon	FY 95=\$0.0 FY 96=\$40.5**	7/95

Table 14(cont.)  
Tax Changes by Type of Tax—1994 Legislative Sessions

State	Tax Description	Amount (\$ millions)	Effective Date
<b>CIGARETTE AND TOBACCO TAXES</b>			
<b>Idaho</b>	Increased the cigarette tax from 18 cents per pack to 28 cents per pack and increased the tobacco products tax from 35% of wholesale price to 40% of wholesale price	FY 95=\$7.7	7/94
<b>Michigan</b>	Increased the cigarette tax from 25 cents to 75 cents per pack and imposed new 16% tax on the wholesale price of other tobacco products	FY 94=\$86.6 FY 95=\$343.0	5/94
<b>Rhode Island</b>	Increased the cigarette tax from 44 cents per pack to 56 cents per pack	FY 95=\$3.9	7/94
<b>Oregon</b>	Allowed 10 cent per pack increase enacted in 1993 to sunset on schedule; rate falls from 38 cents per pack to 28 cents per pack	FY 95=(\$20.0)**	7/94
<b>ALCOHOLIC BEVERAGE TAXES</b>			
<b>New York</b>	Equalized tax rates on sparkling and nonsparkling wines	FY 95=\$2.0	7/94
<b>Pennsylvania</b>	Extended malt beverage tax credit	FY 95=(\$1.0)	1/94 to 1/99
<b>Vermont</b>	Allowed sale of liquor on Sundays in state liquor stores	FY 95=\$0.8*	7/94
<b>WASTE AND ENVIRONMENTAL TAXES</b>			
<b>Connecticut</b>	Extended the hazardous waste tax; rate remains at 5 cents per gallon or 6 cents per gallon depending on composition Imposed 1% gross receipts tax on dry cleaners	FY 95=\$1.4 FY 95=\$0.8	7/94 to 6/30/95 7/94
<b>Florida</b>	Imposed 1.5% gross receipts tax on dry cleaners Imposed \$5 per gallon tax on dry cleaning chemicals	FY 95=\$6.9 FY 95=\$1.4	10/94 10/94
<b>Minnesota</b>	Increased nonresidential solid waste assessment from 12 cents to 60 cents per noncompacted yard	FY 95=\$8.1	1/95
<b>MISCELLANEOUS TAXES</b>			
<b>Arizona</b>	Exempted construction in progress from state property tax (previous legislation)	FY 95=(\$1.8)**	1/94
<b>Connecticut</b>	Reduced insurance premium tax from 2% to 1.75% and broadened the base to include HMO premiums	FY 95=\$9.3 FY 96=\$15.1**	1/95
<b>Delaware</b>	Reduced the public utility tax on manufacturers from 4.25% to 2%	FY 95=(\$2.0)	7/94
<b>Florida</b>	Reduced parimutuel tax on jai alai from 7.1% of gross receipts to 5.0%	FY 95=(\$2.4)	7/94
<b>Hawaii</b>	Increased surcharge on the gross receipts of public utilities, water carriers, and motor carriers from 0.125% to 0.25%	FY 95=\$3.0	7/94

Table 14(cont.)  
Tax Changes by Type of Tax—1994 Legislative Sessions

State	Tax Description	Amount (\$ millions)	Effective Date
<b>MISCELLANEOUS TAXES (cont.)</b>			
<b>Idaho</b>	Reduced insurance premium tax from 3% to 2.75%	FY 95=(\$1.1)	1/95
	Required offsets of guaranty fund assessments against premium tax liability to be spread over five years instead of 100% offset in any of five years	FY 94=\$1.6*	
		FY 95=\$2.1*	1/94
<b>Kansas</b>	Reduced severance tax rate for natural gas from 7% to 6%; rate falls to 5% on 7/1/95 and 4.33% on 7/1/96	FY 95=(\$9.6)	7/94
<b>Louisiana</b>	Suspended 3.125% severance tax on stripper wells until world oil price averages \$20 per barrel	FY 95=(\$3.0)	7/94
	Changed tax rate on net revenue of video poker devices; old rate was a flat 22.5%, new rates are 2.5%, 26%, and 32.5%	FY 95=\$21.0	7/94
<b>Maine</b>	Imposed real estate transfer tax on transactions between nongovernmental entities and governmental entities	FY 95=\$0.2	7/94
<b>Michigan</b>	Imposed a new statewide education property tax of 6 mills	FY 94=\$483.5	
		FY 95=\$1,075.3	5/94
	Imposed a new 0.75% real estate transfer tax on the market value of property at time of sale	FY 95=\$109.0	1/95
<b>Minnesota</b>	Extended lower rate on taconite production tax; rate stays at \$2.054 per ton instead of increasing to \$2.116 per ton as scheduled	FY 95=(\$2.4)	1/94
<b>Mississippi</b>	Reduced insurance premium tax on annuities from 4 percent to 1 percent; rate falls from 1 percent to 0 percent on 7/1/95	FY 95=(\$1.0)	7/94
	Decelerated collections of insurance premium tax from June 15 to July 20	FY 94=(\$20.0)*	3/23/94
<b>Nevada</b>	Accelerated insurance premium tax; schedule changes from quarterly estimated payments to two payments on 3/1/95 and 6/1/95	FY 95=\$32.5*	7/94
<b>New Jersey</b>	Repealed parimutuel pool distribution (horse racing tax)	FY 94=(\$2.0)	
		FY 95=(\$6.0)	1/94
<b>New York</b>	Repealed 5% state surcharge on hotel and motel rooms costing \$100 or more per night	FY 95=(\$35.0)	9/1/94
	Expanded estate tax credit for closely held businesses; credit is 5% of first \$15 million in business assets; unified credit for estate tax is increased from \$2,750 to \$2,950	FY 95=(\$5.0)	7/94
	Increased builders exemption and residential aggregation exemption from real property gains tax	FY 95=(\$33.0)	7/94?
<b>Ohio</b>	Eliminated from the inheritance tax all of a decedent's property transferred to a surviving spouse	FY 95=(\$6.6)	8/93
<b>Oklahoma</b>	Imposed a 1% entertainment tax on admission to places of amusement, entertainment, or recreation (subject to voter approval at 11/94 election)	FY 95=\$1.5**	11/94
<b>Pennsylvania</b>	Reduced inheritance tax on surviving spouses from 6% to 3%; rate drops to 2% in 1/96, 1% in 1/97, and 0% in 1/98	FY 95=(\$14.0)	
		FY 96=(\$30.0)**	7/94
	Exempted class 4 and higher trucks from lease tax	FY 95=(\$1.0)	
		FY 96=(\$5.0)**	4/95
<b>South Dakota</b>	Increased the tax on the net income of video lottery machines from 35% to 37%	FY 95=\$2.0	7/94
<b>Utah</b>	Reduced statewide property tax basic levy from 4.275 mills to 4.220 mills	FY 95=(\$8.5)	7/94

Table 14(cont.)  
Tax Changes by Type of Tax—1994 Legislative Sessions

State	Tax Description	Amount (\$ millions)	Effective Date
<b>MISCELLANEOUS TAXES (cont.)</b>			
Vermont	Made permanent a temporary increase in rooms and meals tax; rate remains at 7 % for rooms and meals and 10 % for alcoholic beverages served in licensed establishments	FY 95=\$7.2	7/94
Virginia	Increased the Blue Cross/Blue Shield small business insurance premium tax from 0.75% to 2.25%	FY 95=\$1.7	7/94
<b>FEES AND OTHER REVENUES</b>			
Alabama	Increased court fees by \$2 for all civil and criminal cases in municipal, district, and circuit courts	FY 94=\$0.4* FY 95=\$1.8*	6/94
Florida	Imposed additional \$1 motor vehicle license fee; increased temporary license plate fee by \$1; extended manatee license plate; Increased marriage dissolution fee by \$18 and increased marriage license fee by \$25	FY 95=\$16.9* FY 95=\$4.6*	7/94 7/94
Indiana	Imposed audit fee on insurance companies and imposed annual filing fee Increased solid waste, hazardous waste, and water fees	FY 95=\$1.1* FY 95=\$7.2*	4/94 4/94
Maryland	Imposed a \$10 per unit fee on rental units built before 1950 and a \$5 per unit fee on rental units built from 1950-1978 to fund lead abatement activities	FY 95=\$3.3*	10/94
Minnesota	Imposed additional 911 fee Imposed \$3.50 motor vehicle title surcharge Extended license period for realtors, appraisers, and insurance agents to two years	FY 95=\$1.5* FY 95=\$4.3* FY 95=\$1.9*	7/94 7/94 to 6/97 9/94
New Jersey	Increased motor vehicle and other fees	FY 95=\$75.0*	7/95
New York	Instituted one-time, three-month tax amnesty program for nonresident income taxes, resident use taxes, and nonresident bank, insurance, and business taxes	FY 95=\$25.0*	4/94 to 4/95
Oklahoma	Increased additional motor vehicle registration fee from \$1 to \$3	FY 95=\$4.8*	9/94
Tennessee	Imposed a \$10 fee on pesticides and a \$250 fee on licenses for nursery/plant dealers	FY 95=\$1.2*	7/94
Washington	Increased concealed pistol fees Increased ground water testing fee Imposed \$100 administrative hearing fee for driver's license suspension Increased court fees by \$10	FY 95=\$1.1* FY 95=\$1.9* FY 95=\$1.2* FY 95=\$6.9*	7/94 4/94 7/94 6/9/94
West Virginia	Expanded video lottery by allowing video lottery machines at racetracks	FY 95=\$6.2*	3/93

Source: Scott R. Mackey, *State Tax Actions, 1994* (Denver: National Conference of State Legislatures, 1994). Reprinted with permission.

*Section IV*

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

**48 ACIR/Significant Features of Fiscal Federalism**



Table 15  
**State Individual Income Taxes: Summary of Personal Exemptions, Standard Deductions, and Deductibility of Federal Income Taxes, 1994**

As of November 1994. Only basic rates, brackets, and exemptions are shown. Local income tax rates, even those mandated by the state, are not included.

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
Alabama+*	2.0-5.0%	\$500	\$3,000	\$1,500	\$3,000	\$300	20%	\$2,000	\$4,000	yes
Alaska				No state income tax						
Arizona	3.25-6.9	10,000	150,000	2,100	4,200	2,300	n.a.	3,500	7,000	no
Arkansas*	1.0-7.0	3,000	25,000	20 <sup>d</sup>	40 <sup>d</sup>	20 <sup>d</sup>	10	1,000	1,000	no
California <sup>c*</sup>	1.0-11.0	4,722	214,929	65 <sup>d</sup>	130 <sup>d</sup>	65 <sup>d</sup>	n.a.	2,431	4,862	no
Colorado				5% of modified federal taxable income						no
Connecticut*	4.5	Flat rate		12,000	24,000	0	n.a.	n.a.	n.a.	n.a.
Delaware+*	3.2-7.7	2,000	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	1,370	2,740	1,370	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*	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>e</sup>			no
Illinois*	3	Flat rate		1,000	2,000	1,000	n.a.	n.a.	n.a.	no
Indiana+*	3.4	Flat rate		1,000	2,000	1,000	n.a.	n.a.	n.a.	no
Iowa <sup>c*</sup>	0.4-9.98	1,060	47,700	20 <sup>d</sup>	40 <sup>d</sup>	15 <sup>d</sup>	n.a.	1,340	3,310	yes
Kansas*	4.4-7.75	20,000	30,000	2,000	4,000	2,000	n.a.	3,000	5,000	no
Kentucky+*	2.0-6.0	3,000	8,000	20 <sup>d</sup>	40 <sup>d</sup>	20 <sup>d</sup>	n.a.	650	650	no
Louisiana	2.0-6.0	10,000	50,000	4,500	9,000	1,000	Combined with exemptions			yes
Maine <sup>c</sup>	2.0-8.5	4,150	16,500	2,100	4,200	2,100	n.a.	3,800	6,325	no
Maryland+*	2.0-6.0	1,000	100,000	1,200	2,400	1,200	15	2,000	4,000	no
Massachusetts*	5.95-12.0		Flat rate	2,200	4,400	1,000	n.a.	n.a.	n.a.	no
Michigan+*	4.4		Flat rate	2,100	4,200	2,100	n.a.	n.a.	n.a.	no
Minnesota	6.0-8.5	15,230	50,030				Same as federal <sup>e</sup>			no
Mississippi	3.0-5.0	5,000	10,000	6,000	9,500	1,500	n.a.	2,300	3,400	no
Missouri+*	1.5-6.0	1,000	9,000	1,200	2,400	400	n.a.	Same as federal <sup>e</sup>		yes
Montana <sup>c</sup>	2.0-11.0	1,800	62,700	1,430	2,860	1,430	20	2,690	5,380	yes
Nebraska <sup>c*</sup>	2.62-6.99	2,000	46,750	69 <sup>d</sup>	138 <sup>d</sup>	69 <sup>d</sup>	n.a.	Same as federal <sup>e</sup>		no
Nevada				No state income tax						
New Hampshire*				Limited income tax						

Table 15 (cont.)  
 State Individual Income Taxes: Summary of Personal Exemptions, Standard Deductions, and Deductibility of Federal Income Taxes, 1994

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
New Jersey*	1.9-6.65	20,000	75,000	1,000	2,000	1,500	n.a.	n.a.	n.a.	no
New Mexico	1.7-8.5	5,500	41,600	Same as federal <sup>c</sup>		n.a.	n.a.	Same as federal <sup>c</sup>		no
New York+*	4.0-7.875	5,500	13,000	0	0	1,000	n.a.	6,000	9,500	no
North Carolina*	6.0-7.75	12,750	60,000	2,000	4,000	2,000	n.a.	3,000	5,000	no
North Dakota*		14% of federal income tax liability (before credits)								yes
Ohio+*	0.743-7.5	5,000	200,000	650	1,300	650	n.a.	n.a.	n.a.	no
Oklahoma*	0.5-7.0	1,000	9,950	1,000	2,000	1,000	15	2,000	2,000	yes
Oregon <sup>cd</sup> *	5.0-9.0	2,050	5,150	113	226	113	n.a.	1,800	3,000	yes
Pennsylvania+*	2.8	Flat rate		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	no
Rhode Island*		27.5% of federal income tax liability								no
South Carolina <sup>c</sup>	2.5-7.0	2,190	10,950	2,450	4,900	2,450		Same as federal <sup>c</sup>		no
South Dakota				No state income tax						
Tennessee*				Limited income tax						
Texas				No state income tax						
Utah*	2.55-7.2	750	3,750	1,725	3,450	1,725		Same as federal <sup>c</sup>		50%
Vermont*				25% of federal income tax liability						
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	3.0-6.5	10,000	60,000	2,000	4,000	2,000	n.a.	n.a.	n.a.	no
Wisconsin*	4.9-6.93	7,500	15,000	0	0	50d	n.a.	5,200	8,900	no
Wyoming				No state income tax						

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 full deduction of the federal income tax reduces the effective marginal tax rate for persons in the highest state and federal tax brackets by approx-

imately 30% of the nominal tax rate. The deduction is of less benefit to other taxpayers with lower federal and state top tax brackets.

<sup>c</sup> Indexed by an inflation factor. Iowa indexes the standard deduction and income brackets. California, Maine, Oregon, and South Carolina index personal exemptions and income brackets. The Maine standard deduction is the same as federal. Montana indexes personal exemptions, income brackets, and standard deductions.

<sup>d</sup> Exemption is a tax credit.

<sup>e</sup> See Tables 6 and 7 for federal income tax.

Table 16  
State Individual Income Taxes: Exclusions and Adjustments to Income, 1994

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	
<b>Federal Income Tax</b>		No	Maximum \$6k	\$34k/\$44k (85%)	No	No	Deduction	See Note	No
<b>Alabama*</b>	None	No	Limited	Exempt	Exempt	No	Limited	Federal Amount	No
<b>Alaska</b>	No state income tax								
<b>Arizona*</b>	AGI	No	Limited	Exempt	No		Federal Amount		JS
<b>Arkansas*</b>	None	No	Limited	Exempt	Exempt	No	Deduction	Federal Amount	Yes
<b>California*</b>	AGI	No	No	Exempt	Exempt	CA exempt	In State	Federal Amount	JS
<b>Colorado*</b>	FTI	No	\$20k each	Federal Amount	No	No	Federal Amount		n.a.
<b>Connecticut</b>	AGI	No	Limited	\$25k/\$32k (50%)	No	No	No	Federal Amount	n.a.
<b>Delaware*</b>	AGI	No	\$2k/\$3k each	Exempt	No	DE exempt	Deduction	Limited	Yes
<b>District of Columbia*</b>	AGI	No	Limited	Exempt	No	No	Deduction	Federal Amount	Yes
<b>Florida</b>	No state income tax								
<b>Georgia*</b>	AGI	No	\$10k each	Exempt	No	No	Deduction	Federal Amount	No
<b>Hawaii*</b>	FTI	No	Exempt	Exempt	No	No	Limited	Federal Amount	JS
<b>Idaho*</b>	FTI	Limited	Limited	Exempt	No	ID exempt	Deduction	Federal Amount	No
<b>Illinois*</b>	AGI	No	Exempt	Exempt	No	No	No	Federal Amount	n.a.
<b>Indiana*</b>	AGI	No	Limited	Exempt	\$12k/\$18k(50%)	IN exempt	No	Federal Amount	n.a.
<b>Iowa*</b>	AGI	No	No	\$25k/\$32k (50%)	No	No	Deduction	Federal Amount	Yes
<b>Kansas*</b>	AGI	No	Limited	Federal Amount	No	No	Deduction	Federal Amount	No
<b>Kentucky*</b>	AGI	No	Limited	Exempt	No	No	Limited	Limited	Yes
<b>Louisiana*</b>	AGI	No	Limited	Exempt	No	No	Deduction	Federal Amount	No
<b>Maine</b>	AGI	No	No	Exempt	No	No	Deduction	Federal Amount	JS
<b>Maryland*</b>	AGI	No	\$13.6k each	Exempt	No	No	Federal Amount	Federal Amount	No
<b>Massachusetts*</b>	AGI	50%	No	Exempt	No	No	No	No	n.a.
<b>Michigan*</b>	AGI	No	\$13.1k/\$22.5k	Exempt	No	No	Federal Amount	Federal Amount	n.a.
<b>Minnesota*</b>	FTI	No	No	\$25k/\$32k (50%)	No	No	Deduction	Federal Amount	JS
<b>Mississippi*</b>	None	Yes	Exempt	Exempt	No	No	Limited	Federal Amount	Yes
<b>Missouri*</b>	AGI	No	No	Federal Amount	No	No	Deduction	Federal Amount	Yes
<b>Montana*</b>	AGI	Limited	Maximum \$3.6k	Modified Federal Amount	Exempt	No	Federal Amount	Modified Federal Amount	Yes
<b>Nebraska</b>	AGI	No	No	Federal Amount	No	No	Deduction	Federal Amount	JS
<b>Nevada</b>	No state income tax								
<b>New Hampshire*</b>	Only interest and dividends are taxed								

Table 16 (cont.)  
State Individual Income Taxes: Exclusions and Adjustments to Income, 1994

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	
<b>New Jersey*</b>	None	No	\$5k/\$7.5k/\$10k	Exempt	Exempt	NJ exempt	No	No	No
<b>New Mexico*</b>	AGI	No	Limited	Federal Amount	No	No	Deduction	Federal Amount	No
<b>New York*</b>	AGI	No	Limited	Exempt	Limited	No	Deduction	Federal Amount	JS
<b>North Carolina*</b>	FTI	No	Limited	Exempt	No	No	Federal Amount		JS
<b>North Dakota*</b>	State tax calculated as a percentage of federal liability								
<b>Ohio*</b>	AGI	No	No	Exempt	No	No	No	Federal Amount	No
<b>Oklahoma*</b>	AGI	No	Limited	Exempt	No	No	Deduction	Federal Amount	No
<b>Oregon*</b>	AGI	No	No	Exempt	No	OR exempt	Deduction	Federal Amount	No
<b>Pennsylvania*</b>	None	No	Exempt	Exempt	Exempt	PA exempt	Special	No	n.a.
<b>Rhode Island*</b>	State tax calculated as a percentage of federal liability								
<b>South Carolina</b>	Based on federal taxable income								
<b>South Dakota</b>	No state income tax								
<b>Tennessee*</b>	Only certain interest and dividends are taxed								
<b>Texas</b>	No state income tax								
<b>Utah*</b>	FTI	No	\$4.8k	Federal Amount	No	No	Deduction	Federal Amount	JS
<b>Vermont*</b>	State tax calculated as a percentage of federal liability								
<b>Virginia*</b>	AGI	No	No	Exempt	No	\$600	Deduction	Federal Amount	Yes
<b>Washington</b>	No state income tax								
<b>West Virginia*</b>	AGI	No	Limited	Federal Amount	No	No	No	Federal Amount	No
<b>Wisconsin*</b>	AGI	60%	Limited	\$25k/\$32k (50%)	\$12k/\$18k (50%)	No	Limited	Federal Amount	JS
<b>Wyoming</b>	No state income tax								

<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 (FTI) 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.

Table 16 (cont.)  
**State Individual Income Taxes: Exclusions and Adjustments to Income, 1994**

**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 is 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* 85% of gross Social Security benefits are taxable for taxpayers with income greater than \$34,000 (single) or \$44,000 (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 an itemized deduction for the amount of moving

expenses claimed (adjustment to income) on federal tax returns. This does not necessarily indicate that the 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. 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 the 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* No indicates that two-earner couples may pay a higher tax amount than if they were filing as two unmarried individuals.

Table 16 (cont.)

State Individual Income Taxes: Exclusions and Adjustments to Income, 1994

\*State Notes

<b>Alabama</b>	May exclude all benefits received from military retirement system (including U.S. Public Health Service). All retirement pay received by a qualified Alabama peace officer and an eligible fire fighter may also be excluded. All federal pensions are exempt, as are Alabama teachers, state employees, and judicial system employees. Moving expenses allowed as deduction if new job location is in the state.	<b>Iowa</b>	Although an exclusion is not provided and capital gains are taxed as ordinary income, a deduction is provided for net long-term capital gains from specific categories of assets.
<b>Arizona</b>	Maximum exclusion on Arizona lottery winnings is \$5,000.	<b>Kansas</b>	Benefits received from federal civil service annuities, military retirement, and Kansas state retirement systems are excluded.
<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.	<b>Kentucky</b>	Income from retirement systems of federal government, the state, Kentucky local governments, and state-supported institutions of higher education is excluded.
<b>California</b>	Does not conform specifically to federal AGI, but adopted virtually all provisions as of 1/1/87.	<b>Louisiana</b>	Federal retirement benefits are exempt. Up to \$6,000 exclusion allowed for persons 65 or over with pension income taxable on federal form. Teacher retirement benefits not under the jurisdiction of the state board of education are excluded.
<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 aged 55 or older.	<b>Maryland</b>	Must reduce pension exclusion amount by any Social Security received, and taxpayer or spouse must be age 65 or over or totally disabled to take the exclusion. A subtraction of up to \$1,200 (up to \$1,000 for FAGI of \$150,000 or more) is allowed for two-income couples.
<b>Delaware</b>	The state pension exclusion is \$2,000 for persons under age 60 and \$3,000 for persons age 60 and over. 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>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 exceptions.
<b>District of Columbia</b>	District and federal government retirees age 62 or older may exclude up to \$3,000 of pension, annuity, or survivor benefits.	<b>Michigan</b>	Benefits received from federal and Michigan state or local government retirement systems are excluded.
<b>Georgia</b>	Taxpayers with regular taxable pensions are not subject to the limitation of earned income.	<b>Minnesota</b>	A subtraction from income is allowed to the elderly and the disabled based on income and filing status. The exclusion is \$12,000 for a married joint return (if both qualify) reduced by nontaxable retirement and social security benefits and 1/2 of federal AGI over \$18,000. The dollar amounts in the formula are lower for others. For Social Security and moving expenses, MN has adopted the new federal provisions. A minimum subtraction is also allowed equal to the lesser of: the increase in the Social Security benefits included in federal taxable income due to the 1993 federal tax bill; or a flat dollar amount. For married-joint returns, the flat dollar amount is \$3,750 and is reduced by 20% for each \$1,000 of AGI above \$75,000.
<b>Hawaii</b>	Hawaii public employee retirement systems are exempt, as is any compensation received in the form of a pension for past services if the recipient did not contribute to the pension plan. For 1994, moving expense is an adjustment to income rather than an itemized deduction.	<b>Mississippi</b>	Qualified retirement benefits are exempt. The first \$5,000 in National Guard or Reserve Forces compensation may be excluded, subject to certain limitations.
<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 \$13,764/\$20,640. A capital gain exclusion of 60% is limited to certain kinds of property.	<b>Missouri</b>	Lottery winnings of \$600 or more are subject to state and local earnings
<b>Illinois</b>	Conforms prospectively to federal AGI, but has an additional modification for any capital gains income excluded from AGI.		
<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.		

Table 16 (cont.)  
State Individual Income Taxes: Exclusions and Adjustments to Income, 1994

	tax. All pension benefits are subject to tax, with an exemption of \$6,000 allowed for a government pension for those whose Missouri AGI falls within certain maximum income limitations.		
<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. All persons with AGI less than \$30,000 may deduct up to \$3,600 of pension plan benefits, excluding railroad retirement benefits, which are fully exempt.	<b>North Dakota</b>	Information applies to the short-form method. There is an alternative, long-form method. Under either method, taxpayers must use the federal filing status, except if one spouse is a resident and the other is a nonresident. Under the long-form method, computation of North Dakota taxable income starts with federal taxable income. Federal treatment of capital gains, social security benefits, unemployment benefits, lottery winnings, moving expenses, and IRAs is recognized. A limited pension exclusion is allowed to federal civilian and military retirees, and state highway patrol, city police, and fire fighter retirees. This exclusion is equal to the lesser of the taxable amount of the pension or \$5,000, reduced by Social Security benefits received. Military retirees must be age 50 or older.
<b>New Hampshire</b>	Interest excluded for savings on deposits in credit unions and banks in New Hampshire and Vermont. Dividends received from non-holding company New Hampshire banks are 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>Ohio</b>	Federal bond interest, disability and survivor's benefits, and railroad retirement benefits included in federal AGI are exempt.
<b>New Jersey</b>	Pension exclusions: \$5,000, married filing separately; \$7,500, single; \$10,000, married filing jointly. Over 55 years of age, once-in-a-lifetime exclusion of \$125,000 on sale of principal residence (\$62,500 if separate return for married taxpayer).	<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. Full deduction of moving expenses if moving into or within the state. No deduction for moves out of state.
<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). N.M. taxes other states' (municipal) bond interest and dividends; adds back tax-exempt interest to AGI; then deducts N.M. state/municipal bond interest and dividends.	<b>Oregon</b>	All retirement income is taxed, but taxpayers age 58 and over whose income is less than \$45,000 (joint return) or \$22,500 (all other filing statuses) may qualify for a tax credit.
<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 <i>Railroad Unemployment Insurance Act</i> benefits included in federal AGI but exempt from state income taxes.	<b>Pennsylvania</b>	Capital gains are fully taxable, except that a one-time exclusion is permitted for the sale of an individual residence if the owner is 55 years of age or older and used it as principal residence. Maximum exclusion is \$100,000 per transaction. Moving adjustment limited to direct moving expenses.
<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. 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>Rhode Island</b>	Allows modification for interest from special family education accounts, and interest from the state and its city and town obligations. Also excludes interest from special issues of state college and university savings bonds.
		<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, Tennessee state banks, savings and loan associations in the state, unless a holding company, 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 limited by age and federal adjusted gross income. Persons age 65 or over may exclude up to \$7,500 on all income sources.

*Table 16 (cont.)*  
**State Individual Income Taxes: Exclusions and Adjustments to Income, 1994**

<b>Vermont</b>	Vermont state lottery winnings, including winnings in the Tri-State Megabucks (Vermont, New Hampshire, Maine), military pay for active duty outside Vermont, and railroad retirement income are exempt. Targeted jobs credit adjustment.	<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>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. Virginia lottery prizes of less than \$600 are excludable. Each taxpayer age 64 is eligible for a \$6,472 deduction, and each taxpayer 65 and over is eligible for a \$12,944 deduction, less any Social Security or Tier 1 railroad benefits.	<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 information from state departments of revenue (Fall 1994), and Commerce Clearing House, *State Tax Guide* (Chicago, 1994). See also Tables 15, 17, and 19.



Table 17

## State Income Tax Treatment of Social Security and Pension Income, 1994

State	Social Security Tax Exempt	Amount of Pension Exemptions				Age Minimums for Pension Exclusions	Income Qualifying Restrictions for Pension Exclusions
		Private	Military	Federal	State/Municipal		
Alabama*	Yes	None/Full	Full	Full	Full	No	No
Alaska	No state income tax						
Arizona	Yes	None	\$2,500	\$2,500	\$2,500	No	No
Arkansas*	Yes	\$6,000	\$6,000	\$6,000	\$6,000	No	No
California	Yes	None	None	None	None	n.a.	n.a.
Colorado*	No	\$20,000	\$20,000	\$20,000	\$20,000	Yes	No
Connecticut	No	None	None	None	None	n.a.	n.a.
Delaware*	Yes	\$2,000/ \$3,000	\$2,000/ \$3,000	\$2,000/ \$3,000	\$2,000/ \$3,000	No	No
District of Columbia*	Yes	None	\$3,000	\$3,000	\$3,000	Yes	No
Florida	No state income tax						
Georgia*	Yes			See state note			
Hawaii*	Yes	Full	Full	Full	Full	No	No
Idaho*	Yes	None	\$13,764	\$13,764	None	Yes	No
Illinois*	Yes	Full	Full	Full	Full	No	No
Indiana*	No	None	\$2,000	\$2,000	None	Yes	No
Iowa*	No	None	None	None	None	n.a.	n.a.
Kansas*	No	None	\$120 TC	Full	Full	No	No
Kentucky	Yes	None	Full	Full	Full	No	No
Louisiana*	Yes	\$6,000	Full	Full	Full	Yes	No
Maine*	Yes	None	None	None	None	n.a.	n.a.
Maryland*	Yes			See state note		Yes	Yes
Massachusetts*	Yes	None	None	Full	Full	No	No
Michigan*	Yes	\$13,125	Full	Full	Full	No	No
Minnesota*	No			See state note			
Mississippi	Yes	Full	Full	Full	Full	No	No
Missouri*	No	None	\$6,000	\$6,000	\$6,000	No	Yes
Montana*	No	\$3,600	\$3,600	\$3,600	\$3,600	No	Yes
Nebraska	No	None	None	None	None	n.a.	n.a.
Nevada	No state income tax						
New Hampshire	Only dividends and interest subject to state income tax						
New Jersey*	Yes	\$7,500	\$7,500	\$7,500	\$7,500	Yes	No
New Mexico*	No			See state note			
New York*	Yes	\$20,000	Full	Full	Full	Yes	No
North Carolina*	Yes	\$2,000	\$4,000	\$4,000	\$4,000	No	No
North Dakota*	No	None	\$5,000	\$5,000	\$5,000	Yes	No
Ohio*	Yes	None	None	None	None	n.a.	n.a.
Oklahoma	Yes	None	\$5,500	\$5,500	\$5,500	No	No
Oregon*	Yes			See state note			
Pennsylvania	Yes	Full	Full	Full	Full	No	No
Rhode Island*	No	None	None	None	None	n.a.	n.a.
South Carolina*	Yes	\$3,000/ \$10,000	\$3,000/ \$10,000	\$3,000/ \$10,000	\$3,000/ \$10,000	No	No
South Dakota	No state income tax						
Tennessee	Income tax base excludes pensions and retirement income						
Texas	No state income tax						
Utah*	No			See state note			

Table 17 (cont.)  
State Income Tax Treatment of Social Security and Pension Income, 1994

State	Social Security Tax Exempt	Amount of Pension Exemptions			Age Minimums for Pension Exclusions	Income Qualifying Restrictions for Pension Exclusions
		Private	Military	Federal		
Vermont*	No	None	None	None	None	n.a.
Virginia*	Yes			See state note		n.a.
Washington	No state income tax					
West Virginia*	No	None	\$2,000	\$2,000	\$2,000	No
Wisconsin*	No	None	None/Full	None/Full	None/Full	No
Wyoming	No state income tax					

TC - tax credit      n.a. - not applicable

**\*State Notes**

<b>Alabama</b>	Only private pensions under a defined benefit plan are tax exempt. Not all municipal pensions are exempt.	<b>Idaho</b>	Planners must be age 65 and over or from 62-64 and disabled to qualify for the pension exclusion. Pension exemption amounts are \$13,764 (single filers) and \$20,649 (married couples); these amounts are adjusted annually according to the maximum benefit under Social Security and railroad pension amounts received. Allowable state/municipal pension exclusions include pensions from a city police retirement fund or from the state retirement fund for fire fighters.
<b>Arkansas</b>	The total exemption from all retirement plans may not exceed \$6,000 per pensioner. Persons age 65 and over who do not claim the \$6,000 deduction qualify for a \$20 tax credit.	<b>Illinois</b>	Private pension income is fully exempt if income is under Internal Revenue Code sections 402(a), 402(c), 403(b), 406(a), 407, and certain other distributions.
<b>Colorado</b>	Pensioners must be age 55 to claim an exemption. The \$20,000 pension exclusion also includes Social Security benefits (i.e., a taxpayer whose Social Security benefits and pension income exceed \$20,000 is taxed on the excess income).	<b>Indiana</b>	Federal pensioners must be age 62 or older to claim the pension exemption. The amount federal retirees may exclude is offset by Social Security and railroad retirement benefits. Military pensioners must be age 60 or older to claim the exemption. Limited tax credits are available to persons over age 65.
<b>Delaware</b>	Persons over age 60 may exclude as much as \$3,000 of pension earnings from taxable income; persons under age 60 may exclude up to \$2,000 of their pension receipts. These are maximum per capita limits that apply even if the taxpayer has more than one pension source. Unmarried or separate filers who are age 60 or older, or who are totally and permanently disabled, may exclude an additional \$2,000 of income from any source (including pensions) if their adjusted gross income is \$10,000 or less and their earned income is \$2,500 or less. For joint filers, this exclusion rises to \$4,000. Both persons on a joint return must be age 60 or older, or totally and permanently disabled; have adjusted gross income of \$20,000 or less; and have earned income of \$5,000 or less.	<b>Iowa</b>	All pension income is fully taxed, effective tax year 1991.
<b>District of Columbia</b>	Pensioners must be age 62 to qualify for the \$3,000 exemption. Taxpayers age 62 and over are eligible to receive a property tax credit.	<b>Kansas</b>	Military pensions are fully taxed, but military pensioners age 62 and over may claim a \$120 credit against income tax liability. The April 1992 U.S. Supreme Court ruling in <i>Barker v. Kansas</i> resulted in the state exempting military pensions effective tax year 1992 and repealing the \$120 tax credit for military pensions.
<b>Georgia</b>	Taxpayers must be age 62 or older or totally disabled to claim this retirement income exemption, which includes all unearned income, such as pension income, interest, and dividends, and the first \$4,000 of earned income for a maximum exclusion of \$11,000 per taxpayer. With married couples, each can exclude up to \$11,000.	<b>Louisiana</b>	Private pensioners must be age 65 or over to qualify. Pension exclusions will be reduced for federal income tax attributable to exempt income for pensioners receiving \$15,000 or over in exempt income including pension income; interest income from U.S. government obligations and federal taxable Social Security benefits based on reported exempt income over \$15,000.
<b>Hawaii</b>	Noncontributory private pension plans are tax exempt. With contributory private pension		

Table 17 (cont.)  
State Income Tax Treatment of Social Security and Pension Income, 1994

**State Notes (cont.)**

<b>Maine</b>	Taxpayers qualifying for the federal elderly tax credit may claim 20% of the federal credit as a Maine tax credit.		
<b>Maryland</b>	All pensions are fully taxed except for persons age 65 or over and/or disabled. Pensioners who are age 65 or over and/or disabled must exclude the lesser amount of net taxable pension and retirement annuity included as income on the federal return, or \$13,600 minus Social Security and federal railroad retirement benefits received. The exemption amount changes annually according to the maximum Social Security benefit received. Military pensioners are eligible for an additional pension exclusion of up to \$2,500. To qualify, a pensioner must be age 55 or older and be an enlisted member of the military at retirement. The exclusion amount depends on federal adjusted gross income, which must be under \$22,500 to qualify.	<b>Missouri</b>	The \$6,000 exemption for state, federal, and military pensioners is available if the single pensioner earns less than \$25,000 per year (Missouri AGI less federal taxable Social Security) or if the pensioner who is married and files separately earns less than \$16,000 or \$32,000 maximum filing combined (Missouri AGI less federal taxable Social Security). Tax credits with income restrictions are available for taxpayers age 65 or older.
<b>Massachusetts</b>	Most federal and state-municipal pensions are contributory and, therefore, are fully tax exempt, while military and most private pensions are noncontributory and, therefore, fully taxed. Massachusetts does not tax income of Massachusetts residents from contributory public pensions from other states that do not tax pensions of former Massachusetts state employees. In February 1990, the Massachusetts Commissioner of Revenue determined these states to be Alaska, Florida, Hawaii, Illinois, Nevada, New Hampshire, Pennsylvania, South Dakota, Tennessee, Texas, Washington, and Wyoming.	<b>Montana</b>	The exemption is reduced by \$2 for every \$1 that federal AGI exceeds \$30,000. The exemption is entirely phased out when income equals \$31,800.
<b>Michigan</b>	Private pensioners may exclude up to \$7,500 (single filers), \$10,000 (married filing jointly), and \$10,000 (married filing separately for a combined total). Exclusion limits increased to \$30,000/\$60,000 effective October 1, 1994. To qualify for the exemptions, pension plans or private pensioners must define eligibility for retirement and set contribution and benefit amounts in advance. In 1994, the maximum exclusion is reduced by 25% of public pensions deducted. Persons age 65 or older may claim exclusions for a retirement annuity policy if payments are made for life.	<b>New Jersey</b>	Pensioners must be age 62 or older or disabled under Social Security to qualify for the exclusion. Exclusion amounts are \$7,500 (single filers), \$10,000 (married filing jointly), and \$5,000 (married filing separately).
<b>Minnesota</b>	Although Minnesota does not specifically exclude pension income, persons age 65 or older or disabled who qualify may subtract from any income source \$9,600 (single filers) or \$12,000 (married filing jointly) or \$6,000 (married filing separately) less nontaxable Social Security and retirement benefits and one-half of federal adjusted gross income (AGI) over \$14,500 (single filers) or \$18,000 (married filing jointly) or \$9,000 (married filing separately). A minimum subtraction is allowed	<b>New Mexico</b>	Taxpayers age 65 or older might be eligible to exclude up to \$8,000 from any source depending on their income level and marital status.
		<b>New York</b>	Private pensioners have to be at least 59½ years old to qualify for the \$20,000 exemption.
		<b>North Carolina</b>	The total pension exemption from all pension income sources may not exceed \$4,000 per pensioner. A tax credit is available for pensioners who did not receive a tax refund for taxes paid on public pensions in 1988.
		<b>North Dakota</b>	For military pension exclusions, pensioners must be age 50 or older to qualify. Pensioners must file the long form to qualify for pension exclusions. All pension exclusions are reduced by Social Security benefits received. Only highway patrol, city police, and city fire fighters qualify to receive the \$5,000 exemptions under state- municipal retirement pension plans.
		<b>Ohio</b>	Limited tax credits are available to pensioners. Some of these tax credits are restricted to taxpayers age 65 or older.
		<b>Oregon</b>	Starting in 1991, taxpayers over age 58 whose household income is less than \$45,000 (married filing jointly) or \$22,500 (other filing statuses), are eligible for a retirement tax credit that can be as much as 9% of pension income depending

Table 17 (cont.)

State Income Tax Treatment of Social Security and Pension Income Exemptions, 1994

State Notes (cont.)

	<p>on the level of total income and Social Security benefits. The minimum eligibility age will gradually increase each year until age 62 for tax year 1999. Oregon also offers an elderly tax credit equal to 40% of the federal elderly tax credit. Taxpayers may apply for either this credit or the retirement income tax credit, but not both.</p>	<p>source; those age 65 or older receive a \$12,944 exclusion from any income source. Both exclusions are decreased by Social Security and railroad retirement benefits. Joint filers qualify for twice the exclusion amounts even if one spouse earns less than the exclusion amount. For taxable year 1995, taxpayers age 62 to 64 will receive a \$5,000 deduction and taxpayers 65 and over will receive a \$10,000 deduction. For taxable year 1996 and thereafter, taxpayers age 62 to 64 will receive a \$6,000 deduction and taxpayers age 65 and over will receive a \$12,000 deduction. These amounts will not be reduced by Social Security or railroad retirement benefits or indexed for inflation for later years.</p>
<b>Rhode Island</b>	<p>Taxpayers age 65 and over are eligible to receive a property tax credit.</p>	
<b>South Carolina</b>	<p>Beginning in tax year 1993, a taxpayer under age 65 receiving a qualified retirement income must irrevocably elect: (1) to claim no retirement deduction until age 65, at which time the taxpayer would be entitled to up to a \$10,000 retirement deduction for life, or (2) to claim a deduction up to \$3,000 each year for life. If age 65 or older in 1993, retirement income would automatically qualify for the \$10,000 deduction. Qualified retirement income includes plans defined in Internal Revenue Code sections 401, 403, 408, 457, and all public retirement plans of the federal, state, and local governments.</p>	<b>West Virginia</b>
		<p>Pensioners receive up to a \$2,000 pension exclusion (except for private pensioners and some small municipalities that do not participate in the state retirement system). Some public safety officials get a full exemption (i.e., any state or local police or fire fighters' retirement system). Taxpayers age 65 or over and/or taxpayers of any age who are permanently disabled may exclude a total of up to \$8,000 of income from any source. However, any of the pension exclusions count toward the \$8,000 ceiling.</p>
<b>Utah</b>	<p>Pensioners under age 65 may exclude up to \$4,800 on pension income and Social Security benefits (taxable on federal form). Pensioners age 65 or over may exclude up to \$7,500 on all income sources. Since 1988, exclusions have been subject to a \$1 reduction for every \$2 of AGI in excess of \$25,000 (single filers), \$32,000 (married filing jointly), and \$16,000 (married filing separately).</p>	<b>Wisconsin</b>
		<p>Only military, federal, and certain state or municipal pensioners who retired prior to 1/1/64, or were members of the retirement system prior to 1/1/64 and then retired at a later date, qualify for a tax exemption on their pension income. However, for state and local government retirees, only certain Milwaukee city, Milwaukee County, and the Wisconsin teachers' retirement systems qualify for exemptions, subject to the aforementioned conditions. In addition to the pension exemption, a \$25 tax credit is offered to taxpayers age 65 and over.</p>
<b>Vermont</b>	<p>Taxpayers age 65 or older are eligible for a non-refundable elderly tax credit equal to 25% of the federal elderly tax credit.</p>	
<b>Virginia</b>	<p>For taxable year 1994, taxpayers age 62 to 64 receive a \$6,472 exclusion from any income</p>	

Source: ACIR staff compilation based on information from state departments of revenue (Fall 1994); and David Baer, *State Taxation of Social Security and Pensions* (Washington, DC: American Association of Retired Persons, 1993).

Table 18  
**State Individual Income Taxes: Itemized Deductions, 1994**  
(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>													
<b>Federal Government*</b>	N	N	Y	Y	N	N	Y	Y	Y <sup>1</sup>	Y	Y	Y	Y <sup>3</sup>
<b>Alabama*</b>	Y <sup>4</sup>	Y	Y	Y	N	N	N	Y	Y	Y	Y <sup>5</sup>	Y	Y <sup>3</sup>
<b>Alaska</b>	No income tax												
<b>Arizona*</b>	N	N	Y	Y	N	N	Y	n.a.	Y	Y	Y	Y	Y
<b>Arkansas*</b>	N	N	Y	Y	N	N	N	n.a.	Y	Y	Y	Y	Y
<b>California*</b>	N	N	Y	Y	N	N	N	n.a.	Y	Y	Y	Y	Y
<b>Colorado*</b>	State income tax based on federal taxable income												
<b>Connecticut</b>	N	N	N	N	N	N	N	N	N	N	N	N	N
<b>Delaware*</b>	N	N	Y	n.a.	n.a.	n.a.	N	Y	Y	Y	Y	Y	Y
<b>District of Columbia*</b>	N	N	Y	Y	N	N	n.a.	N	Y	Y	Y	Y	Y
<b>Florida</b>	No income tax												
<b>Georgia*</b>	N	N	Y	Y	N	N	Y	N	Y	Y	Y	Y	Y
<b>Hawaii*</b>	N	N	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y
<b>Idaho*</b>	N	N	Y	Y	N	N	N	N	Y	Y	N	Y	Y
<b>Illinois*</b>	N	N	N	No other itemized deductions permitted									
<b>Indiana*</b>	No itemized deductions permitted												
<b>Iowa*</b>	Y <sup>4</sup>	N	Y	Y	N	N	N	n.a.	Y	Y	N	Y	Y
<b>Kansas*</b>	N	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
<b>Kentucky*</b>	N	N	Y	Y	N	n.a.	N	Y	Y	Y	Y	Y	Y
<b>Louisiana*</b>	Y <sup>4</sup>	N	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y
<b>Maine</b>	N	N	Y	Y	N	N	N	N	Y	Y	N	Y	Y
<b>Maryland*</b>	N	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
<b>Massachusetts*</b>	N	Y <sup>4</sup>	N	N	N	N	N	N	Y <sup>4</sup>	N	N	N	N
<b>Michigan*</b>	No itemized deductions permitted												
<b>Minnesota*</b>	N	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
<b>Mississippi</b>	N	N	Y	Y	N	N	N	Y	Y	Y	Y	Y	Y
<b>Missouri*</b>	Y <sup>4</sup>	Y	Y	Y	N	N	N	Y	Y	Y	Y	Y	Y
<b>Montana*</b>	Y	N	Y	Y	n.a.	n.a.	N	N	Y	Y	Y	Y	Y
<b>Nebraska*</b>	N	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
<b>Nevada</b>	No income tax												
<b>New Hampshire</b>	Only interest and dividends are taxed; no itemized deductions permitted												

Table 18 (cont.)  
**State Individual Income Taxes: Itemized Deductions, 1994**  
 (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>
<b>New Jersey*</b>	N	N	N	N	N	N	N	N	Y	N	N	N	N
<b>New Mexico*</b>	N	N	Y	Y	N	N	Y	Y	Y	Y	Y	Y	Y
<b>New York*</b>	N	N	Y	n.a.	N	N	N	N	Y	Y	Y	Y	Y
<b>North Carolina</b>	N	N	Y	Y	N	N	N	N	Y	Y	N	Y	Y
<b>North Dakota*</b>	Tax calculated as a percentage of federal liability												
<b>Ohio*</b>	No itemized deductions permitted												
<b>Oklahoma*</b>	Y <sup>4</sup>	N	Y	Y	N	N	Y	Y	Y	Y	N	Y	Y
<b>Oregon*</b>	Limited <sup>4</sup>	N	Y	Y	n.a.	n.a.	N	N	Y	Y	Y	Y	Y
<b>Pennsylvania*</b>	No itemized deductions permitted												
<b>Rhode Island*</b>	Tax calculated as a percentage of federal liability												
<b>South Carolina*</b>	N	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
<b>South Dakota</b>	No income tax												
<b>Tennessee</b>	Only interest and dividends are taxed; no itemized deductions permitted												
<b>Texas</b>	No income tax												
<b>Utah*</b>	Y <sup>4</sup> (50%)	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
<b>Vermont</b>	Tax calculated as a percentage of federal liability												
<b>Virginia*</b>	N	N	Y	Y	N	N	N	N	Y	Y	Y	Y	Y
<b>Washington</b>	No income tax												
<b>West Virginia</b>	N	N	N	N	N	N	N	N	N	N	N	N	N
<b>Wisconsin*</b>	N	N	Special credit	N	N	N	N	N	Special credit applies				N
<b>Wyoming</b>	No income tax												

n.a.-not applicable

<sup>1</sup> For federal tax purposes, unreimbursed medical expenses are deductible if they exceed 7.5% of adjusted gross income. Most states that permit taxpayers to deduct unreimbursed medical expenses follow the federal 7.5% floor.

<sup>2</sup> "Other Interest" generally includes investment interest, indebtedness interest, and prepaid interest.

<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.

<sup>5</sup> Investment interest allowable not to exceed net investment income.

Table 18 (cont.)  
State Individual Income Taxes: Itemized Deductions, 1994

**\*State Notes**

<b>Federal Government</b>	In general, itemized deductions for nonbusiness expenses are subject to an aggregate of 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, wagering losses, medical and dental expenses, and moving expenses.		
<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>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>Arizona</b>	Deductions same as federal, except that medical deductions are limited to expenses greater than 2% of adjusted income.	<b>Iowa</b>	Deductions are the same as federal, except for Iowa income tax, which is not deductible. Other states' 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.
<b>Arkansas</b>	Charitable contributions such as art and literary contributions are deductible.	<b>Kansas</b>	Deductions are the same as federal, except for state income tax, which is not deductible.
<b>California</b>	Deductions are the same as federal, except for state, foreign, and local taxes, which are not deductible.	<b>Kentucky</b>	Deductions are the same as federal, except for state income tax, which is not deductible. Artistic charitable contributions are allowed as adjustments to income if not itemizing. Benefits of the following retirement systems are exempt from state taxation: federal government, state, Kentucky local governments, and state-supported institutions of higher education.
<b>Colorado</b>	For tax years beginning on or after 1/1/92, state income tax deduction must be added back in determining Colorado taxable income. Addback is smaller of (1) state income tax deducted or (2) the difference between total itemized deductions and allowable standard deduction.	<b>Louisiana</b>	Deductions are the same as federal, 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>Delaware</b>	Deductions are the same as federal, 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>Maryland</b>	Deductions are the same as federal, except for state and local income tax, which is not deductible. All itemized deductions are after federal limitations.
<b>District of Columbia</b>	Deductions are the same as federal except for state income tax, which is not deductible. For tax purposes, District of Columbia is considered to be a state. State personal property tax is deductible only if claimed on federal Schedule C as a business expense.	<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%.
<b>Georgia</b>	Deductions are the same as federal, except for state income tax, which is limited to Georgia tax.	<b>Michigan</b>	No federal itemized deductions; credits are provided as follows: property tax; heating; solar; farmland preservation; city income tax; community foundations; homeless shelters, food banks, and food kitchens; senior citi-
<b>Hawaii</b>	Deductions are the same as federal, except for certain political contributions, which are deductible.		
<b>Idaho</b>	Deductions are the same as federal, except for state income tax, which is not deductible.		
<b>Illinois</b>	When federal standard deductions exceed withholdings, the amount is considered income for the following tax year. For state income tax purposes,		

Table 18 (cont.)

## State Individual Income Taxes: Itemized Deductions, 1994

	zen prescription drugs; tax paid to other states; contributions to Michigan colleges or universities, municipalities, libraries, art institutions, or public broadcasting stations; and contributions to a qualified medical care savings account. A deduction also is allowed for military pay, payments to Michigan's prepaid tuition program, and amount for federal credit for elderly and disabled.	<b>North Dakota</b>	Most taxpayers use the short-form method, in which the tax is 14% of the adjusted federal income tax liability. Under the long-form method, federal income tax is deductible. The 7.5% limitation on medical expenses is not recognized and state-local income taxes are not deductible.
<b>Minnesota</b>	Taxpayers who itemized deductions on their federal return may deduct school expenses including tuition, transportation, nonreligious textbooks, and items required for certain courses for children in public or private schools (nonprofit), grades K through 12. The maximum deduction is \$650 per child in grades K-6 and \$1,000 per child in grades 7-12. Only investment interest is deductible.	<b>Ohio</b>	No itemized deductions allowed, only adjustments to income.
<b>Missouri</b>	May deduct Social Security tax, railroad retirement tax, and self-employment tax paid if taxpayer itemizes. All taxpayers may deduct federal tax liability. Local income tax may be deducted if taxpayers itemize.	<b>Oklahoma</b>	Deductions are the same as federal. 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>Montana</b>	Deductions are the same as federal, except for federal income tax paid and long-term care insurance. Taxpayers not itemizing may deduct the larger of the federal liability or the standard deduction.	<b>Oregon</b>	Deductions are the same as federal, except state income tax. Deduction of federal tax liability is available to all taxpayers, limited to \$3,000 (\$1,500 on separate return). Taxpayers age 58 and over who itemize are allowed an additional deduction equal to medical expenses disallowed on their federal return due to the AGI limitation. The limit is the lower of actual medical expenses or 7.5% of AGI.
<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 state or local income taxes paid. Taxpayers with federal AGI greater than \$118,800 (\$55,900 married filing separately) must complete Nebraska itemized deduction worksheet.	<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 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.	<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 Mexico</b>	There are special credits and rebates for low-income comprehensive tax, gross receipts (sales) tax paid on prescription drug purchases, rehabilitation of buildings that qualify as cultural properties or enterprise zone business facilities, day care, and property tax for taxpayers 65 and older. The federal standard deduction and itemized deductions in excess of the standard deduction are allowed.	<b>South Carolina</b>	Deductions are the same as federal, except for state or local income tax.
<b>New York</b>	Individual filers with NY AGI in excess of \$100,000 and joint filers with excess of \$200,000 must reduce their itemized deductions. The reduction is based on filing status, and the percentage disallowed ranges up to 50% for taxpayers with NY AGI in excess of \$525,000.	<b>Utah</b>	Deductions are the same as federal 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>Virginia</b>	Deductions are the same as federal, except state income tax.
		<b>Wisconsin</b>	Individuals are allowed a 5% credit for the excess over the standard deduction of certain interest expenses, medical expenses, charitable contributions, 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.

Source: ACIR staff compilation based on information from state departments of revenue (Fall 1994), and Commerce Clearing House, *State Tax Reporter* (Chicago, 1994). See also Tables 15, 17, and 19.



*Table 19*  
**State Individual Income Taxes: Rates, 1994**  
 Compiled October 1994  
 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 taxes are additional.
	501-3,000	4.0	
	Over 3,000	5.0	
<b>Alaska</b>	No tax		
<b>Arizona</b>	First 10,000	3.25	Income brackets for married filing jointly are doubled.
	10,001-25,000	4.0	
	25,001-50,000	5.05	
	50,001-150,000	6.4	
	Over 150,000	6.9	
<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. Act 95 (1991) eliminated the income tax liability (and filing requirements) of low-income individuals. Exempt from tax are (1) single individuals whose gross income does not exceed \$5,550, (2) married couples whose gross income does not exceed \$10,000, and (3) unmarried heads of household whose gross income does not exceed \$7,150.00.
	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>	First 4,722	1.0	Tax brackets indexed annually by California consumer price index. Income brackets for married filing jointly are doubled.
	4,723-11,192	2.0	
	11,193-17,662	4.0	
	17,663-24,519	6.0	
	24,520-30,987	8.0	
	30,988-107,464	9.3	
	107,465-214,929	10.0	
	Over 214,929	11.0	
<b>Colorado</b>	Modified federal taxable income	5.0	Modifications for federal interest income, non-Colorado state and local interest income, and Colorado pension exclusion. An additional tax of 3.75% of modified federal alternative minimum taxable income in excess of Colorado income tax is imposed.
<b>Connecticut</b>	Modified federal adjusted gross income	4.5	Modifications include the addition of interest on obligations of other states, exempt-interest dividends, lump sum distributions, etc., Tier 1 railroad benefits, and income from Connecticut bonds.
<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% tax rate plus a 2.5% surtax through 9/30/94. An additional 2.5% surtax is imposed from 10/1/94-12/31/94. 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 19 (cont.)*  
**State Individual Income Taxes: Rates, 1994**  
 Compiled October 1994  
 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	4.0	
	2,501-3,500	6.0	
	3,501-5,500	7.25	
	5,501-10,500	8.0	
	10,501-15,500	8.75	
	15,501-20,500	9.5	
	Over 20,500	10.0	
<b>Idaho</b>	First 1,000	2.0	If joint federal return is filed, joint state return is required. Income brackets for married filing jointly are doubled. 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 sub-chapter S corporations, for which the tax is 1.5%.
<b>Indiana</b>	Modified federal adjusted gross income	3.4	County income taxes may add up to an additional 1.25%.
<b>Iowa</b>	0-1,060	0.4	State tax may not reduce income below \$9,000 (single), or \$13,500 (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 \$13,500 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.
	1,061-2,120	0.8	
	2,121-4,240	2.7	
	4,241-9,540	5.0	
	9,541-15,900	6.8	
	15,901-21,200	7.2	
	21,201-31,800	7.55	
31,801-47,700	8.8		
	Over 47,700	9.98	
<b>Kansas</b>	First 20,000	4.4	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.
	20,000-30,000	7.5	
	Over 30,000	7.75	
<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 4,149	2.0	For tax years beginning in 1994, the tax brackets and personal exemptions will not be adjusted for inflation. The standard deduction is the same as federal. Alternative minimum tax is 27% of the adjusted federal tentative minimum tax.
	4,150-8,249	4.5	
	8,250-16,499	7.0	
	Over 16,500	8.5	
<b>Maryland</b>	First 1,000	2.0	Married individuals filing a joint federal return must file a joint state return. The rates for joint, head of household and qualified widow(er) range from 2% on the first \$1,000 to 6% on taxable income over \$150,000. Local income taxes are additional.
	1,001-2,000	3.0	
	2,001-3,000	4.0	
	3,001-100,000	5.0	
	Over 100,000	6.0	

*Table 19 (cont.)*  
**State Individual Income Taxes: Rates, 1994**  
 Compiled October 1994  
 Rates for Single Individuals or Married Filing Separately

State	Income Subject to Tax	Marginal Rate (percent)	Special Rates or Features
<b>Massachusetts</b>	Interest, dividends, net capital gains	12.0	50% deduction for net capital gains.
	All other income	5.95	
<b>Michigan</b>	Taxable income	4.4	Twenty-one cities levy local income taxes, with maximum rates of 1% on residents, 0.5% on nonresidents, with three exceptions: 2%/1%, 3%/1.5%, and 1.5%/0.75%.
<b>Minnesota</b>	First 15,230	6.0	Rates apply to other filing statuses with these brackets: married filing jointly, \$22,260 and \$88,460, married filing separately, \$11,130 and \$44,230; head of household, \$18,750 and \$75,350.
	15,230-50,030	8.0	
	Over 50,030	8.5	
<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.
	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>	First 1,800	2.0	Tax brackets reflect 1994 inflation adjustments. Since 1980, 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.
	1,801-3,600	3.0	
	3,601-7,200	4.0	
	7,201-10,700	5.0	
	10,701-14,300	6.0	
	14,301-17,000	7.0	
	17,001-25,100	8.0	
	25,101-35,800	9.0	
	35,801-62,700	10.0	
	Over 62,700	11.0	
<b>Nebraska</b>	0-2,400	2.62	Rates for married filing jointly range from 2.62% on income not over \$4,000 to 6.99% on income over \$46,750. Rates for married filing separately range from 2.62% on income not over \$2,000 to 6.99% on income over \$23,375.
	2,401-17,000	3.65	
	17,001-26,500	5.24	
	Over 26,500	6.99	
<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	1.9	Taxpayers filing jointly pay at rates ranging from 1.9% on net income not over \$20,000 to 6.65% on net income over \$150,000. Taxpayers are not subject to tax if gross income is \$7,500 or less (\$3,750 or less for married person filing separately).
	20,001-35,000	2.375	
	35,001-40,000	4.75	
	40,001-75,000	6.175	
	Over 75,000	6.65	

*Table 19 (cont.)*  
**State Individual Income Taxes: Rates, 1994**  
 Compiled October 1994  
 Rates for Single Individuals or Married Filing Separately

State	Income Subject to Tax	Marginal Rate (percent)	Special Rates or Features
<b>New Mexico</b>	First 5,500	1.7	Taxpayers filing jointly pay at rates ranging from 2.2% on net income not over \$8,000 to 8.5% on net income over \$64,000. Heads of household pay at rates ranging from 1.7% on net income not over \$7,000 to 8.5% on net income over \$64,000. Special rates are provided for married persons filing separately. Community property state in which, generally, one-half of the community income is taxable to each spouse.
	5,501-11,000	3.0	
	11,001-16,000	4.7	
	16,001-26,000	6.0	
	26,001-31,200	7.1	
	31,201-41,600	7.9	
	Over 41,600	8.5	
<b>New York</b>	First 5,500	4.0	Lower tax rates are scheduled to be phased in through 1996. In 1996, 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	Taxpayers filing jointly pay 6% on the first \$21,250 of net taxable income, 7% on the next \$78,750, and 7.75% on the amount over \$100,000. Heads of household pay 6% on first \$17,000, 7% on the next \$63,000, and 7.75% on the amount over \$80,000. Married filing separately pay 6% on the first \$10,625, 7% on the next \$39,375, and 7.75% on the amount over \$50,000.
	12,751-60,000	7.0	
	Over 60,000	7.75	
<b>North Dakota</b>	Federal income tax liability (before credits)	14.0	This rate applies if the short form is used. Taxpayers have the option to use the long form, on which income brackets and marginal rates range from 2.67% on the first \$3,000 to 12% over \$50,000.
<b>Ohio</b>	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 7.5% of taxable income over \$200,000.
	5001-10,000	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	
	100,000-200,000	6.9	
	Over 200,000	7.5	
<b>Oklahoma</b>	First 1,000	0.5	Tax rates are based on the lesser of taxes computed before or after federal income taxes. Tax brackets apply to those not deducting federal income tax. All statuses calculating on the pre-federal rate charts pay at marginal rates from 0.5% to 7%; all statuses calculating on the post-federal rate charts pay at marginal rates from 0.5% to 10%.
	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	
	7,701-9,950	6.0	
	Over 9,950	7.0	
<b>Oregon</b>	First 2,050	5.0	Income brackets for married filing jointly are doubled.
	2,051-5,150	7.0	
	Over 5,150	9.0	
<b>Pennsylvania</b>	Specified classes of taxable income	2.8	For nearly all taxpayers, the tax base is broader than federal taxable income.
<b>Rhode Island</b>	Federal income tax liability	27.5	For nearly all taxpayers, the tax base requires no modifications. For taxpayers with a federal income tax liability greater than \$15,000, the effective tax rate is 29.75% of the amount in excess of \$15,000. For 1993, the effective tax rate on federal income tax liability in excess of \$15,000 is 32%. After 1/1/94, the tax rate is equal to 27.5% of the taxpayer's federal income tax liability.

*Table 19 (cont.)*  
**State Individual Income Taxes: Rates, 1994**  
 Compiled October 1994  
 Rates for Single Individuals or Married Filing Separately

State	Income Subject to Tax	Marginal Rate (percent)	Special Rates or Features
<b>South Carolina</b>	First 2,190	2.5	Applies to all filing statuses. An income tax credit is allowed for married filing jointly.
	2,191-4,380	3.0	
	4,381-6,570	4.0	
	6,571-8,760	5.0	
	8,761-10,950	6.0	
	Over 10,950	7.0	
<b>South Dakota</b>	No tax		
<b>Tennessee</b>	Certain interest, dividends only	6.0	Individuals are taxed only on dividends from stocks and certain interest on bonds, notes, and mortgages.
<b>Texas</b>	No tax		
<b>Utah</b>	First 750	2.55	Income brackets for married filing jointly are doubled.
	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	
<b>Vermont</b>	Federal income tax liability	25.0	
<b>Virginia</b>	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	
<b>Washington</b>	No tax		
<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, income bracket amounts are half those for married joint filers. A surcharge is imposed on individuals with gross receipts greater than \$4,000 from business activity at 0.4345% (minimum \$25, maximum \$9,800) of net business income. For individuals with a net farm profit greater than \$1,000, the surcharge is \$25.
	7,501-15,000	6.55	
	Over 15,000	6.93	
<b>Wyoming</b>	No tax		

Source: ACIR staff compilations based on information from state departments of revenue (Fall 1994) and Commerce Clearing House, *State Tax Guide* (Chicago, 1994). See also Tables 15-18.

*Table 20*  
**Local Income Taxes: Number and Type of Jurisdiction,  
Selected Years 1976-1994**

State <sup>1</sup>	1976	1979	1981	1984	1985	1986	1987	1988	1989	1990	1991	1992	1994
<b>Alabama</b>													
Cities	6	5	5	8	10	10	10	10	11	11	11	11	18
<b>Arkansas</b>													
Cities	No cities levy income taxes												
<b>Delaware</b>													
Cities (Wilmington)	1	1	1	1	1	1	1	1	1	1	1	1	1
<b>Georgia</b>													
Cities and Counties	No cities or counties levy income taxes												
<b>Indiana</b>													
Counties	38	37	38	43	44	45	51	68	79	79	76	80	80
<b>Iowa</b>													
School Districts	3	21	26	57	57	61	57	60	52	59	144	178	379
<b>Kentucky</b>													
Cities	59	59	59	61	67	78	85	81	84	83	87	86	94
Counties	-	8	8	9	11	14	25	27	26	27	27	29	39
School Districts													7
<b>Maryland</b>													
Counties (and Baltimore City)	24	24	24	24	24	24	24	24	24	24	24	24	24
<b>Michigan</b>													
Cities	16	16	16	16	16	17	17	18	19	19	20	20	20
<b>Missouri</b>													
Cities (Kansas City and St. Louis)	2	2	2	2	2	2	2	2	2	2	2	2	2
<b>New York</b>													
Cities (New York City and Yonkers)	1	1	1	2	2	2	2	2	2	2	2	2	2
<b>Ohio</b>													
Cities	385	417	n.a.	460	467	480	482	481	492	506	512	512	523
School Districts	0	0	n.a.	6	6	6	6	5	5	22	52	76	92
<b>Pennsylvania</b>													
Cities, Boroughs, Towns, Townships, and School Districts	2,553 <sup>e</sup>	2,585 <sup>e</sup>	n.a.	2,644 <sup>e</sup>	2,758 <sup>e</sup>	2,777 <sup>e</sup>	2,782 <sup>e</sup>	2,788	2,795	2,809	2,824	2,830	2,830
<b>Virginia</b>													
	No cities or counties levy income taxes												
<b>Total</b> (excludes Pennsylvania)													
	535	597	n.a.	688	707	740	763	779	797	837	873	1,021	1,281
<b>Total</b> (includes Pennsylvania)													
	3,088 <sup>e</sup>	3,182 <sup>e</sup>	n.a.	3,332 <sup>e</sup>	3,465 <sup>e</sup>	3,517 <sup>e</sup>	3,545 <sup>e</sup>	3,567	3,592	3,646	3,697	3,853	4,111

n.a.-not available  
e estimate

<sup>1</sup> Employer payroll taxes are levied in California, New Jersey, and Oregon. See Table 21 for a description of the tax base.

Sources: ACIR staff compilations based on Commerce Clearing House, *State Tax Guide* (Chicago, 1994); Advisory Commission on Intergovernmental Relations, *Local Revenue Diversification: Local Income Taxes* (Washington, DC, 1988); Alabama League of Municipalities; and Kentucky Department of Local Government.

*Table 21*  
**Local Income Taxes: Rates, Selected Cities and Counties, November 1994**  
 (percent)

State	City (County)	City Tax Rate		County Tax Rate		Income Tax Based on
		Resident	Non-resident	Resident	Non-resident	
Alabama	Auburn (Lee)	1.0	1.0			Salaries, wages, commissions, and other earned compensation.
	Birmingham (Jefferson)	1.0	1.0	0.5	0.5	
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	Bloomington (Monroe)			1.0	0.225	County adjusted gross income. Indianapolis–Marion County is a consolidated government
	Evansville (Vanderburgh)			1.0	0.25	
	Fort Wayne (Allen)			0.7	0.25	
	Indianapolis (Marion)			0.7	0.175	
	Muncie (Delaware)			0.8	0.35	
Iowa	School Districts—As of 1994, 379 school districts levied income surtaxes at rates ranging from 2% to 20%.				School district income surtaxes are based on state income tax liability.	
Kentucky	Lexington (Fayette)	2.25	2.25	2.5	2.5	Salaries, wages, commissions, and other earned compensation. City and county taxes do not overlap. Local school boards levy a county tax on wages and net profits. Lexington–Fayette County is a consolidated government.
	Louisville (Jefferson)	2.2	1.45	2.2	1.45	
Maryland	Baltimore City	50.0				All counties and Baltimore City impose local income taxes at 20% to 60% of the state income tax liability.
	Montgomery County			60.0		
	Prince George's County			60.0		
	Worcester County			30.0		
Michigan	Detroit (Wayne)	3.0	1.5			All earned and unearned income.
	Flint (Genessee)	1.0	0.5			
	Grand Rapids (Kent)	1.0	0.5			
	Lansing (Ingham)	1.0	0.5			
	Pontiac (Oakland)	1.0	0.5			
	Saginaw (Saginaw)	1.5	0.75			
Missouri	Kansas City (Jackson)	1.0	1.0			Salaries, wages, commissions, and other earned compensation.
	St. Louis	1.0	1.0			

*Table 21 (cont.)*  
**Local Income Taxes: Rates, Selected Cities and Counties, November 1994**  
 (percent)

State	City (County)	City Tax Rate		County Tax Rate		Income Tax Based on
		Resi- dent	Non- resi- dent	Resi- dent	Non- resi- dent	
<b>New York</b>	New York City	2.2-3.4	0.45			Salaries, wages, commissions, and other earned compensation. New York City income tax for unmarried residents ranges from 2.2% of the first \$8,000 of city taxable income to 3.4% over \$60,000. In addition to other taxes, city residents are subject to a temporary surcharge on taxable income for taxable years beginning after 1989 and before 1997. Surcharges for unmarried residents range from .51% to .55%. Yonkers residents pay 15% of net state tax (after property tax credit); nonresidents pay 0.5% of wages earned and net earnings from self-employment within the city. In addition, residents are subject to a 2.85% tax on minimum taxable income. For each tax year beginning after 1990 but before 1996, residents are subject to a tax of 14% of the sum of the basic city income tax and surcharge.
	Yonkers (Westchester)	15.0	0.5			
<b>Ohio</b>	Akron (Summit)	2.0	2.0			Earned compensation and corporate net profits. School district taxes are in addition to municipal taxes. Municipal rates range from 0.25% to 2.5%. School district rates range from 0.5% to 1.25%.
	Canton (Stark)	2.0	2.0			
	Cincinnati (Hamilton)	2.1	2.1			
	Cleveland (Cuyahoga)	2.0	2.0			
	Columbus (Franklin)	2.0	2.0			
	Dayton (Montgomery)	1.75	1.75			
	Elyria (Lorain)	1.75	1.75			
	Euclid (Cuyahoga)	2.0	2.0			
	Hamilton (Butler)	2.0	2.0			
	Kettering (Montgomery)	1.75	1.75			
	Lakewood (Cuyahoga)	1.5	1.5			
	Lorain (Lorain)	1.75	1.75			
	Mansfield (Richland)	1.75	1.75			
	Parma (Cuyahoga)	2.0	2.0			
	Springfield (Clark)	2.0	2.0			
	Toledo (Lucas)	2.25	2.25			
	Warren (Trumbull)	1.5	1.5			
Youngstown (Mahoning)	2.0	2.0				
<b>Pennsylvania</b>	Allentown (Lehigh)	1.0	1.0			Salaries, wages, commissions, and other earned income. Philadelphia resident income tax also based on investment income (unearned income). Pittsburgh rate includes school district income tax rate of 1.875%. Authorized political subdivisions may impose earned income taxes. If overlapping jurisdictions concurrently impose a tax, the rate in each jurisdiction is limited to half of the maximum permissible rate. Municipalities that have adopted a home rule charter may increase the tax above the 1% limit to residents only.
	Altoona (Blair)	1.0	1.0			
	Bethlehem (Northampton)	1.0	1.0			
	Erie (Erie)	1.0	1.0			
	Harrisburg (Dauphin)	1.0	1.0			
	Lancaster (Lancaster)	1.5	0.5			
	Penn Hills (Allegheny)	1.75	1.0			
	Philadelphia	3.46	4.3125			
	Pittsburgh (Allegheny)	2.875	1.0			
	Reading (Berks)	1.0	1.0			
Scranton (Lackawanna)	2.40	1.0				



*Table 21 (cont.)*  
**Local Income Taxes: Rates, Selected Cities and Counties, November 1994**  
 (percent)

State	City (County)	City Tax Rate		County Tax Rate		Income Tax Based on
		Resi- dent	Non- resi- dent	Resi- dent	Non- resi- dent	
<b>Taxes are imposed on the total payroll of employers in the following cities:</b>						
California	Los Angeles	0.825				\$30 a year for the first \$4,000 of the payroll expense plus \$7.50 a year for each additional \$1,000 of such expense. Small businesses are exempt.
	San Francisco	1.50				Payroll expenses less than or equal to \$140,000 are taxed at a rate of 1%. Expenses between \$140,001 and \$166,667 are taxed at 1.25%. Expenses greater than \$166,667 are taxed at 1.5%.
New Jersey	Newark	1.00				
Oregon	Clackamas, Multnomah, and Washington counties (Portland area)	0.62				
	Lane County Mass Transit	0.56				Includes financial institutions and corporations that perform services in the transit district service area.

Source: Commerce Clearing House, *State Tax Reporter* (Chicago, 1994). See also Advisory Commission on Intergovernmental Relations, *Local Revenue Diversification: Local Income Taxes* (Washington, DC, 1988).

Table 22  
State Corporation Income Taxes: Rates, October 1994

State	Net Income Brackets	Marginal Rate (percent)	Special Rates or Features
<b>Alabama</b>	-	5.0%	Financial institutions, 6% of net income.
<b>Alaska</b>	First \$10,000	1.0	Personal holding company tax is 12.6% of tax on undistributed personal holding company income. Alternative tax rate on capital gains is 4.5%. Alternative minimum tax and environmental tax rate is 18% of the applicable federal tax. Accumulated earnings tax rate is 4.95% of first \$100,000 of accumulated taxable income and 6.93% over \$100,000.
	\$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		
<b>Arizona</b>	-	9.0	Minimum tax \$50. Apportioned federal income taxes no longer deductible. Conforms with federal definition of 80/20 corporation.
<b>Arkansas</b>	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	
	\$25,001-\$100,000	6.0	
\$100,000 +	6.5	6.5% on entire \$100,000, and on any amounts above \$100,000.	
<b>California</b>	-	9.3	California minimum tax is \$800. Franchise and income tax rates are: financial corporations, 11.47%; Subchapter S financial corporations, 4.67%; and Subchapter S general corporations, 1.5%. In 1992, a 7% alternative minimum tax is imposed. Banks and corporations electing water's-edge apportionment pay annual amount equal to 0.3% of 1% of the sum of taxpayer's property, payroll, and sales in California.
<b>Colorado</b>	First \$50,000	5.0	Qualified taxpayers may pay an alternative tax of 0.5% of gross receipts from sales in or into Colorado.
	Over \$50,000	5.1	
<b>Connecticut</b>	-	11.5	Plus, to the extent it exceeds the tax on net income, there is an additional 3.1 mills per dollar on capital holdings (maximum \$1,000,000) or a minimum tax of \$250.
<b>Delaware</b>	-	8.7	
<b>District of Columbia</b>	-	10.0	A 2.5% surtax is imposed through 9/30/94. An additional 2.5% surtax is imposed from 10/1/94-12/31/94.
<b>Florida</b>	Over \$5,000	5.5	A 3.3% alternative minimum tax also is imposed.
<b>Georgia</b>	-	6.0	
<b>Hawaii</b>	First \$25,000	4.4	Qualified taxpayers may pay an alternative tax of 0.5% of Hawaii gross annual sales.
	\$25,001-\$100,000	5.4	
	Over \$100,000	6.4	
	Capital gains Financial institutions	4.0 7.92	
<b>Idaho</b>	-	8	Minimum tax \$20. Additional \$10 tax on each corporation filing a return and having gross income during the tax year.
<b>Illinois</b>	-	4.8	Additional 2.5% personal property replacement tax imposed.

Table 22 (cont.)  
State Corporation Income Taxes: Rates, October 1994

State	Net Income Brackets	Marginal Rate (percent)	Special Rates or Features
<b>Indiana</b>	Corporate income tax	3.	Rate is adjusted gross income tax rate. Corporations pay the greater of either the gross income tax, determined by gross receipts, or the adjusted gross income tax, determined by net income. In addition, a supplemental net income tax is imposed at 4.5% and is computed by subtracting from adjusted gross income the greater of the gross income tax or the adjusted gross income tax. The remainder is subject to the supplemental net income tax. Two rates of tax are provided in the gross income tax law. The lower rate of 0.3% is generally applied to receipts generated from general business transactions (wholesaling, retailing, and designated specific businesses). The higher rate of 1.2% is applied to receipts derived from services, investments, utility operations, and activities, the taxability of which is limited to gross earnings.
	Supplemental net income	4.5	
<b>Iowa</b>	First \$25,000	6.0	The financial institutions franchise tax is 5% of taxable net income. A deduction for 50% of federal income taxes paid or accrued is allowed. A 7.2% alternative minimum tax is imposed. A minimum tax carry forward credit equal to net minimum tax paid on deferral preference items is also provided and may be used to the extent that the regular tax exceeds minimum tax.
	\$25,001-\$100,000	8.0	
	\$100,001-\$250,000	10.0	
	Over \$250,000	12.0	
<b>Kansas</b>	-	4.0	A 3.35% surtax is imposed on taxable income in excess of \$50,000. Banks, 4.25% of net income plus 2.125% surtax on net income over \$25,000; savings and loans, 4.5% of net income plus 2.25% surtax on net income over \$25,000.
<b>Kentucky</b>	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	8.25	
<b>Louisiana</b>	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	
<b>Maine</b>	First \$25,000	3.5	Alternative minimum tax is 27% of the adjusted federal tentative minimum tax.
	\$25,001-\$75,000	7.93	
	\$75,001-\$250,000	8.33	
	Over \$250,000	8.93	
<b>Maryland</b>	-	7.0	
<b>Massachusetts</b>	-	-	Corporations pay an excise tax equal to the greater of the following: \$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 \$456, whichever is greater (a surtax of 14% is imposed). Minimum tax \$456.
<b>Michigan</b>	-	-	State uses a single business tax (which is a modified value added tax) rather than a corporate income tax. The 2.3% rate (effective October 1, 1994) is applied to an adjusted tax base. Other nonfederal components also are used in the tax base. The first \$45,000 of the tax base is exempt. Firms with gross receipts under \$137,500 are exempt.

Table 22 (cont.)  
State Corporation Income Taxes: Rates, October 1994

State	Net Income Brackets	Marginal Rate (percent)	Special Rates or Features
<b>Minnesota</b>	—	9.8	An alternative minimum tax is imposed equal to 5.8% of alternative taxable income. In addition to the regular or minimum tax, a minimum fee is imposed, from \$0 to \$5,000 based on Minnesota property, payroll, and sales.
<b>Mississippi</b>	First \$5,000 \$5,001-\$10,000 Over \$10,000	3.0 4.0 5.0	
<b>Missouri</b>	First \$100,000 \$100,001-\$335,000 Over \$335,000	5 6 6.5	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. For fiscal years beginning on or after 9/1/93, the tax rate is 6.25%
<b>Montana</b>	—	6.75	Minimum license tax \$50, except \$10 for small business corporations. Corporations electing water's-edge apportionment are taxed at 7%.
<b>Nebraska</b>	First \$50,000 Over \$50,000	5.58 7.81	
<b>Nevada</b>	No tax		
<b>New Hampshire</b>	—	7.5	The tax is 7.5% on taxable business profits of business organizations having business income over \$50,000.
<b>New Jersey</b>	—	9	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. The corporation business tax is a franchise tax measured by net income.
<b>New Mexico</b>	First \$500,000 Second \$500,000 Over \$1,000,000	4.8 6.4 7.6	Plus \$50 corporate franchise tax.
<b>New York</b>	—	9	Corporations are subject to a 9% tax on net income or a tax on three alternative bases, whichever produces the greatest tax. An additional tax of 0.09% of subsidiary capital is levied. Small-business subject to a lower tax rate of between 8% and 9%. A 10% surcharge applies for tax years ending after 6/30/94 and before 7/1/95. In addition, a surcharge of 17% is imposed in the Metropolitan Commuter Transportation District for tax years beginning on or after 1/1/82 and ending before 12/31/95.
<b>North Carolina</b>	—	7.75	A temporary surtax on corporation income is imposed at 3% for tax year 1992, 2% for 1993, 1% for 1994, and expires 1/1/95.
<b>North Dakota</b>	First \$3,000 \$3,001-\$8,000 \$8,001-\$20,000 \$20,001-\$30,000 \$30,001-\$50,000 Over \$50,000	3 4.5 6 7.5 9 10.5	Banks, trust companies, and building and loan associations, 5% of net income plus 2% additional tax; minimum tax \$50. Alternative minimum tax repealed by 1991 legislature. Federal income tax is deductible.

Table 22 (cont.)  
State Corporation Income Taxes: Rates, October 1994

State	Net Income Brackets	Marginal Rate (percent)	Special Rates or Features
Ohio	First \$50,000	5.1	Minimum tax \$50. Financial institutions are taxed at 15 mills times the value of stock.
	Over \$50,000 or 5.82 mills multiplied by value of stock, which- ever is greater	8.9	
Oklahoma	–	6	
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	–	11.99	Rate includes 1.49% surtax.
Rhode Island	–	9	An additional surtax of 11% is imposed for tax years ending on or after 3/31/91 and before 1/1/94. An annual franchise tax is imposed on corporations subject to business corporation tax only to the extent that it exceeds the tax. The annual franchise tax is the greater of \$2.50 for each \$10,000 or fractional part thereof on authorized capital stock or \$250.
South Carolina	–	5	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	Credit of 1% of purchase price of certain industrial machinery items.
Texas	No tax		
Utah	–	5	Minimum tax \$100
Vermont	First \$10,000	5.5	Minimum tax \$150
	\$10,001-\$25,000	6.6	
	\$25,001-\$250,000	7.7	
	Over \$250,000	8.25	
Virginia	–	6	
Washington	No tax		
West Virginia	–	9	
Wisconsin	–	7.9	ACRS allowed for most property placed in service before 1987; not allowed for residential realty and certain farm property acquired in the 1986 taxable year. For tax years ending after 4/1/91, a temporary recycling surcharge is imposed on all corporations. The surcharge is 5.5% of the gross tax liability of corporations, with \$25 minimum and a \$9,800 maximum. Tax option (S) corporations will pay the greater of \$25 or .4345% of their Wisconsin net income but not more than \$9,800.
Wyoming	No tax		

Source: ACIR staff compilations based on state updates (Fall 1993) and Commerce Clearing House, *State Tax Guide* and *State Tax Reporter* (Chicago, 1993). See also Tables 23-24.

*Table 23*  
**State Corporation Income Taxes: Bases, Credits, and Formulas**  
 (Generally Laws in Effect for 1994)

State	Tax Base: Federal Compliance			Unitary	Apportionment Formula
	Additions	Subtractions	Credits		
<b>Alabama</b>	State, foreign, and local income taxes; federally 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; contributions to Industrial Development Authority	Enterprise zone, education, and Industrial Development Authority	Not allowed	3-factor, simple average (UDITPA)
<b>Alaska<sup>1</sup></b>	State, foreign, and local income taxes; taxable or book income of unitary foreign corporations; intercompany eliminations within and outside the water's edge group; expenses to produce non-apportionable income	Interest on U.S. obligations and federal securities; taxable income of unitary corporations whose average U.S. factors are less than 20%; 80% of dividends and royalties from foreign corporations in certain instances; non-apportionable income; unitary intercompany dividends; intercompany eliminations.	18% of most federal credits; cash contributions to Alaskan colleges and universities; special industrial incentive investment tax credit for certain gas processing projects and certain mining projects	Water's edge—required; oil and gas producers and pipelines worldwide—required	3-factor, simple average (UDITPA) special factors for oil and gas companies—two or three factors composed of extraction, sales, property
<b>Arizona<sup>1</sup></b>	Other state, foreign, and local income taxes; federal special deductions; interest on obligations; federal NOL	Interest on U.S. obligations and federal securities; other state income tax refunds; foreign dividend gross-up; dividends from controlled domestic corporations	Enterprise zone jobs; investment on grounds of correctional facility; employer operated dependent day care facility; recycling equipment; research and development; employment by defense contractor; employment in a military reuse zone; environmental technology facility; agricultural water conservation systems; alternative fuel vehicles; and underground storage tanks	Required—domestic	Property (25%) Payroll (25%) Sales (50%) (UDITPA)
<b>Arkansas</b>	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)
<b>California</b>	State, foreign, and local income taxes; partial ACRS/other depreciation, depletion, and amortization; federally exempt interest; federal capital loss carryovers	Dividends; jobs credit; state income tax refunds; foreign dividend gross-up	Jobs; orphan drug; donating food to charities; ridesharing; waste recycling equipment; research; employer child care program/contributions; enterprise zone/program area; low-emissions devices for motor vehicles; small-business health care; prison inmate labor; commercial solar electric systems	Worldwide—subject to water's-edge option	3-factor, simple average (UDITPA)

*Table 23 (cont.)*  
**State Corporation Income Taxes: Bases, Credits, and Formulas**  
 (Generally Laws in Effect for 1994)

State	Tax Base: Federal Compliance			Unitary	Apportionment Formula
	Additions	Subtractions	Credits		
California (cont.)			<i>Carryover Credits Allowed:</i> Energy conservation; commercial solar energy and solar energy; solar pump; computer contributions; technological property contributions; low-income housing		
Colorado <sup>1</sup>	State and foreign income taxes; federally exempt interest; federal NOL; interest on state and local debt other than CO	Jobs tax credit; interest and dividends on U.S. obligations and federal securities; own-state income tax refund; state NOL; oil shale depletion allowance; foreign source income	Alternative fuels tax credit; child care facility investment credit; new business facility; enterprise zone investment; employee rehabilitation; research and experimental activities; new employee; building rehabilitation	Water's-edge-required	3-factor, simple average, or average of sales and property only, corporate rate option (UDITPA)
Connecticut <sup>1</sup>	State franchise tax; all states' income taxes; federal exempt interest	Dividends, capital loss carryover	Alternative fuels; new facilities; enterprise zones; pollution control; student and machine tool jobs; neighborhood assistance; employer day care; rental housing; research and experimentation; entertainment districts; research and development expenses; employee training; housing revolving loan fund; grants to institutions of higher education for research and development; insurance investment	Not allowed	Property (25%) Payroll (25%) Sales (50%) For non-manufacturers, single-factor gross sales
Delaware <sup>1</sup>	Federally exempt interest. Loss from sale of U.S. or state securities; interest income from other states' obligations; depletion allowance for 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 facilities; additional employment; employee health care; targeted area; traffic mitigation; pollution control and recycling	Not allowed	3-factor, simple average
District of Columbia <sup>1</sup>	Foreign and local income taxes; other taxes; federally 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>1</sup> (1989)	State income taxes; federally exempt interest; wages deducted as credit; federal carryover and operating loss deductibles	State 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)

*Table 23 (cont.)*  
**State Corporation Income Taxes: Bases, Credits, and Formulas**  
 (Generally Laws in Effect for 1994)

State	Tax Base: Federal Compliance		Credits	Unitary	Apportionment Formula
	Additions	Subtractions			
<b>Georgia</b> <sup>1</sup>	Other states and local and foreign, income taxes; partial ACRS; federal operating loss deduction; interest on other-state and local debt	Foreign dividends; interest on U.S. obligations and federal securities; state NOL; federal jobs tax credit; adjustments for payments to qualified minority subcontractors	Banks; S&Ls for certain taxes and fees; less developed area jobs tax; basic skills education for approved programs; investment; retraining; child care	Not allowed	3-factor, simple average
<b>Hawaii</b> <sup>1</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)
<b>Idaho</b> <sup>1</sup>	State income taxes; federally exempt interest; federal capital loss; carryovers; federal NOL	Interest on U.S. obligations; state income tax refunds and NOL; alcohol fuel credits; foreign dividend gross-up	Charity; gasohol; jobs expansion and capital investment	Water's-edge-election	3-factor, simple average (UDITPA)
<b>Illinois</b> <sup>1</sup>	State income taxes; federally 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 Section 1341	Investment; jobs tax; personal property replacement; enterprise zone; coal credits; training expense and research and development; youth vocational training; on-site dependent care	Required-domestic	UDITPA with double-weighted sales
<b>Indiana</b> <sup>1</sup>	State income taxes; local property taxes; charitable contributions	Interest on U.S. obligations and federal securities; foreign dividend gross-up	Gross income tax paid; gross tax=1.2% or 0.3% of state gross receipts depending on type of transaction; commercial motor fuel tax; contributions; energy; prison investment; enterprise zone; research	Required-domestic; petition required	3-factor, double-weighted (phase-in) sales factor
<b>Iowa</b> <sup>1</sup>	State income taxes; federally exempt interest; 50% federal refunds; 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	State motor fuel; new jobs; research activities; minimum tax carry forward; seed capital credits; investment	Not allowed	100% sales
<b>Kansas</b> <sup>1</sup>	State, foreign, and local income taxes; federally 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; IRC Section 78 and 80% of foreign dividends	Job expansion; handicap renovations; venture capital; research and development; child day care; employee health insurance; solid waste management; work force training	Required-domestic	3-factor, simple average (UDITPA)



*Table 23 (cont.)*  
**State Corporation Income Taxes: Bases, Credits, and Formulas**  
 (Generally Laws in Effect for 1994)

State	Tax Base: Federal Compliance			Unitary	Apportionment Formula
	Additions	Subtractions	Credits		
<b>Kentucky<sup>1</sup></b>	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; economic development project; recycling and composting equipment; Commonwealth Venture Fund; enterprise zone	Domestic--not allowed unless subsidiary is shell or sham corporation	UDITPA with variations, double-weighted sales
<b>Louisiana<sup>1</sup></b>	State income taxes; federally exempt interest; partial federal amortization; federal carryovers; federal NOL	Jobs tax credit; interest on U.S. obligations; state income tax refunds; state NOL; foreign operating losses (foreign corporations only); federal taxes	New business facility; neighborhood assistance; educational property donations; capital company investment; enterprise zone; new jobs; qualified recycling equipment fuel use	Not allowed	3-factor for manufacture, merchandising 2-factor for services
<b>Maine<sup>1</sup></b>	State and local income taxes; interest or dividends from other states or their political subdivisions; NOL recovery adjustment; unrelated expenses	Interest on U.S. obligations; state income tax refunds; foreign dividend gross-up; dividends from certain affiliated corporations; federal jobs tax credit; income not taxable under state or U.S. constitutions	Seed capital; jobs and investment; day care; losses of financial institutions; employer provided long-term care benefits; investment tax; solid waste reduction investment (equipment purchased after 1/1/93)	Required--domestic	Property (25%) Payroll (25%) Sales (50%) (UDITPA)
<b>Maryland<sup>1</sup></b>	State and local income taxes; federally exempt other-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	Property (25%) Payroll (25%) Sales (50%)
<b>Massachusetts<sup>1</sup></b>	Federally exempt interest; federal NOL; state, foreign, and local income taxes; other taxes	Jobs tax credit; dividends received limited; state NOL	Enterprise zone for certain corporations; ITC for manufacturing; R&D; agriculture; fishing; shuttle vans; universal health care; research credit	Not allowed	Property (25%) Payroll (25%) Sales (50%) (UDITPA) with changes)
<b>Michigan</b>	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; homeless shelter, food bank and food kitchen; minority venture capital; enterprise zone; and central city high technology	Not allowed	Property (25%) Payroll (25%) Sales (50%)
<b>Minnesota<sup>1</sup></b>	State, local, and foreign income taxes; federal exempt interest; NOL deduction;	Salary expenses not deducted due to federal jobs credit or Indian employment credit;	AMT; carry over credit; research and development; enterprise zone; gross premiums tax	Required--domestic	3-factor, weighted: percent total prop-

*Table 23 (cont.)*  
**State Corporation Income Taxes: Bases, Credits, and Formulas**  
 (Generally Laws in Effect for 1994)

State	Tax Base: Federal Compliance		Credits	Unitary	Apportionment Formula
	Additions	Subtractions			
Minnesota (cont.)	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; dividends from foreign operating corporations; exempt foreign trade income of a foreign sales corporation; federal dividend received deduction	foreign dividend gross-up; cost depletion; enterprise zone credits; state NOL; state charitable contributions; capital loss with no carrybacks; for banks, any dividend paid on its preferred stock to the federal government; depreciation deduction for specified pollution control facilities previously disallowed; handicapped access expenditures disallowed due to the federal credit; research expenses disallowed due to the federal credit in excess of state research credit; 80% of foreign royalties, fees, etc., received from within unitary group; state dividend received deduction; depreciation and depletion deductions for previously disallowed intangible drilling costs; expenses relating to federally exempt income taxed by MN; state income tax refunds; income from mining subject to the occupation tax	credit for insurance companies		erty 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	Finance company privilege tax; jobs; research and development; child care facilities; headquarters; training and retraining; seed capital fund limited partnership; gambling license fee; AFDC wages paid; Business Finance Corporation Revenue Bond Service; ad valorem inventory; export port charges	Optional-domestic	3-factor for manufacturers; several special formulas, such as a mileage formula for trucking companies
Missouri <sup>1</sup>	Federal income tax refund; if prior to 1973, 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; state-sourced dividends; capital gains from sale of low-income housing project; federal income tax limited to 50% (effective for tax years after 8/31/93)	Neighborhood assistance; new business facility; enterprise zone; seed capital; development reserve; wood energy; agricultural unemployed; 30% of contribution to a -qualified fund; affordable housing credit; low-income housing credit; homeless assistance; infrastructure development; export finance credit; small business incubator credit; small business investment credit; research expense; community bank investment	Not allowed	3-factor, simple average; or sales only (UDITPA, with 100% sales option, 50% origin, 50% destination)

*Table 23 (cont.)*  
**State Corporation Income Taxes: Bases, Credits, and Formulas**  
 (Generally Laws in Effect for 1994)

State	Tax Base: Federal Compliance			Unitary	Apportionment Formula
	Additions	Subtractions	Credits		
<b>Montana<sup>1</sup></b>	State, foreign, and local income taxes; federal exempt interest; federal capital loss carryovers; federal NOL	Jobs tax credit; state income tax refunds; capital gains for new farmer; computer donations; purchases of fertilizer; energy conservation investments; capital gains and dividends received from an SBIC; small business contributions to its independent liability fund	Public contractors; new or expanding manufacturing; wind energy; employee dependent care; employee health insurance; contributions to state higher education endowment funds; investment in certified small business investment capital companies (SBICs); conversion of motor vehicles to alternative fuels; recycling investments	Water's-edge; world-wide-election available	3-factor, simple average (UDITPA)
<b>Nebraska<sup>1</sup></b>	Interest or dividends from other states or their political subdivisions	Interest on U.S. obligations and federal securities, foreign dividends, foreign dividend gross-up or special foreign tax deduction	Non-highway gasoline tax; community betterment, employment expansion and investment, and in lieu of intangible tax paid.	Required-domestic	100% sales
<b>New Hampshire<sup>1</sup></b>	Safe harbor or other similar leases; income taxes or franchise taxes measured by income	Interest on U.S. obligations; jobs tax credit; deductible dividends and other non-unitary income net of related expenses; distribution from joint venture or partnerships subject to state taxation; foreign dividend gross-up; research contribution	Utility franchise tax; insurance premiums tax; business enterprise tax	Required-domestic	Property (28.6%) Payroll (28.6%) Sales (42.8%)
<b>New Jersey<sup>1</sup></b>	Federal and state income taxes; state and local franchise taxes; federally exempt interest; partial ACRS; federal NOL; dividends; foreign income	Jobs tax credit; foreign dividend gross-up; subsidiary dividends; 7-year NOL carry forward; safe harbor lease income	Urban enterprise zone; urban development; recycling equipment; commuter transportation benefits; new jobs investment; manufacturing equipment; increased research activities	Not allowed	3-factor, simple average
<b>New Mexico<sup>1</sup></b>		Foreign dividend gross-up; gains from interest expenses on U.S. obligations	Investment; geothermal; child care; cultural property; business facility rehabilitation (enterprise zone)	Optional-domestic	3-factor, simple average (UDITPA) optional double weighted sales factor for manufacturers beginning 1995
<b>New York<sup>1</sup></b>	Federal exemptions or credits; state and foreign income taxes; franchise taxes; federal exempt government interest; federal contribution carryover; partial ACRS;	Foreign dividend gross-up; gains from subsidiary capital; 50% of non-subsidiary dividends; gifts; state NOL (federal NOL plus or minus state modifications)	Business facility; investment; employment expansion; R&D; sales tax on anti-pollution equipment; economic development zones; alternative minimum tax	Permitted/required-domestic	Property (25%) Payroll (25%) Sales (50%)

*Table 23 (cont.)*  
**State Corporation Income Taxes: Bases, Credits, and Formulas**  
 (Generally Laws in Effect for 1994)

State	Tax Base: Federal Compliance			Unitary	Apportionment Formula
	Additions	Subtractions	Credits		
<b>New York</b> (cont.)	expenses and interest attributable to subsidiary capital; taxes paid to other states; federal NOL				
<b>North Carolina</b> <sup>1</sup>	State and local income taxes; other taxes based on net income; federally exempt interest from other-state jurisdictions; capital loss carryover; federal NOL; expenses related to untaxed income	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; photovoltaic; state enterprise; wind energy; methanol gas plant; hydroelectricity; new jobs in severely distressed counties; other	Domestic at state option	Property (25%) Payroll (25%) Sales (50%) otherwise (UDITPA)
<b>North Dakota</b>	All taxes measured by income; federally exempt interest; special deductions; federal NOL	Interest on U.S. obligations; state income tax refunds; federal income taxes; state dividends; nonbusiness income	New industries; charitable contributions to private school; research and experimental expenditures within state; employment of developmentally disabled or chronically mentally ill; prior year minimum tax; solar wind and geothermal energy; investments in non-profit development corporations and venture capital corporations	Required—worldwide unless water's edge	3-factor, simple average (UDITPA)
<b>Ohio</b> <sup>1</sup>		Jobs tax credit; interest on U.S. obligations; foreign-source income; income from coal conversion facility; state NOL; IRC Section 243 dividends	Litter control; manufacturing refiners property tax; energy systems; urban jobs and enterprise zones; jobs creation; increased exports	Not allowed	Property (25%) Payroll (25%) Sales (50%)
<b>Oklahoma</b> <sup>1</sup>	State income taxes; other income-based taxes; federally exempt state interest	Interest on U.S. obligations and federal securities; state income tax refunds	Manufacturing gas consumption; investment; enterprise zone; energy conservation loan fund; waste recycling; qualified venture capital investments; alternative fuels conversion	Domestic	3-factor, simple average (UDITPA)
<b>Oregon</b> <sup>1</sup>	State and foreign income taxes; other income-based taxes; federally exempt interest; pre-1985 asset ACRS depreciations exceeding state allowance; federal NOL deduction; income of related FSC or DISC; safe harbor lease agreements; capital construction fund; IRC Section 631(a) treatment of timber; losses of nonunitary corporations	Pre-1985 asset depreciation exceeding federal allowance; state capital loss carryovers; income of non-unitary corporations; 70% or 80% of federal taxable dividends; federal jobs credit; wages not deducted on federal return; IRC Section 78 dividends	Pollution control; youth apprenticeship; research; child development; energy conservation; reforestation projects; alternative energy loans; fish habitat improvement; dependent care; reclaimed plastics; low-income and farm worker housing loans; farm worker housing project investment; fish screening device; health care insurance; bone marrow donation program; computer, scien-	Required—domestic consolidated	3-factor, double-weighted sales (UDITPA)

*Table 23 (cont.)*  
**State Corporation Income Taxes: Bases, Credits, and Formulas**  
 (Generally Laws in Effect for 1994)

State	Tax Base: Federal Compliance			Unitary	Apportionment Formula
	Additions	Subtractions	Credits		
<b>Oregon</b> <i>(cont.)</i>			tific equipment, or research donation; state seafood; crop gleaning; alternative transportation; domestic insurance company		
<b>Pennsylvania</b> <sup>1</sup>	State and local income tax; other income-based taxes; tax preference items; wages for which an employment incentive credit was claimed	Certain dividends; jobs tax; interest on U.S. obligations and federal securities; certain depreciation; foreign dividend gross-up	Neighborhood assistance; employment incentives; contribution to homeowners mortgage assistance fund	Not allowed	3-factor, simple average (UDITPA, with changes)
<b>Rhode Island</b> <sup>1</sup>	Interest on other state obligations; state tax deductions; state corporate and franchise taxes deducted; federal depreciation deducted if rapid writeoffs are elected	Interest on federal obligations; state NOL; special state dividend and interest deduction; special rapid writeoffs for pollution control facilities and new research and development facilities; special deduction or capital gain exclusion for investment in certified venture capital partnership or qualified business entity; and foreign dividend gross-up	Investment; energy; juvenile restitution; adult education; day care; higher education assistance; hydroelectric power; elderly day care; small business credit; research and development credit	Not allowed by statute, but the state does follow unitary concept under case law	3-factor, simple average
<b>South Carolina</b> <sup>1</sup>	State, foreign, local income taxes; franchise or other income-based taxes; federally exempt interest; federal carryovers; federal operating loss deduction; DISC net income; multistate depletion	Interest on U.S. obligations and federal securities; state 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
<b>Tennessee</b> <sup>1</sup>	State excise tax; interest income from obligations less allowable amortization; S corporations, passthrough 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 TN excise tax purposes than federal income tax purposes; S corporations passthrough 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; job expansion; child day care center construction	Allowed only for financial institutions	3-factor, simple average (UDITPA)

Table 23 (cont.)  
**State Corporation Income Taxes: Bases, Credits, and Formulas**  
 (Generally Laws in Effect for 1994)

State	Tax Base: Federal Compliance			Credits	Unitary	Apportionment Formula
	Additions	Subtractions				
<b>Utah</b>	State income taxes; franchise; privilege, capital stock, and business and occupation taxes; federal exempt state interest; federal carryovers; federal operating loss deduction; contributions in excess of 5% limit; federal dividends received deduction	Jobs tax; current year capital losses; foreign dividend gross-up; 50% exclusion for unitary foreign dividends; UT loss carryforward	Energy systems; contributions to handicap facilities; high technology contributions to educational institutions; municipal and federal bond interest; enterprise zone; steam coal; clean fuels; historic preservation	Water's edge-required or option for worldwide		3-factor, simple average (UDITPA)
<b>Vermont<sup>1</sup></b>	Other-state and local obligations; state income and franchise taxes	Interest from federal obligations; foreign dividend gross-up; salary and wages add-back related to federal jobs tax credit	Vermont venture capital corporation (10%); investment in affordable housing; research and development; new jobs; manufacturers investment tax credit	Not allowed		3-factor, simple average (UDITPA)
<b>Virginia<sup>1</sup></b>	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 (50% owned); nondeductible jobs credit wages; interest on U.S. obligations; foreign dividend gross-up; subpart F income; -foreign source income (limited to certain types of net income from within the U.S.); recomputed S&L bad debt; federally taxable interest on VA state and local programs	Neighborhood assistance; enterprise zone; conservation tillage; cogenerators and small power producers; telecommunications; pesticide and fertilizer application equipment; machinery and equipment for processing recyclable materials; clean fuel vehicles; major business facility job tax credit (effective 1/1/95)	Not allowed		3-factor, simple average
<b>West Virginia<sup>1</sup></b>	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; 10% of qualified investment utilized for the research and development credit	State income tax refunds; 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 air/water pollution control facilities; percentage adjustment to income equal to assets represented by tax exempt obligations and state mortgage obligations divided by total assets; first \$300,000 of state NOL may be carried back; remaining carry-back is eliminated	Veterans' incentive; headquarters relocation; capital company; business investment; jobs expansion; R&D; utilities rate reduction; overpayment of consumer sales and service use taxes; rehabilitated buildings investment; management information services; coal-based synthetic fuels	Not allowed		3-factor, double weighted sales; Property (25%) Payroll (25%) Sales (50%) otherwise (UDITPA); motor carriers, single-factor (carrier miles); foreign financial institutions, single-factor (gross receipts)

*Table 23 (cont.)*  
**State Corporation Income Taxes: Bases, Credits, and Formulas**  
 (Generally Laws in Effect for 1994)

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; farmland preservation; research expense; research facility; community development finance; development zone (for investment, jobs, location, sales tax, and additional research); supplement to federal historic rehabilitation; farmland tax relief	Not allowed	Property (25%) Payroll (25%) Sales (50%) (UDITPA)

<sup>1</sup> Taxable federal income used as state taxable income base, except for oil and gas producers and pipeline transportation companies in Alaska.

Sources: ACIR staff compilation based on information from state departments of revenue (Fall 1994) and Commerce Clearing House, *State Tax Guide* (Chicago, 1994).

Table 24  
State Corporation Taxes: Primary Bases, 1994

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 <sup>2</sup>	Missouri		X	X
Alaska		X		Montana		X	
Arizona		X		Nebraska		X	
Arkansas		X	X <sup>2</sup>	Nevada			
California		X		New Hampshire		X	
Colorado		X		New Jersey		X	
Connecticut		X <sup>3</sup>		New Mexico		X	
Delaware		X	X <sup>4</sup>	New York <sup>8</sup>		X	X
District of Columbia		X		North Carolina		X	X
Florida		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>5</sup>	South Carolina		X	X
Kansas		X	X	South Dakota		X <sup>9</sup>	
Kentucky		X	X	Tennessee		X <sup>10</sup>	X
Louisiana		X	X	Texas			X
Maine		X		Utah		X	
Maryland		X		Vermont		X	
Massachusetts		X <sup>6</sup>	X	Virginia		X	
Michigan <sup>7</sup>				Washington	X		
Minnesota		X		West Virginia		X	X
Mississippi		X	X	Wisconsin		X	
				Wyoming			X
				Totals	3	46	22

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

<sup>2</sup> This note pertains to both Alabama and Arkansas even though the name Alabama is the only one used. Alabama has two separate corporation franchise taxes: Corporations incorporated in Alabama pay for privilege of existing as a corporation under Alabama law \$10 for each \$1,000 of paid-up stock, plus subscriptions subject to call while no-par stock is based on the amount dedicated to the capital stock account, derived from sales of stock. Minimum tax is \$50. Corporations incorporated outside of Alabama pay for exercise of corporate franchise privilege of doing corporate business in Alabama \$3 for each \$1,000 of actual capital employed in Alabama, measured by amount of capital stock, surplus, undivided profits, and indebtedness apportioned to Alabama. Minimum tax is \$25.

<sup>3</sup> Tax is on the highest of the two bases, or minimum tax. The income and capital bases are not combined.

<sup>4</sup> Delaware has two separate corporation 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>5</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>6</sup> Massachusetts also has a non-income measure of the tax based on tangible personal property or net worth allocable to the state.

<sup>7</sup> Michigan levies a single business tax, which is a modified value added tax.

<sup>8</sup> New York's net income base pertains primarily to the taxation of general business corporations. Transportation and transmission companies (i.e., utilities), except airlines, pay tax on a gross receipts base.

<sup>9</sup> South Dakota levies a limited income tax on certain banks and financial institutions.

<sup>10</sup> Tennessee has two distinct corporate taxes: (1) corporate excise (income) tax; and (2) corporate franchise tax imposed on higher of (a) apportioned capital stock or (b) value of property owned and leased in the state.

Source: Information from state departments of revenue, Fall 1994. See also Tables 22-23.



Table 25  
State Sales Taxes: Rates and Exemptions, November 1994

State	Tax Rate	States Exempting									Exhibit: States Granting Related Tax Credit <sup>6</sup>	
		Food <sup>1</sup>	Non- Prescription Drugs <sup>2</sup>	Telecom- munications Services	Electric and Gas Utilities— Residential Use	Personal Services	Rental of Rooms and Lodgings	Custom Computer Programs	Contractors <sup>3,4</sup>	Sale of Materials to— Manufacturers, Producers, Processors <sup>5</sup>		Repairers <sup>3</sup>
Alabama+*	4			X	X	X	X <sup>16</sup>	X		X <sup>10</sup>		
Alaska+	No tax											
Arizona+	5	X				X		X	X	X <sup>10</sup>		
Arkansas+*	4.5				limited	limited <sup>3</sup>				X <sup>11</sup>		
California+	6	X		X	X	X	X	X		X <sup>10</sup>		
Colorado+	3	X		<sup>14</sup>	X <sup>7</sup>	X		X		X <sup>10</sup>		
Connecticut*	6	X	X		X	X				X		
Delaware	No tax											
District of Columbia	5.75	X	X	limited	X	X	<sup>13</sup>	X		X <sup>10</sup>	X	
Florida+	6	X	X		X	X		X		X <sup>10</sup>	X	
Georgia+	4					X				X <sup>10</sup>		
Hawaii*	4				X					limited		X
Idaho+	5			X	X	X	X	X		X <sup>10</sup>		X
Illinois+*	6.25	limited	limited			X	X	X	X <sup>11</sup>	X <sup>10,11</sup>	X	
Indiana	5	X				X		X		X <sup>10</sup>		
Iowa+	5	X				limited <sup>3</sup>		X		X <sup>10</sup>	X	
Kansas+*	4.9				X	X		X		X <sup>10</sup>		X
Kentucky	6	X		<sup>14</sup>	X	X		X		X <sup>10,11</sup>		
Louisiana+*	4	limited		limited	X	X		X		X		
Maine	6	X			X <sup>7</sup>	X				X		
Maryland*	5	X	X	limited	X	X		X		X <sup>10</sup>		
Massachusetts*	5	X			X	X	X <sup>16</sup>	X		X		
Michigan	6	X			limited <sup>7</sup>	X		X		X <sup>10,11</sup>		
Minnesota+*	6	X	limited		X <sup>7</sup>	limited <sup>3</sup>		X		X		
Mississippi*	7			<sup>12</sup>	X <sup>7</sup>	limited <sup>3</sup>			X	X <sup>11</sup>		
Missouri+	4.225				X	X		X		X <sup>10</sup>		
Montana	No tax											
Nebraska+	5	X		X		X				X <sup>10</sup>		
Nevada+*	6.5	X		X	X	X	X	X		X <sup>10</sup>		
New Hampshire	No tax											

Table 25(cont.)  
State Sales Taxes: Rates and Exemptions, November 1994

State	Tax Rate	States Exempting										Exhibit: States Granting Related Tax Credit <sup>6</sup>	
		Food <sup>1</sup>	Non- Prescription Drugs <sup>2</sup>	Telecom- munications Services	Electric and Gas Utilities— Residential Use	Personal Services	Rental of Rooms and Lodgings	Custom Computer Programs	Sale of Materials to— Manufacturers, Processors <sup>5</sup> Repairers <sup>3</sup>				
New Jersey	6	X	X		X	X		X			X <sup>11</sup>		
New Mexico+*	5			13							X <sup>10</sup>		X
New York+*	4	X	X	14	X	X		X			X	X <sup>8,9</sup>	
North Carolina+*	4			X		X		X			X <sup>10</sup>	X	
North Dakota+	5	X		14	limited <sup>7</sup>	X		X			X <sup>10</sup>		
Ohio+	5	X		X	X	X					X	X	
Oklahoma+*	4.5				X	X		X			X <sup>11</sup>		X
Oregon	No tax												
Pennsylvania	6	X	X	15	X	X					X	X	
Rhode Island*	7	X	X		X	X		X			X <sup>10</sup>		
South Carolina	5				X	X					X <sup>10</sup>		
South Dakota+*	4										X <sup>10</sup>	X	X
Tennessee+	6				X	limited <sup>3</sup>					X	X	
Texas+*	6.25	X			X		X	X			X <sup>10</sup>		
Utah+*	5				limited	limited <sup>3</sup>		X			X <sup>10,17</sup>	X	
Vermont	5	X		X	X	X	X	X			X <sup>10</sup>		X
Virginia+*	3.5			X	X	X		X			X <sup>10,11</sup>	X	
Washington+*	6.5	X		15	X <sup>13</sup>	limited <sup>3</sup>		X			X <sup>10</sup>	X	
West Virginia	6				X	X					X	X	
Wisconsin+*	5	X			limited	X		X			X <sup>10</sup>		
Wyoming+*	4					X					X <sup>10</sup>		X
<b>Total Exempting</b>		<b>26</b>	<b>8</b>	<b>8</b>	<b>31</b>	<b>35</b>	<b>8</b>	<b>31</b>	<b>3</b>	<b>45</b>	<b>14</b>		
<b>Total Taxing</b>		<b>20</b>	<b>38</b>	<b>37</b>	<b>15</b>	<b>11</b>	<b>38</b>	<b>15</b>	<b>43</b>	<b>1</b>	<b>32</b>		

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.

<sup>2</sup> Prescription drugs are exempt in every state except New Mexico and Illinois (1% tax).

<sup>3</sup> Enumerated services are taxable.

<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> Colorado and Mississippi consumer electric and gas utilities are exempt for residential use and taxable for commercial use. Maine exempts the first 750 kilowatt hours of residential

*Table 25(cont.)*  
**State Sales Taxes: Rates and Exemptions, November 1994**

- electricity per month. Michigan taxes utilities at 6%. North Dakota exempts sales of electricity and taxes natural gas at 2%. Minnesota exempts residential use of natural gas or electricity for heating purposes from November through April.
- 8 Exempt when billed separately from materials.
- 9 Books must show receipts separately for sales and services.
- 10 If becoming an ingredient or component part of property manufactured.
- 11 Exempt if sales to businesses in enterprise zone or equivalent (Arkansas, Colorado, Kansas, Kentucky, Louisiana, Michigan, Mississippi, New Jersey, Oklahoma, Texas). Virginia exempts all items for businesses in the zone for 5 years. Illinois exemption applies to building materials and operating high-impact service facilities. Oklahoma exemption applies to materials for new or expanded manufacturing facility costing over \$5 million and adding at least 100 new full-time jobs. Kentucky exempts machinery for new and expanded industry and industrial supplies with a life of less than one year.

- 12 Mississippi has interpreted its statutes to include end user (customer) access charges, which are interstate services established by FCC.
- 13 Generally taxes business activities under the gross receipts tax and interstate telecommunications gross receipts tax.
- 14 Interstate and international services are exempt for New York. Interstate calls are exempt in North Dakota.
- 15 Local residential service is exempt.
- 16 In Alabama, rental of rooms and lodgings are subject to a lodging tax of 4%-5% if stay is for a period of less than 30 days. In Massachusetts, there is a separate room occupancy excise tax of 5.7% with a local option of up to an additional 4%.
- 17 Exempt for new and expanding equipment purchases; replacements are taxed.

**\*State Notes**

**Alabama** Prescription drugs are exempt.

**Arkansas** Exempts the first 500 kilowatt hours of electricity per month for residential customers whose income is not more than \$12,000 per year.

**Connecticut** Clothing costing less than \$50 is exempt.

**Hawaii** Although Hawaii does not exempt food from the general sales tax, a credit is granted on the state income tax to help offset the sales and other excise taxes. Manufacturers and producers are subject to a 1/2% tax on the value of articles, substances, or commodities manufactured, etc. The tax applies to products manufactured in Hawaii and sold outside the state.

**Illinois** One percent tax on food and drugs.

**Kansas** 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.

**Louisiana** Food and telecommunications service is taxed at 3%. Exemptions do not apply to local sales taxes.

**Maryland** Specific snack foods and prepared foods and cash sales of food at colleges and hospital snack bars, cafeterias, and vending machines are taxed. Sales of food for home consumption are not taxed.

**Massachusetts** Any individual clothing item costing more than \$175 is taxable on the amount over the basic exemption. Exemption does not apply to sports and specialty clothing.

**Minnesota** All counties impose a 0.5% local option tax in addition to the state rate. Exemptions include clothing and motor fuels.

**Mississippi** Commercial use of potable water, electricity, natural gas, or other fuel is taxable at 7%. Industrial and agricultural use of fuels such as electricity and natural gas are taxable at 1.5%.

**Nebraska** Telecommunications exemption applies to interstate message tolls only.

**New Mexico** Although New Mexico does not exempt prescription drugs from the general sales tax, a tax credit (refundable if no tax is due) is available to taxpayers through the personal income tax.

**New York** Many cities and counties impose an additional rate of 3%, for a combined state and local rate of 7%. New York City and several other localities have authority to impose a local rate in excess of 3%. The state also collects the metropolitan commuter transportation district tax of 0.25% in 12 counties.

**Nevada** The state has a mandatory 2.25% local school support tax and a mandatory 2.25% city-county relief tax in addition to the 2% that the state imposes, making the effective state rate 6.5%. In addition, there are two county option taxes of 0.25% each and a supplemental county option tax of 0.25%. The sales/use tax is collected as a single tax by the state.

**North Carolina** Toll telecommunication services or private telecommunication services that originate and terminate in the state and are not subject to franchise tax are taxed at 6%. Local telecommunication services are taxed at 3%.

*Table 25(cont.)*  
**State Sales Taxes: Rates and Exemptions, November 1994**

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

<b>Oklahoma</b>	Cities and counties are not prohibited from levying and collecting taxes on the sale of natural gas and electricity.		state tax only. Cities and counties have an option to assess a local sales tax on some telecommunications services.
<b>Rhode Island</b>	Sales tax applies for sports clothing.	<b>Utah</b>	Utility sales tax rate on gas, electricity, heat, coal, fuel oil, or other fuels for residential use is 2%.
<b>South Dakota</b>	Persons aged 65 or older and disabled persons receiving Social Security payments who are residents may apply for a refund of sales and service taxes paid. Persons who receive this refund are not eligible for a refund of realty taxes on their dwelling.	<b>Virginia</b>	Beginning July 1, 1996, nonprescription drugs and proprietary medicines (except cosmetics) will be exempt.
<b>Texas</b>	Cities may impose their local tax on the residential use of gas, electricity, and telecommunications. Installation of tangible personal property is taxable if performed by seller. Third-party installation of tangible personal property is exempt. The following telecommunication services are covered by state and local sales tax: basic local exchange service; installation and service connection; intrastate long-distance calls; call waiting; call forwarding; other enhanced services; intrastate telegraph services; paging services; coin-operated telephone service; mobile telephone service; facsimile service; equipment that is sold or rented to the customer. Interstate long-distance telephone calls and interstate telegraph service are subject to	<b>Washington</b>	Sales of natural or manufactured gas are exempt. Sales of materials to repairers are exempt only if they are ingredients of products for resale. Repair of tangible personal property is subject to sales tax; the repairer collects tax on labor and materials from the customer.
		<b>Wisconsin</b>	Residential use of natural gas or electricity for heating purposes is exempt from November through April.
		<b>Wyoming</b>	Residents 65 or older or totally disabled are eligible for a tax refund, depending on income. An offsetting credit against use tax due is permitted for legally imposed sales taxes paid to another state.

Sources: ACIR staff compilations as of November 1994 based on Commerce Clearing House, *State Tax Guide* (Chicago, 1994).

Table 26  
State General Sales Taxes: Rates, Selected Years, 1978-1994

State	7/78	7/80	7/82	7/84	7/85	7/86	7/87	10/88	10/89	10/90	10/91	10/92	10/93	10/94
<b>U.S. Median</b>	4.0%	4.0%	4.0%	4.8%	4.8%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
<b>Alabama+</b>	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
<b>Alaska</b>	No tax													
<b>Arizona+</b>	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
<b>Arkansas+</b>	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.5	4.5	4.5	4.5
<b>California+</b>	4.75	4.75	4.75	4.75	4.75	4.75	4.75	4.75	5.0	5.0	6.0	6.0	6.0	6.0
<b>Colorado+</b>	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
<b>Connecticut</b>	7.0	7.5	7.5	7.5	7.5	7.5	7.5	7.5	8.0	8.0	6.0	6.0	6.0	6.0
<b>Delaware</b>	No tax													
<b>District of Columbia</b>	5.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.75
<b>Florida+</b>	4.0	4.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
<b>Georgia+</b>	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0
<b>Hawaii+<sup>1</sup></b>	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
<b>Idaho</b>	3.0	3.0	3.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
<b>Illinois+</b>	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	6.25	6.25	6.25	6.25	6.25
<b>Indiana</b>	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
<b>Iowa+</b>	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0
<b>Kansas+</b>	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.25	4.25	4.25	4.9	4.9	4.9
<b>Kentucky</b>	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0
<b>Louisiana+</b>	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
<b>Maine</b>	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0	6.0
<b>Maryland</b>	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
<b>Massachusetts</b>	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
<b>Michigan</b>	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	6.0
<b>Minnesota+</b>	4.0	4.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.5	6.0	6.0	6.0
<b>Mississippi</b>	5.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	7.0	7.0	7.0
<b>Missouri+</b>	3.125	3.125	3.125	4.125	4.225	4.225	4.225	4.225	4.425	4.225	4.225	4.225	4.225	4.225
<b>Montana</b>	No tax													
<b>Nebraska+</b>	3.0	3.0	3.5	3.5	3.5	3.5	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0
<b>Nevada+</b>	3.0	3.0	5.75 <sup>3</sup>	5.75 <sup>3</sup>	5.75 <sup>3</sup>	5.75 <sup>3</sup>	5.75 <sup>3</sup>	5.75 <sup>3</sup>	5.75 <sup>3</sup>	5.75 <sup>3</sup>	6.5 <sup>2</sup>	6.5 <sup>2</sup>	6.5 <sup>2</sup>	6.5 <sup>2</sup>
<b>New Hampshire</b>	No tax													
<b>New Jersey</b>	5.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0	7.0	7.0	6.0	6.0	6.0

*Table 26(cont.)*  
**State General Sales Taxes: Rates, Selected Years, 1978-1994**

State	7/78	7/80	7/82	7/84	7/85	7/86	7/87	10/88	10/89	10/90	10/91	10/92	10/93	10/94
<b>New Mexico+</b>	3.75	3.75	3.5	3.75	3.75	4.75	4.75	4.75	4.75	5.0	5.0	5.0	5.0	5.0
<b>New York+</b>	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
<b>North Carolina+</b>	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0
<b>North Dakota</b>	3.0	3.0	3.0	4.0	4.0	4.0	5.5	5.5	6.0	5.0	5.0	5.0	5.0	5.0
<b>Ohio+</b>	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
<b>Oklahoma+</b>	2.0	2.0	2.0	3.0	3.25	3.25	4.0	4.0	4.0	4.5	4.5	4.5	4.5	4.5
<b>Oregon</b>	No tax													
<b>Pennsylvania+</b>	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
<b>Rhode Island</b>	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0	7.0
<b>South Carolina+</b>	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
<b>South Dakota+</b>	4.0	5.0	4.0	4.0	4.0	4.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
<b>Tennessee+</b>	4.5	4.5	4.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	6.0	6.0	6.0
<b>Texas+</b>	4.0	4.0	4.0	4.0	4.125	4.125	6.0	6.0	6.0	6.25	6.25	6.25	6.25	6.25
<b>Utah+</b>	4.0	4.0	4.0	4.625	4.625	4.5938	5.0938	5.0938	5.0938	5.0	5.0	5.0	5.0	5.0
<b>Vermont</b>	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0
<b>Virginia+</b>	3.0	3.0	3.0	3.0	3.0	3.0	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
<b>Washington+</b>	4.6	4.5	5.4	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
<b>West Virginia</b>	3.0	3.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
<b>Wisconsin+</b>	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
<b>Wyoming+</b>	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0

+ Local sales taxes are additional.

<sup>1</sup> Hawaii levies its retail sales tax as part of a multi-rate general excise (gross receipts) tax.

<sup>2</sup> Nevada's rate includes a 2% state rate plus 4.5% state mandated county rate.

<sup>3</sup> Includes statewide state-levied local tax of 3.75% and a 2% state rate.

Source: Commerce Clearing House, *State Tax Guide* (Chicago, 1994). See also Tables 25, 27, and 28.

Table 27

## Local Sales Taxes: Number and Type of Jurisdiction, Selected Years, 1976-1994

State	1976	1979	1981	1984	1986	1987	1988	1989	1990	1991	1993	1994
<b>Alabama (Total)</b>	265	301	321	353	374	382	389	398	403	405	415	421
Municipalities		270	281	310	323	326	334	343	344	345	355	359
Counties		31	40	43	51	56	55	55	59	60	60	62
<b>Alaska (Total)</b>	86	93	92	99	97	93	101	101	101	101	101	98
Municipalities		86	85	92	91	87	95	95	95	95	95	93
Boroughs		7	7	7	6	6	6	6	6	6	6	5
<b>Arizona (Total)</b>	38	39	59	70	75	77	81	83	85	92	95	100
Municipalities	38	39	59	70	74	75	79	81	82	81	83	86
Counties	-	-	-	-	1	2	2	2	3	11	12	14
<b>Arkansas (Total)</b>	1	1	2	60	78	111	142	175	185	192	244	261
Municipalities	1	1	2	44	59	76	100	120	131	136	181	192
Counties		-	-	16	19	35	42	55	54	56	63	69
<b>California (Total)*</b>	438	441	441	443	444	445	446	450	460	460	461	465
Municipalities		380	380	380	380	380	380	380	380	380	380	380
Counties		58	58	58	58	58	58	58	58	58	58	58
Special Districts		3	3	5	6	7	8	12	22	22	23	27
<b>Colorado (Total)</b>	121	165	183	205	222	225	235	235	236	238	242	250
Municipalities		144	159	175	191	193	200	200	198	198	200	201
Counties		20	23	29	30	31	34	34	37	39	41	42
Transit District		1	1	1	1	1	1	1	1	1	1	1
Special District	-	-	-	-	-	-	-	-	-	-	-	6
<b>Florida (Total)*</b>								11	23	26	39	45
Counties		-	-	-	0	0	10	10	21	25	38	44
Transit District								1	2	1	1	1
<b>Georgia (Total)*</b>	16	84	104	133	143	144	155	154	165	158	160	160
Municipalities		3	0	0	0	0	0	0	0	0	0	0
Counties		80	103	132	142	143	154	153	164	157	159	159
Transit District		1	1	1	1	1	1	1	1	1	1	1
<b>Illinois (Total)</b>	1,342	1,359	1,359	1,353	1,376	1,375	1,383	1,348	34	53	74	81
Municipalities		1,256	1,256	1,249	1,272	1,271	1,279	1,278	31	42	70	70
Counties		102	102	102	102	102	102	68	0	8	1	8
Transit Districts		1	1	2	2	2	2	2	2	2	2	2
Water District		-	-	-	-	-	-	-	1	1	1	1
<b>Iowa</b>												
Counties							5	9	12	15	19	27
<b>Kansas (Total)</b>	7	20	40	139	168	168	175	178	180	185	198	211
Municipalities		15	35	87	108	108	112	116	119	124	135	142
Counties		5	5	52	60	60	62	62	61	61	63	69
<b>Louisiana (Total)</b>	183	217	251	253	287	302	302	325	325	327	339	340
Municipalities		136	152	158	177	192	193	189	193	195	203	203
Parishes		21	30	30	63	63	63	64	63	63	63	63
School Districts		60	66	65	47	47	46	47	48	48	48	50
Special Districts		7	12	18	23	23	23	25	21	21	25	24
<b>Minnesota</b>												
Municipalities	1	1	1	2	1	3	3	3	3	3	5	5
<b>Missouri (Total)</b>	152	215	333	487	556	657	674	698	725	780	682	687
Municipalities	151	214	332	406	458	474	479	490	508	563	573	580
Counties	1	1		81	98	114	120	126	126	126	109	107
<b>Nebraska</b>												
Municipalities	-	4	7	12	16	22	25	30	41	44	57	64
<b>Nevada (Total)</b>	12	13	1	1	5	7	7	7	7	7	17	9
Municipalities	1	-	-	-	-	-	-	-	-	-	-	-
Counties	11	12	1	1	5	7	7	7	7	7	17	9
<b>New Mexico (Total)</b>	32	99	84	120	134	128	132	134	135	134	136	139
Municipalities		93	76	98	101	100	101	101	102	101	103	106
Counties		6	8	22	33	28	31	33	33	33	33	33

Table 27 (cont.)  
Local Sales Taxes: Number and Type of Jurisdiction, Selected Years, 1976-1994

State	1976	1979	1981	1984	1986	1987	1988	1989	1990	1991	1993	1994
<b>New York (Total)</b>	68	70	74	87	81	85	83	85	87	89	84	79
Municipalities		25	29	29	27	26	28	30	25	27	27	22
Counties		45	45	57	53	58	54	54	61	61	56	56
Transit District	—	—	—	1	1	1	1	1	1	1	1	1
<b>North Carolina</b>												
Counties	96	99	99	100	100	100	100	100	100	100	100	100
<b>North Dakota</b>												
Municipalities	—	—	—	—	3	3	4	5	5	10	24	35
<b>Ohio (Total)</b>	33	51	55	65	76	81	88	90	89	95	95	92
Counties		50	52	62	74	79	83	85	83	86	86	88
Transit Districts		1	3	3	2	2	3	3	4	7	9	4
<b>Oklahoma (Total)</b>	356	398	398	447	466	473	479	492	494	495	521	530
Municipalities	356	398	398	441	452	457	458	468	470	470	476	481
Counties	—	—	—	6	14	16	21	24	24	25	45	49
<b>South Carolina</b>												
Counties	—	—	—	—	—	—	—	—	—	6	15	16
<b>South Dakota (Total)</b>	18	46	61	82	107	111	120	135	139	144	161	169
Municipalities	18	46	61	82	107	111	117	132	136	141	158	166
Indian Reservations	—	—	—	—	—	—	3	3	3	3	3	3
<b>Tennessee (Total)</b>	115	104	105	102	105	105	106	106	104	103	103	104
Municipalities		12	11	8	10	10	11	11	9	8	8	9
Counties		92	94	94	95	95	95	95	95	95	95	95
<b>Texas (Total)</b>	854	946	949	1,120	1,032	1,029	1,107	2,610	1,276	1,291	1276	1318
Municipalities		921	921	1,117	1,026	1,023	1,023	2,521	1,164	1,176	1157	1193
Counties		—	—	—	—	—	78	82	105	105	105	110
Transit Districts		25	28	3	6	6	6	7	7	7	7	8
Special Districts										3	7	7
<b>Utah (Total)</b>	204	230	n.a.	248	248	248	258	260	251	255	260	259
Municipalities		201	n.a.	219	219	219	222	225	222	226	228	227
Counties		29	29	29	29	29	29	29	29	29	29	29
Transit Districts							7	6	n.a.	n.a.	3	3
<b>Virginia (Total)</b>	133	136	136	136	136	136	136	136	136	136	136	136
Municipalities		41	41	41	41	41	41	41	41	41	41	41
Counties		95	95	95	95	95	95	95	95	95	95	95
<b>Washington (Total)</b>	300	302	302	306	305	307	307	305	307	307	307	308
Municipalities		264	264	267	266	268	267	266	268	268	268	269
Counties		38	38	39	39	39	40	39	39	39	39	39
<b>Wisconsin</b>												
Counties	—	—	—	—	2	12	18	24	28	40	45	47
<b>Wyoming</b>												
Counties	5	13	15	15	14	15	16	19	19	23	20	23
<b>U.S. Total</b>	<b>4,893</b>	<b>5,448</b>	<b>5,702</b>	<b>6,492</b>	<b>6,705</b>	<b>6,892</b>	<b>6,955</b>	<b>8,814</b>	<b>6,155</b>	<b>6,438</b>	<b>6,431</b>	<b>6,579</b>

n.a. not available

— not authorized

**\*State Notes**

**California** Los Angeles and San Francisco impose a special gross receipts tax.

**Georgia** Local School Tax—specified counties are authorized to impose a local sales and use tax for educational purposes.

**Florida** Counties may impose a tourist development or impact tax on rentals or leases of living quarters for a term of six months or less.

Source: ACIR staff compilations based on Commerce Clearing House, *State Tax Reporter* and *State Tax Guide* (Chicago, 1994). See Table 28 for local rates.



Table 28  
**State-Local General Sales Taxes: Combined Rates, Selected Cities, June 1995**

State	City (County)	State Tax	County Tax	City Tax	Other Tax	Combined State-Local Tax Rate
<b>Alabama</b>	Birmingham (Jefferson)	4.00	1.00	3.00		8.00
	Huntsville (Madison)	4.00		2.50		6.50
	Mobile (Mobile)	4.00	1.00	4.00		9.00
	Montgomery (Montgomery)	4.00	1.50	2.50		8.00
	Tuscaloosa (Tuscaloosa)	4.00	2.00	2.00		8.00
<b>Alaska*</b>	Juneau (Juneau)	—		4.00		4.00
<b>Arizona</b>	Phoenix (Maricopa)	5.00	0.50	1.30		6.70
	Tucson (Pima)	5.00		2.00		7.00
	Yuma (Yuma)	5.00	0.50	1.70		7.20
<b>Arkansas*</b>	Fort Smith (Sebastian)	4.50	1.00	1.00		6.50
	Little Rock (Pulaski)	4.50	1.00	0.50		6.00
	North Little Rock (Pulaski)	4.50	1.00			5.50
<b>California*</b>	Bakersfield (Kern)	6.00	1.25			7.25
	Los Angeles (Los Angeles)	6.00	1.25		1.00	8.25
	Sacramento (Sacramento)	6.00	1.25		0.50	7.75
	San Diego (San Diego)	6.00	1.25		0.50	7.75
	San Francisco (City and County)	6.00	1.25		1.25	8.50
	San Jose (Santa Clara)	6.00	1.25		1.00	8.25
<b>Colorado*</b>	Aurora (Arapahoe)	3.00		3.75	0.60	7.35
	Boulder (Boulder)	3.00		2.86	0.60	6.46
	Colorado Springs (El Paso)	3.00		2.20		5.20
	Denver (Denver)	3.00		3.50	0.80	7.30
	Fort Collins (Larimer)	3.00		3.00		6.00
<b>Connecticut</b>	No local general sales taxes	6.00				6.00
<b>Delaware</b>	No state or local general sales taxes					
<b>District of Columbia</b>				5.75		6.00
<b>Florida*</b>	Fort Lauderdale (Broward)	6.00				6.00
	Jacksonville (Duval)	6.00	0.50			6.50
	Miami (Dade)	6.00	0.50			6.50
	Miami Beach (Dade)	6.00	0.50			6.50
	Orlando (Orange)	6.00				6.00
	St. Petersburg (Pinellas)	6.00	1.00			7.00
	Tallahassee (Leon)	6.00	1.00			7.00
	Tampa (Hillsborough)	6.00	0.50			6.50
<b>Georgia*</b>	Atlanta (Fulton)	4.00	1.00		1.00	6.00
	Columbus (Muscogee)	4.00	1.00			5.00
	Savannah (Chatham)	4.00	1.00			5.00
<b>Hawaii*</b>	No local general sales taxes					
<b>Idaho*</b>	Boise	5.00				5.00
	Ketchum	5.00		1.00		6.00
	Sun Valley	5.00		2.00		7.00
<b>Illinois*</b>	Chicago (Cook)	6.25	0.75	1.00	0.75	8.75
	Decatur (Macon)	6.25		1.00		7.25
	Peoria (Peoria)	6.25		1.00		7.25
	Rockford (Winnebago)	6.25				6.25
<b>Indiana</b>	No local general sales taxes					
		5.00				5.00

Table 28 (cont.)  
**State-Local General Sales Taxes: Combined Rates, Selected Cities, June 1995**

State	City (County)	State Tax	County Tax	City Tax	Other Tax	Combined State-Local Tax Rate
<b>Iowa*</b>	Cedar Rapids (Linn)	5.00				5.00
	Davenport (Scott)	5.00	1.00			6.00
	Des Moines (Polk)	5.00				5.00
	Dubuque (Dubuque)	5.00	1.00			6.00
<b>Kansas*</b>	Kansas City (Wyandotte)	4.90	1.00	1.00		6.90
	Topeka (Shawnee)	4.90	0.25	1.00		6.15
	Wichita (Sedgwick)	4.90	1.00			5.90
<b>Kentucky</b>	No local general sales taxes	6.00				6.00
<b>Louisiana*</b>	Baton Rouge (East Baton Rouge)	4.00	2.00	2.00		8.00
	Monroe (Ouachita)	4.00	0.50	4.00		8.50
	New Orleans (Orleans)	4.00	5.00			9.00
	Shreveport (Caddo)	4.00	1.75	2.50		8.25
<b>Maine</b>	No local general sales taxes	6.00				6.00
<b>Maryland</b>	No local general sales taxes	5.00				5.00
<b>Massachusetts</b>	No local general sales taxes	5.00				5.00
<b>Michigan</b>	No local general sales taxes	6.00				4.00
<b>Minnesota*</b>	Duluth (St. Louis)	6.00	0.50	1.00		7.50
	Minneapolis (Hennepin)	6.00	0.50	0.50		7.00
	Rochester (Olmsted)	6.00	0.50	0.50		7.00
	St. Paul (Ramsey)	6.00	0.50	0.50		7.00
<b>Mississippi</b>	No local general sales taxes	7.00				7.00
<b>Missouri*</b>	Independence (Jackson)	4.225	0.75	1.00		5.975
	Kansas City (Jackson)	4.225	0.75	1.00	0.50	6.475
	St. Louis	4.225		1.875	0.75	6.85
	Springfield (Greene)	4.225	0.50	1.25		5.975
<b>Montana</b>	No state or local general sales taxes					
<b>Nebraska*</b>	Lincoln (Lancaster)	5.00		1.50		6.50
	Omaha (Douglas)	5.00		1.50		6.50
<b>Nevada*</b>	Las Vegas (Clark)	6.50	0.50			7.00
	Reno (Washoe)	6.50	0.50			7.00
<b>New Hampshire</b>	No state or local general sales taxes					
<b>New Jersey</b>	No local general sales taxes	6.00				6.00
<b>New Mexico*</b>	Albuquerque (Bernalillo)	5.00	0.375	0.4375		5.8125
	Santa Fe (Santa Fe)	5.00	0.75	0.5		6.25
<b>New York*</b>	Albany (Albany)	4.00	4.00			8.00
	Buffalo (Erie)	4.00	4.00			8.00
	New York	4.00		4.25		8.25
	Rochester (Monroe)	4.00	4.00			8.00
	Syracuse (Onondaga)	4.00	3.00			7.00
	Yonkers (Westchester)	4.00	2.50	2.50		9.00
<b>North Carolina</b>	Charlotte (Mecklenburg)	4.00	2.00			6.00
	Durham (Durham)	4.00	2.00			6.00
	Raleigh (Wake)	4.00	2.00			6.00
	Winston-Salem (Forsyth)	4.00	2.00			6.00
<b>North Dakota</b>	Fargo (Cass)	5.00		1.00		6.00

*Table 28 (cont.)*  
**State-Local General Sales Taxes: Combined Rates, Selected Cities, June 1995**

State	City (County)	State Tax	County Tax	City Tax	Other Tax	Combined State-Local Tax Rate
<b>Ohio*</b>	Akron (Summit)	5.00	1.25			6.25
	Cincinnati (Hamilton)	5.00	0.50			5.50
	Cleveland (Cuyahoga)	5.00	2.00			7.00
	Columbus (Franklin)	5.00	0.75			5.75
	Dayton (Montgomery)	5.00	1.50			6.50
	Toledo (Lucas)	5.00	1.25			6.25
	Youngstown (Mahoning)	5.00	1.00			6.00
<b>Oklahoma</b>	Oklahoma City (Oklahoma)	4.5		3.875		8.375
	Tulsa (Tulsa)	4.50		3.50		8.00
<b>Oregon</b>	No general sales taxes					
<b>Pennsylvania</b>	Philadelphia (City and County)	6.00		1.00		7.00
	No other local general sales taxes					
<b>Rhode Island</b>	No local general sales taxes	7.00				7.00
<b>South Carolina</b>	Charleston (Charleston)	5.00	1.00			6.00
<b>South Dakota</b>	Rapid City (Pennington)	4.00		2.00		6.00
	Sioux Falls (Minnehaha)	4.00		2.00		6.00
<b>Tennessee*</b>	Chattanooga (Hamilton)	6.00	1.75			7.75
	Knoxville (Knox)	6.00	2.25			8.25
	Memphis (Shelby)	6.00	2.25			8.25
	Nashville (Davidson)	6.00	2.25			8.25
<b>Texas*</b>	Austin (Travis)	6.25		1.00	0.75	8.00
	Corpus Christi (Nueces)	6.25		1.00	0.50	7.75
	Dallas (Dallas)	6.25		1.00	1.00	8.25
	Fort Worth (Tarrant)	6.25		1.00	0.50	7.75
	Houston (Harris)	6.25		1.00	1.00	8.25
	San Antonio (Bexar)	6.25		1.00	0.50	8.25
	Wichita Falls (Wichita)	6.25		1.00		7.25
<b>Utah*</b>	Ogden (Weber)	5.00	1.00		0.25	6.25
	Provo (Utah)	5.00	1.00		0.25	6.25
	Salt Lake City (Salt Lake)	5.00	1.00		0.25	6.25
<b>Vermont</b>	No local general sales taxes	5.00				5.00
<b>Virginia*</b>	Alexandria	3.50		1.00		4.50
	Fairfax County	3.50	1.00			4.50
	Newport News	3.50		1.00		4.50
	Norfolk	3.50		1.00		4.50
	Richmond	3.50		1.00		4.50
<b>Washington*</b>	Seattle (King)	6.50		1.70		8.20
	Spokane (Spokane)	6.50		1.50		8.00
	Tacoma (Pierce)	6.50		1.40		7.90
<b>West Virginia</b>	No local general sales taxes	6.00				6.00
<b>Wisconsin*</b>	Madison (Dane)	5.00	0.50			5.50
	Milwaukee (Milwaukee)	5.00	0.50			5.50
	Racine (Racine)	5.00				5.00
<b>Wyoming*</b>	Cheyenne (Laramie)	4.00	2.00			5.00
	Lincoln	4.00	1.00			4.00

*Table 28 (cont.)*  
**State-Local General Sales Taxes: Combined Rates, Selected Cities, June 1995**

**\*State Notes**

<b>Alaska</b>	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.	<b>Georgia</b>	public hospital surtax of 0.5%, or (6) a small-county indigent care surtax of 0.5%. County taxes imposed under (2), (3), (4), (5), and (6) may not exceed 1%.
<b>Arkansas</b>	Subject to voter approval, counties are authorized to levy local sales and use taxes for a variety of purposes. Specified municipalities also may impose a sales and use tax, subject to voter approval, for a variety of purposes.		
<b>California</b>	All counties have adopted a 1.25% sales tax. Cities may levy a conforming 1.0% tax and counties must allow a credit of 1.0% against the county rate. The board of any county may levy a tax at a rate of 0.25% or 0.5%, or establish an authority for specific purposes, which may levy a 0.25% or 0.5% sales and use tax, subject to voter approval. The Local Transportation Authority and Improvement Act authorizes the imposition of a voter-approved tax by any local transportation authority. The tax rate may be 0.25%, 0.5%, 0.75%, or 1.00%. Several districts are authorized to impose a tax to fund public mass transit, transportation and traffic, public education, libraries, justice facilities, drug abuse prevention, crime prevention, health care services, etc. In addition to the sales and use taxes, Los Angeles and San Francisco impose special gross receipts taxes.	<b>Hawaii</b>	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. Specified counties are authorized to impose a local sales and use tax for educational purposes. Governing bodies that enter into rapid transit contracts with the Metropolitan Atlanta Rapid Transit Authority may levy sales and use taxes at the rate of 1% until 6/30/2032 and 0.5% thereafter (Fulton, DeKalb, Cobb, Clayton, or Gwinnett counties or the City of Atlanta). No tax may be levied unless the tax is imposed in Fulton and DeKalb counties.
		<b>Hawaii</b>	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.
		<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 the state Sales and Use Tax Act, subject to voter approval.
		<b>Illinois</b>	Home rule cities may 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%.
<b>Colorado</b>	Counties and incorporated cities and towns may levy sales taxes with voter approval. The regional transportation district (City and County of Denver and portions of Adams, Arapahoe, Jefferson, Boulder, and Douglas counties) levies a 0.6% sales tax. A 0.1% tax applies to all sales subject to the transportation tax for the Denver Metropolitan Scientific and Cultural Facilities District, and an additional 0.1% tax for the Denver Metropolitan Baseball Stadium District. Public highway authorities may levy sales and use taxes not to exceed 0.4%. Board of county having a population greater than 100,000, with voter approval, may fund specified local improvements by levying a sales tax not to exceed 0.5% through the local improvement district.	<b>Iowa</b>	Counties are authorized to levy a local sales and service tax at a rate not to exceed 1%, with voter approval.
		<b>Kansas</b>	If approved by the voters, Class A and Class C cities may levy 0.25%, 0.5%, 0.75%, or 1% retail sales taxes; Class B cities, 0.25% to 2% in 0.25% increments; and Class D cities, 0.25% to 1.75% in 0.25% increments. Class D cities, with voter approval, may impose an additional 0.5% or 0.75% sales tax. A board of county commissioners may levy the tax at 0.5% or 1%; certain counties may levy the tax at 0.25%, 1.5%, or 2%. The rate of a county-imposed tax may be equal to the sum of the rate allowed to be imposed by a board of county commissioners on 7/1/92 plus 0.25%, 0.5%, 0.75%, or 1%. After voter approval, a city or county may impose an additional 0.25%, 0.5%, 0.75%, or 1% tax to fund health care services. Any county
<b>Florida</b>	The governing body in each county may levy (1) a charter county transit system surtax at a rate not to exceed 1%, (2) a local government infrastructure surtax for up to 15 years at the rate of 0.5% or 1%, (3) a small-county surtax of 0.5% or 1%, (4) an indigent care surtax not to exceed 0.5% (may not be imposed after 10/1/98 or if (5) or (6) below are imposed), (5) a county		

*Table 28 (cont.)*  
**State-Local General Sales Taxes: Combined Rates, Selected Cities, June 1995**

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

	that is part of the Kansas and Missouri culture district must impose a countywide sales tax not to exceed 0.25%, subject to voter approval.	<b>New York</b>	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>Louisiana</b>	Any local subdivision or school board, with voter approval, may levy a sales tax not exceeding 3% when combined with other local sales taxes.	<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>Minnesota</b>	Counties are authorized to impose a 0.5% local option general sales and use tax. Specified cities are authorized to impose a general sales tax.	<b>Tennessee</b>	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 not exceed \$5 on the sale of any single item of personal property if the local tax rate does not exceed 1% and may not exceed \$7.50 whenever the tax rate exceeds 1%.
<b>Missouri</b>	Cities may impose a 0.5%, 0.875%, or 1% sales tax, except St. Louis, which may impose a 1.375% tax. Municipalities, with some exceptions are authorized to impose an additional sales (capital improvements) tax of 0.125%, 0.25%, 0.0375%, or 0.5%, subject to voter approval. A transportation tax up to 0.5% may be imposed by specified local governments. Transportation development districts may impose a sales tax at an unspecified rate if approved by local voters. Counties are authorized to impose local sales taxes under several statutes, all subject to voter approval.	<b>Texas</b>	A county that is not located in a rapid transit authority or a regional transportation authority may adopt a sales or use tax, subject to voter approval, to reduce property taxes. Qualified cities may levy an additional 0.5% local sales tax to reduce city property taxes, or with voter approval if there is no property tax. Cities located in a county with a population over 750,000 are authorized to levy an additional 0.5% tax, if approved by voters, not to exceed a combined state-local rate of 7.25%.
<b>Nebraska</b>	Metropolitan class, primary class, and first and second class cities may impose up to a 1.5% sales and use tax, subject to voter approval.	<b>Utah</b>	Cities and counties may impose a sales tax of 0.75% or 1%. Cities in the counties that impose the tax receive a portion of the revenues. Cities and counties also may 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>Nevada</b>	The state sales tax of 6.5% includes 4.5% for local school support and city-county relief. Counties may levy an additional tax for public transportation, road construction, or tourism.	<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>New Mexico</b>	Municipalities may impose an excise tax at the rate of up to 1.25%, and until 7/1/96, a special municipal gross receipts tax at a rate not to exceed 0.25%. Municipalities are authorized to levy an excise tax not to exceed 0.125% (infrastructure gross receipts tax) on any person engaging in business. A county fire protection excise tax may be imposed at 0.125% or 0.25% of gross receipts. Counties that meet certain property tax rate requirements may impose a 0.375% gross receipts tax. Subject to voter approval, counties that meet certain population, property tax, and severance tax requirements may impose a 0.5% local hospital gross receipts tax and a 0.125% special county hospital gross receipts tax for up to 10 years. A majority of the members of the governing body of a county may enact an ordinance imposing a county health care gross receipts tax at a rate of 1/16 of 1%. Municipalities and counties may impose an environmental services gross receipts tax at 0.0625% (municipal) and 0.125% (county).	<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. If the county in which the city is located imposes a sales and use tax, the city tax rate may not exceed .425%. Counties and cities may levy an additional 0.5% if approved by voters.
		<b>Wisconsin</b>	The county sales and use taxes may be imposed only for the purpose of directly reducing the property tax levy.
		<b>Wyoming</b>	Counties may levy an additional capital improvement tax not to exceed 1%, subject to voter approval.

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Reporter* (Chicago, 1994). See also Table 27.

Table 29  
State Gasoline Taxes: Rates per Gallon, Selected Years, 1978-1994

Region and State	1978	1980	1982	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
<i>Exhibit:</i>														
Federal Tax	\$0.04	\$0.04	\$0.04	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	\$0.14	\$0.14	\$0.18	\$0.18
Median	0.08	0.09	0.1	0.12	0.12	0.13	0.145	0.145	0.16	0.16	0.18	0.18	0.19	0.19
Alabama+*	0.07	0.07	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.16	0.16	0.16
Alaska+	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08
Arizona	0.08	0.08	0.1	0.13	0.13	0.16	0.16	0.16	0.17	0.18	0.18	0.18	0.18	0.18
Arkansas	0.085	0.095	0.095	0.095	0.135	0.135	0.135	0.135	0.135	0.135	0.185	0.185	0.185	0.185
California+o*	0.07	0.07	0.07	0.09	0.09	0.09	0.09	0.09	0.09	0.14	0.15	0.16	0.17	0.18
Colorado	0.07	0.07	0.09	0.13	0.12	0.18	0.18	0.18	0.20	0.20	0.22	0.22	0.22	0.22
Connecticut*	0.11	0.11	0.11	0.15	0.16	0.17	0.19	0.20	0.20	0.22	0.25	0.26	0.29	0.32
Delaware*	0.11	0.09	0.11	0.11	0.11	0.11	0.16	0.16	0.16	0.16	0.19	0.19	0.22	0.23
District of Columbia	0.1	0.1	0.14	0.155	0.155	0.155	0.155	0.155	0.18	0.18	0.18	0.20	0.20	0.20
Florida+*	0.08	0.08	0.08	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
Georgia o*	0.075h	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075	0.075
Hawaii+o*	0.085	0.085	0.085	0.085	0.11	0.11	0.11	0.11	0.11	0.11	0.16	0.16	0.16	0.16
Idaho*	0.095	0.095	0.125	0.145	0.145	0.145	0.145	0.18	0.18	0.19	0.22	0.22	0.22	0.22
Illinois+o*	0.075	0.075	0.075	0.12	0.13	0.13	0.13	0.13	0.13	0.13	0.19	0.19	0.19	0.19
Indiana o	0.08	0.085	0.111	0.111	0.14	0.14	0.14	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Iowa	0.085	0.1	0.13	0.13	0.15	0.16	0.16	0.18	0.20	0.20	0.20	0.20	0.20	0.20
Kansas	0.08	0.08	0.08	0.11	0.11	0.11	0.11	0.11	0.15	0.16	0.17	0.18	0.18	0.18
Kentucky*	0.09	0.09	0.098	0.1	0.1	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Louisiana	0.08	0.08	0.08	0.16	0.16	0.16	0.16	0.16	0.20	0.20	0.20	0.20	0.20	0.20
Maine	0.09	0.09	0.09	0.14	0.14	0.14	0.14	0.16	0.17	0.17	0.19	0.19	0.19	0.19
Maryland	0.09	0.09	0.11	0.135	0.135	0.135	0.185	0.185	0.185	0.185	0.185	0.235	0.235	0.235
Massachusetts*	0.085	0.085	0.104	0.11	0.11	0.11	0.11	0.11	0.11	0.17	0.21	0.21	0.21	0.21
Michigan	0.09	0.11	0.11	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Minnesota	0.09	0.11	0.13	0.17	0.17	0.17	0.17	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Mississippi+*	0.09	0.09	0.09	0.09	0.09	0.09	0.15	0.17	0.18	0.18	0.18	0.18	0.18	0.18
Missouri*	0.07	0.07	0.07	0.07	0.07	0.07	0.11	0.11	0.11	0.11	0.11	0.13	0.13	0.15
Montana+*	0.08	0.09	0.09	0.15	0.15	0.15	0.2	0.2	0.2	0.2	0.205	0.2	0.24	0.27
Nebraska*	0.095	0.105	0.137	0.149	0.164	0.19	0.176	0.182	0.22	0.214	0.234	0.234	0.243	0.24
Nevada+*	0.06	0.06	0.1025	0.1025	0.1125	0.1125	0.1425	0.1625	0.1625	0.1625	0.18	0.225	0.225	0.225
New Hampshire	0.10	0.11	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.16	0.18	0.18	0.18	0.18

Table 29 (cont.)  
State Gasoline Taxes: Rates per Gallon, Selected Years, 1978-1994

Region and State	1978	1980	1982	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
New Jersey*	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.105	0.105	0.105	0.105	0.105	0.105	0.105
New Mexico+*	0.07	0.08	0.10	0.11	0.11	0.11	0.14	0.142	0.162	0.162	0.162	0.16	0.22	0.20
New York+o*	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08
North Carolina*	0.09	0.09	0.12	0.12	0.12	0.12	0.155	0.14	0.209	0.215	0.226	0.223	0.22	0.217
North Dakota*	0.08	0.08	0.08	0.13	0.13	0.13	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.18
Ohio*	0.07	0.07	0.117	0.12	0.12	0.12	0.147	0.148	0.18	0.20	0.21	0.21	0.22	0.22
Oklahoma*	0.0658	0.0658	0.0658	0.09	0.10	0.10	0.16	0.16	0.17	0.16	0.16	0.16	0.16	0.16
Oregon+*	0.07	0.07	0.08	0.09	0.10	0.11	0.12	0.14	0.16	0.18	0.20	0.22	0.24	0.24
Pennsylvania	0.09	0.11	0.11	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12
Rhode Island*	0.10	0.10	0.10	0.13	0.13	0.13	0.13	0.15	0.2	0.2	0.26	0.26	0.28	0.28
South Carolina	0.09	0.10	0.13	0.13	0.13	0.13	0.15	0.15	0.16	0.16	0.16	0.16	0.16	0.16
South Dakota+	0.08	0.12	0.13	0.13	0.13	0.13	0.13	0.18	0.18	0.18	0.18	0.18	0.18	0.18
Tennessee+*	0.07	0.07	0.09	0.09	0.12	0.17	0.17	0.17	0.21	0.21	0.20	0.20	0.20	0.20
Texas	0.05	0.05	0.05	0.05	0.1	0.1	0.15	0.15	0.15	0.15	0.20	0.20	0.20	0.20
Utah*	0.09	0.09	0.11	0.14	0.14	0.14	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
Vermont o	0.09	0.09	0.11	0.13	0.13	0.13	0.13	0.13	0.15	0.15	0.15	0.15	0.15	0.15
Virginia+o*	0.09	0.11	0.11	0.11	0.11	0.15	0.175	0.175	0.175	0.175	0.175	0.175	0.175	0.175
Washington+o*	0.11	0.12	0.12	0.18	0.18	0.18	0.18	0.18	0.18	0.22	0.23	0.23	0.23	0.23
West Virginia*	0.105	0.105	0.105	0.105	0.105	0.105	0.105	0.105	0.155	0.155	0.155	0.155	0.205	0.205
Wisconsin*	0.07	0.09	0.13	0.16	0.165	0.175	0.2	0.209	0.208	0.215	0.222	0.222	0.232	0.234
Wyoming*	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.09	0.09	0.09	0.09	0.09	0.09

+ There may be additional local taxes.

o State sales taxes are additional.

**\*State Notes**

**Alabama** Local tax rates range from 1-13¢.

**California** Tax rates could be increased if federal fuel tax rate is reduced and federal financial allocations to California for highway and exclusive public mass transit guideway purposes are reduced or eliminated correspondingly.

**Connecticut** The tax is increased to 33¢ on 7/1/95, 34¢ on 10/1/95, 35¢ on 1/1/96, 36¢ on 4/1/96, 37¢ on 10/1/96, and 39¢ on 1/1/97.

**Delaware** Rate is determined annually by the secretary of transportation and the secretary of finance based on the wholesale average price per gallon of regular unleaded.

**Florida** In addition to gasoline and special fuel taxes, a state transportation system tax is levied on motor fuels in counties imposing county transportation local option taxes at  $\frac{2}{3}$  of the lesser of the sum of the county taxes levied or 6¢ per gallon.

**Georgia** Additional tax levied at 3% of retail sales price.

**Hawaii** Local tax rates range from 8.8-16.5¢.

**Idaho** Includes a 1¢ per gallon transfer fee to fund the Petroleum Clean Water Trust Fund. The fee may be suspended depending on the balance in the fund.

Table 29 (cont.)  
 State Gasoline Taxes: Rates per Gallon, Selected Years, 1978-1994

\*State Notes (cont.)

<b>Illinois</b>	An additional tax is imposed on special fuel used by commercial motor vehicles, based on the average selling price of special fuel sold in the state.	<b>North Dakota</b>	Up to 2¢ per gallon in additional taxes could be levied if specified federal highway matching funds are made available to the state.
<b>Kentucky</b>	The tax is imposed at 9% of average wholesale price plus a supplemental highway user motor fuel tax computed to reflect decrease in the average wholesale price of gasoline.	<b>Ohio</b>	Tax is 7¢ per gallon plus an additional tax based on highway maintenance costs and fuel consumption.
<b>Massachusetts</b>	The tax is imposed at 19.1% of weighted average selling price.	<b>Oklahoma</b>	Additional 1¢ per gallon assessment imposed on fuel sold by a distributor.
<b>Mississippi</b>	On 9/1/01, the rate is reduced to 14.4¢ per gallon for gasoline. Local taxes range from 2¢ to 3¢ per gallon.	<b>Oregon</b>	The following counties levy a local, per gallon gas tax: Multnomah County, 3¢; Washington County, 1¢; Woodburn County, 1¢.
<b>Missouri</b>	Rate increases to 17¢ on 4/1/96. Rate decreases to 11¢ on 4/1/08.	<b>Rhode Island</b>	Tax imposed at 11% of wholesale price, plus an additional excise of 2% on distributors.
<b>Montana</b>	A county, by initiative or board of commissioners' resolution, may impose a motor fuel excise tax in increments of 1¢ per gallon, not to exceed 2¢ per gallon, on gasoline sold to the consumer for use in motor vehicles operated on public highways, streets, and roads.	<b>Tennessee</b>	Plus an additional 1¢ per gallon special petroleum products tax.
<b>Nebraska</b>	The figure includes an additional tax based on the statewide average cost of fuel plus a second additional tax of 2¢ per gallon and an "ethanol tax adjustment." The rate may be increased to pay principal and interest on highway improvement bonds.	<b>Utah</b>	An environmental surcharge of one-half cent per gallon is imposed on all petroleum sold in Utah.
<b>Nevada</b>	An additional tax will be levied if the federal tax on fuel is reduced or discontinued. The amount of the additional tax will be equal to federal tax reduction, but not to exceed 4¢ per gallon. Counties required to levy an additional 1¢ per gallon motor fuel tax.	<b>Virginia</b>	A 2% sales tax is imposed on retail sales of fuels in a county or city that is a member of a transportation district in which a rail commuter mass transportation system operating on an exclusive right-of-way and a bus commuter system are owned, operated, or controlled by a transportation agency or commission, or in a transportation district contiguous to the Northern Virginia Transportation District.
<b>New Jersey</b>	Plus a tax of 2.75% of gross receipts derived from the first sale of petroleum products on each company refining and/or distributing petroleum products in this state or importing petroleum products for use or consumption in this state (if consideration for all such deliveries made during a quarter exceeds \$100,000).	<b>Washington</b>	Depending on revenues in the pollution liability reinsurance program trust account, an additional tax is imposed on the privilege of the first possession of petroleum products in the state at the rate of 0.5%.
<b>New Mexico</b>	Rate decreases to 17¢ on 7/1/95, 16¢ on 7/1/03, or the July 1 or January 1 immediately following, and earlier date terminating obligations for payment of principal and interest on the series 1993 state highway debentures.	<b>West Virginia</b>	Tax rate is reduced to .155¢ per gallon on 8/1/01.
<b>New York</b>	New York City levies 1¢ per gallon on distributors of fuels containing 1/2 gram or more of tetraethyl lead, tetramethyl lead or other lead alkyls.	<b>Wisconsin</b>	The rate is computed annually based on CPI-U and the amount of fuel sold in the state, plus 2¢ per gallon.
<b>North Carolina</b>	Includes an additional tax based on average wholesale price of motor fuel.	<b>Wyoming</b>	The rate is reduced to 8¢ per gallon the first day of the third month following the date the Department of Environmental Quality notifies the Department of Revenue and Taxation that the balance in the underground tank corrective action account and the environmental pollution financial responsibility account exceeds \$10 million in each account. The additional tax will again be imposed beginning on the first day of the third month following the date the Department of Environmental Quality notifies the Department of Revenue and Taxation that the balance has fallen below \$4 million.

Source: ACIR staff compilation from Commerce Clearing House, State Tax Guide (various years).



Table 30  
State Cigarette Taxes: Rates per Pack, Selected Years, 1978-1994

Region and State	1978	1980	1982	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
<i>Exhibit:</i>														
<b>Federal Tax</b>	\$0.08	\$0.08	\$0.08	\$0.16	\$0.16	\$0.16	\$0.16	\$0.16	\$0.16	\$0.16	\$0.20	\$0.20	\$0.24	\$0.24
<b>Median</b>	0.12	0.125	0.13	0.16	0.17	0.17	0.18	0.18	0.2	0.21	0.24	0.24	0.25	0.31
<b>Alabama+</b>	0.12	0.12	0.16	0.165	0.165	0.165	0.165	0.165	0.165	0.165	0.165	0.165	0.165	0.165
<b>Alaska</b>	0.08	0.08	0.08	0.08	0.08	0.16	0.16	0.16	0.29	0.29	0.29	0.29	0.29	0.29
<b>Arizona</b>	0.13	0.13	0.13	0.15	0.15	0.15	0.15	0.15	0.15	0.18	0.18	0.18	0.18	0.58
<b>Arkansas+*</b>	0.1775	0.1775	0.1775	0.21	0.21	0.21	0.21	0.21	0.21	0.21	0.22	0.22	0.315	0.315
<b>California</b>	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.35	0.35	0.35	0.35	0.35	0.37
<b>Colorado</b>	0.10	0.10	0.10	0.15	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.2
<b>Connecticut*</b>	0.21	0.21	0.21	0.26	0.26	0.26	0.26	0.26	0.40	0.40	0.45	0.45	0.47	0.5
<b>Delaware</b>	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.19	0.24	0.24	0.24	0.24
<b>District of Columbia</b>	0.13	0.13	0.13	0.13	0.13	0.13	0.17	0.17	0.17	0.17	0.3	0.5	0.65	0.65
<b>Florida</b>	0.21	0.21	0.21	0.21	0.21	0.24	0.24	0.24	0.24	0.339	0.339	0.339	0.339	0.339
<b>Georgia</b>	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12
<b>Hawaii*</b>	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	0.60
<b>Idaho</b>	0.091	0.091	0.091	0.091	0.091	0.091	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.28
<b>Illinois+*</b>	0.12	0.12	0.12	0.12	0.12	0.20	0.20	0.20	0.30	0.30	0.30	0.30	0.44	0.44
<b>Indiana</b>	0.105	0.105	0.105	0.105	0.105	0.105	0.155	0.155	0.155	0.155	0.155	0.155	0.155	0.155
<b>Iowa</b>	0.13	0.13	0.18	0.18	0.18	0.26	0.26	0.34	0.31	0.31	0.36	0.36	0.36	0.36
<b>Kansas</b>	0.11	0.11	0.11	0.16	0.16	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24
<b>Kentucky*</b>	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.031	0.031	0.03	0.03	0.03	0.03
<b>Louisiana</b>	0.11	0.11	0.11	0.16	0.16	0.16	0.16	0.16	0.16	0.2	0.2	0.2	0.2	0.2
<b>Maine</b>	0.16	0.16	0.16	0.20	0.20	0.28	0.28	0.28	0.31	0.31	0.37	0.37	0.37	0.37
<b>Maryland</b>	0.10	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.16	0.36	0.36	0.36
<b>Massachusetts*</b>	0.21	0.21	0.21	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.51	0.51
<b>Michigan</b>	0.11	0.11	0.21	0.21	0.21	0.21	0.21	0.25	0.25	0.25	0.25	0.25	0.25	0.75
<b>Minnesota</b>	0.18	0.18	0.18	0.18	0.23	0.39e	0.38	0.38	0.38	0.38	0.43	0.48	0.48	0.48
<b>Mississippi*</b>	0.11	0.11	0.11	0.11	0.11	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18
<b>Missouri*</b>	0.09	0.09	0.09	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.17	0.17
<b>Montana</b>	0.12	0.12	0.12	0.16	0.16	0.16	0.16	0.16	0.16	0.18	0.18	0.18	0.18	0.18
<b>Nebraska</b>	0.13	0.13	0.18	0.18	0.18	0.23	0.27	0.27	0.27	0.27	0.27	0.27	0.34	0.34
<b>Nevada</b>	0.10	0.10	0.10	0.15	0.15	0.15	0.20	0.20	0.35	0.35	0.35	0.35	0.35	0.35
<b>New Hampshire</b>	0.12	0.12	0.12	0.17	0.17	0.17	0.17	0.17	0.21	0.25	0.25	0.25	0.25	0.25

Table 30 (cont.)  
 State Cigarette Taxes: Rates per Pack, Selected Years, 1978-1994

Region and State	1978	1980	1982	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
<b>New Jersey+*</b>	0.19	0.19	0.24	0.25	0.25	0.25	0.27	0.27	0.27	0.4	0.4	0.4	0.4	0.4
<b>New Mexico</b>	0.12	0.12	0.12	0.12	0.12	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.21	0.21
<b>New York+*</b>	0.15	0.15	0.15	0.21	0.21	0.21	0.21	0.21	0.33	0.39	0.39	0.39	0.56	0.56
<b>North Carolina</b>	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.05	0.05	0.05	0.05
<b>North Dakota</b>	0.11	0.12	0.12	0.18	0.18	0.18	0.27	0.27	0.3	0.3	0.29	0.29	0.44	0.44
<b>Ohio+*</b>	0.15	0.15	0.14	0.14	0.14	0.14	0.18	0.18	0.18	0.18	0.18	0.18	0.24	0.24
<b>Oklahoma</b>	0.13	0.18	0.18	0.18	0.18	0.18	0.25	0.23	0.23	0.23	0.23	0.23	0.23	0.23
<b>Oregon*</b>	0.09	0.09	0.19	0.19	0.19	0.27	0.27	0.27	0.27	0.28	0.28	0.28	0.33	0.28
<b>Pennsylvania</b>	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.31	0.31	0.31	0.31
<b>Rhode Island</b>	0.18	0.18	0.23	0.23	0.234	0.25	0.25	0.27	0.37	0.37	0.37	0.37	0.44	0.56
<b>South Carolina</b>	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
<b>South Dakota</b>	0.12	0.14	0.15	0.15	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.33
<b>Tennessee*</b>	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
<b>Texas</b>	0.185	0.185	0.185	0.185	0.195	0.205	0.205	0.26	0.26	0.41	0.41	0.41	0.41	0.41
<b>Utah*</b>	0.08	0.1	0.12	0.12	0.12	0.12	0.23	0.23	0.23	0.23	0.23	0.23	0.265	0.265
<b>Vermont</b>	0.12	0.12	0.12	0.17	0.17	0.17	0.17	0.17	0.17	0.17	0.18	0.20	0.20	0.44
<b>Virginia+</b>	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025
<b>Washington*</b>	0.16	0.16	0.208	0.23	0.23	0.31	0.31	0.31	0.34	0.34	0.34	0.34	0.54	0.815
<b>West Virginia</b>	0.17	0.17	0.17	0.17	0.17	0.17	0.18	0.17	0.17	0.17	0.17	0.17	0.17	0.17
<b>Wisconsin</b>	0.16	0.16	0.25	0.25	0.25	0.25	0.25	0.30	0.30	0.30	0.30	0.38	0.38	0.38
<b>Wyoming</b>	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.12	0.12	0.12	0.12	0.12	0.12

+ There may be additional local taxes.

**\*State Notes**

**Hawaii** Other tobacco products are taxed at 40% of the wholesale price.

**Illinois** Chicago imposes 16¢ per pack; Cook County, 10¢ per pack.

**Kentucky** Plus an additional 1¢ enforcement tax on each pack.

**Massachusetts** The tax rate is increased by any amount by which the federal excise tax on cigarettes is less than 8 mills.

**Mississippi** If the federal cigarette tax is reduced, the state rate will be increased by the amount of the federal tax reduction.

**Missouri** The rate will drop to 13¢ per pack when the legislature appropriates a specified amount to the health initiative fund.

**New Jersey** Atlantic City imposes 3¢ per pack with a retail selling price over 12¢.

**New York** New York City can impose a cigarette tax through 12/31/95.

**Ohio** Ohio counties are authorized to impose cigarette sales and use taxes at a rate not to exceed 4.5¢ per pack for not more than 20 years.

**Tennessee** An additional 5¢ per pack is imposed on dealers and distributors.

**Utah** If the federal cigarette tax is reduced, the state rate will be increased by the amount of the federal tax reduction.

**Washington** Rate increases to 82.5¢ per pack on 7/1/96 and thereafter.

Source: ACIR staff compilation from Commerce Clearing House, State Tax Guide (Chicago, 1993).

*Table 31*  
**State Alcoholic Beverage Excise Taxes: Rates, License States, January 1995**

<b>State</b>	<b>Beer</b>	<b>Wine</b>	<b>Distilled Spirits<sup>1</sup></b>	<b>Other Taxes<sup>2</sup></b>
<b>Alaska</b>	\$.35/gal	\$.85/gal	\$5.60/gal \$.85/gal under 21%	0%-8% local sales
<b>Arizona</b>	\$.16/gal	\$.84/gal 24% or less \$.25/8 oz over 24%	\$3.00/gal	5% state sales tax 0%-3.5% local sales tax (0%-5% on-premise)
<b>Arkansas</b>	\$.16/gal 3.2% or less \$.23/gal over 3.2% \$.20/gal malt liquor \$.25/32 gal enforcement tax	\$.75/gal over 5% \$.25/gal coolers \$.05/case enforcement tax	\$2.50/gal over 21% \$1.00/gal over 5% but less than 21% \$.50/gal less than 5% \$.20/case over 21% \$.05/case less than 21%	4.5% state sales tax 0%-3% local sales tax 10% gross receipts tax (on-premise) 3% retail tax (off-premise wine and spirits) 4% additional gross receipts tax on-premise spirits
<b>California</b>	\$.20/gal	\$.20/gal still wines, hard cider \$.30/gal champagne, sparkling wine	\$3.30/gal proof strength or less \$.60/gal excess of proof strength	6% state sales tax 1.25%-2.5% local sales tax
<b>Colorado</b>	\$.08/gal	\$.28/gal non-native \$.43/gal native \$.04/gal surcharge	\$2.28/gal	3% state sales tax 0%-5.5% local sales tax
<b>Connecticut</b>	\$.19/gal	\$.60/gal 21% or less \$1.50/gal over 21% and sparkling	\$4.50/gal \$2.05/gal coolers not over 7%	6% sales tax
<b>Delaware</b>	\$.16/gal	\$.97/gal	\$3.64/gal 25% or less \$5.46/gal over 25%	
<b>District of Columbia</b>	\$.09/gal	\$.30/gal 14% or less \$.40/gal over 14% \$.45/gal sparkling	\$1.50/gal	8% sales tax for off-premise consumption 10% sales tax on-premise
<b>Florida</b>	\$.48/gal \$.04/12 oz on-premise	\$2.25/gal under 17.259% and coolers \$3.00/gal 17.259% and over \$3.50/gal natural sparkling \$.10/4 oz on-premise	\$2.25/gal over 0.5% but less than 17.259% \$6.50/gal 17.259-55.78% \$9.53/gal over 55.78% \$.10/oz on-premise	6% state sales tax 0%-1% local sales tax
<b>Georgia</b>	\$.045/12 oz container \$.32/gal	\$1.52/gal 14% or less \$2.54/gal over 14% but less than 21%	\$3.79/gal proof or less \$5.30/gal over proof	4% state sales tax 0%-2% local sales tax 3% local option excise tax (on-premise spirits)

Table 31 (cont.)  
 State Alcoholic Beverage Excise Taxes: Rates, License States, January 1995

State	Beer	Wine	Distilled Spirits <sup>1</sup>	Other Taxes <sup>2</sup>
Hawaii	\$.51/gal draft \$.90/gal other than draft	\$.82/gal cooler \$1.32/gal still \$2.03/gal sparkling	\$5.81/gal	4% state tax
Illinois	\$.07/gal \$.06/gal Cook County \$.16/gal Chicago	\$.23/gal 14% or less \$.60/gal over 14% \$.16/gal Cook County not over 14% \$.30/gal Cook County over 14% \$.20/gal Chicago not over 14% \$.50/gal Chicago over 14%	\$.23/gal not over 14% \$2.00/gal over 14% \$2.00/gal Cook County \$1.50/gal Chicago	6.25% state sales tax 0%-2.75% local sales tax
Indiana	\$.115/gal	\$.47/gal less than 21% \$2.68/gal 21% or more	\$.47/gal less than 15% \$2.68/gal 21% or more	3% gross income tax (assessed on wholesale and retail sales) 5% state sales tax 0%-1% food and beverage tax (on-premise)
Kansas	\$.18/gal	\$.30/gal 14% or less \$.75/gal over 14% \$.15/gal native wine	\$2.50/gal	Beer under 3.2% subject to sales tax rather than enforcement tax 8% enforcement tax 10% on-premise gross receipts tax 4.9% state sales tax 0%-2.5% local sales tax
Kentucky	\$.08/gal	\$.50/gal not over 24% and wine coolers not over 15% \$.25/gal not over 6%	\$1.92/gal over 6% \$.25/gal 6% or less \$.12/container of 1/2 pint \$.05/case	6% state sales tax 0%-3% local sales tax (on-premise) 9% wholesale tax 6% sales tax on-premise In-state production up to 300,000 barrels of spirits receives 50% tax credit
Louisiana	\$.32/gal \$.05/gal local tax	\$.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 \$.32/gal coolers under 6%	4% state sales tax (includes 1% recovery district tax) 0%-5.5% local sales tax
Maryland	\$.09/gal \$.21/gal Garrett County containers up to 40 oz. \$.07/gal Garrett County bulk containers over 40 oz.	\$.40/gal	\$1.50/gal less than proof \$.015/gal for each 1 proof over 100	5% sales tax
Massachusetts	\$.11/gal	\$.03/gal cider \$.55/gal still and vermouth \$.70/gal sparkling and champagne	\$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

Table 31 (cont.)

State Alcoholic Beverage Excise Taxes: Rates, License States, January 1995

State	Beer	Wine	Distilled Spirits <sup>1</sup>	Other Taxes <sup>2</sup>
<b>Minnesota</b>	\$ .08/gal not over 3.2% \$ .15/gal over 3.2%	\$ .30/gal under 14% \$ .95/gal 14% to 21% \$ 1.82/gal over 21% to 24% \$ 3.53/gal over 24% \$ 1.82/gal sparkling \$ .01 bottle tax	\$ 5.03/gal \$ .30/gal coolers \$ .14/bottle miniatures \$ .01 bottle tax	8.5% special alcohol sales tax in lieu of general sales tax 0%-1.5% local sales tax (off-premise) 0%-3% local sales tax (on-premise)
<b>Missouri</b>	\$ .06/gal	\$ .30/gal	\$ 2.00/gal	4.225% state sales tax (4.225%-8.1% sales tax in restaurants) 0-3.5% local sales tax (includes 0-1.2% transportation sales tax)
<b>Nebraska</b>	\$ .23/gal	\$ .75/gal 14% or less \$ 1.35/gal over 14% \$ .05/gal produced in farm wineries	\$ 3.00/gal	5% state sales tax 0%-1.5% local sales tax
<b>Nevada</b>	\$ .09/gal	\$ .40/gal 14% or less \$ .75/gal over 14% to 22% \$ 2.05/gal over 22%	\$ .40/gal 14% or less \$ .75/gal 14% to 22% \$ 2.05/gal over 22%	6.5% state sales tax (includes 4.5% county sales tax) 0%-0.5% local sales tax
<b>New Jersey</b>	\$ .12/gal	\$ .70/gal	\$ 4.40/gal	6% state sales tax 0%-3% local sales tax (on-premise only)
<b>New Mexico</b>	\$ .41/gal	\$ 1.70/gal 14% or less \$ 5.68/gal over 14%-21% \$ .38/gal first 80,000 liters small domestic wineries \$ .76/gal 80,000-220,000 liters small domestic wineries	\$ 6.06/gal	5% state sales tax 0%-1.8125% local sales tax 0%-5% local excise tax
<b>New York</b>	\$ .21/gal \$ .33/gal New York City	\$ .19/gal still \$ .95/gal sparkling \$ .57/gal artificially carbonated \$ .04/gal cider	\$ .04/gal not over 2% \$ 2.54/gal over 2% but not over 24% \$ 6.43/gal over 24% \$ 1.50/gal additional New York City	4% state sales tax 0%-4.5% local sales tax
<b>North Dakota</b>	\$ .08/gal bulk \$ .16/gal bottles/cans	\$ .50/gal less than 17% \$ .60/gal 17% to 24% \$ 1.00/gal sparkling	\$ 2.50/gal distilled \$ 4.05/gal alcohol	7% state alcohol tax in lieu of general sales 0%-2% local sales tax
<b>Oklahoma</b>	\$ .40/gal \$ .36/gal under 3.2%	\$ .72/gal 14% or less \$ 1.40/gal over 14% \$ 2.08/gal sparkling	\$ 5.56/gal	4.5% state sales tax 0%-6% local sales tax \$ 1.00/bottle enforcement tax on-premise wine and spirits \$ 1.00/case enforcement tax on-premise beer 12% gross receipts tax on-premise

Table 31 (cont.)  
 State Alcoholic Beverage Excise Taxes: Rates, License States, January 1995

State	Beer	Wine	Distilled Spirits <sup>1</sup>	Other Taxes <sup>2</sup>
<b>Rhode Island</b>	\$.10/gal \$.04/case wholesale tax	\$.60/gal still \$.75/gal sparkling \$.30/gal native	\$3.75/gal \$7.50/gal ethyl alcohol	7% state sales tax
<b>South Carolina</b>	\$.79/gal	\$.90/gal non-native and over 21% \$.05/gal 14% or less native \$.45/gal 14% to 21% native \$.18/gal additional	\$2.72/gal \$.25/bottle on miniatures \$1.81/case wholesale tax \$2.99/case retail tax \$.56/case additional tax	5% state sales tax 0%-1% local sales tax 9% surtax (spirits)
<b>South Dakota</b>	\$.27/gal	\$.93/gal 14% or less \$1.45/gal over 14% to 20% \$2.07/gal over 20% to 24% and sparkling	\$.93/gal 14% or less \$3.93/gal over 14%	4% state sales tax 0%-3% local sales tax 2% wholesale tax spirits and wine
<b>Tennessee</b>	\$.125/gal	\$1.10/gal 21% or less	\$1.10/gal less than 7% \$4.00/gal over 7%	6% state sales tax 0%-2.75% local sales tax \$.15/case wholesale tax on spirits and wine 15% on-premise 17% beer wholesalers' tax
<b>Texas</b>	\$.19/gal 4% and less \$.20/gal over 4%	\$.204/gal not over 14% \$.408/gal over 14% \$.516/gal sparkling	\$2.40/gal \$0.05/bottle if 2% or less	6.25% off-premise or 14% on-premise state sales tax 0%-2% local sales tax \$.05/drink airline and train sales
<b>Wisconsin</b>	\$.06/gal	\$.25/gal 14% or less \$.45/gal over 14% to 21%	\$3.25/gal	5% state sales tax 0%-0.5% local 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 pri-

vate 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.

<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 Delaware, Montana, and Oregon exempt all liquor from sales taxes. Special taxes in lieu of sales tax

are used in Kansas, Minnesota, and North Dakota. The following exempt off-premise sales: Florida, Kansas, Kentucky, Massachusetts, Oklahoma, and Tennessee. The following have different rates for on-premise and off-premise sales: Arkansas, District of Columbia, and Texas.

Table 32  
**State Alcoholic Beverage Excise Taxes:  
 Rates and/or Markup<sup>1</sup>, Control States, January 1995**

State	Beer	Wine	Distilled Spirits	Other Taxes <sup>2</sup>
Alabama	\$1.05/gal (includes \$.52/gal local tax)	State stores: 62% retail markup or 17.9% markup to licensees \$.46/case freight 56% liquor tax  Private outlets: \$1.70/gal non-native table \$.05/gal native	30% retail markup or 16.99% markup to licensees \$.46/case freight 56% liquor tax	4% state sales tax 2% special sales tax on state store sales additional 0%-6% local sales tax
Idaho	\$.15/gal 4% or less \$.45/gal over 4%	State stores: \$1.84/case freight 82.1% markup 14.5% or higher 48% markup less than 14% \$.35-\$1.70 bottle tax depending on bottle size  Private outlets: \$.45/gal not over 14% \$.15/gal not over 4%	State stores: \$1.84/case freight \$.35-\$1.70 bottle tax depending on bottle size 82.1% markup 14.5% or higher 48% markup less than 14.5%  Private outlets: \$.45/gal not over 14% \$.15/gal not over 4%	5% state sales tax 0%-2% local sales tax (up to 5% on liquor by the drink) 15% surtax on wine and spirits
Iowa	\$.19/gal	\$.175/gal not over 17% \$.19/gal coolers under 5%	State warehouse (wholesale only): 50% markup \$.50/case withdrawal charge \$.20/bottle split case charge  Private outlets: \$.19/gal coolers under 5%	5% state sales tax 0%-1% local sales tax \$.05 bottle deposit
Maine	\$.25/gal \$.10/gal premium tax	State stores: 2% ad valorem excise 75% markup \$.75/gal \$1.25/proof gal premium tax \$1.49/case freight  Private outlets: \$.30/gal table \$.30/gal premium tax table \$1.00/gal sparkling \$.24/gal premium tax sparkling	State stores: 2% ad valorem excise 75% markup 10% ad valorem excise \$1.25/proof gal premium tax \$1.49/case freight  Private outlets: \$.30/gal low-alcohol excise \$1.00/gal excise \$.24/gal premium	6% sales tax off-premise 7% sales tax on-premise \$.15 bottle deposit

*Table 32 (cont.)*  
**State Alcoholic Beverage Excise Taxes:**  
**Rates and/or Markup<sup>1</sup>, Control States, January 1995**

State	Beer	Wine	Distilled Spirits	Other Taxes <sup>2</sup>
<b>Michigan</b>	\$ .20/gal	State stores (over 21%): 65% markup 12% excise tax 1.85% alcoholism tax (off-premise only)  Private outlets: \$.51/gal 16% or less \$.76/gal over 16%	State stores: 65% markup 12% excise tax 1.85% alcoholism tax (off-premise only) \$.25/case delivery charge  Private outlets: \$1.82/gal mixed beverages not over 10%	6% state sales tax \$.10 deposit beer and cooler containers
<b>Mississippi</b>	\$ .43/gal	State warehouse (sells wholesale only): 24.5% markup \$.35/gal except sparkling \$1.00/gal sparkling 3% alcoholism tax \$1.65/case freight  Private outlets: \$.43/gal under 4%	24.5% markup \$2.50/gal 3% alcoholism tax \$1.65/case freight	7% state sales tax 7% wholesale tax 0%-.25% local sales tax (up to 2% off-premise, up to 2.5% on-premise)
<b>Montana</b>	\$ .14/gal	State stores: \$.96/case freight 51% markup 750ml bottle 59% markup 375ml bottle 42% markup 1.5 liter bottle \$.12/bottle 750ml bottle \$.02/bottle 375ml bottle \$.27/bottle 1.5 liter bottle 16% excise (fortified) 10% license tax  Private outlets: \$1.06/gal table	40% markup 16% excise tax (13.8% for distillers of less than 200,000 proof gallons) \$.96/case freight 10% license tax	
<b>New Hampshire</b>	\$ .30/gal	State stores: 66% table 63% dessert and vermouth 61% sparkling 60% imported dessert and aperitif  Private outlets: \$.30/gal not over 6%	State stores: 47% cordials and cocktails 46.5% whiskey 46% rum, tequila, brandy, gin, vodka  Private outlets: \$.30/gal not over 6%	8% on-premise meals and rooms tax 10% on-premise discount from retail price at central warehouse on rum, tequila, whiskey, cordials, brandy, gin, vodka, and wines  15% discount for off-premise table wine from liquor stores



Table 32 (cont.)

**State Alcoholic Beverage Excise Taxes:  
Rates and/or Markup<sup>1</sup>, Control States, January 1995**

State	Beer	Wine	Distilled Spirits	Other Taxes <sup>2</sup>
<b>North Carolina</b>	\$ .53/gal containers of 7.75 gal or less \$.48/gal containers of 7.75 gal or more	State stores: No specific markup formula used  Private outlets: \$.80/gal 17% or less \$.91/gal over 17%	State stores: 75.3684% markup \$18.93/gal on-premise tax \$.95/case bailment on spirits \$.77/case bailment surcharge on spirits \$.10/bottle on spirits	4% state sales tax 0%-2% local sales tax
<b>Ohio</b>	\$.18/gal \$.0084/6 oz (bottles and cans)	Private outlets: \$.30/gal 14% or less \$.98/gal over 14% to 21% \$1.48/gal sparkling, carbonated, champagne \$1.08/gal vermouth \$.02/gal	State stores: \$.48/case handling charge 12.35% operating cost charge 42.86% markup 5% additional markup \$3.38/gal over 21%  Private outlets: \$1.20/gal not more than 21% (mixed beverages)	5% state sales tax 0%-2% local sales tax Additional local taxes in Cuyahoga County
<b>Oregon</b>	\$.08/gal	State stores: 113% markup \$1.40/case upcharge  Private outlets: \$.67/gal not over 14% \$.77/gal 14% to 21%	State stores: 113% markup \$1.40/case upcharge	Items with higher landed case price than \$78.05 subject to markup of \$14.45/case 79.8% sum of landed price, and per case markup \$0.25/50 ml bottle \$0.05 beer container charge
<b>Pennsylvania</b>	\$.08/gal	State stores: 27% markup 18% excise tax \$.54/bottle handling charge \$1.92/gal handling charge	State stores: 27% markup 18% excise tax \$.54/bottle handling charge \$1.92/gal handling charge	6% state sales tax 0%-1% local sales tax 2.5% administrative price increase on wine and spirits 10% on-premise Philadelphia
<b>Utah</b>	\$.35/gal	61% markup \$.42/case warehouse out freight 13% school lunch tax	61% markup \$.42/case warehouse out freight 13% school lunch tax	4.875% state sales tax 0%-2.125% local sales tax
<b>Vermont</b>	\$.27/gal	State stores: 66.7% markup and excise combined imported 81.8% markup and excise combined American \$.05/bottle handling charge  Private outlets: \$.55/gal not over 16%	State stores: 75.4% markup and excise combined vodka and tequila tequila 19% markup alcohol \$.05/bottle handling charge various markups other spirits	10% sales tax on-premise only \$.05 bottle deposit coolers and beer \$.15 bottle deposit wine and spirits

*Table 32 (cont.)*  
**State Alcoholic Beverage Excise Taxes:  
 Rates and/or Markup<sup>1</sup>, Control States, January 1995**

State	Beer	Wine	Distilled Spirits	Other Taxes <sup>2</sup>
<b>Virginia</b>	\$ .26/gal \$.02/bottle not over 7 ozs \$.0265/bottle 7-12 ozs \$.00222/bottle over 12 ozs	State stores: 50% markup \$1.51/gal 4% excise tax \$1.00/case handling charge  Private outlets: \$1.51/gal not over 14% 4% alcohol or less taxed as beer	State stores: 20% excise tax 46.5% markup \$1.00/case handling charge	3.5% state sales tax 1.0% local sales tax 0.4% additional local sales tax (on-premise)
<b>Washington</b>	State stores (over 8%): 70% markup     Private outlets: \$.12/gal 8% or less \$.06/gal additional tax	State stores: 50% markup \$.83/gal \$.89/gal 14% or more \$.01/gal less than 14%  Private outlets: \$.83/gal \$.89/gal 14% or more \$.01/gal less than 14%	\$5.47/gal \$.25/gal additional tax 18.8% liquor tax off-premise 12.5% liquor tax on-premise 39.2% markup (15% discount to on-premise licenses)	6.5% state sales tax (does not apply to spirits) 0%-1.7% local sales tax
<b>West Virginia</b>	\$ .18/gal	State warehouse: 25% markup \$1.05/case distribution  Private outlets: \$1.00/gal	25% markup \$1.05/case distribution fee	6% state sales tax 5% local sales tax (off-premise)
<b>Wyoming</b>	\$.02/gal	State stores (wholesale): 17.6% markup \$.28/gal \$2.75/case freight	17.6% markup \$.95/gal \$2.75/case freight	4% state sales tax 0%-2% local sales tax

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.

<sup>2</sup> Virginia exempts liquor sales through state stores. The following exempt off-premise sales—North Carolina, Vermont, and Virginia. Maine and New Hampshire have different rates for on-premise and off-premise sales.

Table 33  
Automobile Taxes and Fees, January 1995

State	Registration Fee	Other Fees	Certificate of Title	Operator's License	Property Tax	Sales Tax on Purchase		Inspection	
						State	Local		
<b>Alabama*</b>	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
<b>Alaska*</b>	Auto Motorcycle	\$35 \$20	Additional local fees	\$5	\$15 (5 years)	Local	No tax	Range 1-7%	State troopers may inspect on need Emissions when required by city ordinance
<b>Arizona*</b>	Auto Motorcycle	\$8.25 \$9	Annual license tax maximum fee \$4 per \$100 of taxable value air quality fee \$1.50	\$4	\$10-\$25 based on age \$7 motorcycles	Exempt	5%	Range 1%-2%	Emissions, \$5.75, annual
<b>Arkansas*</b>	Auto by weight Motorcycle	\$17-\$30 \$3-\$7		\$5	\$14 (4 years)	State	4.5%	County 1%	Safety, annual
<b>California*</b>	Auto and motorcycle	\$27	Annual license fee, 2% of market value	\$10	\$12 (4 years)	License fee in lieu of property tax	7.25%-8.75%	1.25%-2.25%	Emissions, biennial
<b>Colorado*</b>	Auto by weight	\$9-\$16.10	Annual specific ownership tax	\$5.50	\$15 (5 years)	Specific ownership tax in lieu of personal property	3%	0.6%-4%	Emissions, \$9 or less, annual
<b>Connecticut*</b>	Auto (biennial) Motorcycle	\$70 \$30	\$4 Clean Air Act fee	\$16	\$28.50-\$43.50 original (4 years) \$35.50 original	Local	6%	No tax	Emissions, \$10, annual
<b>Delaware</b>	Auto Motorcycle	\$20 \$10	2.75% of net cost motor vehicle document fee	\$15 (no lien) \$25 (lien)	\$12.50 (5 years)	Exempt	No sales tax		Safety and emissions, annual, no fee
<b>District of Columbia*</b>	Auto by weight Motorcycle	\$66-88 \$30	Title issuance excise tax, 6%-7%	\$20	\$20 (4 years)	Exempt	9%		Safety, \$10, annual; emissions, annual, no fee
<b>Florida</b>	Auto Motorcycle	\$24.10-\$42.10 \$22.60	\$2.50 service fee \$.50 branch office fee	\$31.25 (no lien)	\$20 (4 years)	Exempt	6%	1-2%	Emissions, \$10, annual, local
<b>Georgia*</b>	Auto and motorcycle	\$20		\$18	\$15 (4 years)	State and local	4%	0-1%	Emissions, annual, certain counties

Table 33 (cont.)  
Automobile Taxes and Fees, January 1995

State	Registration Fee		Other Fees	Certificate of Title	Operator's License	Property Tax	Sales Tax on Purchase		Inspection
							State	Local	
<b>Hawaii<sup>1</sup></b>	Auto and motorcycle	\$20	Annual vehicle weight tax	\$2-\$3	\$8.50-\$12 (4 years)	Exempt	4%	No tax	Safety, \$10.75, annual
<b>Idaho<sup>1</sup></b>	Auto Motorcycle	\$16.08-\$36.48 \$9.00	Additional fees	\$8	\$19.50 (4 years)	State	5%	No tax	Emissions, Ada County
<b>Illinois</b>	Auto Motorcycle	\$48 \$30		\$13	\$10 (4 years)	Exempt	6.25%	0.25%-1%	Emissions, Chicago area, no fee
<b>Indiana*</b>	Auto Motorcycle	\$12.75 \$12.75	Annual vehicle excise tax Annual county surtax	\$5	\$6 (4 years)	Excise tax in lieu of property tax	5%	No tax	Emissions, certain counties
<b>Iowa*</b>	Auto by weight and age varies Motorcycle	\$20		\$10	\$8 (2 years)	Exempt	5%	—	Peace officers may inspect on need
<b>Kansas*</b>	Auto by weight Motorcycle	\$25-\$35 \$11		\$3.50	\$8-14 (4 years)	Based on local ad valorem rates and collected by counties	4.9%	0.5% or 1%	State troopers may perform spot inspections
<b>Kentucky*</b>	Auto Motorcycle	\$12 \$9	\$2 clerks fee for registration	\$6	\$10 (4 years)	State and local	6%	—	Emissions, Jefferson County
<b>Louisiana</b>	Auto and motorcycle \$1 per \$1,000 actual value at time of initial registration			\$19	\$18 (4 years)	Exempt	4%	Parish and city 0.5-5%	Safety and emissions, \$10, annual
<b>Maine*</b>	Auto Motorcycle	\$22 \$18	Annual excise tax	\$10	\$30 (6 years)	Municipal excise tax in lieu of property tax	6%	No tax	Safety, \$6, annual
<b>Maryland*</b>	Auto by weight Motorcycle	\$54-\$81 \$37	5% excise tax at time of purchase	\$15	\$30 (5 years)	Exempt	Excise tax in lieu of sales tax		Safety, emissions in metro areas, \$8.50
<b>Massachusetts*</b>	Auto (biennial) Motorcycle	\$30 \$20	Annual motor vehicle excise tax	\$50	\$33.75 (5 years) and \$20 exam fee	Motor vehicle excise tax in lieu of property tax	5%	No tax	Safety and emissions, \$15, annual
<b>Michigan*</b>	Auto (price based) Motorcycle	\$23		\$11	\$12 (4 years)	Exempt	4%	No tax	Safety, individual inspection on reasonable grounds; emissions in certain counties

Table 33 (cont.)  
Automobile Taxes and Fees, January 1995

State	Registration Fee		Other Fees	Certificate of Title	Operator's License	Property Tax	Sales Tax on Purchase		Inspection
							State	Local	
<b>Minnesota*</b>	Auto: regular tax = \$10 + 1.25% of a base value equaling a percentage of manufacturer's suggested retail price Motorcycle \$10		Excise tax 6.5% (at time of purchase)	\$2	\$22.50 (4 years)	Exempt	Excise tax in lieu of sales tax	-	Safety, municipalities may inspect; emissions, annual, Twin Cities Area
<b>Mississippi</b>	Auto \$15 Motorcycle \$8		Use tax 3%	\$2.50	\$20 (4 years)	State	3%	No tax	Safety, \$5, annual
<b>Missouri*</b>	Auto by horsepower \$18-\$51 Motorcycle \$8.65		Transportation sales tax	\$8.50	\$7.50 (3 years)	Local	4.225%	Combined city and county 0.375%-3%	Safety, \$7, annual; emissions, in St. Louis, and St. Charles, St. Louis, and Jefferson counties \$10.50, annual
<b>Montana*</b>	Auto \$10.25-\$15.25 Motorcycle \$5.50			\$5	\$16 (4 years)	State and local 2-3% of trade-in value	1.5%	-	None
<b>Nebraska*</b>	Auto \$20 Motorcycle \$6		Additional fees \$2.50 (annual)	\$10	\$15 (4 years)	Local	5%	0.5%-1.5%	None
<b>Nevada*</b>	Auto \$33 Motorcycle \$45		Annual privilege tax	\$20	\$20.50 (4 years)	Privilege tax in lieu of property tax	2%	3.75-4%	Emissions, annual in Clarke and Washoe, fees vary
<b>New Hampshire*</b>	Auto by weight \$19.20-\$43.20 Motorcycle \$13		Annual municipal fee by weight and age	\$20	\$32 (4 years)	Municipal fee in lieu of property tax	No sales tax		Safety, annual; emissions in certain counties, \$10, annual
<b>New Jersey*<sup>1</sup></b>	Auto by weight and age \$32.90-\$93.90 Motorcycle \$12.50		Temporary additional registration fee	\$5	\$17.50 (4 years)	Exempt	7%	No tax	Safety, annual
<b>New Mexico</b>	Auto by weight and age \$16-\$42 Motorcycle \$12.80		Excise tax 3% (at time of purchase)	\$5.50	\$13 (4 years)	Exempt	Excise tax in lieu of sales tax		Emissions, Bernalillo County, biennial
<b>New York<sup>1</sup></b>	Auto by weight \$.86/100 lbs. up to 3,500; \$1.25 per each additional 100 lbs. Motorcycle \$11.50		\$15 additional for New York City residents	\$5	\$10 (4 years)	Exempt	4%	Cities and counties 0-4.5%	Safety, \$10, annual; emissions, in certain counties \$9, annual

Table 33 (cont.)  
Automobile Taxes and Fees, January 1995

State	Registration Fee		Other Fees	Certificate of Title	Operator's License	Property Tax	Sales Tax on Purchase		Inspection
							State	Local	
<b>North Carolina</b>	Auto	\$20	Annual highway use tax	\$35	\$15 (4 years)	No tax	Highway use tax in lieu of sales tax		Safety, \$9.25, annual; emissions in certain counties, \$19.50, annual
	Motorcycle	\$12							
<b>North Dakota</b>	Auto by weight and age	\$25-250	Excise tax 5%	\$5	\$10 (4 years)	No tax	Excise tax in lieu of sales tax		Random, no fee
	Motorcycle	\$21							
<b>Ohio<sup>1*</sup></b>	Auto	\$22.75	Counties and cities may levy registration fee up to \$20	\$5	\$9.75 (4 years)	No tax	5%	County 0.25%-2%	Emissions in certain counties, \$8, annual; safety, random
	Motorcycle	\$16.75							
<b>Oklahoma*</b>	Auto	\$17.75	Excise tax 3.25%	\$11	\$14 (4 years) \$18 original	Exempt	Excise tax in lieu of sales tax		Safety, \$5, annual
	Motorcycle	\$17.75							
<b>Oregon<sup>1</sup></b>	Auto (biennial)	\$30		\$10	\$26.25 (4 years)	Exempt	No sales tax		Emissions in Portland metro area, Jackson County, and Multnomah County, biennial
	Motorcycle (biennial)	\$9							
<b>Pennsylvania</b>	Auto	\$24		\$15	\$27 (4 years)	Exempt	6%	1% Philadelphia	Safety and emissions, in Philadelphia, Pittsburgh, and Allentown/Bethlehem/Easton, annual
	Motorcycle	\$12							
<b>Rhode Island</b>	Auto	\$30		\$25	\$30 (5 years) \$12 original	Local	7%	No tax	Safety and emissions, \$12, annual
	Motorcycle	\$13							
<b>South Carolina</b>	Auto	\$12		\$5	\$10 (4 years)	Local	5%	No tax	Safety, \$3, annual
	Motorcycle	\$5							
<b>South Dakota*</b>	Auto by weight	\$20-\$40	Excise tax 3%	\$5	\$6 (4 years)	Exempt	Excise tax in lieu of state sales tax	Cities variable	None
	Motorcycle	\$7.50-\$10							
<b>Tennessee*</b>	Auto	\$23	Wheel tax	\$8	\$19.50 (4 years)	Local	7.75%	County 1-2.75%	Safety and emissions in certain cities
	Motorcycle	\$16							

*Table 33 (cont.)*  
**Automobile Taxes and Fees, January 1995**

State	Registration Fee	Other Fees	Certificate of Title	Operator's License	Property Tax	Sales Tax on Purchase		Inspection
						State	Local	
Texas*	Auto by weight and age \$40.50-\$58.50	\$30 reflectorized fee	\$13	\$16 (4 years)	Local	6.25%	6%	Safety and emissions, \$10, annual
	Motorcycle \$30							
Utah <sup>1</sup>	Auto \$11		\$6	\$15 (5 years)	Local	6.25%- 7.25%	County 0-2.25%	Safety, \$10, annual; emissions, Davis, Salt Lake, Utah, and Weber counties
	Motorcycle \$12.50							
Vermont	Auto \$42		\$10	\$20 (4 years)	Exempt	5%	No tax	Safety, annual
	Motorcycle \$20							
Virginia*	Auto \$26.50-\$31.50	\$400 fee if not covered by licensed insurance	\$10	\$12 (5 years)	Local	3%	No tax	Safety, up to \$10, annual; emissions, up to \$13.50, annual
	Motorcycle \$24							
Washington* <sup>1</sup>	Auto original \$27.95	2.2% annual excise tax plus \$5 filing fee	\$4.25	\$14 (4 years)	Annual excise tax in lieu of property tax	7%-8.2%	County	Emissions in certain areas, biennial
	renewal \$23.85							
	Motorcycle \$27.85							
West Virginia* <sup>1</sup>	Auto by weight and age \$26.50-\$37.50	Titling tax 5% (at time of purchase)	\$5	\$10.50 (4 years)	Local	Titling tax in lieu of sales tax		Safety, \$7, annual
	Motorcycle \$13.50							
Wisconsin	Auto \$40		\$12.50	\$15 (4 years)	Exempt	5%	County 0.5%	Safety, random; emissions in certain counties, annual
	Motorcycle \$20							
Wyoming*	Auto \$15	Annual county tax	\$6	\$10 (4 years) \$5 renewal	Exempt	4%	County 0-2%	None
	Motorcycle \$5							

- tax may apply

<sup>1</sup> The following states have additional fees when license plates are issued: Hawaii, \$3.50-\$5.00; New Jersey, \$2.40; New York, \$5.50; Ohio, \$2.00; Oregon, \$2.50; Utah, \$5.00; Washington, \$3.00; and West Virginia, \$1.50.

**\*State Notes**

<b>Alabama</b>	Sales Tax	All new title licenses on passenger vehicles may also be subject to county and city taxes.	Property Tax	Incorporated cities and boroughs may impose vehicle registration taxes in lieu of use or property taxes on vehicles subject to state license fees.
<b>Alaska</b>	Other Fees	Municipalities may impose sales or registration taxes.		

*Table 33 (cont.)*  
**Automobile Taxes and Fees, January 1995**

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

<b>Arizona</b>	Inspection	Phoenix and Tucson metropolitan areas only.	<b>Indiana</b>	Other Fees	Vehicle excise tax \$12-\$1,063. County surtax 2%-10% of state excise tax. Minimum tax, \$7.50. Wheel tax, \$5-\$40.
	Other Fees	License tax is 4% of assessed value. During the first year, assessed value is 60% of manufacturer's base retail price; 15% less than preceding year in following years.		<b>Iowa</b>	Registration Fee
<b>Arkansas</b>	Property Tax	State has personal property tax assessed by counties at varying rates.	<b>Kansas</b>		Registration Fee
	Sales Tax	Sales tax applies to new or used (if not previously registered in the state) vehicles with a selling price of \$2,000 or more; additional 1% local tax in some areas.		<b>Kentucky</b>	Sales Tax
<b>California</b>	Registration Fee	Fee of \$1 to \$4 on vehicles in certain air quality management districts; \$1 for law enforcement on vehicles registered between 1986 and 1992, \$1 for auto theft deterrence for specified counties.	<b>Maine</b>		Property Tax
	<b>Colorado</b>	Registration Fee		Additional fees depending on age of vehicle: \$12, 0-6 years; \$10, 7-9 years; \$7, 10+ years.	Other Fees
<b>Connecticut</b>	Other Fees	Annual specific ownership tax based on first year of service at 2.1% to tenth year at \$3.	<b>Maryland</b>	Registration Fee	Additional \$8/year surcharge with registration fee.
	Property Tax	Local property taxes at 70% of assessed valuation, based on the State Valuation Book. Mill rates vary.		<b>Massachusetts</b>	Other Fees
<b>District of Columbia</b>	Inspection	Inspections are required on automobiles 10 years or older that are changing ownership, or on out-of-state vehicles registered in Connecticut for the first time.	<b>Michigan</b>		Registration Fee
	Other Fees	Title issuance excise tax based on fair market value; for automobiles less than 3,500 lbs., the rate is 6%; for automobiles 3,500 lbs. or more, 7%.		<b>Minnesota</b>	Registration Fee
<b>Georgia</b>	Property Tax	State millage 1/4 mill; county rates vary.	<b>Missouri</b>		Property Tax
	Sales Tax	Additional 1% rapid transit tax in Fulton and DeKalb counties, or 1% local option tax in certain jurisdictions.		Other Fees	Cities of over 400,000 population may impose transportation sales tax of .5% on sales of personal property or taxable services.
	Inspection Fee	Annual emissions inspection for vehicles registered in Fulton, DeKalb, Cobb, Clayton, and Gwinnett counties.			
<b>Hawaii</b>	Other Fees	Vehicles under 4,001 lbs. subject to \$.075 per pound weight tax; 4,001-7,000 lbs., \$1.00/lb.; 7,001-10,000 lbs., \$1.25/lb.; over 10,000 lbs., \$150 plus county weight taxes. County weight taxes, range from \$.005/lb. to \$.0125/lb. Highway beautification fee. \$1.			



*Table 33 (cont.)*  
**Automobile Taxes and Fees, January 1995**

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

<b>Montana</b>	Registration Fee	Includes \$.50 fee per registration for weed control. Cars weighing 2,850 lbs. or under, \$10.25; over 2,850 lbs., \$15.25.	<b>Ohio</b>	Registration Fee	Includes \$2.50 issuance fee and \$.50 reflectorization fee.	
	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>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.
	Property Tax	2% of market value (blue book value). Counties may impose an additional .5% personal property tax.			Other Fees	Excise tax of 3.25% of the value is imposed on the transfer of each vehicle. A new vehicle is valued at factory list price. A used vehicle is valued at 65% of such list price for the second year and 65% of the previous year's value until it reaches a minimum value of \$250.
<b>Nebraska</b>	Registration Fee	Includes \$2.50 collected by the county treasurer.	<b>South Dakota</b>	Registration Fee	Fee is reduced 30% when auto is 5 years or older.	
	Property Tax	Valuation is by the state; assessment and taxation are local.		<b>Tennessee</b>	Other Fees	Annual wheel tax is imposed by some counties. The range is from \$5.50 to \$35.50.
<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. Supplemental privilege tax of additional \$.01 authorized in Clark County and by local ordinance.	<b>Texas</b>	Registration Fee	Fees based on age for vehicles 6,000 lbs. or less. Counties may impose an additional fee not to exceed \$11.50 for the county's road and bridge fund.	
	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, Carson City, and Clark County.		Other Fee	Some counties charge \$5 road and bridge fee.	
<b>New Hampshire</b>	Other Fees	Local municipal permit fee based on year of manufacture and valuation. Rates: 18 mills, current year vehicles; 1 year old, 15 mills; 2 years, 12 mills; 3 years, 9 mills; 4 years or older, 6 mills. \$5 minimum.	<b>Virginia</b>	Property Tax	City and county personal property taxes range from 1% to 7.2%.	
			<b>New Jersey</b>	Other Fees	An additional registration fee of \$15 is imposed on motor vehicles manufactured prior to the 1989 model year, and an additional fee is imposed on motor vehicles manufactured in the 1989 model year or later, equal to \$40 for the first 2 years and \$15 for each year thereafter. These additional fees apply to registrations issued or renewed on or after 7/1/90 through 12/31/96.	<b>Washington</b>
Other Fees	Any city that operates a transit system and any county transportation authority may impose, if voters approve, an additional excise tax not to exceed 0.81%.					
<b>West Virginia</b>	Registration Fee	Includes \$1 for highway litter control and \$.50 for insurance enforcement.	<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, 1994); and American Automobile Association, *1995 Digest of Motor Laws* (Heathrow, Florida, 1995).

Table 34

## State Severance Taxes: Rates and Bases, December 1994

State	Product	Rate
<b>Alabama**</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.
	Piling and poles	\$1.875 per 1,000 board ft.
	Pulpwood chips	\$.25 per 190 cubic feet
	Gum turpentine	\$.15 per barrel (400 lbs.)
	Tarwood	\$.125 per ton
	Cross ties	\$.015 each
	Switch ties	\$.02 each
	Mine ties and coal mine props	\$.125 per ton
	Oil and gas	10% of gross value of point of production
	Coal	\$.135 per ton
Lignite	\$.20 per ton	
Turpentine	\$.15 per barrel	
<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 \$.60 per barrel for old crude oil (\$.80 for all other) or 15% of modified gross value
	Gas	Greater of \$.064 per 1,000 cubic ft. or 10% of modified gross value
<b>Arizona*</b>	Minerals	2.5% of net severance base
	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	\$.015 per ton
	Timber products	\$.178 per ton (pine); \$.125 per ton (all other wood)
	Saltwater (used for production of bromine)	\$2.45 per thousand barrels
	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
Gas	\$.003 per 1,000 cubic ft	
<b>California</b>	Oil and gas	\$0.025221 per barrel of oil or per 10,000 cubic ft of gas

Table 34(cont.)  
State Severance Taxes: Rates and Bases, December 1994

State	Product	Rate
<b>Colorado*</b>	Metallic minerals	2.25% of gross income over \$11 million
	Molybdenum ore	\$.05 per ton
	Coal	\$.36 per ton
	Oil shale	4% of market value
	Oil and Gas	2.13% of market value, gross income less than \$25,000
		3.13% more than \$25,000 but less than \$100,000
		4.13% more than \$100,000 but less than \$300,000
		5.13% greater than \$300,000
<b>Florida*</b>	Oil	8% of gross value; 5% of gross value for small well oil and tertiary oil; 12.5% additional for escaped oil
	Gas	\$.124 per 1,000 cubic feet
	Sulfur	\$2.31 per long ton
	Solid minerals	5% of market value, except phosphate rock (\$1.68 per ton) and heavy minerals (\$1.71 per ton)
<b>Georgia</b>	Phosphates	\$1.00 per ton
<b>Idaho*</b>	Ores	2% of net value
	Oil and gas	\$.005 per barrel of oil or per 50,000 cubic feet of gas; additional 2% of market value production tax
<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
	Coal	\$1.00 per ton
<b>Kentucky</b>	Oil and coal	4.5% of market value (minimum tax for coal is \$.50 per ton severed)
	Other natural resources	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; \$.005 per ton (for use in manufacturing)
	Sand, shells	\$.06 per ton
	Stone	\$.03 per ton
	Sulfur	\$1.03 per long 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)

Table 34(cont.)  
State Severance Taxes: Rates and Bases, December 1994

State	Product	Rate
Louisiana (cont.)	Gas and natural gas liquids	\$.10 per 1,000 cubic ft
	Oil	12.5% of the higher of (1) gross receipts less transportation expenses or (2) the posted field price
	Freshwater mussels	5% of revenue from first sale
Maine	Minerals	Greater of the value of facilities and equipment multiplied by .005, or the gross proceeds multiplied by .009
Maryland+	Coal (open pit or strip mined)	\$.09 per ton to state and \$.06 per ton to county
Michigan	Gas	6% of market value
	Oil	7.6% of market value; 5% of market value for stripper well crude oil and crude oil from marginal properties
Minnesota**	Net proceeds from mining	2% of market value
	Taconite (iron sulphide and agglomerates)	\$2.054 per ton (\$.05 per ton for agglomerates)
	Semi-taconite and agglomerates	\$.10 per ton (\$.05 per ton for agglomerates) plus \$.001 per 1% that iron content exceeds 55%
Mississippi+	Oil and gas	6% of market value plus \$.035 per barrel of oil and \$.004 per 1,000 cubic ft. of gas
	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 timber products	\$.75 per 1,000 feet or \$.375 per cord	
Missouri	Coal (surface mined)	\$.45 per ton for the first 50,000 tons; \$.30 per ton for next 50,000 tons
Montana**	Coal	—under 7,000 BTU/lb. 10% of market value (surface mined); 3% of market value (underground mined)
	Coal	—over 7,000 BTU/lb. 15% of market value (surface mined); 4% of market value (underground mined)
	Metalliferous minerals	1.81% of market value over \$250,000
	Gold, silver, and platinum	1.6% of market value over \$250,000
	Oil	5% of market value
	Gas	2.65% of market value
	Micaceous minerals	\$.05 per ton
Cement	\$.22 per ton; \$.05 per ton for cement products, plaster, gypsum, or gypsum products	

*Table 34(cont.)*  
**State Severance Taxes: Rates and Bases, December 1994**

State	Product	Rate
<b>Nebraska</b>	Oil and gas	3% of market value (2% from wells producing less than 10 barrels per day); conservation tax 4 mills/dollar
	Uranium	2% of market value over \$5,000,000; conservation tax 4 mills per dollar
<b>Nevada*</b>	Minerals (excluding sand, gravel, and water)	2% if less than 10% of gross proceeds 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%
	Royalties	5%
<b>New Hampshire*</b>	Refined petroleum product	0.10%
<b>New Mexico*</b>	Potash	2.5% of market value
	Copper	0.5% of market value
	Molybdenum, lead, zinc, thorium, rare earth	0.125% of market value
	Pumice, gypsum, sand, gravel, clay, and other minerals	0.125% of market value
	Uranium ore	3.5% of market value
	Coal	\$1.17 per ton (surface mined); \$1.13 per ton (underground mined)
	Timber and nonmetallic minerals	0.125% of market value
	Oil and gas	3.75% of market value
	Gold and silver	0.2% of market value
<b>North Carolina</b>	Oil	Not over \$.05 per barrel conservation tax
	Gas	Not over \$.005 per 1,000 cubic feet conservation tax
	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
<b>North Dakota*</b>	Oil	11.5% of market value
	Gas	\$.0385 per 1,000 cubic feet
	Coal	\$.77 per ton
<b>Ohio</b>	Coal	\$.07 per ton; \$.08 in years to bring balance of reclamation account to \$2 million
	Salt	\$.04 per ton
	Limestone, dolomite, sand, and gravel	\$.02 per ton
	Clay, sandstone, shale, gypsum, and quartzite	\$.01 per ton

*Table 34(cont.)*  
**State Severance Taxes: Rates and Bases, December 1994**

State	Product	Rate
<b>Ohio (cont.)</b>	Oil	\$ .10 per barrel
	Gas	\$.025 per 1,000 cubic ft.
<b>Oklahoma*</b>	Asphalt, ores of lead, zinc, gold, silver, and copper	0.75% of market value
	Uranium	5% of market value
	Oil and gas	7.085% of market value
<b>Oregon*</b>	Oil and gas	6% of market value
	Forest products	\$1.87 per 1,000 ft. (more than 25,000 ft.)
<b>South Dakota</b>	Energy minerals	4.74% of market value
	Precious metals	\$1-4/oz depending on average price during quarter
<b>Tennessee+</b>	Oil and gas	3% of market value
	Coal	\$ .20 per ton
<b>Texas</b>	Cement	\$ .55 per ton
	Sulfur	\$1.03 per ton
	Gas	7.5% of market value plus \$.00081 per barrel
	Oil	The greater of 4.6% of market value or \$4.64 per barrel plus \$.005 per barrel
<b>Utah*</b>	Gas	3.2% of value up to and including the first \$1.50 per 1,000 cubic ft. and 5.2% over \$1.50 per 1,000 cubic ft.
	Oil	3.2% of value up to and including the first \$13 per barrel and 5.2% over \$13 per barrel
	Metalliferous minerals	2.6% of market value above \$50,000
<b>Virginia+*</b>	Coal	\$.055 per ton (surface mined); \$.045 per ton (deep mined)
	Pine lumber	\$1.15 per 1,000 ft.
	Hardwood, cypress, and all other	\$.225 per 1,000 ft.
	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 lbs. (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	\$.038 per 400 inch bundle (pine); \$.015 per 400 inch bundle (all other)
	Keg heads	\$.115 per 100 keg heads (pine); \$.045 per 100 keg heads (all other)
	Tight cooperage	\$.045 per stave; \$.09 per 100 keg heads
Pilings and poles	2.31% of invoice value	
<b>Washington</b>	Uranium and thorium	\$ .05 per pound
	Chinook, coho, chum salmon and anadromous game fish	5.25% of market value

Table 34(cont.)  
State Severance Taxes: Rates and Bases, December 1994

State	Product	Rate
<b>Washington (cont.)</b>	Pink and sockeye salmon	3.15% of market value
	Oysters	0.08% of market value
	Other food fish and shell fish	2.1% of market value
<b>West Virginia</b>	Coal	5% of market value
	Limestone or sandstone	5% of market value
	Timber	3.22% of market value
	Oil	5% of market value
	Natural gas	5% of market value
	All other	5% of market value
<b>Wisconsin</b>	Metalliferous minerals	3% of net proceeds greater than \$376,601 but less than \$7,533,600
		7% greater than \$7,533,600 but less than \$15,067,000
		10% greater than \$15,067,000 but less than \$22,600,600
		13% greater than \$22,600,600 but less than \$30,134,200
		14% greater than \$30,134,200 but less than \$37,667,600
		15% greater than \$37,667,600
	Oil and gas	7% of market value
<b>Wyoming</b>	Oil and gas	6% of market value (1.5% oil from collection wells until 1999)
	Uranium	4% of market value
	Underground coal	5.25% of market value
	Surface coal	6.5% of market value
	Trona	8.5% of market value

+ May be additional local tax.

**\*State Notes**

<b>Alabama</b>	Forest products	A privilege tax equal to 50% of the severance tax is imposed on processors of forest products and manufacturers using forest products.	<b>Alaska</b>	Oil and Gas	Oil producers are subject to a surcharge of 5¢ per barrel produced. Additional tax of \$.004 per barrel of oil and \$.00008 per 1,000 cubic ft. of gas is imposed.
	Oil and gas	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 4% for wells producing less than 25 barrels of oil per day or less than 200,000 cubic feet of gas per day; and 6% for certain off-shore and on-shore wells; occluded gas from coal seams is taxed at 2% of value for the first 5 years.	<b>Arizona</b>	Minerals	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.
			<b>Arkansas</b>	Gypsum	If not used for or sold for manufacturing in Arkansas

Table 34 (cont.)  
State Severance Taxes: Rates and Bases, December 1994

## \*State Notes (cont.)

		into ultimate consumer goods, chemical grade limestone, or silica sand.		Oil	Includes distillate, condensate, or similar resources. Rate is 6.25% of market value from wells incapable of producing minimum average 25 barrels per day; 3.125% for reclaimed oil and wells incapable of producing more than 10 barrels per day.
	Oil	Plus an additional 25 mills per barrel and an additional 2¢ per barrel.			
<b>Colorado</b>	All products	A credit is allowed against severance taxes for which first severance was after 6/30/79, or for increased production after 6/30/80.	<b>Minnesota</b>	Mining	Excludes sand, silica, gravel, crushed rock, building stone, limestone, granite, dimension granite, horticultural peat, clay, soil, iron ore, and taconite deposits.
	Coal	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.		Taconite	Additional tax of 10¢ per ton on tailings produced by mining and quarrying not in accordance with the Pollution Control Agency and Department of Natural Resources.
	Oil shale	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 or 10,000 barrels per day, whichever is greater is exempt.	<b>Montana</b>	Coal	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.
	Oil and Gas	Includes a conservation tax of .11% and additional surcharge of .02%.		All products	Additional 7% surtax required.
<b>Florida</b>	Solid minerals	Clay, gravel, phosphate rock lime, shells, stone, sand, heavy minerals, and rare earths. 6% beginning 7/1/95, 7% on 7/1/96, 8% after 7/1/97.		Metalliferous minerals	Metals, precious and semi-precious stones.
<b>Idaho</b>	Ores	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.		Oil	Rate is 2.5% from wells using tertiary recovery methods; 5% from stripper wells (first 5 barrels per day are exempt).
				Gas	Rate is 1.59% from wells producing more than 30 1,000 cubic ft. per day in previous calendar year; rate on first 30 1,000 cubic ft. is .2%.
<b>Kansas</b>	Coal	Additional tax of \$50 plus mined land conservation and reclamation tax of not less than 3¢ per ton but not more than 10¢ per ton is imposed.		Coal, micaceous minerals	Additional tax of \$25 plus 0.5% of gross value (4% for talc; 0.4% for coal; 2% for vermiculite) over \$5,000 is imposed under the resource and cement indemnity trust tax. Taxpayers paying the metal mines tax are exempt.
<b>Louisiana</b>	Gas	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, 3¢ per 1,000 cubic ft.; from wells incapable of producing an average of 250,000 cubic ft. per day, \$.013 per 1,000 cubic ft. Natural gas, casinghead gas, and other natural gas liquids, 7¢ per 1,000 cubic ft.	<b>Nevada</b>	Oil and Gas	Additional tax of \$.05 per barrel of oil or per 50,000 cubic feet of natural gas plus \$50 drilling fee for each well.
				Minerals	Gross sales less costs for extraction, transportation to site of refining or sale, refining, marketing, maintenance, depreciation, insurance, development, and royalties.



*Table 34 (cont.)*  
**State Severance Taxes: Rates and Bases, December 1994**

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

<b>New Hampshire</b>	Refined petroleum	Refined petroleum products include motor oil, kerosene, residual oil, fuel oil, gasoline, petroleum asphalts, road oils, and other distillates and products, petrochemicals produced from crude petroleum.	<b>Oregon</b>	Oil and gas	or casinghead gas, less 7% of gross value of gas is imposed. Maximum tax is 33% of market value. The first \$3,000 of gross sales from each well, per quarter, is exempt.
<b>New Mexico</b>	All products	Resources excise taxes, oil and gas privilege taxes, natural gas processor's tax, oil and gas production taxes, conservation taxes not included.	<b>Utah</b>	Forest products	An additional privilege tax of 31¢ is imposed to fund the Oregon Forest Resources Institute. Additional tax of 9% of market value of timber harvested from Eastern and Western Oregon.
<b>North Dakota</b>	Oil and gas	The rate is 9% of market value for wells completed after April 27, 1987, or from wells using secondary and tertiary recovery methods.	<b>Virginia</b>	Gas	The tax on natural gas liquids is 4.2% of market value.
<b>Oklahoma</b>	Oil and gas	Additional tax of 7¢ per 1,000 cubic ft. of natural gas		Pine lumber	Includes timber sold as logs and veneer logs.

Source: Commerce Clearing House, *State Tax Guide* (Chicago, December 1994).

*Table 35*  
**State Property Tax Relief: Circuit Breaker Programs**  
 (Generally, Laws in Effect for 1994)

State	Date of Adoption	Beneficiaries (number of beneficiaries)	Income Ceiling	Description of Program	Form of Relief	Average Benefit [total in 000s] <sup>1</sup>
Arizona 1993	1973 Revised: 1977, 1981, 1984, 1990	Homeowners 65 and over (24,566)	\$3,750/single \$5,500/married (excludes Social Security income)	Maximum tax credit is \$502 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.	State income tax credit or rebate	\$274.08 [\$6,733]
Arkansas 1992	1973 Revised: 1975 1983, 1987, 1989, 1991	Homeowners 62 and over, widows 62 and over (30,747)	\$15,000 (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 \$15,000.	State rebate	\$118.34 [\$3,639]
California 1993	1967 Revised: 1971, 1973, 1977, 1978, 1979, 1984, 1989	Homeowners and renters 62 and over, totally disabled, or blind Homeowners (24,625) Renters (134,616)	\$13,200 total household income; \$24,000 gross household income	<i>Homeowners:</i> 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. <i>Renters:</i> 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	<i>Homeowners</i> \$85.32 [\$2,101] <i>Renters</i> \$90.79 [\$12,222]
Colorado FY 1992-93	1971 Revised: 1972, 1973, 1974, 1975, 1977, 1978, 1980, 1987, 1990, 1991	Homeowners and renters 65 and over, disabled or surviving spouse 58 and over (39,262)	\$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. (20% of rent equals tax equivalent and 10% of rent equals heat expense)	State rebate	\$344 [\$13,506]
Connecticut* 1991	1974 Revised: 1980, 1981, 1984, 1985	Homeowners and renters 65 and over, surviving spouse 50 and over, and totally disabled Renters (26,772) Homeowners (36,236)	\$19,400/single \$23,800/married	<i>Homeowners:</i> 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. <i>Renters:</i> 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	<i>Homeowners</i> \$449.52 [\$16,289] <i>Renters</i> \$385 [\$10,307]

*Table 35 (cont.)*  
**State Property Tax Relief: Circuit Breaker Programs**  
 (Generally, Laws in Effect for 1994)

State	Date of Adoption	Beneficiaries (number of beneficiaries)	Income Ceiling	Description of Program	Form of Relief	Average Benefit [total in 000s] <sup>1</sup>
District of Columbia 1992	1974 Revised: 1977	Nonelderly homeowners and renters (15,043)	\$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	\$292 [\$4,393]
		Elderly, blind, or disabled homeowners and renters (11,859)	\$20,000	Credit is based on amount of property tax paid in excess of 1% of gross household income for incomes 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	\$377 [\$4,471]
Hawaii* 1991	1977 Revised: 1981, 1984, 1989, 1990	All renters (118,123)	\$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	\$93.56 [\$6,156]
Idaho 1993	1974 Revised: 1976, 1978, 1980, 1982, 1991, 1992, 1993	Homeowners age 65 and over, widows, widowers, former POWs, blind, disabled, fatherless children under 18 (22,324)	\$16,510 (excludes capital gains income)	Relief ranges from lesser of \$800 or actual taxes for those with incomes \$6,840 or less, to the lesser of \$100 or taxes for those with incomes less than \$16,510. Brackets adjusted annually with COLA based on Social Security increase.	Reduction of tax bill	\$336.04 [\$7,502]
Illinois* FY 1990	1972 Revised: 1974, 1975, 1977, 1981, 1982, 1984, 1985, 1987, 1988, 1989, 1990	Homeowners and renters 65 and over or disabled (384,000)	\$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. (25% of rent equals tax equivalent)	State rebate	\$272.00 [\$104,448]
Indiana* 1991	1985	Elderly homeowners and renters (n.a.)	\$10,000	If only one spouse qualifies, credit ranges from \$40 for federal AGI between \$3,000 and \$10,000, to \$100 for AGI less than \$1,000. If both qualify, credit ranges from \$80 to \$140.	Income tax credit	n.a.

Table 35 (cont.)  
**State Property Tax Relief: Circuit Breaker Programs**  
 (Generally, Laws in Effect for 1994)

State	Date of Adoption	Beneficiaries (number of beneficiaries)	Income Ceiling	Description of Program	Form of Relief	Average Benefit (total in 000s) <sup>1</sup>
<b>Iowa</b> 1994	1973 Revised: 1975, 1977-81, 1983, 1988 1990-94	Homeowners and renters 65 and over, surviving spouse 61 or older, and totally disabled (42,896)	\$14,000	Relief ranges from 100% of property tax or rent equivalent for incomes below \$6,000 to 25% for incomes \$12,000 to \$14,000. 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 in assessed value. However, homestead assistance must be deducted from elderly credit program. (23% of rent equals tax equivalent)	State-funded credit against taxes at the local level; renters receive reimburse- ment from state	<i>Homeowners</i> \$245.31 [\$6,016]  <i>Renters</i> \$330.28 [6,069]
<b>Kansas</b> 1992	1970 Revised: 1972, 1973, 1975, 1978, 1983, 1989, 1990, 1992	Homeowners and renters 55 and over, disabled, blind having a dependent or child under 18 (50,397)	Effective ceiling is \$17,200. No refunds 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. Maximum refund is \$600. (15% of rent equals tax equivalent)	State rebate	\$196 [\$9,878]
<b>Maine*</b> 1993	1971 Revised: 1973, 1974, 1977, 1981, 1985, 1987, 1989, 1991, 1993	Homeowners and renters 62 and over, disabled surviving spouse 55 and over (17,652)  Other homeowners and renters (19,577)	\$9500/single \$11,800/married (gift and life insurance proceeds of \$5,000 or less, food stamps, fuel assistance, exempt)	<i>Elderly:</i> Relief equal to amount of tax up to \$400. (25% of rent equals tax equivalent)  <i>General:</i> Relief equal to amount of tax up to \$500. (15% of rent equals tax equivalent)	State rebate	<i>Elderly</i> \$321 [\$5,666]  <i>General</i> \$281 [\$5,501]
<b>Maryland*</b> FY 1994	1975 Revised: 1977, 1981, 1983, 1985, 1986, 1989, 1992	All homeowners (78,147) Renters age 60 and over or disabled and under age 60 with a dependent child (16,003)	None (net worth \$200,000)	<i>Homeowners:</i> Relief 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. <i>Renters:</i> relief, not to exceed \$600, equals amount by which 15% of individual rent exceeds the same graduated percentage of income as homeowners relief.	<i>Homeowners:</i> Credit against property tax bill  <i>Renters:</i> direct payment	<i>Homeowners</i> \$662.02 [\$51,735]  <i>Renters</i> \$297.03 [\$4,753]
<b>Michigan</b> 1992	1973 Revised: 1975, 1982	All homeowners and renters (1,665,200)	\$82,650	Credit equals 60% of property taxes in excess of 3.5% of income (100% of a lower percentage of income for elderly). Maximum relief is \$1,200.	State income tax credit or rebate	\$535.29 [\$891,365]

*Table 35 (cont.)*  
**State Property Tax Relief: Circuit Breaker Programs**  
 (Generally, Laws in Effect for 1994)

State	Date of Adoption	Beneficiaries (number of beneficiaries)	Income Ceiling	Description of Program	Form of Relief	Average Benefit [total in 000s] <sup>1</sup>
<b>Minnesota*</b> FY 1993	1967 Revised Periodically: 1973-94	All homeowners and renters (463,000)	\$61,930 homeowners \$36,120 renters	Tax exceeding various percentages of income is refunded up to a \$1,030 maximum for renters and \$440 maximum for homeowners. Seniors and filers with dependents are allowed a deduction from income in computing the refund.	State refund	\$290 [\$134,270]
<b>Missouri</b> 1992	1973 Revised: 1975, 1977, 1979, 1983, 1985, 1988	Homeowners and renters 65 and over (68,600)	\$15,000	For incomes not over \$5,900 the credit is equal to actual property tax or rent equivalent paid up to \$750. The \$5,900 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	\$263.69 [\$18,089]
<b>Montana</b> 1993	1981 Revised: 1983, 1987, 1989, 1991	Homeowners and renters 62 and over (19,070)	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. <i>(15% of rent equals tax equivalent)</i>	Income tax credit	\$265.62 [\$5,065]
<b>Nevada*</b> 1991	1973 Revised: 1975, 1977, 1979, 1981, 1983, 1985, 1987, 1989, 1991	Homeowners and renters 62 and over (12,550)	\$19,100 (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 \$8,000 to 10% for incomes between \$17,001 and \$19,100. Maximum relief is \$500. <i>(8.5% of rent equals tax equivalent)</i>	State rebate	\$210 [\$2,636]
<b>New Jersey*</b> 1992	1990, Revised 1992	Homeowners and renters (1,447,191)	\$100,000 for those 65 and over or perma- nently and totally dis- abled; \$40,000 for all others.	For married, joint filers with incomes under \$70,000 and single filers with incomes under \$35,000, property taxes limited 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. <i>(18% of rent equals tax equivalent)</i>	State rebate of local property taxes paid	\$214 [\$309,699]
<b>New Mexico*</b> 1993	1977 Revised: 1981	Homeowners and renters 65 and over (25,663)	\$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	\$157.05 [\$4,030]

*Table 35 (cont.)*  
**State Property Tax Relief: Circuit Breaker Programs**  
 (Generally, Laws in Effect for 1994)

State	Date of Adoption	Beneficiaries (number of beneficiaries)	Income Ceiling	Description of Program	Form of Relief	Average Benefit [total in 000s] <sup>1</sup>
<b>New York*</b> 1991	1978 Revised: 1981, 1982, 1985	All homeowners and renters (449,718)	\$18,000	Relief is equal to 50% of the difference between real property tax and a percentage of income ranging 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	\$96 [\$43,173]
<b>North Dakota</b> FY 1994	1969 Revised: 1973, 1975, 1977, 1979, 1981, 1983, 1985, 1989, 1991, 1993	Homeowners age 65 and over or disabled (6,576)	\$13,500 (beginning in FY 1996)	<i>Homeowners:</i> For persons with income under \$7,000, the taxable value of the homestead is reduced 100% (maximum reduction, \$2,000). For persons with incomes between \$7,000 and \$13,000 the reduction in taxable value varies from an 80% reduction for income between \$7,000 and \$8,500, with a maximum reduction of \$1,600, to a 20% reduction for incomes between \$11,500 and \$13,000, with a maximum reduction of \$400.	Reduction of tax bill	<i>Homeowners</i> \$332.23 [\$2,184]
		Renters 65 and over or disabled (1,563)	\$13,500	<i>Renters:</i> Property tax in excess of 4% of income is refunded. Maximum relief is \$230. (20% of rent equals tax equivalent)	State rebate	<i>Renters</i> \$106.68 [\$166]
<b>Ohio</b> 1992	1971 Revised: 1972, 1973, 1975, 1977, 1979, 1988, 1991	Homeowners 65 and over or disabled, widows and widowers (263,973)	\$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	\$201.74 [\$53,254]
<b>Oklahoma</b> 1991	1974 Revised: 1979, 1980, 1984, 1988	Homeowners 65 and over or disabled (3,387)	\$10,000	Relief equal to property taxes due in excess of 1% of household income, not to exceed \$200. In addition, homeowners with household incomes of \$10,000 or less receive a double homestead exemption (\$2,000).	State income tax credit or rebate	\$117.45 [\$398]
<b>Oregon*</b> 1992	1971 Revised: 1973, 1977, 1979, 1985, 1986, 1991	Renters age 58 and over (9,216)	\$10,000 (allows adjustments listed on lines 25-29 on Form 1040 and excludes home medical care benefits)	Elderly Rental Assistance (ERA) program refunds the portion of rent and utilities costs, limited to \$2,100, that exceed 20% of household income. Renters age 58 and over with household income \$10,000 or less are eligible.	State rebate	\$540.00 [\$4,977]

*Table 35 (cont.)*  
**State Property Tax Relief: Circuit Breaker Programs**  
 (Generally, Laws in Effect for 1994)

State	Date of Adoption	Beneficiaries (number of beneficiaries)	Income Ceiling	Description of Program	Form of Relief	Average Benefit [total in 000s] <sup>1</sup>
<b>Pennsylvania</b> 1992	1971 Revised: 1973, 1979, 1981, 1985, 1991	Homeowners and renters 65 and over or disabled 18 and over, widows and widowers 50 and over (417,115 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)	State rebate	\$262.88 [\$109,651]
<b>Rhode Island</b> 1991	1977 Revised: 1988	Homeowners and renters, 65 and over, or disabled (3,836)	\$12,500	The credit ranges from property 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	\$170.28 [\$653]
<b>South Dakota*</b> FY 1994	1976 Revised: 1978, 1982, 1988, 1989, 1990	Homeowners and renters 65 and over, disabled homeowners and renters (7,580) (645 received property tax refund; 6,935 a sales tax refund)	\$9,000 (single-member household) \$12,000 (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 \$9,000. 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 \$12,000.	State rebate	\$175.69 [\$1,332]
<b>Tennessee*</b> FY 1992	1973 Revised: 1974, 1976, 1978-81, 1983, 1984, 1985, 1988	Elderly and disabled homeowners, certain disabled veteran homeowners and their surviving spouses (78,342)	Elderly and disabled \$8,200; 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	\$89.68 [\$7,026]
<b>Utah*</b> 1991	1977 Revised: 1987, 1988, 1989, 1991	Homeowners and renters 65 and over, widowed persons (n.a.)	\$18,400	Homeowner rebates range from \$475 for incomes under \$6,250 to \$50 for incomes between \$16,550 to \$18,400. Renters receive between 2.5%-9.5% of rent as credit for the previous year within the same income limits. Not to exceed \$450.	State rebate	n.a. n.a.

Table 35 (cont.)  
**State Property Tax Relief: Circuit Breaker Programs**  
 (Generally, Laws in Effect for 1994)

State	Date of Adoption	Beneficiaries (number of beneficiaries)	Income Ceiling	Description of Program	Form of Relief	Average Benefit [total in 000s] <sup>1</sup>
Vermont 1993	1969 Revised: 1971, 1973, 1983, 1985, 1991	All homeowners and renters (full-year residents) (47,046)	\$45,000	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. (20% of rent equals tax equivalent)	State rebate (or income tax credit for elderly)	\$514.95 [\$24,226]
Washington*	See notes					
West Virginia 1991	1972	Homeowners and renters age 65 and over (n.a.)	\$5,000	Relief ranges from 30-75% of taxes exceeding 0.5% to 4.5% of income, with graduated income brackets ranging from \$0-\$500 to \$4,501-\$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	n.a. n.a.
Wisconsin FY 1994	1964 Revised: 1971, 1973, 1977, 1979, 1981, 1983, 1984, 1986, 1989	All homeowners and renters (238,848)	\$19,154	If household income was more than \$8,000, excess taxes are taxes above 13% 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 \$1,450. (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	\$458 [\$109,392]
Wyoming FY 1992	1975 Revised: 1977-82, 1984	All taxpayers over 65 and totally disabled (9,181)	\$10,000/single \$14,000/married	Refund based on income level with \$630 maximum for singles and \$723 maximum for married.	State refund	\$521 [\$4,783]

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> Total if all eligible beneficiaries applied, except Hawaii (see state note).



*Table 35 (cont.)*  
**State Property Tax Relief: Circuit Breaker Programs**  
 (Generally, Laws in Effect for 1994)

**\*State Notes**

<b>Colorado</b>	A 1991 law (effective April 11, 1991) authorizes any entity that levies and collects property taxes on real property to create tax work-off programs for taxpayers age 65 and older, if the taxes are levied and owed on owner-occupied property not used for income purposes. Hours of work must be based on a calculation of amount of taxes due divided by the federal minimum hourly wage.	<b>New Jersey</b>	The Homestead Property Tax Rebate Program replaces former property tax relief programs.
<b>Connecticut</b>	Municipalities may grant totally disabled and elderly additional tax relief if total (state and municipal) tax relief does not exceed 100% of the tax otherwise due.	<b>New Mexico</b>	A county option low-income property tax rebate was enacted in 1994, financed by \$1 million voter approved property tax. No counties have adopted it yet.
<b>Hawaii</b>	The low-income renters' credit does not apply to renters in public subsidized housing. The average and total benefits are based on 65,805 claims.	<b>New York</b>	The low-income renters' credit does not apply to renters in public subsidized housing.
<b>Illinois</b>	Claimants who turn 65 in the year in which the claim is filed are eligible for a prorated grant. A widow or widower who turned 63 before the deceased claimant's death is eligible for benefits.	<b>Oregon</b>	Low-income senior citizens (age 58 and over with income under \$10,000) are provided optional rental and utility assistance.
<b>Indiana</b>	The state also offers a program for all renters, which provides for a maximum \$1,500 deduction on state income taxes.	<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 are the same for both programs. The Department of Revenue processes the claims for both programs and refunds whichever is to the applicant's advantage.
<b>Maine</b>	If an elderly person qualifies for a larger refund under the general program, the larger amount is refunded.	<b>Tennessee</b>	Certain individuals receive relief from two sources, producing 90,210 claims.
<b>Minnesota</b>	A separate credit is allowed to homeowners with a tax increase of more than 12% over the previous year. For taxes payable in 1995, the credit is 60% of the increase over the greater of 12% of the prior year's net tax or \$100. The minimum increase is \$100. Maximum refund is \$1,000.	<b>Utah</b>	The household income and credit are adjusted for COLA. Other county-financed programs exist for veterans, blind, and indigent persons.
<b>Nevada</b>	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 from July 1 of the year preceding the filing of their claim. Renters must rent and maintain their primary residence in Nevada from July 1 of the preceding calendar year.	<b>Vermont</b>	Claims are paid at 79% of calculated rebate amount for those under age 62.
		<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 \$15,000 to receive a valuation exemption of \$34,000 or 50%, whichever is more. Taxpayers with incomes between \$15,000 and \$18,000 receive an exemption of \$30,000 or 30% of total value of residence up to a maximum of \$50,000 exempted. All special excess property tax levies are exempted for households with less than \$28,000 income.

Source: ACIR staff compilation based on information from state departments of revenue (Fall 1994), and Commerce Clearing House, *State Tax Guide* (Chicago, 1994). See also Table 36.

*Table 36*  
**State Property Tax Homestead Exemptions and Credits**  
 (Generally, Laws in Effect for 1995)

<b>State</b>	<b>Eligible Homesteaders</b>	<b>Maximum Value of Exemption</b>
<b>Alabama*</b>	All	\$4,000 AV on state taxes, \$2,000 AV on county taxes
	Elderly, blind, and disabled with AGI under \$12,000	Total exemption from state taxes, \$5,000 AV on county and school district taxes
	Elderly and disabled with AGI under \$7,500	Total exemption of homestead on all taxes
<b>Alaska*</b>	Homeowners 65 and over, widows or widowers 60 and over or disabled veterans	\$150,000 AV
	Renters with identical characteristics as homeowners	See note
<b>Arizona*</b>	Widows, widowers, disabled, honorably discharged veterans	\$2,340
<b>Arkansas*</b>	Disabled veterans, unremarried surviving spouses, and minor dependent children	Entire homestead up to 80 rural acres and 1/4 acre in city
<b>California</b>	All	\$7,000 of full cash value if owner-occupied principal residence
	Disabled veterans and dependents	\$100,000 AV
	Veterans, or unremarried spouses	\$40,000 AV
<b>Colorado</b>	Elderly, disabled with income of \$7,500 or less	Grant based on payment of taxes
<b>Connecticut*</b>	Disabled	\$1,000 AV
	Veterans, surviving parents, children, or spouse	\$1,000 AV
	Disabled veterans and dependents	\$1,500-\$3,000 depending on disability
<b>Delaware</b>	Elderly homeowners with annual income of \$3,000 or less	\$5,000 AV from state or county taxes
<b>District of Columbia*</b>	All owner-occupants with not more than 5 dwelling units	\$30,000 AV
<b>Florida*</b>	All	\$25,000 AV
<b>Georgia*</b>	All	\$2,000 AV
	Elderly with income less than \$10,000	\$4,000 AV, \$10,000 AV on local education assessment
	Disabled veterans and dependents	\$32,500 AV
<b>Hawaii</b>	All	\$20,000 AV on owner-occupied principal home
	Elderly	\$40,000-\$50,000 AV depending on age
	Blind, disabled, hearing impaired, and Hansen's disease	\$25,000 AV to full exemption depending on county
	Disabled veterans and dependents	Total exemption if owner-occupied
<b>Idaho*</b>	All owner-occupied structures	\$50,000 AV or 50% AV, whichever is less, for homestead improvement
<b>Illinois*</b>	All owner-occupied residences	\$3,500 AV (\$4,500 AV in Cook County)
	Elderly owner-occupants	\$2,000 AV (\$2,500 AV in Cook County)
	Disabled veterans with specially adapted housing	\$50,000 AV
		Homestead improvement—up to \$30,000 increase in AV caused by new improvement for 4-year period

*Table 36 (cont.)*  
**State Property Tax Homestead Exemptions and Credits**  
 (Generally, Laws in Effect for 1995)

<b>State</b>	<b>Eligible Homesteaders</b>	<b>Maximum Value of Exemption</b>
<b>Indiana*</b>	All (principal residence and 1 acre surrounding) Mortgage or contract buyers	Credit of 4% of property tax liability Least of (1) balance of mortgage or contract indebtedness, (2) 1/2 total AV, or (3) \$1,000
	Elderly with AGI less than \$15,000 and real property AV less than \$19,000	\$1,000 AV
	Blind or disabled with taxable gross income less than \$13,000	\$2,000 AV
	Veterans	\$2,000-4,000 AV
	WWI veterans with real property AV \$24,000	\$3,000 deduction
<b>Iowa*</b>	All	\$4,850 of actual value; minimum credit of \$62.50
	Disabled veterans with income less than \$25,000	Full exemption
<b>Kentucky</b>	Elderly and disabled	\$6,500
<b>Louisiana*</b>	All homesteads not exceeding 160 acres	\$7,500 AV
<b>Maine*</b>	Estates of veterans age 62 or 100% disabled and their dependents	WWI veterans \$7,000 AV, paraplegics \$47,500 AV, other veterans \$5,000 AV
	Blind	\$4,000 AV
<b>Maryland*</b>	Blind	\$6,000 AV
	100% permanently disabled veterans	Total exemption
<b>Massachusetts*</b>	All	With city or town approval, 20% of average AV deducted on principal residence
	Elderly (over age 70) owner-occupants with total estate less than \$20,000 (\$40,000 for communities which have adopted local option statutes) and surviving spouses and minors	\$2,000 in value or \$175 in taxes, whichever is greater
	Certain veterans, disabled veterans, and dependents	\$2,000-10,000 or \$175-875 in taxes, whichever is greater (depending on disability); paraplegic veterans or surviving spouses receive a total exemption
	Blind	\$5,000 in value or \$437.50 (\$500 if locally approved) in taxes, whichever is greater
	Surviving spouses and minors of a police officer or fire fighter killed in the line of duty	Total exemption
	Elderly with low income or low total estate Paraplegics	Maximum \$500 Full
<b>Michigan*</b>	Disabled veterans with specially adapted housing	Total exemption
<b>Minnesota</b>	All	Homestead aid to local governments
	Veterans who received Congressional Medal of Honor	\$2,000
<b>Mississippi</b>	All	\$5,850 AV, exemption based on sliding scale amount equal to approximately 40 mills times total AV not to exceed \$240
	Disabled and elderly homeowners	\$6,000 AV
<b>Montana*</b>	Low-income persons with AGI of not more than \$10,000 single or \$12,000 joint, and residences of totally disabled or deceased veterans with AGI not more than \$15,000 single or \$18,000 joint	\$80,000 AV for low-income individuals Total exemption for certain disabled veterans

*Table 36 (cont.)*  
**State Property Tax Homestead Exemptions and Credits**  
 (Generally, Laws in Effect for 1995)

State	Eligible Homesteaders	Maximum Value of Exemption
<b>Nebraska*</b>	Elderly homeowners, disabled, veteran disabled by a nonservice connected accident or illness, totally disabled veteran and unremarried surviving spouse	See note
<b>Nevada*</b>	Widows, orphans, veterans Blind Disabled veterans or unremarried surviving spouse	\$1,000 AV \$3,000 AV \$10,000 AV
<b>New Hampshire</b>	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 (ages 65-75) \$10,000 AV (ages 75-80) \$20,000 AV (ages 80 or older) \$15,000 in value \$50-1,400 in taxes; total exemption for specially adapted homesteads
<b>New Jersey*</b>	Elderly, disabled Veterans 100% permanently disabled veteran	\$250 property tax deduction or rebate \$50 property tax deduction or rebate Total exemption
<b>New Mexico</b>	All heads of household Veterans and unremarried surviving spouse	\$2,000 AV \$2,000 AV
<b>New York*</b>	Elderly, veterans, disabled veterans	No general statewide homestead exemption. Local taxing bodies are authorized to enact certain exemptions.
<b>North Carolina</b>	Elderly and/or disabled owner-occupants with disposable income not exceeding \$11,000 Disabled veterans and dependents	\$15,000 AV \$38,000 AV
<b>North Dakota*</b>	Elderly, disabled, disabled veterans with annual income of \$15,000 or less	20%-100% reduction in taxable value based on income
<b>Ohio</b>	Elderly, disabled with AGI of \$5,200 or less	\$1,000-\$5,000 of taxable income
<b>Oklahoma</b>	All Heads of household with gross income \$10,000 or less	\$1,000 AV Additional \$1,000 AV
<b>Oregon*</b>	Disabled veterans or widows of veterans Service-connected disabled veterans or widows	\$7,500 AV \$10,000 AV
<b>Pennsylvania*</b>	Paraplegic, blind, amputee, disabled veterans, or unremarried surviving spouse	Total exemption
<b>Rhode Island*</b>	Blind Veterans Totally disabled veterans in specially adapted housing Prisoner of war Gold Star Parents	\$6,000 AV \$1,000-\$2,000 AV \$10,000-\$12,000 AV \$15,000 AV (additional \$10,000 for totally disabled) \$3,000 AV
<b>South Carolina</b>	Elderly, blind, and disabled Paraplegics, disabled veterans, or unremarried spouse	\$20,000 fair market value Total exemption of dwelling house and lot (not to exceed 1 acre)

*Table 36 (cont.)*  
**State Property Tax Homestead Exemptions and Credits**  
 (Generally, Laws in Effect for 1995)

State	Eligible Homesteaders	Maximum Value of Exemption
<b>South Dakota*</b>	Disabled veterans with specially adapted housing	Total exemption
<b>Tennessee</b>	All	Exemption from state taxation only
	Elderly with income \$10,000 or less	Total reimbursement
	Disabled veterans	Total reimbursement
<b>Texas*</b>	All, elderly, disabled veterans, 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.
<b>Utah</b>	Disabled veterans, blind or unremarried surviving spouse or minor orphans	\$11,500 taxable value real and personal property
	Elderly	Veterans real and personal property, including business property, maximum \$30,000 taxable value, based on percentage of disability \$475 homeowner's credit
<b>Vermont</b>	Veterans of American Wars and their widows	\$10,000 exemption value of owner-occupied real and personal property
	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	Towns may increase amount of exemption to \$20,000 under local option
<b>Virginia*</b>	Elderly or disabled owner-occupants with total combined income not exceeding \$30,000 and combined net worth (excluding the value of the dwelling and 1 acre of land) not exceeding \$75,000	Counties, cities, and towns are authorized to provide deferrals or exemptions of realty taxes
<b>Washington</b>	Elderly (61 and over) and disabled with income restrictions	Special levies: 100% exemption for households with income of \$26,000 or less Regular levies: income up to \$15,000—first \$34,000 AV or 50% of total AV exempt, whichever is more Income \$15,001-18,000—first \$30,000 AV or 30% of total AV up to maximum of \$50,000 exempt
<b>West Virginia</b>	Elderly and disabled owner-occupants	First \$20,000 AV
<b>Wisconsin</b>	All homeowners	Depends on allocation to municipality from state
<b>Wyoming*</b>	All homesteads with AV less than \$5,850 but more than \$3,900	Credit up to \$590
	AV under \$3,900	Credit up to \$1,460
	Veterans and unremarried widows	\$2,000 AV
	Disabled veterans	\$2,000 AV times the ratio of the percent of disability to 100%
	AV—assessed value	Elderly-65 and over unless otherwise noted
	AGI—adjusted gross income	n.a.-not available
	Disabled—permanently and totally disabled unless otherwise noted	

*Table 36 (cont.)*  
**State Property Tax Homestead Exemptions and Credits**  
 (Generally, Laws in Effect for 1995)

State	Eligible Homesteaders	Maximum Value of Exemption
<p><b>Note:</b> 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</p>		<p>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.</p>
<b>*State Notes</b>		
<b>Alabama</b>	Exemptions allowed only on homesteads 160 acres or less. If AGI is less towns may increase amount of exemption to \$20,000. If AGI is less than \$7,500, total exemption from all ad valorem tax for elderly or totally disabled. Other exemptions: for property of deaf mutes or mentally ill persons, \$3,000 of assessed value; of blind persons, \$12,000 of assessed value. A municipality may, on request of board of education, grant an exemption in whole or in part from the increased portion of any ad valorem tax increase for public school purposes, in homesteads of residents over 65, retired for disability, or blind.	<b>Georgia</b> Any individual 62 or older who is entitled to claim a homestead exemption may elect to defer payment of all or part of taxes. Deferral applies only to taxes on \$50,000 AV or less. Individual may have no more than \$15,000 in gross household income.
<b>Alaska</b>	Exemption beyond \$150,000 if hardship is shown. Elderly or disabled veteran tenant qualifies via property tax equivalency program (annual rent multiplied by equivalency rate).	<b>Idaho</b> Idaho homestead owners are eligible for property tax reductions based on income if they are fatherless minors, elderly, widows(ers), disabled, disabled veterans, or blind.
<b>Arizona</b>	Exemptions up to \$2,340 for widows, widowers, disabled, and honorably discharged veterans are allowed if household income is less than \$8,400 (\$12,000 with dependents).	<b>Illinois</b> Persons aged 65 or older, or aged 60 or older who are disabled, whose incomes are \$30,00 or less, may have realty taxes on their homesteads deferred.
<b>Arkansas</b>	Disabled veterans, compensated monthly by VA for loss of one or more limbs (or use thereof), total blindness in one or both eyes, or for service connected total disability is exempt from taxes on homestead and personal property not used for commercial purposes.	<b>Indiana</b> There is a credit of 20% of tax liability for each taxpayer for property tax replacement. All homeowners receive a standard deduction of \$2,000 AV.
<b>Connecticut</b>	Municipalities may allow additional exemption to totally disabled persons, elderly, blind, and veterans and their spouses based on prescribed income limits.	<b>Iowa</b> Qualified taxpayers (elderly, surviving spouses 55 or over before 1989, disabled) are eligible for a tax credit or reimbursement in addition to homestead tax credit.
<b>District of Columbia</b>	Homestead deduction for a cooperative housing association occupied by its shareholders: 60% of estimated market value, to a maximum deduction of \$30,000 per unit.	<b>Louisiana</b> Homestead exemption does not apply to municipal taxes, except in Orleans Parish, or to municipal taxes levied for school purposes.
<b>Florida</b>	\$10,000 AV for taxes levied by counties, cities and special districts for elderly permanent residents. Exemption for widows, blind persons and totally disabled persons increased by \$9,500 AV by counties, cities, and special districts. Additional exemptions apply 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.	<b>Maine</b> Qualified elderly persons and persons receiving federal disability payments are eligible for resident tax relief where the "benefit base" is the amount of property taxes or rent accrued less the equivalent tax value of any benefit to be received as a homestead tax exemption. Elderly with a household income under \$32,000 may defer homestead property tax payment.
		<b>Maryland</b> Realty tax credits are allowed homeowners equal to the amount of realty taxes in excess of a percentage of combined income of the homeowner.
		<b>Massachusetts</b> With the exception of hardship cases (aged, infirm, and poverty stricken), persons are generally not eligible for multiple exemptions.
		<b>Michigan</b> Homesteads are exempt from taxes levied by local school districts for school operating purposes.

*Table 36 (cont.)*  
**State Property Tax Homestead Exemptions and Credits**  
 (Generally, Laws in Effect for 1995)

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

<b>Montana</b>	<p>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.</p> <p>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. <i>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.</i></p>		
<b>Nebraska</b>	<p>100% to 20% of actual value 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. For an elderly homeowner, percentage of exemption (based on income) is equal to the lesser of (1) taxable value of the homestead or (2) greater of 80% of the average AV of single family residential property in claimant's county or \$40,000. For disabled persons or veterans totally disabled by a nonservice or service accident or illness or their widow(er) the percentage of exemption (based on income) is equal to the lesser of (1) taxable value of the homestead or (2) the greater of 100% of the average AV of single-family residential property in claimant's county or \$50,000.</p>	<b>North Dakota</b>	<p>Paraplegic, disabled in wheelchair, disabled veterans in specially adapted housing, and their spouses are exempt from taxation if income did not exceed maximum allowed for senior citizens and permanently disabled persons.</p>
<b>Nevada</b>	<p>Persons 62 or older with household incomes not over \$19,000 are entitled to an allowance against the property tax.</p>	<b>Oregon</b>	<p>Total revenue loss based on average statewide tax rate. Property tax refunds for homeowners up to \$500 depending on income. Rental assistance available to individuals 58 or older and whose gross rent exceeds 20% of household income. Qualified low-income individuals 62 or older may defer homestead property taxes.</p>
<b>New Jersey</b>	<p>Minimum rebates are set for homeowners according to their gross income.</p>	<b>Pennsylvania</b>	<p>Elderly persons, widow(ers) age 50 or over, and permanently disabled persons age 18 or over are entitled to tax rebates against real property taxes or rent in lieu of property taxes (20% of gross amount paid in one year) due on their homesteads.</p>
<b>New York</b>	<p>Municipalities may grant exemptions to elderly with income less than \$17,500 up to 50% of AV on residential realty. 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 10% or</p>	<b>Rhode Island</b>	<p>Municipalities may provide total or partial property tax exemptions for real property that is occupied by low- or moderate-income persons.</p>
		<b>South Dakota</b>	<p>Qualified heads of households 65 or over may apply for a refund of realty taxes on their homes.</p>
		<b>Texas</b>	<p>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.</p>
		<b>Virginia</b>	<p>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.</p>
		<b>Wyoming</b>	<p>Homestead exemption remains in Wyoming state law, but clause restricts funding to years when revenue is available.</p>

Source: Commerce Clearing House, *State Tax Guide* (Chicago, 1995). See also Table 35.

Table 37  
State Transfer and Real Estate Taxes, December 1994

State	Basis of Tax				State	Basis of Tax			
	Total Sales Price	Sales Price Exclusive of Mortgage or Other Liens	Rates <sup>1</sup>			Total Sales Price	Sales Price Exclusive of Mortgage or Other Liens	Rates <sup>1</sup>	
			Deed Transfer Tax	Mortgage Tax				Deed Transfer Tax	Mortgage Tax
Alabama*	Yes		0.10%	0.15%	Minnesota		Yes	0.33	0.23
Arizona+		flat fee	\$2.00		Nebraska	Yes		0.175	
Arkansas	Yes <sup>2</sup>		0.33		Nevada+*		Yes <sup>2</sup>	0.13	
California* <sup>3</sup>		Yes <sup>2</sup>	0.11		New Hampshire*	Yes		0.35	
Colorado	Yes <sup>4</sup>		0.01		New Jersey*	Yes <sup>2</sup>		0.35	
Connecticut*	Yes		0.61		New York*+		Yes <sup>4</sup>	0.4	1.00
Delaware*+	Yes <sup>2</sup>		2.00		North Carolina		Yes	0.2	
District of Columbia*	Yes		2.20		Ohio* <sup>3</sup>			0.3	
Florida**	Yes		0.70	0.35	Oklahoma*		Yes <sup>2</sup>	0.15	0.10
Georgia*		Yes <sup>2</sup>	0.10		Pennsylvania+*	Yes		1	
Hawaii*	Yes <sup>2</sup>		0.10		Rhode Island	Yes <sup>2</sup>		0.28	
Illinois*+		Yes <sup>2</sup>	0.10		South Carolina*+	Yes <sup>2</sup>		0.26	
Iowa	Yes <sup>4</sup>		0.16		South Dakota	Yes		0.1	
Kansas*				0.26	Tennessee*		Yes	0.37	0.115
Kentucky	Yes		0.10		Vermont*	Yes		1.25	
Maine*	Yes		0.44		Virginia*+		Yes <sup>2</sup>	0.1	0.15
Maryland*+	Yes		0.50		Washington*+	Yes		1.28	
Massachusetts*	Yes <sup>2</sup>		0.456		West Virginia*+	Yes		0.22	
Michigan*+	Yes <sup>2</sup>		0.75		Wisconsin	Yes <sup>2</sup>		0.3	

+ 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

#### General Information

Deed transfer taxes are generally paid by the seller; however, if the seller fails to pay, the buyer is liable for the tax. Mortgage taxes are paid by the buyer on the amount borrowed. Most states grant a variety of exemptions to these taxes.

#### Alabama

Alabama does not have a stock transfer fee; however, there is a recordation tax and a privilege or license tax on the registration of securities. The rate of the tax is \$.25 per \$100 of par value or principal amount for the recording of the securities. Securities without par value are valued at \$100 a share unless actual value is shown.

#### California

Any city within a county may levy the tax at one-half the county rate per \$500. A credit is allowed against the county tax for any city tax due.

#### Connecticut

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. Land classified as farm or forestland sold within ten years from acquisition or classification 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. Transfers under \$2,000 are exempt.

#### Delaware

Tax on contracts for improvements to realty is 1% on amounts exceeding \$10,000. Counties are authorized to impose and collect a tax. First-time homebuyers are exempt from county tax.



Table 37 (cont.)  
State Transfer and Real Estate Taxes, December 1994

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

<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>New Jersey</b>	The rate is .35% on the first \$150,000; the rate on the excess over \$150,000 is \$.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, or a one- or two-family residence owned, occupied and sold by a senior citizen, blind, or disabled person.
<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>New York</b>	New York City imposes a mortgage recording tax of 1%, in addition to the state tax, on property securing a principal debt or obligation of less than \$500,000; \$1.125/\$100 on mortgages of \$500,000 or more on one-, two-, or three-family houses, individual cooperative apartments, individual residential condominium units; and 1.75% on all other real property. 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 1% for 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% for 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. An additional transfer tax on residential real property for which the consideration is \$1 million or more is imposed at the rate of 1% of the consideration attributable to the residential property.
<b>Georgia</b>	\$1 for the first \$1,000 and \$.10 for each additional \$100.		
<b>Hawaii</b>	Mortgage recording fee 0.1% of stated principal amount of debt secured by mortgage or increase of stated principal debt.		
<b>Illinois</b>	A real property transfer tax is imposed on transfers of title to realty located in Chicago at rate of .75% of transfer price. In Cook County, tax is imposed at a rate of .05%.		
<b>Kansas</b>	Mortgage registration fee based on the principal debt or obligation secured by the mortgage and on which no prior registration fee has been paid.		
<b>Maine</b>	The grantor and the grantee are each liable for half.		
<b>Maryland</b>	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 varies between the counties; the range is from \$1.65 to \$5.00 per \$500. There also is an agricultural land transfer tax of 3% to 5% based on acreage, and use and improvement. The rate is reduced 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.	<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>Massachusetts</b>	Includes 14% surtax. 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 Barnstable County, the rate is \$1.50 per \$500.)	<b>Oklahoma</b>	The real estate mortgage tax rates, for each \$100 and fraction thereof, increase with the time of the mortgage, from \$.02 for 2 years or less to \$.10 for 5 years or more. County treasurers impose a \$5 fee on each mortgage presented for certification.
<b>Michigan</b>	Counties levy a realty transfer tax at a rate of \$.55 per \$500 in counties of less than 2 million population and not more than \$.75 per \$500 in a county with population more than 2 million.	<b>Pennsylvania</b>	Philadelphia imposes a realty transfer tax at a rate of 3%; Pittsburgh levies a realty transfer tax of 1%, plus additional 0.5%, plus 0.5% if the property is situated within the school district.
<b>Nevada</b>	With voter approval, counties with a population greater than 100,000 but less than 400,000 are authorized to impose a real property transfer tax at a rate not to exceed 0.1% of the value of the transferred property.	<b>South Carolina</b>	County realty transfer tax rate at .11%
<b>New Hampshire</b>	Minimum tax, \$14. From 7/1/93 through 6/30/95, tax is 0.50%; minimum tax \$20.	<b>Tennessee</b>	The county registrar is entitled to a commission of 5% of mortgage and real estate transfer taxes collected. Not liable for the first \$2,000 of indebtedness. Maximum mortgage tax is \$500,000; real estate transfer tax, \$100,000.
		<b>Vermont</b>	The capital gains tax on land is based on the amount of the gain and the number of years

*Table 37 (cont.)*  
**State Transfer and Real Estate Taxes, December 1994**

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

	held. For transfers of property to be used as a principal residence, the tax is 0.5% of the first \$100,000 of value and 1.25% of value over \$100,000.				
<b>Virginia</b>	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 \$.03 to \$.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.				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 is 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.
<b>Washington</b>	There is an excise tax of 1.28% of the total sell-		<b>West Virginia</b>		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 Guide* (Chicago, 1994).

*Table 38*  
**State Death and Transfer Taxes: Number and Type, December 1994**

Type of Tax	Number	States
<b>"Pick-Up" Tax Only</b>	29	Alabama, Alaska, Arizona, Arkansas, California, Colorado, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Maine, Michigan, Minnesota, Missouri, Nevada, New Mexico, North Dakota, Oregon, Rhode Island, South Carolina, Texas, Utah, Vermont, Washington, West Virginia, Wisconsin, Wyoming
<b>Estate and "Pick-Up" Tax</b>	6	Massachusetts, Mississippi, New York, Ohio, Oklahoma, Virginia <sup>1</sup>
<b>Inheritance and "Pick-Up" Tax</b>	16	Connecticut, Delaware, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Montana, Nebraska, New Hampshire, New Jersey, North Carolina, Pennsylvania, South Dakota, Tennessee
<b>States with Added Gift Tax</b>	6	Connecticut, Delaware, Louisiana, New York, North Carolina, Tennessee

**Notes**

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

**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. Gift taxes are imposed on the transfer of property by gift. The rates imposed and the exemptions allowed under gift tax statutes follow closely inheritance rates and exemptions.

**Interaction of Federal and State Taxes**

The federal tax code permits the decedent's estate to take a credit against state estate taxes paid, up to certain amounts, based on the total size of the estate. All states have at least imposed a tax equal to

the allowable credit. This tax is known as the "pick-up" tax.

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

Sixteen states tax the amount of the bequest (the inheritance) received by beneficiaries of the decedent rather than taxing the estate as a whole (see above).

In six 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 advance 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).

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Guide* (Chicago, 1994). See also Tables 39-41.

Table 39  
State Estate Taxes: Rates and Exemptions, December 1994

State	Taxable Estate		Tax on Low Point of Range	Rate on Excess	Conditions
	Over	But Not Over			
<b>Massachusetts</b>					
	\$0	\$50,000	\$0	5.0%	The tax cannot be greater than 20% of the amount by which the Massachusetts net estate exceeds the exemption. The tax imposed on estates of decedents who died before 1/1/97 is phased out through increases in the amount that is exempt from estate tax (CY 1993, \$300,000; CY 1994, \$400,000; CY 1995, \$500,000; CY 1996, \$600,000). An additional estate tax is imposed to absorb the maximum credit allowed under federal estate tax. Charitable exemptions are allowed.
	50,000	100,000	2,500	7.0	
	100,000	200,000	6,000	9.0	
	200,000	400,000	15,000	10.0	
	400,000	600,000	35,000	11.0	
	600,000	800,000	57,000	12.0	
	800,000	1,000,000	81,000	13.0	
	1,000,000	2,000,000	107,000	14.0	
	2,000,000	4,000,000	247,000	15.0	
	4,000,000		547,000	16.0	
<b>Mississippi</b>					
	0	60,000	0	1.0	Exemption: property up to the value of \$600,000; charitable deductions.
	60,000	100,000	600	1.6	
	100,000	200,000	1,240	2.4	
	200,000	400,000	3,640	3.2	
	400,000	600,000	10,040	4.0	
	600,000	800,000	18,040	4.8	
	800,000	1,000,000	27,640	5.6	
	1,000,000	1,500,000	38,840	6.4	
	1,500,000	2,000,000	70,840	7.2	
	2,000,000	2,500,000	106,840	8.0	
	2,500,000	3,000,000	146,840	8.8	
	3,000,000	3,500,000	190,840	9.6	
	3,500,000	4,000,000	238,840	10.4	
	4,000,000	5,000,000	290,840	11.2	
	5,000,000	6,000,000	402,840	12.0	
	6,000,000	7,000,000	522,840	12.8	
	7,000,000	8,000,000	650,840	13.6	
	8,000,000	9,000,000	786,840	14.4	
	9,000,000	10,000,000	930,840	15.2	
	10,000,000		1,082,840	16.0	
<b>New York</b>					
	0	50,000	0	2.0	An additional estate tax is provided to absorb the maximum credit allowed under federal estate tax.
	50,000	150,000	1,000	3.0	
	150,000	300,000	4,000	4.0	New York follows federal guidelines for deductions, including unlimited marital deductions.
	300,000	500,000	10,000	5.0	
	500,000	700,000	20,000	6.0	Unified credit: if tax < or = \$2,950, credit equals full amount of tax; \$2,950 < tax < \$5,900, credit = an amount by which \$5,900 exceeds the tax if tax = or > \$5,400, credit = \$500. The effect of the unified credit is to eliminate tax liability for estates with total taxable assets of \$115,000 or less.
	700,000	900,000	32,000	7.0	
	900,000	1,100,000	46,000	8.0	Charitable exemptions are allowed.
	1,100,000	1,600,000	62,000	9.0	
	1,600,000	2,100,000	107,000	10.0	Surviving spouse is exempt.
	2,100,000	2,600,000	157,000	11.0	
	2,600,000	3,100,000	212,000	12.0	A credit for prior transfers is allowed for any estate tax that is paid with respect to transfer of property to the decedent by or from a person who died within ten years before or within two years after decedent's death.
	3,100,000	3,600,000	272,000	13.0	
	3,600,000	4,100,000	337,000	14.0	Credit for closely held business: A credit is allowed against the estate tax equal to 5% of the first \$15 million in value of qualified property that was owned by the decedent and has vested in one or more qualified heirs.
	4,100,000	5,100,000	407,000	15.0	
	5,100,000	6,100,000	557,000	16.0	
	6,100,000	7,100,000	717,000	17.0	
	7,100,000	8,100,000	887,000	18.0	
	8,100,000	9,100,000	1,067,000	19.0	
	9,100,000	10,100,000	1,257,000	20.0	
	10,100,000		1,457,000	21.0	

Table 39 (cont.)  
State Estate Taxes: Rates and Exemptions, December 1994

State	Taxable Estate		Tax on		Conditions		
	Over	But Not Over	Low Point of Range	Rate on Excess			
<b>Ohio</b>							
	\$0	\$40,000	\$0	2.0%	Tax credit of the lesser of \$500 or the amount of the tax; no tax liability for estates < \$25,000. Gross estate includes gifts made within three years of death. Marital deduction; property transferred to a spouse is exempt. An additional estate tax is imposed in an amount equal to the credit available under federal estate tax law less the death taxes. Charitable exemptions are allowed.		
	40,000	100,000	800	3.0			
	100,000	200,000	2,600	4.0			
	200,000	300,000	6,600	5.0			
	300,000	500,000	11,600	6.0			
	500,000		23,600	7.0			
<b>Oklahoma</b>							
			<b>A</b>	<b>B</b>	<b>A</b>	<b>B</b>	Class A = parent, child (step, adopted), and other lineal descendants Class B = all others
	0	10,000	0	0	0.5	1.0	
	10,000	20,000	50	100	1.0	2.0	
	20,000	40,000	150	300	1.5	3.0	Property passing to spouse is exempt.
	40,000	60,000	450	900	2.0	4.0	A total exemption of \$175,000 may be divided among lineal heirs.
	60,000	100,000	850	1,700	2.5	5.0	Estate is exempt if it does not exceed \$100.
	100,000	250,000	1,850	3,700	3.0	6.0	Charitable exemptions are allowed.
	250,000	500,000	6,350	12,700	6.5	13.0	An additional estate tax is imposed equal to the amount by which the state estate tax is less than federal estate tax credit allowable for state taxes paid.
	500,000	750,000	22,600	45,200	7.0	14.0	
	750,000	1,000,000	40,100	80,200	7.5	14.0	
	1,000,000	3,000,000	58,850	115,200	8.0	15.0	
	3,000,000	5,000,000	218,850	415,200	8.5	15.0	
	5,000,000	10,000,000	388,850	715,200	9.0	15.0	
	10,000,000		838,850	1,465,200	10.0	15.0	
<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 equal to one-third the state tax on the probate of wills or grants of administration.				

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Guide* (Chicago, 1994). See also Tables 38, 40, and 41.

Table 40  
State Inheritance Taxes: Rates and Exemptions, December 1994

State	Value of Share before Exemption Applied		Rates According to Class (percent)					Conditions
	Over	But Not Over	A	B	C	D	E	
<b>Connecticut</b>								
	\$0	\$1,000						
	1,000	6,000			8			Class A = (grand)parent, descendant (natural or adoptive)
	6,000	25,000		4	8			Class B = spouse or widow(er) of child who has not remarried, stepchild, sibling, descendant of sibling
	25,000	50,000		5	9			Class C = all others
	50,000	150,000	3	5	9			Exemptions:
	150,000	250,000	4	6	10			surviving spouse 100%
	250,000	400,000	5	7	11			Class A \$50,000
	400,000	600,000	6	8	12			Class B \$6,000
	600,000	1,000,000	7	9	13			Class C \$1,000
	1,000,000		8	10	14			Additional tax: Estates of decedents dying on or after 6/8/61, additional amount 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 farmland at time of death.
								Charitable exemptions are allowed.
<b>Delaware</b>								
	1,000	3,000					10	Class A = spouse
	3,000	10,000					5 10	Class B = lineal descendant, (grand)parents, (step) children, adoptive children, spouse or widow(er) of child
	10,000	25,000		1	5 10			Class C = any other relative within 5 degrees consanguinity
	25,000	50,000		2	6 12			Class D = all others
	50,000	70,000		3	7 14			Exemptions:
	70,000	75,000	2	3	7 14			Class A \$70,000
	75,000	100,000	2	4	7 14			Class B \$25,000
	100,000	150,000	3	5	8 16			Class C \$5,000
	150,000	200,000	3	5	9 16			Class D \$1,000
	200,000		4	6	10 16			Charitable exemptions are allowed.
<b>Indiana</b>								
	0	25,000	1	7	10			Class A = spouse; lineal ancestor or descendant
	25,000	50,000	2	7	10			Class B = siblings, their descendants, spouse or widow(er) of child
	50,000	100,000	3	7	10			Class C = all others
	100,000	200,000	3	10	15			Exemptions:
	200,000	300,000	4	10	15			transfers to spouse
	300,000	500,000	5	10	15			minor (under 21 years) \$10,000
	500,000	700,000	6	12	15			child 21 and older \$5,000
	700,000	1,000,000	7	12	15			parent \$5,000
	1,000,000	1,500,000	8	15	20			other Class A \$2,000
	1,500,000		10	15	20			Class B \$500
								Class C \$100
								Charitable exemptions are allowed.
<b>Iowa</b>								
	0	5,000	1	5	10 10 15			Class A = spouse, parent, child, lineal descendant
	5,000	12,500	2	5	10 10 15			Class B = sibling, spouse of child, step child
	12,500	25,000	3	6	10 10 15			Class C = all others
	25,000	50,000	4	7	10 10 15			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.
	50,000	75,000	5	7	12 10 15			
	75,000	100,000	6	8	12 10 15			
	100,000	150,000	7	9	15 10 15			Class E = firms, corporations, or societies organized for profit.
	150,000		8	10	15 10 15			Estates that do not exceed \$10,000 after deducting debts are exempt.

Table 40 (cont.)  
State Inheritance Taxes: Rates and Exemptions, December 1994

State	Value of Share before Exemption Applied		Rates According to Class (percent)					Conditions
	Over	But Not Over	A	B	C	D	E	
<b>Iowa (cont.)</b>								Exemptions for Class A only: Surviving spouses are exempt each child \$50,000 parent \$15,000 other lineal descendants \$15,000 Transfers to alien, nonresident of U.S., within Class A are taxable at 10%
<b>Kansas</b>								Class A = lineal ancestor, descendant, stepparent 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.
	0	25,000	1	3	10			
	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>								Class A = parent, spouse, (grand)child, child adopted during infancy, stepchild, sibling Class B = siblings' descendants, spouse of child, aunt, uncle Class C = all others Exemptions: surviving spouse 100% minor (<18 years) or incompetent child \$20,000 parent \$5,000 child, sibling, grandchild \$5,000 Class B \$1,000 Class C \$500 Charitable exemptions are allowed.
	0	10,000	2	4	6			
	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>								Class A = spouse, direct descendant and ascendant Class B = collateral relation (includes siblings by marriage and their descendants) Class C = all others Exemptions: surviving spouse 100% Class A \$25,000 Class B \$1,000 Class C \$500 Charitable exemptions are allowed.
	0	5,000	2	5	5			
	5,000	20,000	2	5	10			
	20,000		3	7	10			
<b>Maryland</b>								Class A = spouse, (step)child, grandparent, stepparent, lineal descendant, and any joint savings accounts of less than \$2,000 of any person who is a spouse of a lineal descendant Class B = all others Exemptions: spouse, all real property, first \$100,000 of other property transfers < \$150 Charitable exemptions are allowed.
			1	10				

Table 40 (cont.)  
**State Inheritance Taxes: Rates and Exemptions, December 1994**

State	Value of Share before Exemption Applied		Rates According to Class (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, mutually acknowledged child Class B = siblings, descendants of sibling, 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 = spouse, (grand)parent, child, sibling, lineal descendant born in wedlock or legally adopted, or a mutually acknowledged child where relationship has continued for a specified time, or the surviving spouse of any such persons Class B = uncle, aunt, their descendants, spouses of descendants Class C = all others Exemptions: surviving spouse 100% Class A \$10,000 Class B \$2,000 Class C \$500 Charitable exemptions are allowed.
	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>								18% tax rate Exempt: spouse, lineal ascendants, lineal descendants, their spouses, legal guardians, stepchildren, their spouses and lineal descendants, a person who was a member of the decedent's household for 10 consecutive years prior to his/her 15th birthday Real property for nonresidents is taxed at same rate. Personal property is taxed at a flat 2%; no deductions or exemptions. Charitable exemptions are allowed.
<b>New Jersey</b>	0	25,000			15			Class A = spouse, (grand)parent, child, adopted child, mutually acknowledged child, stepchild or issue of any child or adopted child of a decedent Class B = sibling, spouse or widow(er) of child Class C = all others Exemptions: surviving spouse 100% Class A 100% Class B \$25,000 Charitable exemptions are allowed. If share is < \$500, there is no tax.
	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			
<b>North Carolina</b>	0	5,000	1	4	8			Class A = lineal ancestor, lineal issue, adopted child, stepchild, spouse of child Class B = sibling, descendant of sibling, uncle or aunt by blood Class C = all others Credits: Class A \$26,150 Surviving spouse is exempt.
	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			



Table 40 (cont.)  
**State Inheritance Taxes: Rates and Exemptions, December 1994**

State	Value of Share before Exemption Applied		Rates According to Class (percent)					Conditions	
	Over	But Not Over	A	B	C	D	E		
<b>North Carolina (cont.)</b>									
	250,000	500,000	6	11	13			Charitable exemptions are allowed.	
	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: \$2,000 family deduction Spouse exempt if the net value of the estate transferred is <\$200,000 and the average joint exemption income for the 3 tax years preceding the date of death is < \$40,000. For decedents dying in 1994, the exemption is applied as a credit against the tax in the amount of property the lesser of 6% of the taxable value of the decedent's transferred to or for the use of the transferee or 6% of \$100,000 of the taxable value of the decedent's property transferred to or for the use of the transferee. Transfers of property are exempt. Charitable exemptions are allowed.	
<b>South Dakota</b>									
	0	3,000	4	5	6	3		Class A = lineal issue, adopted child, stepchild, mutually acknowledged child Class B = lineal ancestor Class C = siblings, their descendants, spouse or widow(er) of child Class D = uncle, aunt, their descendants Class E = all others Class F = persons other than those specified in Class A or B who continuously engaged in business or farming with decedent for at least 10 of the 15 years immediately preceding the decedents death. Property transferred must be real or tangible personal property utilized in the joint business or farming enterprise or shares of stock representing such property. Exemptions deducted from first bracket: surviving spouse 100% Class A \$30,000 Class B \$3,000 Class C \$500 Class D \$200 Class E \$100 Class F \$500 Charitable exemptions are allowed.	
	3,000	15,000	3	4	5	6	3		
	15,000	30,000	7.5	10	12.5	15	7.5		
	30,000	50,000	3.75	7.5	10	12.5	15		7.5
	50,000	100,000	6	12	16	20	24		12
	100,000		7.5	15	20	25	30		15
<b>Tennessee</b>									
	0	40,000	5.5					Class A = everyone Exemptions: surviving spouse 100% all others \$600,000 Charitable exemptions are allowed.	
	40,000	240,000	6.5						
	240,000	440,000	7.5						
	440,000		9.5 of						
			taxable transfer						

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Guide* (Chicago, 1994). See also Tables, 42, 43, and 45.

*Table 41*  
**State Gift Tax Rates and Exemptions, December 1994**

State	Taxable Gift		Rate According to Class (in percent)			Conditions
	Over	But Not Over	A	B	C	
<b>Connecticut</b>						
	0	25,000	1			The first \$10,000 to any one donee during the calendar year is deductible Federal exemptions apply.
	25,000	50,000	2			
	50,000	75,000	3			
	75,000	100,000	4			
	100,000	200,000	5			
	200,000		6			
<b>Delaware</b>						
	\$0	\$25,000	1			Federal exemptions apply.
	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. Charitable exemptions are allowed.
	15,000		3			
<b>New York</b>						
	see estate tax rates					\$10,000 per donee per year is excluded from taxation. Unlimited marital deduction. Unified credit (same as estate tax): if tentative tax 1) < or = \$2,950, credit = full amount of tax 2) \$2,950 < tax < \$5,900, credit = \$5,400 - tax 3) > \$5,400, credit = \$500 Charitable exemptions are allowed.
<b>North Carolina</b>						
	0	5,000	1	4	8	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.
	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>Tennessee</b>						
	0	40,000	5.5	6.5		Class A = spouse, child, stepchild, lineal ancestor or descendant, siblings, spouse of child, stepchild, adopted child Class B = all others Gifts made by either spouse to a third party may be considered as being made one-half by each spouse. Marital Exemption: One-half of gift Exemptions: (deducted from first bracket) Class A = \$10,000 Class B = \$5,000 Charitable exemptions are allowed.
	40,000	50,000	6.5	6.5		
	50,000	100,000	6.5	9.5		
	100,000	150,000	6.5	12		
	150,000	200,000	6.5	13.5		
	200,000	240,000	6.5	16		
	240,000	440,000	7.5	16		
	440,000		9.5	16		

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Guide* (Chicago, 1994). See also Tables 38-40.

# Definitions

The definitions of terms used in *Significant Features of Fiscal Federalism* are taken from U.S. Bureau of the Census' annual *State Government Finances* or *Government Finances*, 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 (equal annual depreciation expense) method, but which stops when a reasonable salvage value is attained.

**Ad Valorem Taxation**—Taxation of property based on the property's value.

**Adjusted Gross Income**—A tax computation for individuals, determined by subtracting a limited group of expenses from gross income. The expenses generally fall into one of two categories: (1) those that are gain-seeking in nature (e.g., trade or business deductions, a limited group of expenses incurred by employees, losses on transactions entered into for the production of income) and (2) those that are granted for some other policy reason (e.g., alimony). The computation is especially significant for the limitations on allowable medical expenses and charitable deductions.

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

**Alternative Minimum Tax**—The tax base is the excess of the tentative minimum taxable income over the regular tax for the taxable year. The tentative minimum tax is basically 20% (21% for corporations) of the taxpayer's alternative minimum taxable income minus an exemption amount ranging from \$20,000 to \$40,000 depending on the taxpayer. The exemption amounts gradually phase out for high-income taxpayers.

**Alternative Minimum Tax Foreign Credit**—A modified form of the foreign tax credit, applicable to the alternative minimum tax (AMT), the practical effect of which is that the foreign tax credit, including pre-1987 carryforwards, is available to offset the AMT. It is allowable only to the extent of the foreign tax on alternative minimum taxable income from foreign sources.

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

**Apportionment of Taxes**—The manner of ascribing federal, state, and local taxes to a particular beneficiary of a decedent's estate.

**Appraisal**—An opinion, usually in writing from a specialist, of the amount of money constituting the value of property (market,

assessed, or other value, depending on the purpose of the appraisal). The appraisal incorporates all factors and approaches held to be relevant, including the property cost, any loss in value (depreciation) it has sustained, income it will earn, and sales prices of similar properties.

**Assessed Value**—The dollar amount officially set as the valuation of a specific property against which the tax rate for the levying jurisdiction is applied. Amount may or may not be the same as the gross or net assessed value.

**Assessment Roll**—The listing of taxable property located within a governmental jurisdiction (often the county), together with the assessed value officially determined for each parcel as of the legally prescribed valuation date by the official charged with this function (assessor).

**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**—Though its specifics depend on particular state statutory provisions, a circuit breaker generally is a law that activates, for qualifying property owners (or renters), a state-financed credit or rebate of specified amounts of property taxes incurred (or rent equivalents) whenever such taxes (or rent equivalents) exceed specified percentages of amounts of household income.

**Condominium**—A condominium is a unit of real property within a property consisting of other such units which is owned in fee simple by the same party or parties holding an undivided interest in the common elements of the property. These common elements usually include things like the lobby, swimming pool, and grounds.

**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.

**Defined Benefit Plan**—Any qualified plan that systematically provides for the payment of definitely determinable benefits over a period of years after retirement. The benefits and contributions are characteristically measured by, and based on, years of service and compensation received by the employees.

**Dependent**—The term refers to (1) any individual living with taxpayer (providing the relationship is not illegal under local law) and for whom the taxpayer provides at least 50% support and (2) certain relatives (parents, children, siblings, stepchildren, stepsiblings, stepparents, nephews, nieces, aunts, uncles, children-in-law, parents-in-law, grandparents, and grandchildren), regardless of where they live, for whom the taxpayer provides at least 50% of support. Adopted children qualify as children and siblings, as do most foster children.

**Depreciation**—Loss in value from any cause. Major causes include physical deterioration (ordinary wear and tear, negligent care or deferred maintenance, and damage); functional obsolescence (poor design, inadequate facilities); and economic obsolescence (influences external to elements of the property itself, for example, supply and demand factors). Loss in value already sustained is often called accrued depreciation, either curable (correctable at reasonable cost) or incurable (correctable, if at all, only at excessive cost). Loss in value expected in the future is estimated by incorporating a percentage component for depreciation in a capitalization rate.

**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 Property Tax Rate**—This rate is the amount of all net property taxes billed against a sold property expressed as a percentage of the sales price.

**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.

**Estate Tax**—A tax that is imposed on the privilege of a decedent to transfer property. It is not levied on an heir receiving property, but rather falls on property owned at death. The federal estate tax is now bound into the federal gift tax through a unified transfer tax system. The estate is determined by (1) combining the taxable estate and adjusted taxable gifts and multiplying them by the uniform transfer tax rate, (2) subtracting gift taxes actually or constructively paid during the decedent's life, and (3) subtracting the unified credit and various other minor credits.

**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.

**Exclusion from Gross Income**—A receipt of accrual that would, but for a specific exclusion provided by the code or administrative action, be included in a taxpayer's gross income. Particularly common exclusions are those for gifts and inheritances, and death proceeds paid under a life insurance contract.

**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.

**Fair Market Value**—The price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell, and both having reasonable knowledge of the relevant facts.

**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.

**Franchise Tax**—Taxes imposed on the privilege of carrying on a business in corporate form. Numerous states impose franchise taxes that are measured by the corporation's income (i.e., disguised income taxes).

**Gas Guzzler Tax**—An excise tax on the manufacturer of inefficient automobiles (i.e., they do not meet specified fuel economy ratings).

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

**Generation-Skipping Transfer Tax**—A tax designed to limit estate tax avoidance by the use of generation-skipping transfers. The tax falls on any taxable distribution, or direct skip. The tax primarily applies to property held in trust for the benefit of a person two or more generations below the transferor of property to that trust. The tax also falls on direct transfer of an interest in property to persons two or more generations beneath the transferor. Each transferor is entitled to exempt \$1 million of generation-skipping transfers from taxation.

**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.

**Highest and Best Use**—Employment of property in the way and for the purposes that are most profitable, given probable legal, physical, and financial constraints. May or may not be existing use.

**Homestead**—Usually, a parcel of land that an individual or individuals own in fee simple and on which they reside. Specific state statutes should be consulted in each situation, especially with reference to entitlement to a homestead exemption from property taxes.

**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.

**Indexing for Inflation**—Adjusting dollar amounts for the destructive effects of inflation.

**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; worker's compensation; and old age, survivors', disability, and health insurance (Social Security). 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.

**Intangible Property or Rights**—Property such as goodwill, stock in a corporation, or a patent right.

**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.

**Itemized Deductions**—A term commonly used to describe a limited group of expenditures by individuals electively allowed as deductions from adjusted gross income.

**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 defini-

tions have been changing rapidly in recent times, and the credit is subject to a "sunset" provision.

**Legal Description**—A delineation of dimensions, boundaries, and relevant attributes of a real property parcel that are specific enough to identify with absolute certainty the particular parcel in question. For a subdivided lot, the legal description would probably include lot and block numbers and subdivision name.

**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 non-commercial, for the right to use public highways, including 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 nonbusiness 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 would be 20 percent.

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

**Market Value**—The most probable price in cash, terms equivalent to cash, or in other terms, for which the appraised property will sell in a competitive market under all conditions requisite to fair sale.

**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 Carryback**—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 Carryforward**—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.

**Property Use Category, Realty**—A Census Bureau classification based on actual utilization of the realty.

**Residential (nonfarm) Single-Family**—Includes each house, not on a farm, that is a residence for one family only. The residence may be detached or semidetached. It may be a one-family part of row or town houses, if separately assessed. It includes each one-family rural or suburban estate if not primarily used for farming. It includes each condominium unit in a multi-unit dwelling structure consisting of many such units, plus in each instance, each respective condominium owner's share of the common area, unless the common area is separately assessed. It also includes a mobile home that is assessed as real property.

**Residential (nonfarm) Multi-Family**—Includes each residential property that contains two or more living units, including duplexes and apartment houses. The latter may have street level stores and doctors' offices. This category does not include motels or hotels. It does include cooperatives.

**Acreage (or acreage and farms)**—Includes each farm, as well as timber land, recreational acreage, idle land, and waste land. It does not include separately assessed timber or mineral rights. Major criteria are rural location and description in terms of acreage.

**Vacant Platted Lots**—Each unimproved parcel described in terms other than acreage, usually by means of lot and block numbers plus subdivision name. Each vacant parcel is located either within a municipality or in an adjacent or otherwise proximate territory.

**Commercial Property**—Realty used as any of the following: store (with living quarters), office building, hotel, motel, gasoline service station, commercial garage, parking lot, warehouse, theater building, bank, clinic and nursing home, and generally any nonindustrial nonresidential realty of a commercial enterprise.

**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. 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 (oil, gas, other minerals, timber, fish, etc.) from land or water and measured by value of quantity removed or sold.

**Social Security Tax (Federal Insurance Contributions Act/FICA)**—A term often used for the tax imposed on both employ-

ers 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.

**Valuation**—The process of estimating market value, investment value, insured value, or other property defined value of an identified interest or interests in a specific parcel or parcels of real estate as of a given date.

**Valuation Date**—The specific date as of which assessed values are set for purposes of property taxation. This date may also be known as the “date of finality.”





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# Index

## All References Are to Table Numbers

- Adjustments and exclusions, state individual income tax, 16
- Adoption dates of major state taxes, 12
- Alcoholic beverage taxes
  - federal, 1944-1994, 1
  - state, 1994, 31, 32
- Budgets
  - federal, process, 1
  - state
    - balanced budgets, 3
    - deficit limitations, 3
    - gubernatorial veto, 5
    - process and calendars, 2
    - stabilization funds, 4
- Cigarette taxes
  - federal, 1944-1994, 9
  - state, 1978-1994, 30
- Circuit breakers, 35
- Corporation income taxes—see income taxes, corporation, federal and state
- Death taxes, 1994
  - federal, 11
  - state, 38
  - state pick-up credit, 11
- Deductions, state individual income taxes, 1994, 15, 18
- Deficit limitations, state, 3
- Earnings taxes—see income taxes, local, rates
- Estate taxes, 39
- Excise taxes
  - federal, 1944-1994, 9
  - state
    - alcoholic beverages, 1994, 31, 32
    - automobile, 1994, 33
    - cigarettes, 1978-1994, 30
    - gasoline, 1978-1994, 29
    - severance taxes, 1994, 34
- Exclusions, 1994
  - state individual income tax, 16
  - Social Security and pensions, 17
- Exemptions, 1994
  - income taxes
    - corporation, federal, 8
    - individual, federal, 6
    - individual, state, 15
  - property taxes, homestead, 36
  - sales taxes, state, 25
  - Social Security and pensions, 17
- Federal taxes (see also specific taxes)
  - death, 1994, 11
  - excise (including alcoholic beverages, automobiles, cigarettes, and motor fuels), 1944-1994, 9
  - income, 1994
    - corporation, 8
    - individual, 6, 7
  - self-employment and Social Security, 1937-2000, 10
- Gasoline taxes
  - federal, 1944-1994, 9
  - state, 1978-1994, 29
- General sales taxes—see sales taxes
- Gift taxes, 41
- Homestead exemptions, 36
- Income taxes
  - federal
    - corporation, rates and exemptions, 1909-1994, 8
    - individual
      - average and marginal rates, 1965-1994, 6
      - rates and exemptions, 1913-1994, 7
  - local
    - number and type of jurisdiction, 1976-1994, 20
    - rates, selected cities and counties, 1994, 21
  - state
    - corporation, 1994
      - adjustments, 23
      - bases and credits, 23
      - primary tax bases, 24
      - rates, 22
    - individual, 1994
      - exclusions and adjustments, 16, 17
      - itemized deductions, 18
      - personal exemptions and standard deductions, 15
      - rates, 19
- Inheritance taxes, 1994, 40
- Limits
  - deficits, 3
- Local taxes (see also specific taxes)
  - income
    - number and type of jurisdiction, 1976-1994, 20
    - rates, selected cities and counties, 1994, 21
  - sales
    - number and type of jurisdiction, 1976-1994, 27
    - rates, state-local combined, 1994, 28

- Motor fuel taxes
  - federal, 1944-1994, 9
  - state (gasoline), 1978-1994, 29
- Payroll taxes—see income taxes, local, rates
- Pensions—see exclusions and adjustments, income taxes, individual state
- Property taxes, 1994
  - circuit breakers, 35
  - homestead exemptions, 36
- Sales taxes
  - exemptions, state, 1994, 25
  - local, number and types of jurisdiction, 1976-1994, 27
  - rates, 1994
  - state and exemptions, 1994, 25
  - state, 1978-1994, 26
  - state-local combined, 1994, 28
- Severance taxes, 34
- Social Security contributions and rates, 1937-2000, 10
- State taxes (see also specific taxes)
  - adoption dates, 12
  - alcoholic beverages, 1994, 31, 32
  - automobile, 1994, 33
  - cigarettes, 1978-1994, 30
  - death and transfer, 1994, 38
  - estate, 1994, 39
  - excise and fees, 1994, 29-34
  - gasoline, 1978-1994, 30
  - gift, 1994, 41
  - income, 1994
    - corporation, 22-24
    - individual, 15-19
  - inheritance, 1994, 40
  - major changes, 1994, 14
  - major sources, 13
  - property, 35, 36
  - sales and gross receipts, 25-28
  - severance, 34
  - transfer and real estate, 37
- Taxes (see also specific taxes)
  - adoption dates, state, 12
  - automobile, 33
  - death and transfer, 11, 38
  - estate, 39
  - excise and fees, 9, 29-34
  - gift, 41
  - income, 6-8, 15-24
  - inheritance, 40
  - major changes, state, 14
  - major sources, state, 13
  - property, 35, 36
  - sales and gross receipts, 25-28
  - severance, 34
  - transfer and real estate, 37
- Transfer and real estate taxes, 1994, 37
- Veto, state budgets, 5





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