

Significant Features of Fiscal Federalism

Volume 1

*Budget Processes
and Tax Systems*

1994

acir

Advisory Commission
on Intergovernmental Relations
June 1994 M-190

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**U.S. Advisory Commission on
Intergovernmental Relations**
800 K Street, NW
Suite 450, South Building
Washington, DC 20575
(202) 653-5640
FAX (202) 653-5429

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William E. Davis III
Executive Director

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Section I

Budget Processes and Tax and Expenditure Limits

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Table 1
The Federal Budget Process

| Executive Budget Process | Deadline | Congressional Budget Process |
|---|--|--|
| 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 | |
| OMB issues final sequestration report. ¹ President issues sequestration order, if necessary. | 10 days after adjournment 15 days after adjournment | CBO issues final sequester report. |
| Legislative branch and the judiciary submit budget request materials. | 30 days later November-December | Comptroller General issues compliance report. |
| President transmits budget to Congress, including OMB sequestration preview report. | 5 days before President's budget transmittal | CBO issues sequestration preview report. |
| OMB sends allowance letters to agencies. | Not later than 1st Monday in February February-March February 15 Within 6 weeks of President's budget transmittal | CBO reports to Budget Committees on the President's budget 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 bill. |
| | 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 | |
| OMB issues sequestration update report. | August 15 August 20 | CBO issues sequestration update report. |

Note: OMB also reports to 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

¹ A “within session” sequestration 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), July 1992.

Table 2
State Budget Processes and Calendars

| State | Budget Guidelines to Agencies | Agency Requests Submitted to Governor | Agency Hearings Held | Governor's Budget Sent to Legislature | Legislature Adopts Budget | Fiscal Year Begins | Frequency of Legislative/Budget Cycles |
|-----------------|-------------------------------|---------------------------------------|----------------------|---------------------------------------|---------------------------|--------------------|--|
| Alabama | September | November/December | January | February | February/May | October 1 | Annual/Annual |
| Alaska | August | October | November | December | May | July 1 | Annual/Annual |
| Arizona | May | September | November/December | January | June | July 1 | Annual/Annual |
| Arkansas | March | July | August | September/December | January/April | July 1 | Biennial/Biennial |
| California | July/November | August/September | August/November | January 10 | June | July 1 | Annual/Annual |
| Colorado | June | August 1-15 | August/September | January 15 | May | July 1 | Annual/Annual |
| Connecticut | July | September | February | February | May/June | July 1 | Annual/Biennial |
| Delaware | August | October/November | October/November | January | June | July 1 | Annual/Annual |
| Florida | June | September | November | December | March | July 1 | Annual/Annual |
| Georgia | May | September | November/December | January | March | July 1 | Annual/Annual |
| Hawaii | July/August | September | November | December/January | April | July 1 | Annual/Biennial |
| Idaho | June | September | - | January | March | July 1 | Annual/Annual |
| Illinois | September | November/December | November/December | March | June | July 1 | Annual/Annual |
| Indiana | - | - | - | - | - | July 1 | Annual/Biennial |
| Iowa | June | September | November/December | January | April/May | July 1 | Annual/Annual |
| Kansas | June | September | November | January | May | July 1 | Annual/Annual |
| Kentucky | July | October | - | January | April | July 1 | Biennial/Biennial |
| Louisiana | September 10 | December 16 | February | February 28 | July | July 1 | Annual/Annual |
| Maine | July | September | October/December | January | June | July 1 | Biennial/Biennial |
| Maryland | June | August 31 | October/November | January | April | July 1 | Annual/Annual |
| Massachusetts | August | October | October | January | June | July 1 | Annual/Annual |
| Michigan | September | October/November | December/January | February | July | October 1 | Annual/Annual |
| Minnesota | May/June | October | November/December | January | May | July 1 | Annual/Biennial |
| Mississippi | June | August | - | November 11 | - | July 1 | Annual/Annual |
| Missouri | July | October | - | January | April/May | July 1 | Annual/Annual |
| Montana | December/August | May/October | May/October | January | April | July 1 | Biennial/Biennial |
| Nebraska | July | September | January/February | January | April | July 1 | Annual/Biennial |
| Nevada | July | September | September/December | January | June | July 1 | Biennial/Biennial |
| New Hampshire | August | October | November | February | May | July 1 | Annual/Biennial |
| New Jersey | May | October | - | January | June | July 1 | Annual/Annual |
| New Mexico | July | September | September/December | January | February/March | July 1 | Annual/Annual |
| New York | July | September | October/November | January | March | April 1 | Annual/Annual |
| North Carolina* | January | August | September/November | February | June | July 1 | Biennial/Biennial |
| North Dakota | March | June/July | July/October | December | January/April | July 1 | Biennial/Biennial |
| Ohio | July | September | October | February | June | July 1 | Annual/Biennial |

Table 2 (cont.)
State Budget Processes and Calendars

| State | Budget Guidelines to Agencies | Agency Requests Submitted to Governor | Agency Hearings Held | Governor's Budget Sent to Legislature | Legislature Adopts Budget | Fiscal Year Begins | Frequency of Legislative/Budget Cycles |
|----------------|-------------------------------|---------------------------------------|----------------------|---------------------------------------|---------------------------|--------------------|--|
| Oklahoma | July | September | September/December | February (First Monday) | May (last Friday) | July 1 | Annual/Annual |
| Oregon | January/July | September | September/November | December | January/June | July 1 | Biennial/Biennial |
| Pennsylvania | August | October | December/January | February | June | July 1 | Annual/Annual |
| Rhode Island | July | October | November/December | February | June | July 1 | Annual/Annual |
| South Carolina | June | September | October | January | June | July 1 | Annual/Annual |
| South Dakota | June/July | September | September/October | December | March | July 1 | Annual/Annual |
| Tennessee | August | October | November | January | April/May | July 1 | Annual/Annual |
| Texas | March | July/November | July/September | January | May | September 1 | Biennial/Biennial |
| Utah | July | September | October/November | December | February | July 1 | Annual/Annual |
| Vermont | September | October | November/December | January | May | July 1 | Biennial/Annual |
| Virginia | April/August | June/September | September/October | January | March | July 1 | Annual/Biennial |
| Washington | April | September | October | December | May | July 1 | Annual/Biennial |
| West Virginia | July | September | October/November | January | March | July 1 | Annual/Annual |
| Wisconsin | June | October | - | January | June/July | July 1 | Biennial/Biennial |
| Wyoming | May 15 | September 9 | By November 20 | December | January/March | July 1 | Annual/Biennial |

- no provision

Source: National Association of State Budget Officers, *Budget Processes in the States, 1992* (Washington, DC, 1992).

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 | S | Y | S | Y | S | 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 | N | | N | | N |
| 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 | N | | 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 | N | | N | | N |
| Kansas | Y | S | Y | C,S | N | | N |
| Kentucky | Y | C,S | Y | C,S | Y | C,S | N |
| Louisiana | Y | C,S | Y | C | Y | C,S | N |
| Maine | Y | C,S | Y | C | Y | C,S | N |
| Maryland* | Y | C | Y | C | N | | Y |
| Massachusetts | Y | C | Y | C | Y | C | Y |
| Michigan | Y | C,S | Y | C | Y | C,S | Y |
| Minnesota | Y | S | Y | S | N | 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 | N | | N | | N |
| Nevada | Y | S | Y | C | Y | | N |
| New Hampshire | Y | S | N | | N | | Y |
| New Jersey | Y | C | Y | C | Y | C | N |
| 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 | Y | C | Y | C | N |
| Oklahoma | Y | C,S | Y | C | Y | C | N |
| Oregon | Y | C | Y | C | Y | C | N |
| Pennsylvania | Y | C,S | N | | Y | C | Y |
| Rhode Island | Y | C | Y | C | Y | S | N |
| South Carolina | Y | C | Y | C | Y | C | N |
| South Dakota | Y | C | Y | C | Y | C | N |
| Tennessee | Y | C | Y | C | Y | C | N |
| Texas | N | | Y | C,S | N | | Y |
| Utah | Y | C,S | Y | C,S | Y | S | N |
| Vermont | N | | N | | N | | Y |
| Virginia* | N | | 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**

| | | | |
|-----------------|---|-----------------|--|
| Idaho | 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. | New York | 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 |
| Maryland | Budget becomes law immediately on enactment by the legislature. | Virginia | Requirement applies only to budget execution. The governor is required to ensure that actual expenditures do not exceed actual revenues. |

Source: National Association of State Budget Officers, *Budget Processes in the States, 1992* (Washington, DC, 1992).

Table 4
State Budget Stabilization Funds

| State | Methods for Deposit | Methods for Withdrawal |
|---|---|--|
| Alabama <i>Proration Prevention Fund-Education</i> | First year, \$21 million; Second year, \$8 million; thereafter, up to \$75 million maximum | (1) Declaration of proration by governor; or (2) Declaration of emergency by legislature |
| Alaska <i>Budget Reserve Account</i> | By appropriation | By appropriation for the governor to meet a disaster |
| Arizona <i>Budget Stabilization Fund</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 2/3 legislative approval |
| California <i>Special Fund for Economic Uncertainties</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) Executive order can allocate funds for additional fire fighting or disaster response needs |
| Colorado* <i>4% Required Reserve</i> | 3% of total general fund appropriations plus supplementals are automatically set aside | Automatic expenditure when revenue estimates fall below targets; fund can be used only to cover appropriations already authorized |
| Connecticut <i>Budget Reserve Fund</i> | Year-end surplus; fund capped at 5% of net general fund appropriations for fiscal year | Automatic expenditure to cover budget deficit to the extent that funds are available |
| Delaware <i>Budget Reserve Account</i> | Automatic deposit from previous year's unencumbered funds; fund capped at 5% of estimated general fund revenues | By appropriation to cover unanticipated budget deficit or to compensate for revenue reductions; requires 3/5 vote of each house |
| Florida <i>Working Capital Fund</i> | Year-end surplus; fund capped at 10% of previous year's general fund | By appropriation when revenue collections are insufficient to meet appropriations |
| Georgia <i>Revenue Shortfall Reserve</i> | Year-end surplus; fund capped at 3% of net revenue | Automatic expenditure to cover revenue shortfall collections |
| Idaho <i>Budget Reserve Account</i> | By appropriation | By appropriation |
| Indiana <i>Counter-Cyclical Revenue & Economic Stabilization Fund</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%; legislature may also authorize specific withdrawals |
| Iowa <i>Economic Emergency Fund</i> | Year-end surplus; fund capped at 10% of funds appropriated from the state's general fund during the preceding fiscal year | By appropriation only for a purpose for which the General Assembly previously appropriated funds for that fiscal year |
| Kansas* <i>State Budget Stabilization Fund</i> | By appropriation | State Finance Council approval |
| Kentucky* <i>Budget Reserve Trust Fund</i> | By appropriation | Allotted by governor to meet a revenue shortfall; governor must notify legislature |
| Louisiana <i>Revenue Stabilization/Mineral Trust Fund</i> | Revenues exceeding \$750 million from production and exploration of minerals | 1/3 of fund with legislative approval |
| Maine <i>Rainy Day Fund</i> | 4% of general fund revenue received in previous fiscal year | Legislation |
| Maryland* <i>Revenue Stabilization Account</i> | By appropriation, for fiscal years 1994 and 1995, amount should be equal to at least the estimate of revenues made by the Board of Revenue Estimates, for the fiscal year attributable to the increase in the top state income tax rate | Transferred by governor to general fund revenues if state unemployment rate is both greater than 6.5% and greater than the rate 12 months earlier; amount of transfer is reduced by amount of general fund budget reductions made by legislature |
| Massachusetts <i>Commonwealth Stabilization Fund</i> | Year-end surplus; fund capped at 5% of current fiscal year revenues | By appropriation |
| Michigan* <i>Countercyclical Budget and Economic Stabilization Fund</i> | Statutes require appropriation of an amount equal to (annual growth rate in real personal income in excess of 2%) x (general fund revenues of 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; withdrawals are allowed in year that pay-in is made if actual revenue collections fall below level on which budget was based |

Table 4 (cont.)
State Budget Stabilization Funds

| State | Methods for Deposit | Methods for Withdrawal |
|--|---|--|
| Minnesota <i>Budget and Cash Flow Reserve Account</i> | By direct appropriation \$240 million; by contingent appropriation an amount to bring the reserve up to 5% of general fund appropriations for the biennium | By appropriation or transfer by commissioner of finance with approval of governor; consultation with Legislative Advisory Commission required |
| Mississippi <i>General Fund Stabilization Reserve</i> | Automatic transfer of 25% of annual surplus, with fund not to exceed 5% of previous year's general fund revenue | Transfer by Fiscal Management Board to cover revenue shortfall |
| Missouri* <i>Budget Stabilization Fund</i> | By appropriation; fund is not to exceed 5% of the receipts into the general revenue fund for preceding fiscal year | By appropriation to the governor to meet budget shortfalls |
| Nebraska <i>Cash Reserve Account</i> | By statute | Transfer made to general fund when obligations exceed balance |
| Nevada <i>Budget Stabilization Designation</i> | By comptroller for accounting purposes when reporting financial portion of year's fund balance | |
| New Hampshire <i>Revenue Stabilization Reserve Account</i> | Audited year-end surplus | Transfer by the comptroller with approval of the Advisory Budget Control Committee and the governor when: (1) general fund operating deficit occurred for most recently completed fiscal year, and (2) unrestricted general fund revenues in the most recently completed fiscal year were less than budget forecast |
| New Jersey <i>Surplus Revenue Fund</i> | 50% of revenue collections in excess of governor's certification of revenues | (1) By appropriation when revenues are less than certified; or (2) By the governor in event of an emergency identified by the governor, on approval by the legislature's Joint Budget Oversight Committee. |
| New Mexico <i>Operating Reserve Fund</i> | Excess revenue with balance not to exceed 8% of aggregate recurring appropriations from the general fund for the previous fiscal year | By appropriation in the event revenues are insufficient to meet the level of appropriations authorized |
| New York* <i>Tax Stabilization Reserve Fund</i> | Year-end surplus up to 0.2% of aggregate general fund disbursements; reserve fund cannot exceed 2% of general fund disbursements for the fiscal year | By appropriation when state is in deficit |
| North Carolina <i>Savings Reserve Account</i> | 25% of year-end general fund credit balance; to accumulate to 5% of general fund operating budget | Approval of the General Assembly |
| North Dakota <i>Budget Stabilization Fund</i> | Biennium end surplus in excess of \$40 million | Governor may transfer to avoid negative general fund balance |
| Ohio <i>Budget Stabilization Fund</i> | Permanent law states that the legislature intends to maintain 4% of GRF revenue from preceding fiscal year in the fund and that the fund retain its own interest earnings; a repayment plan in temporary law gives the director of budget and management discretion to use GRF to repay BSF; temporary law also designates that the BSF's interest earnings are to be credited to the GRF | Legislative action necessary |
| Oklahoma <i>Constitutional Reserve Fund</i> | Automatic transfer of revenue in excess of official revenue projection; fund is capped at 10% of general revenue fund for the preceding fiscal year | Up to 1/2 of balance may be appropriated if the forthcoming fiscal year general revenue fund is less than that of current fiscal year certification; the other 1/2 of balance may be appropriated by (1) emergency declaration by the governor with concurrence by legislature with a 2/3 vote of each house or (2) joint emergency declaration by speaker and president pro tempore with concurrence by legislature with a 3/4 vote of each house |
| Pennsylvania <i>Tax Stabilization Reserve Fund</i> | By appropriation after certification by the budget secretary, 10 percent of the surplus of the General Fund shall be deposited into the Tax Stabilization Reserve by the end of the next succeeding quarter | By appropriation when governor declares an emergency or downturn in the economy; requires 2/3 vote of each house |

Table 4 (cont.)
State Budget Stabilization Funds

| State | Methods for Deposit | Methods for Withdrawal |
|---|---|---|
| Rhode Island <i>Budget Reserve and Cash Stabilization Account</i> | 1% General Revenue, FY1993; 1.5%, FY 1994; 2% thereafter whenever account reaches 3.0%, excess goes to capital fund | By appropriation to meet shortfall |
| South Carolina* <i>General Reserve Fund</i> | Revenues in excess of annual operating expenditures must be transferred to the fund; fund is capped at 3% of general fund revenue of the latest completed fiscal year | Budget and Control Board transfers to cover year-end operating deficit |
| South Dakota <i>Budget Reserve Fund</i> | Year-end surplus; fund capped at 5% of general fund appropriations in general appropriations act | Act of the legislature |
| Tennessee* <i>Revenue Fluctuation Reserve</i> | By appropriation | By appropriation in the event revenues are insufficient to meet the authorized level of expenditures |
| Texas* <i>Economic Stabilization Fund</i> | Transfer of 1/2 of any unencumbered general revenue fund balance at end of each biennium plus portions of oil and natural gas production tax collections | By appropriation with 2/3 vote of legislature |
| Utah <i>Budget Reserve Account</i> | General fund surplus up to 3%; account may not exceed 6% of the general fund appropriation for the fiscal year in which the surplus occurred | By appropriation to cover operating deficits |
| Vermont <i>Budget Stabilization Trust Fund</i> | Undesignated general fund surplus; fund is capped at 5% of general fund appropriations from most recently ended fiscal year | To the extent necessary to offset a general fund deficit |
| Virginia <i>Revenue Reserve Fund</i> | By appropriation | Governor may transfer for revenue shortfall caused by economic conditions or by changes in federal tax legislation |
| Washington <i>Budget Stabilization Fund</i> | Pursuant to appropriation: (projected growth in real personal income minus 3%) x (previous fiscal year general state revenues) | By appropriation, with 60% vote required, when revenues fall below forecast, for labor force training, or for any purpose legislature determines would reduce unemployment caused by state's economic cycle |
| Wisconsin <i>Budget Stabilization Fund</i> | By appropriation | By appropriation |
| Wyoming <i>Budget Reserve Account</i> | Year-end surplus plus appropriations | By appropriation |

***State Notes**

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

Kansas The State Finance Council (governor and legislative leaders) may authorize expenditures from the fund due to natural disasters, payment of expenditures required by order of judgment of a court or reductions in anticipated state general fund revenue by more than 1%. The fund is established for FY 1993 only (through an appropriation bill) and is not prescribed permanently by statute.

Kentucky Conditions governing the use of the fund are attached to its appropriation every two years. At the end of the biennium, the fund lapses and has to be recreated. The state also has created in the general fund the Surplus Fund Account. No expenditures may be made from the account unless appropriated by the legislature, or unless required by the budget reduction provisions of a joint budget resolution.

Maryland The Revenue Stabilization Account must be increased \$5 million each year whenever balance is less than \$100 million or 2% of general fund revenues.

Michigan If state unemployment rate is between 8% and 11.9%, legislature may appropriate 2.5% of the fund balance for programs that will provide for increases in state employment. If rate is 12% or more, up to 5% may be so used.

Missouri The General Assembly may appropriate to governor any portion of existing balance to cover budget shortfalls. Also, in any year in which governor finds it necessary to withhold appropriated funds, governor may order commissioner of administration to make transfers from fund to fulfill expenditures authorized by appropriation. However, such action must be approved by General Assembly, and hence can only occur if General Assembly is in session. Further, the General Assembly shall not appropriate moneys from the fund without authorization from the governor.

Table 4 (cont.)
State Budget Stabilization Funds

State Notes (cont.)

| | | | |
|-----------------------|--|--------------|--|
| New York | Once borrowed, fund must be paid back within six years in three equal installments. | | using funds appropriated by the Revenue Fluctuation Reserve. |
| South Carolina | 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. The state also has a Capital Reserve Fund that receives money by appropriation. It is capped at 2% of general fund revenue of latest completed fiscal year. The Budget and Control Board transfers money from this fund to avoid mid-year budget reductions. After May 1 of a fiscal year, money in Capital Reserve Fund can be appropriated for other specified purposes with 2/3 vote of legislature. | Texas | 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.) |
| Tennessee | To the extent practical, revenue shortfalls are to be offset by reductions in expenditures before | | |

Source: State surveys and National Association of State Budget Officers, *Budget Processes in the States 1992* (Washington, DC, 1992).

Table 5
Gubernatorial Veto Authority

| State | No Veto Power | No Item Veto | Line Item Veto | Item Veto of Amount | Item Veto of Paragraph | Item Veto of Syntax | Item Veto Other |
|----------------|---------------|--------------|----------------|---------------------|------------------------|---------------------|-----------------|
| Alabama* | | | X | X | | | |
| Alaska | | | X | X | | | |
| Arizona | | | X | X | | | |
| Arkansas | | | X | | | | |
| California | | | X | X | X | | |
| Colorado | | | X | | | | |
| Connecticut | | | | | | | |
| Delaware | | | X | | | | |
| Florida | | | X | X | X | | |
| Georgia | | | X | X | X | X | |
| Hawaii* | | | | X | | | |
| Idaho | | | X | | | | |
| Illinois | | | X | X | X | X | |
| Indiana | | X | | | | | |
| Iowa | | | X | X | X | | |
| Kansas | | | X | X | X | | |
| Kentucky | | | X | X | X | | |
| Louisiana | | | X | | | | |
| Maine | | X | | | | | |
| Maryland* | | | | | | | |
| Massachusetts | | | | | | | |
| Michigan | | | X | X | X | | |
| Minnesota | | | X | X | X | | |
| Mississippi | | | X | X | | | |
| Missouri | | | X | X | X | | |
| Montana | | | X | | | | |
| Nebraska | | | X | X | | | |
| Nevada | | X | | | | | |
| New Hampshire | | X | | | | | |
| New Jersey | | | X | X | X | X | |
| New Mexico | | | X | X | X | X | |
| New York* | | | X | X | X | X | |
| North Carolina | X | | | | | | |
| North Dakota | | | X | | X | | |
| Ohio* | | | X | X | X | | |
| Oklahoma | | | X | X | | | |
| Oregon | | | X | X | | | X |
| Pennsylvania* | | | X | X | X | | |
| Rhode Island | | X | | | | | |
| South Carolina | | | X | | | | |
| South Dakota | | | X | | | | |
| Tennessee | | | X | X | | | |
| Texas | | | X | | | | |
| Utah* | | | X | | | | |
| Vermont | | X | | | | | |
| Virginia* | | | X | X | | | |
| Washington | | | | X | X | | |
| West Virginia | | | X | X | X | X | X |
| Wisconsin | | | X | X | X | X | X |
| Wyoming | | | X | X | X | X | X |
| U.S. Total | 1 | 6 | 38 | 29 | 20 | 8 | 4 |

Table 5 (cont.)
Gubernatorial Veto Authority

| State | No Veto Power | No Item Veto | Line Item Veto | Item Veto of Amount | Item Veto of Paragraph | Item Veto of Syntax | Item Veto Other |
|---------------------|--|-----------------|-------------------|------------------------|--|------------------------|--------------------|
| *State Notes | | | | | | | |
| Alabama | For line item veto and item veto of amount, the governor may return a bill without limit for recommended amendments for amount and language. | | | Pennsylvania | The governor may veto paragraphs within appropriations bill only. | | |
| Hawaii | For item veto of amount, judicial and legislative appropriation bills may be vetoed by governor only in their entirety. | | | Utah | Item veto of paragraphs and item veto of amounts unresolved at this time. | | |
| Maryland | Supplementary budget bills may be vetoed by governor. | | | Virginia | 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. | | |
| New York | Any appropriation added to governor's budget by the legislature is subject to line item veto. | | | | | | |
| Ohio | In appropriation act only in line item veto. | | | | | | |

Source: National Association of State Budget Officers, *Budget Processes in the States 1992* (Washington, DC, 1992)

Table
Description of State

| State and Adoption Year Type of Limit, Methods of Approval | Limit Applies to | Limit Is |
|--|---|---|
| Alaska ¹ 1982 Constitutional Expenditure Legislative Referendum | State appropriations | Appropriations shall not exceed \$2.5 billion by more than the cumulative percentage change in population and inflation since 7/1/81. |
| Arizona 1978 Constitutional Expenditure Legislative Referendum | Appropriations of state tax revenues | Appropriations of state tax revenues shall not exceed 7 percent of state personal income. |
| California 1979 Constitutional Expenditure Citizen Initiative | Appropriations of state tax revenues | Yearly growth in appropriations limit shall not exceed percentage increase in population and inflation. |
| Colorado 1991 Statutory Expenditure Legislative Vote | State general fund appropriations | Yearly growth of state general fund appropriations. |
| Connecticut 1991 Statutory Expenditure | Expenditures from appropriated funds excluding: (1) debt service; (2) transfers into the budget reserve fund; (3) statutory grants to distressed municipalities in effect as of 7/1/91; and (4) federal mandates or court orders in their fiscal year | Expenditure growth shall not exceed the greater of: (1) 5-year average of the percentage increase in state personal income or (2) increase in the consumer price index for the preceding 12-month period. |
| Delaware | State general fund appropriations | 98 percent of estimated general fund revenue and prior year's unencumbered funds. |
| Hawaii 1978 Constitutional Expenditure | State general fund appropriations | Growth of appropriations limited to rate of growth of state economy—defined as preceding 3 years average growth rate of state personal income. |
| Idaho 1980 Statutory Expenditure Legislative Vote | State general fund appropriations | Appropriations shall not exceed 5.33 percent of state personal income. |
| Louisiana 1991 Constitutional/ Statutory Expenditure Legislative Committee Vote/ Commissioner of Administration | State appropriations | Growth in appropriations shall not exceed average rate of growth of state personal income over prior 3 years. |

¹ Automatic vote for reconsideration of limit in 1986 continued the provision.

Tax and Expenditure Limits

| Provisions for Waiver | Provisions in the Case of Transfer of Responsibility for Government Programs | Treatment of Surpluses |
|--|--|--|
| Limit may be exceeded for capital projects or appropriations to the permanent fund if the bill is (1) approved by the governor or 75 percent of the legislature and (2) approved by voters. | None | |
| Requires 2/3 approval of each house of the legislature on specific additional appropriations. | Legislature shall provide for adjustments to limit if court order or legislative enactment transfers responsibility between state and local governments or between federal and state governments. | No provision |
| In the event of an emergency, the appropriations limit may be exceeded provided increased expenditures are compensated for by reduced expenditures over 3 following years. Alternatively, the limit may be changed by voters but the change is operative for only 4 years. | <p>(1) The appropriations limit shall be altered if program responsibility is transferred from one government entity to another, from government to private entity, or from funding through general revenues to funding through special revenues.</p> <p>(2) The state shall provide the funding when it requires local government to provide a program.</p> <p>(3) Appropriations required for purposes of complying with federal requirements are not under limit.</p> | Surplus revenues may be carried forward to the next fiscal year for expenditures to the extent that the limit is not exceeded. If the revenues carried forward from the prior year are still in excess of the limit, then 50% of those revenues would be distributed to K-12 and the remaining 50% would be returned by revision of tax rates or fee schedules with the next 2 fiscal years. |
| Statute may be amended at any time by majority vote of legislature. | None | Excess retained in the General Fund for future appropriation. |
| (1) Governor declares an emergency or the existence of extraordinary circumstances AND (2) At least 3/5 of the members of each house of the general assembly vote to exceed the limit for the purposes of the emergency or extraordinary circumstances. | None | Any surplus funds are allocated based on the following priorities: (1) Retire 1991 deficit notes (2) Transfer to the Budget Reserve Fund (3) Payments to state employees' pension fund (4) Retire other outstanding indebtedness |
| Declaration of an emergency and 3/5 vote of each chamber. | None | Available for appropriations in ensuing fiscal year. |
| Limit may be exceeded by 2/3 approval of each house of the legislature on specific additional appropriations; the dollar amount and rate of excess and reasons for exceeding the limit must be reported. | | |
| Requires 2/3 approval of each house of the legislature on specific additional appropriations. | Adjustments to limit shall be made if court order or legislative enactment transfers responsibility between state and local governments or between federal and state governments. | No provision |
| The limit may be changed by a 2/3 vote of the legislature. | None | No provision |

Table
Description of State

| State and Adoption Year Type of Limit, Methods of Approval | Limit Applies to | Limit Is |
|--|--|--|
| Massachusetts 1986 Statutory Revenue Initiative Petition | State revenue | The average growth of wages and salaries of the previous 3 years. |
| Michigan 1978 Constitutional Revenue Citizen Initiative | State revenue | Revenue shall not exceed: $\frac{\text{FY 78-79 total state revenue}}{\text{Calendar year 1977 state personal income}}$ x the greater of state personal income in prior calendar year or average state personal income over previous 3 calendar years. |
| Missouri 1980 Constitutional Revenue and Expenditure Citizen Initiative | State revenue and expenditure | Revenue shall not exceed: $\frac{\text{FY 80-81 state revenue}}{1979 \text{ state personal income}}$ x the greater of state personal income in prior calendar year or average state personal income over previous 3 calendar years. |
| Montana 1981 Statutory Expenditure Legislative Vote | State appropriations | State biennial appropriations shall not exceed state appropriations for the preceding biennium plus the product of preceding biennial appropriations and the growth percentage. The growth percentage is the percentage difference between average state personal income for 3 calendar years immediately preceding the next biennium and the average state personal income for the 3 calendar years immediately preceding the current biennium. |
| Nevada 1979 Statutory Expenditure NONBINDING Legislative Vote | Governor's proposed general fund expenditures | Proposed biennial expenditures authorized for the 1975-76 biennium x [1 + percentage population change since 7/1/74] x [1 + percentage inflation] |
| New Jersey ² 1976 Statutory Expenditure Legislative Vote | State appropriations | Fiscal year direct state services appropriations shall not exceed the current year's (base year) appropriation, adjusted by the average annual percentage increase in state per capita personal income over the 4 fiscal years preceding the base year. |
| North Carolina 1991 Statutory Expenditure Legislative Vote | State appropriations | Increases each fiscal year shall not exceed 7% of the projected total state personal income for the fiscal year. The general fund operating budget for this purpose shall exclude increases in capital or other one-time operating appropriations and dollar increases for Medicaid, operation of prisons, and health insurance for state employees above the 7% limit. |
| Oklahoma 1985 Constitutional Expenditure Board of Equalization | State appropriations | (1) 12 percent yearly increase (adjusted for inflation) (2) 95 percent of certified revenue |
| Oregon 1979 Statutory Expenditure Legislative Vote | State general fund appropriations | The rate of growth of appropriations in each biennium shall not exceed rate of growth of state personal income in 2 preceding calendar years. |
| Rhode Island 1977 | Governor's general fund appropriations request | Yearly growth in governor's general fund appropriations request shall not exceed 6 percent. |

² Expired 1983.

Tax and Expenditure Limits

| Provisions for Waiver | Provisions in the Case of Transfer of Responsibility for Government Programs | Treatment of Surpluses |
|---|---|--|
| Statute may be amended by vote of legislature. | Vote of legislature | Proportional personal income tax credit. |
| Government must first specify an emergency; then the legislature must concur by 2/3 vote in each house. | <ol style="list-style-type: none"> (1) Limit may be adjusted if program responsibility is transferred from one government to another. (2) State is prohibited from reducing current proportion of local services financed through state aid. (3) No new program shall be required of local governments unless cost is paid by state. (4) The proportion of total state spending paid to all units of local government as a group shall not be reduced below proportion for FY78-79. | Revenues exceeding limit by 1 percent or more shall be used for tax refunds set in proportion to income tax liability. Excess less than 1 percent may be transferred to the State Budget Stabilization Fund. |
| Governor must first specify an emergency, then the legislature must concur by 2/3 vote in each house. | <ol style="list-style-type: none"> (1) Limit may be adjusted if program responsibility is transferred from one government to another. (2) State is prohibited from reducing current proportion of local services financed through state aid. (3) No new program shall be required of local governments unless cost is paid by state. | Revenues exceeding limit by 1 percent or more shall be refunded pro rata based on income tax liability. Excess less than 1 percent shall be transferred to the general revenue fund. |
| Governor must declare an emergency. Legislature must then approve specific additional expenditures by 2/3 vote of each house. | None | No provision |
| Not applicable because nonbinding. | None | No provision |
| Must be approved by majority of voters in state referendum at a general election prior to fiscal year in which limit is to be exceeded. | Adjustment to limit shall be made if program responsibility is transferred between state and local governments. | No provision |
| None | None | 25% of credit balance goes into a reserve to accumulate to 5% of the general fund operating budget. |
| None | The limit can be adjusted for funds not previously appropriated. | Revenue to general fund in excess of estimate (up to 10 percent) shall be deposited in a Rainy Day Fund. |
| Statute may be amended at any time by majority of legislature. | Adjustment to limit shall be made if program funding is transferred from general fund to non-general fund sources or vice versa. | Revenue exceeding close of session revenue forecast by 2 percent or more shall be used for tax refunds proportional to income tax liability. |
| Not applicable because nonbinding. | None | No provision |

Table
Description of State

| State and Adoption Year | Type of Limit, Methods of Approval | Limit Applies to | Limit Is |
|---------------------------------|---|--|---|
| South Carolina 1980,1984 | Constitutional Expenditure Legislative Referendum | State appropriations | Yearly growth in state appropriations shall not exceed average growth of personal income over 3 preceding years or 9.5 percent of total state personal income, whichever is greater. Also, the number of state employees is tied to state population. |
| Tennessee 1978 | Constitutional Expenditure Constitutional Convention Referendum | Appropriations of state tax revenues | Growth in state appropriations shall not exceed growth in state personal income. |
| Texas 1978 | Constitutional Expenditure Legislative Referendum | Growth of biennial appropriations shall not exceed rate of growth of | Appropriations of state tax revenues state personal income. |
| Utah 1979 | Statutory Expenditure Legislative Vote | State appropriations | Growth in appropriations may not exceed 85 percent of the increase in state personal income. |
| Washington 1979 | Statutory Revenue Citizen Initiative | State tax revenue | Growth in tax revenues shall not exceed average rate of growth of state personal income over 3 years. |

Tax and Expenditure Limits

| Provisions for Waiver | Provisions in the Case of Transfer of Responsibility for Government Programs | Treatment of Surpluses |
|--|--|--|
| Limit may be exceeded for one year by a 2/3 vote of the legislature if it first declares a financial emergency. Also, every 5 years the legislature may review the composition of the limit. | None | Excess revenues may be spent to match federal programs, for debt purposes, tax relief, or transferred to reserve fund. |
| Specific additional amount may be approved by majority vote of the legislature. | State must share in cost if it increases expenditure requirements of local governments. | No provision |
| Specific additional amount may be approved by majority vote of the legislature if it first adopts a resolution that an emergency exists. | None | No provision |
| Limit may be exceeded by 2/3 vote of legislature if fiscal emergency is declared by legislature and legislature follows required procedures for publicizing its intent and holding public hearing. | (1) Limit shall be adjusted if program responsibility is transferred between state and local governments or from the federal government to the state. (2) Limit shall be decreased if funding source moved from sources covered under limit to sources exempt from limit. Revenue from exempt sources that is moved to nonexempt accounts shall come under the limit. | No provision |
| Emergency must be declared by 2/3 vote of legislature; then legislature must approve specific additional appropriations by 2/3 vote. | (1) Limit shall be adjusted if program responsibility is transferred between state and local governments or between state and federal government. (2) State must reimburse local governments for increased cost if legislature imposes program responsibility on local governments. | Excess revenue becomes part of state tax revenue for next fiscal year. |

Source: ACIR state update, 1992, based on National Conference of State Legislatures, *Legislative Budget Procedures in the 50 States: A Guide to Appropriations and Budget Processes* (Denver, September 1988).

Section II

Federal Taxes

Table 7
Federal Individual Income Tax (Average and Marginal Tax Rates)
Selected Income Groups and Years, 1954-1993

| Adjusted Gross Income ^a | Average Rate (percent) ^b | | | | | | | | | | Marginal Tax Rate (percent) ^c | | | | | | | | | |
|--|-------------------------------------|------|--------------------|--------------------|----------------------------|--------------------|--------------------|--------------------|--------------------|-------|--|------|--------------------|--------------------|---------------------------|------|------|------|------|------|
| | 1954- 1963 | 1965 | 1970 ^d | 1975 | 1979- 1980 ^e | 1985 | 1990 | 1991 | 1992 | 1993 | 1954- 1963 | 1965 | 1970 ^d | 1975 | 1979 1980 ^e | 1985 | 1990 | 1991 | 1992 | 1993 |
| Current Dollars | | | | | | | | | | | | | | | | | | | | |
| Single | | | | | | | | | | | | | | | | | | | | |
| No Dependents | | | | | | | | | | | | | | | | | | | | |
| 5,000 | 16.4 | 13.4 | 13.7 | 8.1 | 5.0 | 3.5 | — | — | — | — | 22.0 | 19.0 | 19.5 | 19.0 | 16.0 | 12.0 | — | — | — | n.a. |
| 10,000 | 21.0 | 17.4 | 17.3 | 14.8 | 11.8 | 8.9 | 7.1 | 6.7 | 6.2 | 6.0 | 34.0 | 28.0 | 25.6 | 20.2 | 21.0 | 16.0 | 15.0 | 15.0 | 15.0 | n.a. |
| 20,000 | 29.5 | 24.6 | 22.0 | 20.6 | 19.2 | 14.3 | 11.0 | 10.8 | 10.6 | 10.5 | 50.0 | 42.0 | 34.8 | 34.0 | 34.0 | 26.0 | 15.0 | 15.0 | 15.0 | n.a. |
| 25,000 | 33.3 | 27.9 | 24.4 | 23.5 | 21.9 | 16.5 | 12.0 | 11.2 | 11.5 | 11.4 | 56.0 | 48.0 | 39.0 | 38.0 | 39.0 | 26.0 | 28.0 | 28.0 | 28.0 | n.a. |
| 35,000 | 39.4 | 33.2 | 28.7 | 27.7 | 26.3 | 19.8 | 16.3 | 15.9 | 15.3 | 15.0 | 62.0 | 53.0 | 46.1 | 45.0 | 44.0 | 34.0 | 28.0 | 28.0 | 28.0 | n.a. |
| 50,000 | 45.6 | 38.5 | 34.5 | 33.4 | 32.1 | 24.1 | 19.0 | 18.7 | 18.3 | 18.1 | 72.0 | 60.0 | 61.5 | 60.0 | 55.0 | 42.0 | 28.0 | 28.0 | 28.0 | n.a. |
| 75,000 | 52.9 | 44.3 | 42.1 | 40.9 | 39.3 | 29.6 | 22.3 | 21.5 | 21.2 | 21.0 | 78.0 | 64.0 | 65.6 | 64.0 | 63.0 | 48.0 | 33.0 | 31.0 | 31.0 | n.a. |
| Married | | | | | | | | | | | | | | | | | | | | |
| 2 Dependents^f | | | | | | | | | | | | | | | | | | | | |
| 5,000 | 8.4 | 5.8 | 5.8 | 6.0 | -10.0 ^g | -11.0 ^g | -14.0 ^g | -17.4 ^g | -18.5 ^g | -19.6 | 20.0 | 15.0 | 15.0 | 10.0 ^g | — | — | — | — | — | n.a. |
| 10,000 | 13.7 | 11.1 | 11.2 | 7.1 | 3.7 | 1.3 ^g | -9.5 ^g | -12.4 ^g | -13.8 ^g | -15.1 | 22.0 | 19.0 | 19.5 | 19.0 | 16.0 | 24.2 | — | — | — | n.a. |
| 20,000 | 19.0 | 16.1 | 16.1 | 13.7 | 11.3 | 8.4 | 4.8 | -1.9 ^g | -2.1 | -2.1 | 30.0 | 25.0 | 25.6 | 25.0 | 24.0 | 16.0 | 15.0 | 15.0 | 15.0 | n.a. |
| 25,000 | 21.3 | 18.0 | 18.0 | 16.4 | 14.0 | 10.3 | 6.8 | 6.4 | 5.9 | 5.7 | 38.0 | 32.0 | 28.7 | 28.0 | 28.0 | 18.0 | 15.0 | 15.0 | 15.0 | n.a. |
| 35,000 | 25.8 | 21.9 | 21.9 | 20.5 | 18.8 | 14.0 | 9.2 | 8.9 | 8.5 | 8.3 | 47.0 | 39.0 | 40.0 | 39.0 | 37.0 | 25.0 | 15.0 | 15.0 | 15.0 | n.a. |
| 50,000 | 32.0 | 27.3 | 27.3 | 26.0 | 24.2 | 18.2 | 11.9 | 11.2 | 10.4 | 10.3 | 56.0 | 48.0 | 49.2 | 48.0 | 43.0 | 33.0 | 28.0 | 28.0 | 15.0 | n.a. |
| 75,000 | 39.5 | 34.1 | 34.1 | 32.8 | 31.2 | 23.5 | 16.5 | 16.1 | 15.6 | 15.3 | 65.0 | 55.0 | 56.4 | 55.0 | 54.0 | 42.0 | 28.0 | 28.0 | 28.0 | n.a. |
| Constant (1980) Dollars^h | | | | | | | | | | | | | | | | | | | | |
| Single | | | | | | | | | | | | | | | | | | | | |
| No Dependents | | | | | | | | | | | | | | | | | | | | |
| 5,000 | 12.0 | 7.5 | 4.0 | 3.9 | 5.0 | 5.6 | 4.9 | 5.0 | 4.6 | n.a. | 20.0 | 16.8 | 16.0 | 16.0 | 16.0 | 14.0 | 15.0 | 15.0 | 15.0 | n.a. |
| 10,000 | 15.5 | 13.8 | 11.4 | 10.9 | 11.8 | 10.5 | 10.0 | 10.0 | 9.8 | n.a. | 22.0 | 21.5 | 21.0 | 19.0 | 21.0 | 18.0 | 15.0 | 15.0 | 15.0 | n.a. |
| 20,000 | 19.3 | 17.0 | 16.7 | 17.9 | 19.2 | 16.6 | 15.3 | 15.3 | 15.0 | n.a. | 30.0 | 25.6 | 22.7 | 30.0 | 34.0 | 26.0 | 28.0 | 28.0 | 28.0 | n.a. |
| 25,000 | 21.0 | 18.7 | 19.0 | 20.9 | 21.9 | 18.7 | 17.3 | 17.4 | 17.1 | n.a. | 34.0 | 27.7 | 31.0 | 34.0 | 39.0 | 30.0 | 28.0 | 28.0 | 28.0 | n.a. |
| 35,000 | 24.4 | 21.1 | 23.2 | 24.9 | 26.3 | 22.6 | 19.6 | 19.6 | 19.4 | n.a. | 43.0 | 31.8 | 38.0 | 44.0 | 44.0 | 38.0 | 33.0 | 31.0 | 28.0 | n.a. |
| 50,000 | 29.6 | 24.8 | 27.7 | 30.0 | 32.1 | 27.1 | 22.6 | 22.1 | 22.0 | n.a. | 50.0 | 41.0 | 45.0 | 55.0 | 55.0 | 48.0 | 33.0 | 31.0 | 31.0 | n.a. |
| 75,000 | 36.7 | 30.2 | 34.4 | 37.5 | 39.1 | 32.5 | 25.3 | 24.0 | 23.9 | n.a. | 62.0 | 51.2 | 60.0 | 63.0 | 63.0 | 50.0 | 33.0 | 31.0 | 31.0 | n.a. |
| Married | | | | | | | | | | | | | | | | | | | | |
| 2 Dependents^f | | | | | | | | | | | | | | | | | | | | |
| 5,000 | — | — | -10.0 ^g | -10.0 ^g | -10.0 ^g | -8.7 ^g | -12.1 ^g | -14.9 ^g | -16.2 ^g | n.a. | — | — | -10.0 ^g | -10.0 ^g | — | — | — | — | — | n.a. |
| 10,000 | 6.1 | 5.8 | 1.4 | 1.4 | 3.7 | 4.7 | -0.9 ^g | -1.2 ^g | -2.5 ^g | n.a. | 20.0 | 16.8 | 26.0 ^g | 26.5 ^g | 16.0 | 14.0 | — | — | — | n.a. |
| 20,000 | 12.2 | 11.4 | 10.3 | 10.3 | 11.3 | 10.4 | 8.5 | 8.5 | 8.3 | n.a. | 22.0 | 19.5 | 18.5 | 21.0 | 24.0 | 22.0 | 15.0 | 15.0 | 15.0 | n.a. |
| 25,000 | 13.7 | 12.9 | 12.8 | 12.8 | 14.0 | 12.9 | 9.8 | 9.8 | 9.7 | n.a. | 22.0 | 22.6 | 22.0 | 24.0 | 28.0 | 25.0 | 15.0 | 15.0 | 15.0 | n.a. |
| 35,000 | 16.1 | 15.3 | 17.4 | 17.4 | 18.8 | 16.7 | 13.4 | 13.4 | 13.1 | n.a. | 26.0 | 25.6 | 28.0 | 32.0 | 37.0 | 33.0 | 28.0 | 28.0 | 28.0 | n.a. |
| 50,000 | 19.0 | 18.3 | 22.8 | 22.8 | 24.2 | 21.3 | 16.9 | 17.0 | 16.7 | n.a. | 30.0 | 32.8 | 39.0 | 43.0 | 44.0 | 38.0 | 28.0 | 28.0 | 28.0 | n.a. |
| 75,000 | 23.6 | 23.3 | 29.4 | 29.4 | 31.2 | 26.6 | 20.5 | 20.2 | 20.0 | n.a. | 43.0 | 43.0 | 50.0 | 54.0 | 42.0 | 42.0 | 33.0 | 31.0 | 31.0 | n.a. |

Table 7 (cont.)
Federal Individual Income Tax (Average and Marginal Tax Rates)
Selected Income Groups and Years, 1954-1993

— Represents zero.

n.a.—not available at this time

^a Refers to income after exclusions.

^b Tax liability divided by stated adjusted gross income.

^c 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.

^d Includes tax surcharge.

^e 1981 tax liability and tax rates are 98.75% of the 1980 rates.

^f It is assumed only one spouse works outside the home.

^g Refundable earned income credit.

^h 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: 1960, 30.8; 1965, 32.2; 1970, 37.9; 1975, 50.5; 1980, 72.6; 1985, 93.3; 1988, 104.3; 1989, 109.5; 1990, 115.3; 1991, 120.4; 1992, 123.8.

Source: ACIR computations and Commerce Clearinghouse, *1993 U.S. Master Tax Guide* (Chicago, 1992).

Table 8
Federal Individual Income Tax Rates and Exemptions, 1913-1994

| 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 ^a | 400 | 4.0-73.0 | 4,000 | 1,000,000 |
| 1922 | 1,000 | 2,500 ^a | 400 | 4.0-56.0 | 4,000 | 200,000 |
| 1923 | 1,000 | 2,500 ^a | 400 | 3.0-56.0 | 4,000 | 200,000 |
| 1924 | 1,000 | 2,500 | 400 | 1.5 ^b -46.0 | 4,000 | 500,000 |
| 1925-28 | 1,500 | 3,500 | 400 | 1.125 ^b -25.0 | 4,000 | 100,000 |
| 1929 | 1,500 | 3,500 | 400 | 0.375 ^b -24.0 | 4,000 | 100,000 |
| 1930-31 | 1,500 | 3,500 | 400 | 1.125 ^b -25.0 | 4,000 | 100,000 |
| 1932-33 | 1,000 | 2,500 | 400 | 4.0-63.0 | 4,000 | 1,000,000 |
| 1934-35 | 1,000 | 2,500 | 400 | 4.0 ^c -63.0 | 4,000 | 1,000,000 |
| 1936-39 | 1,000 | 2,500 | 400 | 4.0 ^c -79.0 | 4,000 | 5,000,000 |
| 1940 | 800 | 2,000 | 400 | 4.4 ^c -81.1 | 4,000 | 5,000,000 |
| 1941 | 750 | 1,500 | 400 | 10.0 ^c -81.0 | 2,000 | 5,000,000 |
| 1942-43 ^d | 500 | 1,200 | 350 | 19.0 ^c -88.0 | 2,000 | 200,000 |
| 1944-45 | 500 | 1,000 | 500 | 23.0-94.0 ^e | 2,000 | 200,000 |
| 1946-47 | 500 | 1,000 | 500 | 19.0-86.45 ^e | 2,000 | 200,000 |
| 1948-49 ^f | 600 | 1,200 | 600 | 16.6-82.13 ^e | 2,000 | 200,000 |
| 1950 | 600 | 1,200 | 600 | 17.4-84.36 ^e | 2,000 | 200,000 |
| 1952-53 | 600 | 1,200 | 600 | 20.4-91.0 ^e | 2,000 | 200,000 |
| 1954-63 | 600 | 1,200 | 600 | 20.0-91.0 ^e | 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 ^g | 500 | 100,000 |
| 1969 | 600 | 1,200 | 600 | 14.0-77.0 ^g | 500 | 100,000 |
| 1970 | 625 | 1,250 | 625 | 14.0-71.75 ^g | 500 | 100,000 |
| 1971 | 675 | 1,350 | 675 | 14.0-70.0 | 500 | 100,000 |
| 1972-76 | 750 | 1,500 | 750 | 14.0-70.0 | 500 | 100,000 |
| 1977-78 | 750 | 1,500 | 750 | 0.0-70.0 | 3,200 | 203,200 |
| 1979-81 | 1,000 | 2,000 | 1,000 | 0.0-70.0 ^h | 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 ⁱ | 162,400 ⁱ |
| 1985 | 1,040 ^j | 2,080 ^j | 1,040 ^j | 0.0-50.0 | 3,540 ⁱ | 169,020 ⁱ |
| 1986 | 1,080 ^j | 2,160 ^j | 1,080 ^j | 0.0-50.0 | 3,670 ⁱ | 175,250 ⁱ |
| 1987 | 1,900 | 3,800 | 1,900 | 11.0-38.5 | 3,000 | 90,000 |
| 1988 | 1,950 ^k | 3,900 ^k | 1,950 ^k | 15.0-28.0 ^l | 29,750 | 29,750 |
| 1989 | 2,000 ^{j,k} | 4,000 ^{j,k} | 2,000 ^{j,k} | 15.0-28.0 ^l | 30,950 | 30,950 |
| 1990 | 2,050 ^{j,k} | 4,100 ^{j,k} | 2,050 ^{j,k} | 15.0-28.0 ^l | 32,450 | 32,450 |
| 1991 | 2,150 ^{j,k} | 4,300 ^{j,k} | 2,150 ^{j,k} | 15.0-31.0 ^l | 34,000 | 82,150 |
| 1992 | 2,300 ^{j,k} | 4,600 ^{j,k} | 2,300 ^{j,k} | 15.0-31.0 ^l | 35,800 | 86,500 |
| 1993 | 2,350 ^{j,k} | 4,700 ^{j,k} | 2,350 ^{j,k} | 15.0-39.6 ^m | 36,900 | 89,150 |
| 1994 | 2,450 ^{j,k} | 4,900 ^{j,k} | 2,450 ^{j,k} | 15.0-39.6 ^m | 38,000 | 91,850 |

For tax year 1993, personal exemptions are phased out at threshold incomes of \$162,700 for joint returns, \$135,600 for heads of household, \$108,450 for single taxpayers, and \$81,350 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 1994, as determined by the Commerce Clearing House, are increased to \$167,700 for joint returns or surviving spouses, \$139,750 for heads of households, \$111,800 for single taxpayers, and \$83,350 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; and the 1994 amount, as determined by the Commerce Clearing House, is \$111,800.

†Married filing joint return.

Table 8 (cont.)
Federal Individual Income Tax Rates and Exemptions, 1913-1994

- ^a Married exemption is \$2,000 if net income exceeds \$5,000.
- ^b After earned income credit equal to 25% of tax on earned income, lowest bracket only.
- ^c Before earned income credit equal to 25% of tax on earned income.
- ^d Exclusive of Victory Tax.
- ^e 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.
- ^f Beginning in 1948, blind taxpayers, or taxpayer and spouse 65 years old or older are allowed an additional exemption.
- ^g 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.
- ^h The tax liability was reduced by 1.25% for all taxable income brackets in 1981.
- ⁱ All brackets adjusted for changes in the Consumer Price Index.
- ^j Personal exemptions adjusted for changes in the Consumer Price Index for 1985, 1986, 1989, and thereafter.
- ^k The personal exemption is phased out for certain higher income taxpayers, beginning in 1988.
- ^l 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%.
- ^m 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. Also, 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 1992, 1993, and 1994* (Chicago, 1991, 1992, and 1993).

Table 9
**Federal Corporation Income Tax Rates and Exemptions,
Income Years 1909-1993**

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

^a In addition to the rates shown, in 1918, profits above \$3,000 plus 8% of invested capital were subjected to a graduated tax ranging from 30% to 65% and a "war profits" tax of 100% of the profits above \$3,000 plus the greater of (1) average prewar net income plus or minus 10% of the increase or decrease in invested capital, or (2) 10% of invested capital. The sum of the

excess profits tax and the war profits tax could not exceed 30% of the net income above \$3,000 and not exceed \$20,000 plus 80% of the net income over \$25,000. In 1919 and 1920, the war profits tax was repealed and the excess profits tax was 20% to 40% of the profits over \$3,000 plus 8% of the invested capital (not to exceed 20% of net income over \$3,000).

Table 9 (cont.)
**Federal Corporate Income Tax Rates and Exemptions,
Income Years 1909-1993**

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

^c Less adjustments: 14.025% of dividends received and 2.5% of dividends paid.

^d 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%.

^e Includes surcharge of 10% in 1968 and 1969, and 2.5% in 1970.

^f 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.

^g 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%.

^h 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, *1993 U.S. Master Tax Guide* (Chicago, 1993).

Table 10
Federal Excise Tax Rates on Selected Items
Selected Years 1944-1993

| Item Taxed (base) | Rates as of December 31 | | | | | | |
|--|-------------------------|----------------|----------------|---------------------------------------|---|---|--|
| | 1944 | 1954 | 1964 | 1989 | 1991 | 1992 | 1993 |
| Alcoholic beverages | | | | | | | |
| Distilled spirits (\$/proof gallon) | 9.00 | 10.50 | 10.50 | 12.50 | 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 |
| 14 to 21% alcohol | 0.60 | 0.67 | 0.67 | 0.67 | 1.57 | 1.57 | 1.57 |
| 21 to 24% alcohol ^a | 2.00 | 2.25 | 2.25 | 2.25 ^b | 3.15 ^b | 3.15 ^b | 3.15 ^b |
| Beer (\$/31-gallon barrel) | 8.00 | 9.00 | 9.00 | 9.00 ^c | 18.00 ^c | 18.00 ^c | 18.00 ^c |
| Tobacco products | | | | | | | |
| Small cigars (\$ less than 3 lbs per 1,000) | 0.75 | 0.75 | 0.75 | 0.75 | 0.9375 ^d | 0.9375 ^d | 1.125 ^d |
| 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% ^e of whole- sale price | 10.625% ^e of whole- sale price | 12.75% ^e of whole- sale price |
| Cigarettes (\$/pack of 20) | 0.07 | 0.08 | 0.08 | 0.16 ^f | 0.20 ^f | 0.20 ^f | .24 ^f |
| Tobacco and snuff (\$/lb) | 0.18 | 0.10 | 0.10 | g | g | g | g |
| Manufacturers excise taxes | | | | | | | |
| Gasoline (\$/gallon) | 0.015 | 0.02 | 0.02 | 0.09 ^h | 0.14 ⁱ | 0.14 ⁱ | 18.14 ⁱ |
| Lubricating oils (\$/gallon) | 0.06 | 0.06 | 0.06 | j | j | j | j |
| Automobiles (% of sales price) | 7.0% | 10.0% | 10.0% | k | k | k | k |
| Automotive accessories (% of sales price) | 5.0% | 8.0% | 8.0% | l | l | l | l |
| Trucks and trailers (% of sales price) | 7.0% | 10.0% | 10.0% | 12.0% | 12.0% | 12.0% | 12.0% |
| Highway tires (\$/lb) | 0.05 | 0.05 | 0.10 | .15-.50 ^m | .15-.50 ^m | .15-.50 ^m | .15-.50 ^m |
| "Gas Guzzler" (\$/auto) | — | — | — | n | n | n | n |
| Firearms, shells, and cartridges (% of price) | 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% |
| Bows and arrows (% of sales price) | — | — | — | 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% |
| Retailers excise taxes | | | | | | | |
| Diesel fuel for highway vehicles (\$/gallon) | — | — | — | 0.15 | 0.20 | 0.20 | 0.244 |
| Gasohol (\$/10% or more alcohol-gasoline blend) | — | — | — | 0.03 | 0.966 | 0.966 | 0.130 |
| Gasoline used in noncommercial aviation (\$/gallon) | — | — | — | 0.12 | 0.15 | 0.15 | 0.10 |
| Fuels other than gasoline, noncommercial aviation (\$/gallon) | — | — | — | 0.14 | 0.176 | 0.176 | 0.184 |
| Inland waterways fuel (\$/gallon) | — | — | — | 0.10 ^p | 0.11 | 0.15 | 0.214 |
| Airplanes | — | — | — | — | 10.0% ^p | 10.0% ^p | u |
| Automobiles | — | — | — | — | 10.0% ^p | 10.0% ^p | 10.0% ^p |
| Boats | — | — | — | — | 10.0% ^p | 10.0% ^p | u |
| Furs and jewelry | — | — | — | — | 10.0% ^p | 10.0% ^p | u |
| Other excise taxes | | | | | | | |
| Air passenger ticket (% of price) | 15.0% | 10.0% | 5.0% | 8.0.0% | 10.0% | 10.0% | 10.0% |
| International departures (\$/person) | — | — | — | 3.00 | 6.00 | 6.00 | 6.00 |
| Domestic air cargo (% of value) | — | — | — | — | 6.25% | 6.25% | 6.75% |
| Local telephone service (% of amount) | 15.0% | 10.0% | 10.0% | 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% |
| Certain vaccines (\$/dose) | — | — | — | q | q | q | q |
| Foreign insurance policies (% of premiums) | | | | | | | |
| Life insurance (% of premium) | 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% |
| Wagering (% of amount wagered except parimutuel) | 10.0% | 10.0% | 10.0% | 2.0% ^r | 2.0% ^r | 2.0% ^r | 2.0% ^r |
| Leaking underground storage tanks (\$/gallon) | — | — | — | 0.001 | 0.001 ^s | 0.001 ^s | 0.001 ^s |
| Environmental ("Superfund") excise taxes | | | | | | | |
| Domestic crude oil (\$/barrel) | — | — | — | 0.082 | 0.147 | 0.097 | 0.097 |
| Imported petroleum products (\$/barrel) | — | — | — | 0.117 | 0.147 | 0.097 | 0.097 |
| Feedstock chemicals and certain imported substances (\$/ton) | — | — | — | .22-4.87 | .22-4.87 | .22-4.87 | .22-4.87 |
| Use of harbors and ports (% of cargo) | — | — | — | 0.04.0% | 0.125% | 0.125% | 0.125% |
| Use tax on heavy highway vehicles (\$/ton) | — | — | 6.00 | t | t | t | t |
| Coal (\$/ton) | | | | | | | |
| Underground mines | — | — | — | 1.10 | 1.10 | 1.10 | 1.10 |
| Surface mines | — | — | — | 0.55 | 0.55 | 0.55 | 0.55 |

Table 10 (cont.)
Federal Excise Tax Rates on Selected Items
Selected Years 1944-1993

- ^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 for 1991 and 1992. Rate for 1993 and thereafter is \$1.125 per 1,000.
- ^e Rate for 1991 and 1992. Maximum tax is \$25 per 1,000. Rate for 1993 and thereafter is 12% of wholesale price, or \$30 per 1,000, whichever is greater.
- ^f Cigarettes weighing more than 3 lbs. per 1,000 are taxed at \$.336 per pack. For 1991 and 1992, the applicable rate is \$.42 per pack. For 1993 and thereafter, the rate is \$.504 per pack.
- ^g Rates are: snuff, \$.24; chewing tobacco, \$.08; and pipe tobacco, \$.45. For 1991 and 1992, applicable rates are \$.30, \$.10, and \$.5625. For 1993 and thereafter, the rates are \$.36, \$.12, and \$.675.
- ^h Rate for alcohol fuels (more than 85% methanol or ethanol), \$.03.
- ⁱ Includes \$.025 per gallon tax for deficit reduction. This portion is scheduled to expire 10/1/95.
- ^j Repealed 8/16/71.
- ^k Repealed 1/7/83.
- ^l Repealed 1/1/66.
- ^m Tires under 40 lbs., no tax; over 40 but less than 70 lbs., \$.15 per lb. over 40 lbs.; over 70 but less than 90 lbs., \$.45 plus \$.30 per lb. over 70 lbs.; over 90 lbs., \$10.50 plus \$.50 per lb. over 90 lbs.
- ⁿ 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, the rates range from \$1,000 per vehicle to \$7,700 per vehicle for corresponding fuel economy ratings.
- ^o Rate is scheduled to rise to \$.20 per gallon in 1995 and thereafter.
- ^p Rate applies to difference between retail price and threshold price. Threshold price for automobiles (except taxicabs) is \$30,000.
- ^q 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.
- ^r Rate is 0.25% of wagers in states where wagering is authorized by state law.
- ^s \$.001 per gallon, not included in excises for fuels and chemicals.
- ^t 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.
- ^u Repealed effective 1993.

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*, Vol. 136, No. 149, Part II (October 26, 1990); Commerce Clearing House, *U.S. Excise Tax Guide 1991 and 1992* (Chicago, 1990 and 1991), and *1993 U.S. Federal Excise Tax Reporter*.

Table 11
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 | | | Employer or | Self-Employed | | |
| | | | Total | Old Age Survivors' | Disability | Hospital | Total | Old Age Survivors' | Disability | Hospital | Employer | Employed |
| 1937-49 | \$3,000 | 2.00% | 1.00% | 1.00% | — | — | — | — | — | — | \$30.00 | — |
| 1950 | 3,000 | 3.00 | 1.50 | 1.50 | — | — | — | — | — | — | 45.00 | — |
| 1951-53 | 3,600 | 3.00 | 1.50 | 1.50 | — | — | 2.25 | 2.25 | — | — | 54.00 | 81.00 |
| 1954 | 3,600 | 4.00 | 2.00 | 2.00 | — | — | 3.00 | 3.00 | — | — | 72.00 | 108.00 |
| 1955-56 | 4,200 | 4.00 | 2.00 | 2.00 | — | — | 3.00 | 3.00 | — | — | 84.00 | 126.00 |
| 1957-58 | 4,200 | 4.50 | 2.25 | 2.00 | 0.25 | — | 3.375 | 3.00 | 0.375 | — | 94.50 | 141.75 |
| 1959 | 4,800 | 5.00 | 2.50 | 2.25 | 0.25 | — | 3.75 | 3.375 | 0.375 | — | 120.00 | 180.00 |
| 1960-61 | 4,800 | 6.00 | 3.00 | 2.75 | 0.25 | — | 4.50 | 4.125 | 0.375 | — | 144.00 | 216.00 |
| 1962 | 4,800 | 6.25 | 3.125 | 2.875 | 0.25 | — | 4.70 | 4.325 | 0.375 | — | 150.00 | 225.60 |
| 1963-65 | 4,800 | 7.25 | 3.625 | 3.375 | 0.25 | — | 5.40 | 5.025 | 0.375 | — | 174.00 | 259.20 |
| 1966 | 6,600 | 8.40 | 4.20 | 3.50 | 0.35 | 0.35 | 6.15 | 5.275 | 0.525 | 0.35 | 277.20 | 405.90 |
| 1967 | 6,600 | 8.80 | 4.40 | 3.55 | 0.35 | 0.50 | 6.40 | 5.375 | 0.525 | 0.50 | 290.40 | 422.40 |
| 1968 | 7,800 | 8.80 | 4.40 | 3.325 | 0.475 | 0.60 | 6.40 | 5.0875 | 0.7125 | 0.60 | 343.20 | 499.20 |
| 1969 | 7,800 | 9.60 | 4.80 | 3.725 | 0.475 | 0.60 | 6.90 | 5.5875 | 0.7125 | 0.60 | 374.40 | 538.20 |
| 1970 | 7,800 | 9.60 | 4.80 | 3.65 | 0.55 | 0.60 | 6.90 | 5.475 | 0.825 | 0.60 | 374.40 | 538.20 |
| 1971 | 7,800 | 10.40 | 5.20 | 4.05 | 0.55 | 0.60 | 7.50 | 6.075 | 0.825 | 0.60 | 405.60 | 585.00 |
| 1972 | 9,000 | 10.40 | 5.20 | 4.05 | 0.55 | 0.60 | 7.50 | 6.075 | 0.825 | 0.60 | 468.00 | 675.00 |
| 1973 | 10,800 | 11.70 | 5.85 | 4.30 | 0.55 | 1.00 | 8.00 | 6.205 | 0.795 | 1.00 | 631.80 | 864.00 |
| 1974 | 13,200 | 11.70 | 5.85 | 4.375 | 0.575 | 0.90 | 7.90 | 6.185 | 0.815 | 0.90 | 772.20 | 1,042.80 |
| 1975 | 14,100 | 11.70 | 5.85 | 4.375 | 0.575 | 0.90 | 7.90 | 6.185 | 0.815 | 0.90 | 824.85 | 1,113.90 |
| 1976 | 15,300 | 11.70 | 5.85 | 4.375 | 0.575 | 0.90 | 7.90 | 6.185 | 0.815 | 0.90 | 895.05 | 1,208.70 |
| 1977 | 16,500 | 11.70 | 5.85 | 4.375 | 0.575 | 0.90 | 7.90 | 6.185 | 0.815 | 0.90 | 965.25 | 1,303.50 |
| 1978 | 17,700 | 12.10 | 6.05 | 4.275 | 0.775 | 1.00 | 8.10 | 6.01 | 1.09 | 1.00 | 1,070.85 | 1,433.70 |
| 1979 | 22,900 | 12.26 | 6.13 | 4.33 | 0.75 | 1.05 | 8.10 | 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 | 8.10 | 6.2725 | 0.7775 | 1.05 | 1,587.67 | 2,097.90 |
| 1981 | 29,700 | 13.30 | 6.65 | 4.70 | 0.65 | 1.30 | 9.30 | 7.025 | 0.975 | 1.30 | 1,975.05 | 2,762.10 |
| 1982 | 32,400 | 13.40 | 6.70 | 4.575 | 0.825 | 1.30 | 9.35 | 6.8125 | 1.2375 | 1.30 | 2,170.80 | 3,029.40 |
| 1983 | 35,700 | 13.40 | 6.70 | 4.775 | 0.625 | 1.30 | 9.35 | 7.1125 | 0.9375 | 1.30 | 2,391.90 | 3,337.95 |
| 1984 | 37,800 | 14.00 | 7.00 ^a | 5.20 | 0.50 | 1.30 | 14.00 ^b | 10.40 | 1.00 | 2.60 | 2,646.00 ^a | 5,292.00 ^b |
| 1985 | 39,600 | 14.10 | 7.05 | 5.20 | 0.50 | 1.35 | 14.10 ^b | 10.40 | 1.00 | 2.70 | 2,791.80 | 5,583.60 ^b |
| 1986 | 42,000 | 14.30 | 7.15 | 5.20 | 0.50 | 1.45 | 14.30 ^b | 10.40 | 1.00 | 2.90 | 3,003.00 | 6,006.00 ^b |
| 1987 | 43,800 | 14.30 | 7.15 | 5.20 | 0.50 | 1.45 | 14.30 ^b | 10.40 | 1.00 | 2.90 | 3,131.70 | 6,263.40 ^b |
| 1988 | 45,000 | 15.02 | 7.51 | 5.53 | 0.53 | 1.45 | 15.02 ^b | 11.06 | 1.06 | 2.90 | 3,379.50 | 6,759.00 ^b |
| 1989 | 48,000 | 15.02 | 7.51 | 5.53 | 0.53 | 1.45 | 15.02 ^b | 11.06 | 1.06 | 2.90 | 3,604.80 | 7,209.60 ^b |

Table 11 (cont.)
Old Age Survivors', Disability, and Hospitalization Insurance (Social Security)
Rates and Maximum Contributions
Calendar Years 1937-2000

| Years | Annual Maximum Taxable Earnings | Contribution Rate (percent) | | | | | | | | | Maximum Tax | |
|----------------|---------------------------------|--------------------------------|-----------------------------|--------------------|------------|----------|-----------------------|--------------------|------------|----------|----------------------|---------------|
| | | Combined Employer and Employee | Employer and Employee, Each | | | | Self-Employed Persons | | | | Employee or Employer | Self-Employed |
| | | | Total | Old Age Survivors' | Disability | Hospital | Total | Old Age Survivors' | Disability | Hospital | | |
| 1990 | 51,300 | 15.30 | 7.65 | 5.60 | 0.60 | 1.45 | 15.30 | 11.20 | 1.20 | 2.90 | 3,924.45 | 7,848.90 |
| 1991 | 53,400 ^c | 15.30 | 7.65 | 5.60 | 0.60 | 1.45 | 15.30 | 11.20 | 1.20 | 2.90 | 5,123.30 | 10,246.60 |
| 1992 | 55,000 ^c | 15.30 | 7.65 | 5.60 | 0.60 | 1.45 | 15.30 | 11.20 | 1.20 | 2.90 | 5,368.90 | 10,657.80 |
| 1993 | 57,600 ^c | 15.30 | 7.65 | 5.60 | 0.60 | 1.45 | 15.30 | 11.20 | 1.20 | 2.90 | 5,528.70 | 11,057.40 |
| 1994 | 60,600 ^c | 15.30 | 7.65 | 5.60 | 0.60 | 1.45 | 15.30 | 11.20 | 1.20 | 2.90 | ^d | ^d |
| 1995-99 | | 15.30 | 7.65 | 5.60 | 0.60 | 1.45 | 15.30 | 11.20 | 1.20 | 2.90 | ^d | ^d |
| 2000 and after | | 15.30 | 7.65 | 5.49 | 0.71 | 1.45 | 15.30 | 10.98 | 1.42 | 2.90 | ^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 tax-

able wage base for Hospitalization Insurance (Medicare) is \$125,000 in 1991 and \$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, *1993 U.S. Master Tax Guide* (Chicago, 1992).

Table 12
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 ¹ — | | —Maximum State Death Tax Credit— | | |
|--|----------|--------------------------------------|----------------|---|
| Taxable Estate | Tax Rate | Adjusted Taxable Estate ² | Federal Credit | Rate on Excess Amount Over Lower Bracket ³ |
| \$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 ⁴ | 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 |

¹ For estates of decedents dying and gifts made after 1983.

² 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.

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

⁴ 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 \$10,000,000. This is accomplished by adding 5% of the excess of any transfer over \$10,000,000 to the tentative tax computed in determining the ultimate transfer tax liability. For estates of decedents dying, and gifts made, after 1983, the tax is levied on amounts transferred in excess of \$10,000,000 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, 1993 U.S. Master Tax Guide (Chicago, 1992).

Section III

State and Local Taxes: Overview

Table 13
Dates of Adoption of Major State Taxes

| Before 1911 | 1911-20 | Individual Income* | | 1941-60 | Since 1961 |
|--------------------------|---|---|--|--|---|
| | | 1921-30 | 1931-40 | | |
| Hawaii, 1901 Total, 1 | Wisconsin, 1911 Mississippi, 1912 Oklahoma, 1915 Massachusetts, 1916 Virginia, 1916 Delaware, 1917 Missouri, 1917 New York, 1919 North Dakota, 1919 Total, 9 | North Carolina, 1921 South Carolina, 1922 New Hampshire, 1923 ¹ Arkansas, 1929 Georgia, 1929 Oregon, 1930 Total, 6 | Idaho, 1931 Tennessee, 1931 ¹ Utah, 1931 Vermont, 1931 Alabama, 1933 Arizona, 1933 Kansas, 1933 Minnesota, 1933 Montana, 1933 New Mexico, 1933 Iowa, 1934 Louisiana, 1934 California, 1935 Kentucky, 1936 Colorado, 1937 Maryland, 1937 Total, 16 | District of Columbia, 1947 Alaska, 1949 Total, 2 | West Virginia, 1961 Indiana, 1963 Michigan, 1967 Nebraska, 1967 Connecticut, ² 1969 Illinois, 1969 Maine, 1969 Ohio, 1971 Pennsylvania, 1971 Rhode Island, 1971 New Jersey, 1976 Total, 11 Repealed Alaska, 1979 Broad-based tax, 42 Narrow-based tax, 2 Grand Total, 44 |

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

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

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

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

Table 13 (cont.)
Dates of Adoption of Major State Taxes

| 1911-20 | | Gasoline 1921-30 | | Since 1931 |
|--------------------|--|--|--|------------------------|
| Colorado, 1919 | | Arizona, 1921—Arkansas, 1921—Connecticut, 1921 | | Hawaii, 1932 |
| New Mexico, 1919 | | Florida, 1921—Georgia, 1921—Louisiana, 1921—Montana, 1921 | | Alaska, 1946 |
| North Dakota, 1919 | | North Carolina, 1921—Pennsylvania, 1921—Washington, 1921 | | Total, 2 |
| Oregon, 1919 | | Maryland, 1922—Mississippi, 1922—South Carolina, 1922 | | |
| Kentucky, 1920 | | South Dakota, 1922—Alabama, 1923—California, 1923 | | |
| Total, 5 | | Delaware, 1923—Idaho, 1923—Indiana, 1923—Maine, 1923 | | |
| | | Nevada, 1923—New Hampshire, 1923—Oklahoma, 1923 | | |
| | | Tennessee, 1923—Texas, 1923—Utah, 1923—Vermont, 1923 | | |
| | | Virginia, 1923—West Virginia, 1923—Wyoming, 1923 | | |
| | | District of Columbia, 1924—Iowa, 1925—Kansas, 1925 | | |
| | | Michigan, 1925—Minnesota, 1925—Missouri, 1925—Nebraska, 1925 | | |
| | | Ohio, 1925—Rhode Island, 1925—Wisconsin, 1925—Illinois, 1927 | | |
| | | New Jersey, 1927—Massachusetts, 1929—New York, 1929 | | |
| | | Total, 44 | | Grand Total, 51 |

| 1921-30 | 1931-40 | Cigarettes 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 | Total, 3 |
| Tennessee, 1925 | Oklahoma, 1933 | New Mexico, 1943 | Virginia, 1960 | |
| Kansas, 1927 | Alabama, 1935 | Idaho, 1945 | Total, 5 | |
| North Dakota, 1927 | Arizona, 1935 | Indiana, 1947 | | |
| Arkansas, 1929 | Connecticut, 1935 | Michigan, 1947 | | |
| Total, 8 | 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 | Total, 16 | | |
| | Rhode Island, 1939 | | | |
| | Wisconsin, 1939 | | | |
| | Total, 19 | | | Grand Total, 51 |

| 1933-40 | | Distilled Spirits | Since 1941 |
|--|--|-------------------|------------------------------------|
| Arizona, 1933—Colorado, 1933—Delaware, 1933 | | | Alaska, 1959 |
| Indiana, 1933—Maryland, 1933—Massachusetts, 1933 | | | Kansas, 1948 |
| New Jersey, 1933—New York, 1933—Rhode Island, 1933 | | | Oklahoma, 1959 |
| District of Columbia, 1934—Illinois, 1934—Kentucky, 1934 | | | Total, 3 |
| —Louisiana, 1934—Minnesota, 1934—Missouri, 1934 | | | |
| New Mexico, 1934—Wisconsin, 1934 | | | |
| Arkansas, 1935—California, 1935—Florida, 1935 | | | |
| Nebraska, 1935—Nevada, 1935 | | | |
| South Carolina, 1935—South Dakota, 1935—Texas, 1935 | | | |
| North Dakota, 1936 | | | |
| Connecticut, 1937—Georgia, 1937 | | | |
| Hawaii, 1939—Tennessee, 1939 | | | |
| Total,⁴ 30 | | | Grand Total,⁴ 33 |

¹ Interest and dividends only.

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

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

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

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

Table 14
State Taxes by Major Source, 1993

| State | Corporation Franchise ¹ | Corporation Income ² | Individual Income | Sales and Use | Severance | Property ³ | Death ⁴ | Transfer and Document Recording |
|----------------------|------------------------------------|---------------------------------|-------------------|---------------|-----------|-----------------------|--------------------|---------------------------------|
| Alabama | Y | Y | Y | Y | Y | Y | Y | Y ⁵ |
| 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 | 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 | Y | Y |
| Hawaii | | Y | Y | Y | | Y | Y | Y |
| Idaho | | Y | Y | Y | Y | Y | Y | |
| Illinois | Y | Y | Y | Y | Y | Y | Y | Y |
| Indiana | | Y | Y | Y | Y | Y | 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 ⁶ | Y | Y | Y | Y | Y | Y | Y |
| Massachusetts | | Y | Y | Y | | Y | Y | Y |
| Michigan | | 7 | Y | Y | Y | Y ⁸ | 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 ⁹ | | | Y | Y | Y |
| New Jersey | | Y | Y | Y | | Y | Y | Y |
| New Mexico | Y | Y | Y | Y | Y | Y | Y | |
| New York | Y ⁶ | Y | Y | Y | | | Y | |
| North Carolina | Y | Y | Y | Y | Y | Y | Y | Y |
| North Dakota | | Y | Y | Y | Y | Y | Y | |

Table 14 (cont.)
State Taxes by Major Source, 1993

| State | Corporation Franchise ¹ | Corporation Income ² | Individual Income | Sales and Use | Severance | Property ³ | Death ⁴ | 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 | 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 ⁹ | Y | Y | | 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 |
| West Virginia | Y | Y | Y | Y | Y | Y | Y | Y |
| Wisconsin | | Y | Y | Y | Y | Y | Y | Y |
| Wyoming | Y | | | Y | Y | Y | Y | |
| Total | 26 | 45 | 44 | 46 | 38 | 44 | 51 | 37 |

¹ Excludes franchise taxes imposed specifically on public utilities and franchise taxes measured by net income.

² Includes franchise taxes measured by net income and bank excise taxes measured by income.

³ Includes bank shares, capital stock, and special intangibles taxes.

⁴ 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.

⁵ Document recording tax applies to shares of stock.

⁶ Maryland applies to financial institutions only; New York applies to cooperative agricultural corporations only.

⁷ Single business tax, which is a modified value added tax.

⁸ Intangibles tax does not apply if intangibles income is subject to single business tax.

⁹ New Hampshire and Tennessee apply only to income from intangibles.

Source: Commerce Clearing House, *State Tax Guide* (Chicago, 1993).

Table 15
1993 Major Tax Changes, by Tax

PERSONAL INCOME TAX
(see also Tables 18-22)

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 ().

| State | | Amount (millions) | Effective Date |
|-------------|---|--|------------------------|
| Arizona | Increased personal exemption from \$2,100 to \$2,300 | FY94 = (\$5.6) | 1/93 |
| | Increased elderly exemption from \$1,750 to \$2,100 | FY94 = (\$2.7) | 1/93 |
| | Accelerated phaseout of limitation on medical expense deductions; for 1993, allowed deductions exceeding 4% of income (down from 5%) with full deduction phased in by 1995 | FY94 = (\$2.3) | 1/93 |
| Connecticut | Modified alternative minimum tax to require payment of state personal income tax liability or 23% of federal alternative minimum tax, whichever is greater | FY94 = \$4.6 | 1/93 |
| | Waived underpayment penalty for tax year 1992 | FY93 = (\$0.5)* FY94 = (\$2.0)* | 1/93 |
| | Conformed estimated payments to the federal IRC | FY93 = (\$5.0) | 1/93 |
| Georgia | Conformed to federal IRC | FY94 = (\$1.5) | 1/93 |
| Illinois | Extended and made permanent the income tax rate increase approved in 1989; the rate was scheduled to drop to 2.75% on 7/1/93, but will stay at 3% | FY94 = \$311.0 | 7/93 |
| Iowa | Eliminated child care tax credit for taxpayers with incomes over \$40,000 | FY94 = \$2.8 | 7/93 |
| Maine | Allowed temporary income tax increase to expire; the 5% surcharge on incomes under \$75,000 and the 15% surcharge on incomes over \$75,000 expire, and the top rate falls from 8.6% to 8.5% | FY93 = (\$11.3)** FY94 = (\$43.4)** | 1/93 |
| Maryland | Allowed the subtraction modification for two-earner households to be claimed by any household with two sources of income | FY94 = (\$3.8) | 1/93 |
| Minnesota | Conformed to federal IRC | FY94 = \$10.0 | 1/93 |
| | Increased working family credit from 10% to 15% of the federal EITC | FY93 = (\$6.1) | 1/93 |
| Mississippi | Exempted retirement income from federal, state, and private retirement systems from the state personal income tax | FY93 = (\$10.5) | 1/94 |
| Missouri | Limited the deduction for federal income taxes paid to \$10,000 per combined return and \$5,000 per single return | FY94 = \$76.0 FY95 = \$204.0** | 1/94 |
| Montana | Repealed the 4.7% surcharge for CY 1993 and restructured the personal income tax by eliminating itemized deductions and increasing the standard deduction to the lesser of 40% of adjusted gross income or \$5,000 (single, married filing separately), \$10,000 (joint), or \$7,500 (head of household); phased out the standard deduction and personal exemptions by 6.25% for each \$5,000 that federal AGI exceeds \$100,000; exempted the lesser of 10% of earned income or \$3,000 for a two-earner couple; indexed the standard deduction by 0.5 times the change in the CPI; replaced the graduated rate structure with a single 6.7% rate; provided a one-time credit for the sale of a business | FY94 = \$30.2 | 1/93 |
| | Imposed a 0.2% tax on employee wages to help erase a deficit in the workers' compensation "old fund" | FY94 = \$11.8 | 7/93-7/07 |
| | Imposed a 0.1% tax on self-employment income (increases to 0.2% in 1/94) to help erase a deficit in the workers' compensation "old fund" | FY94 = \$2.0 | 7/93-1/94 1/94-1/07 |
| | Accelerated estimated income tax payments from old voluntary schedule of April and October to new mandatory schedule of April, June, September, and January | FY94 = \$32.4* | 1/93 |

Table 15 (cont.)
1993 Major Tax Changes, by Tax

| State | PERSONAL INCOME TAX (cont.) | Amount (millions) | Effective Date |
|----------------|--|----------------------------------|----------------|
| Nebraska | Reduced the number of rates from five to four (top rate increased from 6.92% to 6.99%) and changed tax brackets to shift tax liability to higher income taxpayers; repealed personal exemption deduction and instituted \$65 per exemption credit (indexed after 1999); increased the alternative minimum tax rate from 25.4% to 29.6%; phased out standard deduction and itemized deductions for incomes over \$108,450 | FY94 = \$0.0 | 1/93 |
| New Jersey | Adopted the "California method" of establishing marginal tax rate based on total household income and prorating tax liability based on the proportion earned in New Jersey | FY94 = \$25.0 | 1/93 |
| | Subjected to taxation nonresidents' gambling and wagering winnings (other than the New Jersey lottery) | FY94 = \$3.5 | 1/93 |
| New York | Postponed the scheduled reduction in the top marginal rate; rate stays at 7.875% instead of dropping to 7.5% | FY94 = \$770.0 | 4/93-4/94 |
| Ohio | Added a new tax bracket of 7.5% for Ohio taxable income above \$200,000; previous top rate was 6.9% (enacted in the 12/92 special session) | FY93 = (\$16.0) FY94 = \$59.0 | 1/93 |
| | Accelerated employer remittance of withholding to conform to federal requirements | FY94 = \$19.6* | 1/94 |
| Oregon | Adopted a personal income tax credit equal to 50% of the federal EITC in effect on 12/31/92 (subject to voter approval) | FY94 = \$7.0** | 1/94 |
| | Conformed to federal IRC | FY94 = \$5.3 | 1/94 |
| South Carolina | Delayed increase in the capital gains exclusion; exclusion stays at 29% instead of increasing to 44% (revenue impact stated here includes the effects of personal income and corporation income taxes) | FY94 = \$11.0 | 1/93-1/94 |
| Vermont | Allowed two-year temporary income tax increase to expire on schedule; rates drop from a graduated 28%, 31%, and 34% of federal tax liability to a flat 25% of federal liability | FY94 = (\$23.1)** | 1/94 |
| West Virginia | Imposed personal income tax on lottery winnings and required withholding on prizes over \$5,000 | FY94 = \$3.1 | 7/93 |
| Wisconsin | Increased standard deduction for low-income taxpayers filing under federal head-of-household | FY94 = \$0.0 FY95 = (\$4.9)** | 1/94 |

CORPORATION INCOME TAX AND OTHER MAJOR BUSINESS TAXES
(see also Tables 25-28)

| | | | |
|-------------|--|----------------|-------|
| Alabama | Phased in equalization of rates for foreign and domestic insurers over five years. Old rates: foreign property, 3%; foreign life and health, 3%; domestic, 1%. New rates: property, 3.6%; life, 2.3%; health, 1.6%. Provided for reduced property insurance tax rates for mobile homes and certain other types of property | FY94 = \$0.0 | 1/95 |
| | Authorized formation of limited liability companies | FY94 = \$0.0 | 10/93 |
| | Accelerated collection of insurance premium tax | FY93 = \$28.4* | 1/93 |
| California | Repealed small business health care credit | FY94 = \$110.0 | 1/93 |
| Connecticut | Reduced corporation income tax rate from 11.25% to 10% under the following schedule: 1/95, 11.25%; 1/96, 11%; 1/97, 10.5%; 1/98, 10% | FY94 = \$0.0 | 1/95 |
| | Adopted minor provisions affecting mutual funds, real estate investment trusts, and insurance companies; reduced the interest rate from 20% to 15% | FY94 = (\$1.9) | 1/93 |

Table 15 (cont.)
1993 Major Tax Changes, by Tax

| State | CORPORATION INCOME TAX AND OTHER MAJOR BUSINESS TAXES (cont.) | Amount (millions) | Effective Date |
|------------------------|--|--------------------------------------|----------------|
| Connecticut (cont.) | Accelerated the 5% incremental employee training expense credit from 1/95 to 1/94 | FY94 = \$0.0 | 1/94 |
| | Provided a credit to small and medium sized companies (under 500 employees) for up to 10% of the increase in capital goods expenditures over the previous year | FY94 = \$0.0 | 1/95 |
| | Provided a credit for employer-assisted housing expenses (\$100,000 maximum credit) | FY94 = \$0.0 | 1/94 |
| | Provided a research and development credit for expenditures in the 1993 and 1994 tax years (the credit may not be claimed until tax year 1995) as follows: expenditure under \$50 million, 1% credit; expenditure of \$50 million to \$100 million, \$0.5 million + 2% of R&D expenditures over \$50 million; expenditures of \$100 million to \$200 million, \$1.5 million + 4% of R&D expenditures over \$100 million; expenditure over \$200 million, \$5.5 million + 6% of R&D expenditure over \$200 million (estimated \$60 million revenue loss in FY 1997) | FY94 = \$0.0 | 1/93 |
| | Authorized formation of limited liability companies | FY94 = \$0.0 | 10/93 |
| | Phased out 5% tax on electricity used in manufacturing; rate drops to 4% in 1/94 and is reduced 1% per year until full phaseout in 1/98 | FY94 = (\$2.2) | 1/94 |
| | Phased out 5% tax on natural gas used in manufacturing; rate drops to 4% on 1/94 and is reduced 1% per year until full phaseout on 1/98 | FY94 = (\$0.5) | 1/94 |
| Illinois | Extended and made permanent the corporation income tax rate increase approved in 1989; the rate was scheduled to drop to 4.4% in 7/93 but will stay at 4.8% | FY94 = \$19.0 | 7/93 |
| Louisiana | Reclassified dividends, interests, and capital gains to subject these sources to the apportionment percentage for each firm, rather than allocating this income out or into the state tax base on the basis of rates for each type of income | FY94 = \$23.0 | 1/93 |
| | Phased in credit against corporation income and franchise taxes for property taxes paid on business inventories (credit is 2% in FY 1993 and increases 2% each year for five years) | FY93 = (\$25.0) FY94 = (\$50.0) | 7/93-7/94 |
| Maine | Allowed the temporary 10% surcharge to expire | FY93 = (\$2.3)** FY94 = (\$5.3)** | 1/93 |
| Minnesota | Conformed to federal IRC | FY94 = \$2.2 | 1/93 |
| Mississippi | Granted a credit on taxes due from employers who hire persons receiving AFDC at the time of employment | FY93 = (\$10.0) | 1/93-1/99 |
| Missouri | Limited the deduction for federal corporation income taxes paid to 50%; increased the rate from 5.0% to 6.25% | FY94 = \$30.0 | 9/93 |
| Montana | Repealed the 4.7% surcharge for 1993 and restructured corporation income taxes by increasing rates from a flat 6.75% to new rates of 7.08% on the first \$500,000 of taxable income and 7.57% on taxable income above this amount (the rates drop to 6.75% and 7.25%, respectively, on 1/1/94); increased the minimum tax on C-corporations from \$50 to \$100; increased the minimum tax on small business corporations from \$10 to \$25 | FY94 = \$3.2 | 1/93-1/94 |
| | Increased employer payroll tax from 0.28% to 0.5% to help eliminate deficit in the workers' compensation "old fund" | FY94 = \$11.8 | 7/93-7/07 |
| Nevada | Modified business license tax by removing current cap for large employers; rate changes from a \$26.50 per employee per quarter average to \$25.00 per employee per quarter | FY94 = \$3.7 | 7/93 |
| | Accelerated the insurance premium tax from quarterly payments to one annual payment in advance | FY94 = \$0.0 FY95 = \$30.3** | 1/95 |

Table 15 (cont.)
1993 Major Tax Changes, by Tax

| State | CORPORATION INCOME TAX AND OTHER MAJOR BUSINESS TAXES (cont.) | Amount (millions) | Effective Date |
|----------------|--|------------------------------------|----------------|
| New Hampshire | Imposed a new business enterprise tax (BET) at 0.25% of compensation, interest, and dividend expenditures | FY94 = \$25.0 | 7/93 |
| | Reduced the business profits tax (BPT) from 8% to 7.5%; provided credit against BET for BPT paid; and modified the capital expenditure and research and development credits | FY94 = (\$16.8) | 1/93-6/94 |
| | Repealed the 1% savings bank tax | FY94 = (\$3.5) | 7/93 |
| | Repealed the corporate franchise filing fee | FY94 = (\$4.1) | 7/93 |
| New Jersey | Adopted various corporate business tax credits: 2% of investment in new machinery and equipment; 3% of increases leading to increases in employment; 10% of increased R&D investment above base amount (revenue impact in FY 1995) | FY94 = \$0.0 | 1/94 |
| | Adopted other corporate business tax changes: recoupled depreciation allowance to federal modified accelerated cost recovery; adopted 2% partial exemption for S-corporations; increased minimum tax from \$25 domestic/ \$50 foreign to \$200 for each (phased in over four years); disallowed taxes paid to another state in determining "entire net income" allocable to New Jersey (revenue impact in FY 1995) | FY94 = \$0.0 | 1/94 |
| | Repealed property tax on business personalty | FY94 = \$0.0 | 1/94 |
| New Mexico | Imposed a 18% temporary surcharge on firms using the separate corporate entity filing method | FY94 = \$1.3 | 1/93-1/94 |
| New York | Postponed scheduled reduction of corporation income tax surcharge; surcharge stays at 15% instead of dropping to 10% | FY94 = \$272.0 | 1/93-1/94 |
| | Disallowed investment tax credit for generation of electricity | FY94 = \$10.0 | 1/93 |
| | Conformed with federal estimated payment percentages | FY94 = \$7.0 | 4/93 |
| Ohio | Modified method of taxing railroads from the utility excise tax to the corporate franchise tax (12/92 special session) | FY93 = \$3.8 FY94 = \$3.8 | 1/93 |
| | Delayed phase-in of "investment in subsidiary" credit; was scheduled to increase 25% per year but has been held at 50% for two years | FY94 = \$5.0 | 1/93 |
| | Changed treatment of lease receivables under net worth basis to specify that lease receivables will be taxed based on location of the leasehold, not location of the corporation owning the property | FY94 = (\$1.0) | 1/93 |
| Oklahoma | Phased out NOL carryback over three years | FY94 = \$0.0 | 1/94 |
| Oregon | Increased the corporation excise and income tax rate from 6.6% to 7.6% (subject to voter approval) | FY94 = \$13.0** FY95 = \$33.0** | 1/94-1/99 |
| | Adopted various credits | FY94 = (\$1.9) | 1/94 |
| Rhode Island | Repealed the 11% surcharge on the corporation income tax | FY94 = (\$4.0) | 1/94 |
| | Increased the investment tax credit from 2% to 4% | FY94 = (\$2.0) | 7/93 |
| South Carolina | Postponed scheduled reduction in the capital gains exclusion; the exclusion stays at 29% instead of increasing to 44% (revenue impact included in personal income tax section) | | 1/93-1/94 |
| Tennessee | Adopted a \$2,000 franchise tax credit for each new full-time employee; credit is available for five years, in the second through sixth year after employment | FY94 = \$0.0 | 7/93 |
| Texas | Adopted a corporate franchise tax credit for sales tax paid on manufacturing machinery and equipment purchased in 1992 and 1993 | FY94 = (\$318.0) | 1/94 |
| Vermont | Restored NOL eligibility with maximum \$5,000 refund allowed | Less than \$1 million | 7/93-1/95 |

Table 15 (cont.)
1993 Major Tax Changes, by Tax

| State | CORPORATION INCOME TAX AND OTHER MAJOR BUSINESS TAXES (cont.) | Amount (millions) | Effective Date |
|---------------|---|--------------------------------|----------------|
| Washington | Increased business and occupation (B&O) tax on selected business services from 1.5% to 2.5% | FY94 = \$78.6 | 7/93 |
| | Increased B&O tax on financial services from 1.5% to 1.7% | FY94 = \$9.2 | 7/93 |
| | Increased B&O tax on other services from 1.5% to 2.0% | FY94 = \$77.5 | 7/93 |
| | Imposed 6.5% surtax on all B&O taxpayers except selected business services and financial services; repealed the retailing exemption | FY94 = \$53.2 | 7/93-7/97 |
| West Virginia | Corporate net income tax limited NOL carryback to \$300,000 over three years; reduced the capital company credit from \$8 million to \$5 million per year; limited supercredit to 80% of tax liability; suspended the certification of supercredit projects for one year; disallowed use of investment credits against the consumer sales tax | FY94 = \$4.7 | 7/93 |
| | Business and occupation tax reduced investment credits as noted for corporate net income tax | FY94 = \$3.3 | 7/93 |
| | Business franchise tax reduced investment credits as noted for corporate net income tax | FY94 = \$1.8 | 7/93 |
| | Increased miscellaneous business tax collections by restricting investment credits as noted | FY94 = \$1.7 | 7/93 |
| Wisconsin | Increased from \$1,000 to \$4,000 in receipts the threshold for paying the temporary recycling surcharge on business income tax | FY94 = \$0.0 FY95 = (\$2.1) | 1/94 |
| | Required estimated payments of temporary recycling surcharge | FY94 = \$7.0* | 7/93 |

SALES AND USE TAX

| | | | |
|-------------|---|--------------------------------|----------------|
| Arizona | Began phaseout of sales tax on commercial leases; rate drops from 4.5% to 4.0% and falls 1% per year until full phaseout in FY 1998 | FY94 = (\$8.1) | 7/93 |
| | Exempted residential care homes from use tax (retroactive) | FY94 = (\$1.3) | 1/82 |
| | Allowed sales tax deduction on telecommunication charges (retroactive) | FY94 = (\$1.1) | 1/84 |
| Arkansas | Extended the 4.5% gross receipts (sales) tax to armored car services, credit reporting, debt collection, cleaning and janitorial services, pool cleaning, pager services, lawn care and landscaping, answering services, auto parking and storage, fur storage and tanning salons (12/92 special session) | FY93 = \$1.6 FY94 = \$6.9 | 3/93 |
| | Capped the vendors compensation fee at \$1,000 per month; the rate remains at 2% of collections (12/92 special session) | FY93 = \$2.3* FY94 = \$5.4* | 3/93 |
| California | Extended the 0.5% sales and use tax increase for six months (had been scheduled to expire on 6/30/93); rate increase could be extended again by voters in 11/93 | FY94 = \$744.0 | 7/93-1/94 |
| Colorado | Reauthorized 0.2% "tourism tax" on food and drink sales, ski lift tickets, rental cars, and other tourist-related items (subject to voter approval) | FY94 = \$5.3** | 12/93 |
| Connecticut | Enacted numerous sales tax exemptions | FY94 = (\$5.9) | generally 1/94 |
| | Required delivery charges to be included in sales price for tax purposes | FY94 = \$1.0 | 7/93 |
| Florida | Exempted promotional materials (retroactive), association magazines (retroactive), and natural gas used on farms | FY94 = (\$4.7) | 7/93 |
| Iowa | Repealed retroactive exemption for medical products | FY94 = \$20.0 | 1/93 |

Table 15 (cont.)
1993 Major Tax Changes, by Tax

| State | SALES AND USE TAX (cont.) | Amount (millions) | Effective Date |
|------------|---|------------------------------------|----------------|
| Louisiana | Authorized statewide sales tax district to suspend exemptions for food, utilities, and most other exempt transactions; these items will now be subject to the statewide 3% tax plus the additional 1% sales tax district tax | FY94 = \$96.5 | 7/93-6/94 |
| Maine | Extended and made permanent the 1% rate increase approved in 1991; rate stays at 6% | FY94 = \$76.8 | 7/93 |
| | Exempted sales of prepared food in restaurants licensed for on-premises liquor consumption from the sales tax and subjected such foods to a new 7% gross receipts tax on sales of prepared foods in restaurants licensed for on-premises liquor consumption and nursing homes (net effect is revenue neutral) | FY94 = \$0.0 | 7/93 |
| Maryland | Changed due date for monthly sales tax remittances from the 15th to the 21st of the following month | FY94 = (\$1.0)* | 7/93 |
| | Allowed resale certificates to be used on any purchase over \$200 (down from \$500) or on any purchase delivered to the retailer | FY94 = (\$1.7)* | 4/93 |
| | Extended exemption for items used in the R&D process, but not necessarily destroyed or consumed | FY94 = (\$1.7) | 7/93 |
| Minnesota | Adopted miscellaneous sales tax exemptions | FY94 = (\$1.8) | 7/93 |
| Nebraska | Extended the base to include all personal property installation charges | FY94 = \$1.7 | 10/93 |
| | Exempted all installation or fabrication labor expenses annexed to real estate | FY94 = (\$1.8) | 10/93 |
| Nevada | Increased the sales tax commission from 0.5% to 1% | FY94 = \$3.4* | 7/93 |
| New Jersey | Exempted local calls from pay phones from 7% sales tax (tax had never been collected) | FY94 = \$0.0 | 7/93 |
| New Mexico | Repealed the sales tax rebate program for food and medical care purchases by low-income and elderly residents | FY94 = \$20.3 | 1/93 |
| Ohio | Expanded sales tax base to include janitorial services, exterminating services, property used to fulfill warranty contracts, personnel services (except employee leasing and health services like nursing), health club fees, and sports club fees (12/92 special session) | FY93 = \$42.4 FY94 = \$106.9 | 1/93 |
| | Eliminated all but 13 categories of exempt property used in making retail sales | FY93 = \$36.3 FY94 = \$85.2 | 1/93 |
| | Reduced vendor compensation fee from 1.5% of sales tax liability to 0.75% of liability | FY93 = \$11.9* FY94 = \$26.6* | 1/93 |
| Oklahoma | Capped vendor compensation at \$3,300 per reporting period | FY94 = \$8.0* | 7/93 |
| Oregon | Imposed a 5% sales and use tax with the following exemptions: food for home consumption, shelter, prescription drugs or devices, utilities, motor fuel, essential services, agricultural feed, seed and fertilizer (subject to voter approval) | FY94 = \$0.0** FY95 = \$1,175** | 5/94-7/99 |
| Tennessee | Extended and made permanent the 0.5¢ temporary sales tax increase due to sunset on 6/30/93 | FY94 = \$247.4 | 7/93 |
| | Exempted railroad repairs from the sales tax | FY94 = (\$4.7) | 7/93 |
| | Allowed out-of-state catalog vendors to retain a percentage of sales instead of a flat \$50 per report | FY94 = \$1.5* | 7/93 |
| Texas | Exempted manufacturing machinery and equipment from the sales tax; the exemption is phased in, with a sales tax rate of 1.5625% in CY 1994 and 0.0% beginning 1/95 | FY94 = (\$292.0) | 1/94 |
| Vermont | Increased the sales tax rate from 4% to 5% and provided one-time merchant credit; enhanced sales tax rebate program for low-income taxpayers (July special session) | FY94 = \$24.3 | 9/93 |
| | Phased out sales tax on electricity used in manufacturing | FY94 = less than \$1 million | 7/93 |

Table 15 (cont.)
1993 Major Tax Changes, by Tax

| State | SALES AND USE TAX (cont.) | Amount (millions) | Effective Date |
|---|---|-------------------------------------|----------------|
| Washington | Extended the 6.5% sales tax to selected personal services | FY94 = \$39.8 | 7/93 |
| West Virginia | Eliminated the indirect use exemption for taxpayers subject to severance tax, business and occupation tax, and telecommunications tax | FY94 = \$12.4 | 7/93 |
| Wyoming | Increased the sales and use tax rate from 3% to 4% | FY94 = \$68.0 | 7/93-6/96 |
| HEALTH CARE RELATED TAXES AND FEES | | | |
| Alabama | Repealed Medicaid provider tax on private hospitals and enacted intergovernmental transfer program | FY93 = (\$67.7) FY94 = (\$153.8) | |
| Arkansas | Imposed a 1% gross receipts tax on home health care providers; imposed a 1% gross receipts tax on long-term care and nursing facilities (12/18/92, to 6/30/93) that increases to 2.8% of gross receipts on 7/1/93; imposed a 1% gross receipts tax on ICF/MR facilities (12/18/92, to 6/30/93) that increases to 4.78% of gross receipts on 7/1/93 (12/92 special session) | FY93 = \$1.0 FY94 = \$13.0 | 12/92-7/93 |
| Colorado | Repealed Medicaid provider tax on hospitals (10% of inpatient revenue) and nursing homes (5.19% of allowable cost) | FY94 = (\$16.5) | 10/93 |
| Connecticut | Imposed a hospital assessment at rate sufficient to cover costs of the Commission on Hospitals and Health Care | FY94 = \$2.5* | 7/93 |
| Hawaii | Extended base of general excise tax to nonprofit, state, and county hospitals and imposed additional gross receipts tax on nursing homes | FY94 = \$27.0 | 7/93-7/95 |
| Illinois | Repealed the nursing home tax of \$6.30 per day per occupied bed | FY94 = (\$220.0) | 7/93 |
| | Increased the nursing home license fee from \$1 per licensed bed per day to \$1.50 per licensed bed per day | FY94 = \$55.0 | 7/93 |
| | Changed the base and rate of hospital tax from 2.5% of gross receipts to 1.88% of charges | FY94 = \$0.0 | 7/93 |
| Kentucky | Repealed nonconforming tax and replaced with a broad-based tax on hospitals, prescription drugs, and other providers; hospital tax rate drops from 5% of net revenues to 2.5% of net revenues; prescription drug rate changed from 75¢ per Medicaid prescription to 25¢ on all prescriptions; other providers tax changed from 15% of Medicaid revenues to 2% of gross receipts | FY94 = \$0.0 | 7/93 |
| Maine | Imposed a 7% gross receipts tax on providers of nursing home care | FY94 = \$12.2 | 7/93 |
| Minnesota | Increased nursing home license surcharge from \$535 per bed to \$620 per bed (\$625 per bed after 6/30/93) | FY94 = \$3.7 | 1/93 |
| | Increased hospital surcharge from 1.4% to 1.56% of net patient revenue | FY94 = \$0.0 | 7/94 |
| | Imposed additional county operated nursing home surcharge of \$5,723 per bed | FY94 = \$10.2 | 7/93 |
| | Imposed additional major government-owned hospital surcharge of \$1 million per month | FY94 = \$24.0 | 7/93 |
| | Exempted certain payments from governmental sources, Medicare deductibles, and copayments from the hospital gross receipts tax and the health care provider gross receipts tax | FY93 = (\$3.2) FY94 = (\$6.5) | 1/93 |
| | Allowed staff model HMOs to deduct payments to hospitals | FY94 = (\$2.8) | 1/93 |
| Montana | Increased nursing home bed tax from \$2 per day to \$2.80 per day and expanded base to include private nursing homes | FY94 = \$0.0 | 7/94 |
| Nevada | Revised Medicaid provider tax to comply with federal requirements | FY94 = \$38.4 | 7/93 |

Table 15 (cont.)
1993 Major Tax Changes, by Tax

| State | HEALTH CARE RELATED TAXES AND FEES (cont.) | Amount (millions) | Effective Date |
|----------------|--|------------------------------|----------------|
| New Hampshire | Reduced the gross patient services revenue tax from 8% to 6% | FY94 = (\$28.0) | 7/93-6/95 |
| | Extended the 8% rooms and meals tax to hospitals | FY94 = \$116.0 | 7/93 |
| New York | Postponed expiration of 0.9% gross receipts tax on hospitals | FY94 = \$259.0 | 4/93-4/94 |
| Ohio | Imposed a \$1 per day "franchise fee" on nursing home beds, exempting only a limited number of nonprofit providers | FY94 = \$25.4 | 7/93 |
| South Carolina | Imposed a \$5 per day bed tax on the state Department of Mental Retardation's ICF/MR facility | FY94 = \$6.1 | 7/93 |
| Tennessee | Accelerated the sunset of the 6.75% health care services tax from 3/31/94, to 12/31/93 | FY94 = (\$117.4) | 1/94 |
| Utah | Imposed temporary health care provider assessment at rate sufficient to generate specified revenues | FY93 = \$1.5 FY94 = \$8.8 | 5/93-6/95 |
| Vermont | Extended the 6% gross receipts tax on hospitals and nursing homes to ICF/MR facilities | FY94 = \$1.0 | 4/93-7/95 |
| Washington | Reduced the tax on ICF/MR facilities from 15% to 6% of gross receipts | FY94 = (\$30.8) | 7/93 |
| | Replaced the 1.5% business and occupation tax on HMOs and health care service contractors with a 2% insurance premiums tax | FY94 = \$44.9 | 7/93 |
| | Imposed a new 0.75% business and occupation tax on hospitals | FY94 = \$32.4 | 7/93 |
| West Virginia | Imposed a broad-based health care provider tax | FY94 = \$106.7 | 5/26/93 |
| Wisconsin | Increased the ICF/MR facilities bed tax from \$68 per month to \$97 per month | FY94 = \$0.9 | |

MOTOR FUEL AND MOTOR VEHICLE EXCISE TAXES

| | | | |
|-------------|--|----------------|-----------|
| Connecticut | Increased the motor fuels tax as follows: Because of previous legislation: from 29¢ per gallon on 1/1/94; to 30¢ per gallon on 1/1/94; to 31¢ per gallon on 7/1/94; to 32¢ per gallon on 1/1/95; to 33¢ per gallon on 7/1/95. Because of new legislation: to 34¢ per gallon on 10/1/95; to 35¢ per gallon on 1/1/96; to 36¢ per gallon on 4/1/96; to 37¢ per gallon on 7/1/96; to 38¢ per gallon on 10/1/97; to 39¢ per gallon on 1/1/97 | FY94 = \$7.5** | 1/94 |
| Delaware | Increased the gasoline tax from 19¢ to 22¢ per gallon | FY94 = \$8.0 | 9/93 |
| Maine | Extended and made permanent the 2¢ gasoline tax increase approved in 1991; rate remains at 19¢ per gallon | FY94 = \$11.0 | 7/93 |
| Maryland | Increased tax on diesel and other special fuels from 21.75¢ per gallon to 24.25¢ per gallon; modified the definition of special fuels to exclude "clean-burning fuels" | FY94 = \$7.7 | 7/93 |
| Montana | Increased gasoline tax from 20¢ per gallon to 24¢ per gallon (increases to 27¢ per gallon on 7/1/94) | FY94 = \$13.6 | 7/93 |
| | Increased diesel tax from 20¢ per gallon to 24¢ per gallon (increases to 24.75¢ per gallon 1/1/94, and 27.75¢ per gallon 7/94) | FY94 = \$5.7 | 7/93 |
| | Expanded base of petroleum tank fee to include distributors of aviation, special, and heating oil fuels (rate remains at 0.75¢ per gallon) | FY94 = \$1.9 | 7/93 |
| New Mexico | Increased the gasoline tax from 16¢ per gallon to 22¢ per gallon; increased the special fuels tax from 16¢ per gallon to 18¢ per gallon | FY94 = \$46.6 | 7/93 |
| New York | Suspended downward indexing of petroleum business tax for one year | FY94 = \$17.0 | 1/94-1/95 |

Table 15 (cont.)
1993 Major Tax Changes, by Tax

| State | MOTOR FUEL AND MOTOR VEHICLE EXCISE TAXES (cont.) | Amount (millions) | Effective Date |
|------------------------------------|---|--|----------------|
| Ohio | Rate increased from 21¢ per gallon to 22¢ per gallon because of the automatic variable rate formula | No estimate | 7/93 |
| Puerto Rico | Eliminated the diesel tax of 2¢ per gallon for maritime and aerial transportation users | FY94 = (\$2.0) | 7/93 |
| Rhode Island | Increased gasoline tax from 23¢ to 24¢ per gallon | FY94 = \$4.1 | 7/93 |
| West Virginia | Increased the gasoline tax from 15.5¢ to 20.5¢ per gallon | FY93 = \$4.0 FY94 = \$50.0 | 4/93 |
| Wisconsin | Changed point of collection from the wholesale level (gasoline) and the retail level (diesel) to the supplier level for both fuels | FY94 = \$4.9 FY95 = \$21.7 | 4/94 |
| | Increased the petroleum inspection fee from 2¢ to 3¢ per gallon (drops to 1.74¢ per gallon 7/95) | FY94 = \$26.7 FY95 = \$32.0 | 8/93 |
| CIGARETTE AND TOBACCO TAXES | | | |
| Arkansas | Increased cigarette tax from 22¢ to 34.5¢ per pack from 2/1/93, until 6/30/93. The rate falls to 31.5¢ per pack on 7/1/93. Increased the tobacco products tax from 16% to 25% of wholesale price | FY93 = \$12.8 FY94 = \$28.6 | 2/93-7/93 |
| Connecticut | Increased cigarette tax from 45¢ to 47¢ per pack (increases to 50¢ per pack 7/94) | FY94 = \$3.8 FY95 = \$9.0 | 7/93 |
| Hawaii | Changed the base of the cigarette tax from 40% of purchase price to 3¢ per cigarette | FY94 = \$7.0 | 7/93 |
| Illinois | Increased cigarette tax from 30¢ to 44¢ per pack | FY94 = \$105.0 | 7/93 |
| | Imposed a 20% wholesale tax on other tobacco products | FY94 = \$10.0 | 7/93 |
| Massachusetts | Increased the cigarette tax from 26¢ to 51¢ per pack (approved by voter initiative 11/92) | FY93 = \$60.0 FY94 = \$110.0 | 1/93 |
| Missouri | Increased cigarette tax from 13¢ to 17¢ per pack Imposed a 10% excise tax on tobacco products | FY94 = \$18.0 FY94 = \$3.0 | 10/93 10/93 |
| Nebraska | Increased cigarette tax from 27¢ to 34¢ per pack | FY94 = \$8.9 | 7/93 |
| New Mexico | Increased cigarette tax from 15¢ to 21¢ per pack | FY94 = \$6.2 | 7/93 |
| New York | Increased cigarette tax from 39¢ to 56¢ per pack and increased tobacco products tax from 15% to 20% of retail price | FY94 = \$145.0 | 6/93 |
| North Dakota | Increased cigarette tax from 29¢ to 44¢ per pack and increased tobacco products tax from 22% to 28% of wholesale price Imposed a new tax on tobacco products other than cigarettes at 17% of wholesale price (12/92 special session) | FY94 = \$7.8 FY93 = \$2.3 FY94 = \$7.7 | 7/93 2/93 |
| Ohio | Increased cigarette tax from 18¢ to 24¢ per pack (12/92 special session) | FY93 = \$27.7 FY94 = \$54.3 | 1/93 |
| Oregon | Increased the cigarette tax from 28¢ to 33¢ per pack (effective 11/1/93) and from 33¢ to 38¢ per pack (effective 1/1/94) | FY94 = \$15.0 FY95 = \$29.3 | 11/93 |

Table 15 (cont.)
1993 Major Tax Changes, by Tax

| State | CIGARETTE AND TOBACCO TAXES (cont.) | Amount (millions) | Effective Date |
|--------------|--|-------------------|----------------|
| Puerto Rico | Increased the cigarette tax from \$3.65 to \$4.15 per 100 cigarettes | FY94 = \$8.4 | 7/93 |
| Rhode Island | Increased cigarette tax from 37¢ to 42¢ per pack | FY94 = \$4.0 | 7/93 |
| Washington | Increased cigarette tax from 34¢ to 54¢ per pack | FY94 = \$79.1 | 7/93 |
| | Increased tobacco products tax from 64.9% to 74.9% of retail price | FY94 = \$1.5 | 7/93 |
| Wisconsin | Accelerated accrual date for state accounting purposes | FY94 = \$14.0* | 7/94 |

ALCOHOLIC BEVERAGE TAX

| | | | |
|------------|--|-------------------------------|------|
| Arizona | Redistributed liquor license fees | FY94 = \$1.2* | 7/93 |
| New Mexico | Increased excise tax on beer from 18¢ to 35¢ per gallon; on spirits, from \$1.04 to \$1.50 per liter; and on wine, from 25¢ to 34¢ per liter | FY94 = \$11.0 | 7/93 |
| Ohio | Increased rates on alcoholic beverages by 12.5% for beer in containers and 50% for liquor and mixed beverages (12/92 special session) | FY93 = \$5.3 FY94 = \$12.8 | 1/93 |
| Oklahoma | Extends alcoholic beverage excise tax to beverages imported or manufactured for export out of state | FY94 = \$1.5 | 7/93 |
| Washington | Imposed 1.7% surtax on liquor sales to class H licensees and 1.1% surtax on retail liquor sales, and raised the tax on spirits from \$2.0308 to \$2.2308 per liter | FY94 = \$9.3 | 7/93 |
| | Increased beer tax from \$4.78 to \$5.74 per barrel (31 gallons) | FY94 = \$3.5 | 7/93 |

WASTE AND ENVIRONMENTAL TAXES AND FEES

| | | | |
|-------------|---|---------------|-----------|
| Alabama | Expanded tax on underground motor fuel storage tanks to include above-ground tanks and levied additional fee on all tanks | FY94 = \$10.2 | 7/93 |
| Colorado | Imposed waste tire exchange fee of \$1 per tire on all tires being exchanged or discarded | FY94 = \$1.3 | 6/93 |
| Connecticut | Imposed \$2 per tire tax | FY94 = \$5.5 | 7/93 |
| Delaware | Imposed \$15 per ton <i>Clean Air Act</i> emissions fee and \$19 per ton Title V operating permit fee | FY94 = \$1.0 | 7/93-1/94 |
| Florida | Increased solid waste advance disposal fee | FY94 = \$6.7 | 7/93 |
| | Increased wastewater treatment fees | FY94 = \$2.9 | 7/93 |
| Hawaii | Imposed 5¢ per barrel tax on crude oil and petroleum products sold to end users other than refineries | FY94 = \$3.0 | 7/93 |
| Idaho | Imposed air quality compliance fee of \$30 per ton of emissions | FY94 = \$2.1 | 7/93 |
| Minnesota | Imposed contaminated land tax | FY94 = \$0.0 | 1/95 |
| | Increased hazardous waste generators' tax | FY94 = \$2.0 | 1/94 |
| | Increased petroleum tax release cleanup tax from 1¢ per gallon to 2¢ per gallon and imposed new rate of \$2 per residence and 12¢ per yard for nonresidential customers | FY94 = \$41.2 | 7/93 |
| New Jersey | Imposed litter tax on certain consumer products | No estimate | 7/93 |
| New York | Imposed <i>Clean Air Act</i> emission fees at \$25 per ton and vehicle emission fees at \$2 per year | FY94 = \$8.8 | 1/94 |

Table 15 (cont.)
1993 Major Tax Changes, by Tax

| State | WASTE AND ENVIRONMENTAL TAXES AND FEES (cont.) | Amount (millions) | Effective Date |
|----------------------------|--|----------------------------------|----------------|
| Ohio | Imposed environmental taxes: 75¢ per ton on solid waste; a public water system fee based on system size; and a surface water fee based on effluent discharge | FY94 = \$9.6 | 1/94 |
| Tennessee | Imposed 2¢ per quart used oil fee | FY94 = \$1.2 | 7/93 |
| Utah | Increased air emissions fee from \$7 per ton to \$12.50 per ton; equalized rates for hazardous waste and mixed waste tax at \$28 per ton (formerly \$14 per ton generated in state and \$35 per ton generated out of state) | FY94 = \$1.4 | 7/93 |
| Washington | Extended 1% solid waste collection tax | FY94 = \$5.4 | 7/93-7/95 |
| Wisconsin | Increased pesticide, fertilizer, and soil and plant additive taxes | FY94 = \$2.0 | 7/93 |
| | Reduced water pollution discharge permit tax | FY94 = (\$4.4) | 7/93 |
| MISCELLANEOUS TAXES | | | |
| Alabama | Increased statewide property tax by 1 mill (contingent on voter approval in 1994) | FY94 = \$0.0 | 7/95 |
| Alaska | Imposed salmon marketing tax at 1% of the value of salmon transferred to a buyer in the state | FY94 = \$5.6 | 7/93-6/98 |
| | Imposed fisheries resource landing tax at 3.3% of the value of fishery resource brought into the jurisdiction of and first landed in Alaska | FY94 = \$9.5 | 1/94 |
| Arkansas | Imposed 20% gross receipts tax on bingo | FY94 = \$1.0 | 7/93 |
| | Increased real estate transfer tax from \$2.20 to \$3.30 per \$1,000 | FY94 = \$3.3 | 8/93 |
| | Imposed tax on soft drinks at the following rates: \$2 per gallon of syrup; 21¢ per gallon of bottled drinks; and 21¢ per gallon of powders and bases (12/92 special session) | FY93 = \$5.3 FY94 = \$23.4 | 3/93 |
| Connecticut | Reduced tax rates on jai alai from 6.75% of gross receipts to rates ranging from 2% to 4%; reduced rates on dog racing from 5%-8.5% to 2%-4% | FY94 = (\$8.4) | 7/93 |
| | Authorized privatization of off-track betting and imposed a tax of 3.5% of the amount wagered | FY94 = (\$6.6) | 6/93 |
| Florida | Reduced taxes on jai alai, harness racing, and thoroughbred racing | FY93 = (\$1.6) FY94 = (\$6.6) | various |
| | Increased insurance surcharge for "911" service | FY94 = \$12.7 | 7/93 |
| Hawaii | Increased real estate conveyance tax from 0.05% to 0.1% | FY94 = \$2.0 | 7/93 |
| Idaho | Imposed one-time 3% insurance premium tax surcharge and removed statutory annual cap on fee increases | FY93 = \$1.0 | 3/93 |
| Louisiana | Adopted phaseout of soft drink excise tax; rate drops from 2.5% to 1.25% on 7/1/94, and to 0% in 1/96 | FY94 = \$0.0 | 7/94 |
| Michigan | Repealed the inheritance tax in excess of the federal "pick up" tax | FY94 = (\$93.0) | 10/93 |
| Montana | Increased property tax rate on homesteads from 3.09% to 3.86% | FY94 = \$0.0 | 1/94 |
| | Increased accommodations tax from 4% to 5% | FY94 = \$1.9 | 7/93 |
| | Retroactively repealed the gross receipts tax on railroad cars and imposed a state property tax | FY94 = \$3.2 | 7/89 |
| Nevada | Imposed 2% tax on short-term car rentals | FY94 = \$1.3 | 7/93 |
| | Increased slot machine route operator tax from a quarterly rate of \$45 per machine (for one to five machines) and \$225 plus \$90 per machine (for six to 15 machines) to \$61 per machine (for one to five) and \$305 plus \$106 (for six to 15) | FY94 = \$1.0 | 7/93 |

Table 15 (cont.)
1993 Major Tax Changes, by Tax

| State | MISCELLANEOUS TAXES (cont.) | Amount (millions) | Effective Date |
|---------------|--|--------------------------------|----------------|
| New Hampshire | Reduced the communication services tax from 6% to 5.5% | FY94 = (\$2.8) | 7/93 |
| | Reduced the real estate transfer tax from 52¢ to 50¢ per \$100 | FY94 = (\$1.5) | 7/93-6/95 |
| New Mexico | Imposed leased vehicle surtax of \$2 per day | FY94 = \$5.1 | 7/93 |
| | Increased natural gas severance tax from 3.15% to 4.0% | FY94 = \$12.6 | 7/93 |
| New York | Imposed 5% surcharge on "900" telephone calls | FY94 = \$5.0 | 9/93 |
| North Dakota | Increased the tax on pull tabs (charitable gaming tickets) from 2% of gross receipts to 4.5% of gross receipts | FY94 = \$4.1 | 7/93 |
| Ohio | Imposed a tax on soft drinks, unflavored carbonated water, and nonalcoholic beers at 1¢ per 12 ounces | FY93 = \$18.3 FY94 = \$66.6 | 2/93 |
| Oklahoma | Increased taxes on charity game equipment—bingo faces, pull tabs, etc. (approved by the voters in 11/92) | FY93 = \$8.0 FY94 = \$20.0 | 12/92 |
| South Dakota | Increased the tax on video lottery from 35% to 36% of gross proceeds | FY94 = \$1.6 | 7/93 |
| | Increased licensing fees for video lottery machines and authorized nickel machines | FY94 = \$4.4 | 7/93 |
| Tennessee | Authorized car rental companies to levy a 2% surcharge on rentals | FY94 = \$1.0 | 7/93 |
| Texas | Increased equalization surcharge on intrastate long distance service from 0.5% to 1.3% | FY94 = \$1.0 | 9/93 |
| Vermont | Allowed two-year temporary increase in the rooms and meals tax to expire; rate drops from 8% to 7% | FY94 = (\$7.2)** | 7/93 |
| | Reduced captive insurance tax from 0.7% to 0.6% | FY94 = less than \$1 million | 1/94 |
| West Virginia | Increased the minimum coal severance tax from 50¢ to 75¢ per ton | FY94 = \$18.0 | 7/93 |
| Washington | Subjected the acquisition of control of entities owning real property to the 1.28% real estate transfer (excise) tax | FY94 = \$11.5 | 7/93 |

FEEES AND OTHER REVENUES

| | | | |
|----------|--|---------------------------------|------|
| Alabama | Increased court fees | FY93 = \$ 3.0* FY94 = \$7.3* | ?/93 |
| | Increased drivers license fee by \$5 | FY94 = \$3.6* | ?/93 |
| | Increased boat registration fees by \$5 or \$10, depending on boat size | FY94 = \$1.2* | ?/93 |
| Alaska | Increased various motor vehicle registration fees | FY94 = \$2.6* | 7/93 |
| Arkansas | Increased various insurance fees | FY93 = \$1.3* FY94 = \$5.5* | 3/93 |
| | Increased fees on securities dealers and agents: filing fees, from \$1,000 maximum to \$2,000 maximum; agent and adviser fees, from \$50 to \$75 | FY94 = \$1.5* | 3/93 |
| | Increased water system connection fee from 15¢ per connection to 25¢ per connection | FY94 = \$2.1* | 8/93 |
| | Increased various fees for solid waste, air, and water permits | FY94 = \$2.8* | 7/93 |

Table 15 (cont.)
1993 Major Tax Changes, by Tax

| State | FEES AND OTHER REVENUES (cont.) | Amount (millions) | Effective Date |
|-------------|---|-------------------|----------------|
| California | Extended authority for the tax board to enter into negotiated settlements for disputed sales, personal income, and corporation income tax liability | FY94 = \$100.0* | 7/93-7/94 |
| Connecticut | Authorized privatization of off-track betting | FY94 = \$13.0* | 6/93 |
| | Reduced abandonment period for unclaimed stocks and dividends from seven to five years | FY94 = \$2.0* | 7/93 |
| | Increased motor vehicle registration fee by \$4 | FY94 = \$3.9* | 10/93 |
| | Imposed new \$50 fee for licensing of X-ray technicians | FY94 = \$1.0* | 10/93 |
| Delaware | Increased the motor vehicle document fee from \$20 per \$1,000 of purchase price to \$27.50 per \$1,000 | FY94 = \$6.4* | 9/93 |
| | Increased turnpike tolls from \$1 to \$1.25 | FY94 = \$5.8* | 9/93 |
| Florida | Imposed Motor Vehicle Repair Act fees | FY94 = \$1.1* | 7/93 |
| | Imposed mobile home and RV park fee | FY94 = \$1.4* | 7/93 |
| Idaho | Increased nonresident fishing and hunting license fees | FY94 = \$4.1* | 7/93 |
| | Increased crime victim compensation fines from \$20 to \$50 per felony and from \$10 to \$25 per misdemeanor and imposed a new \$200 fine per count for sexual offenders | FY94 = \$1.6* | 7/93 |
| Maine | Accelerated insurance premium tax collections from four quarterly payments of 25% of liability each to quarterly payments consisting of two payments of 35% of liability and two payments of 15% of liability | FY94 = \$6.4* | 1/94 |
| Maryland | Increased insurance fees | FY94 = \$4.8* | 7/93 |
| Minnesota | Reduced threshold for electronic funds transfer deposit requirement for sales and excise taxes from \$240,000 annual liability to \$120,000 annual liability; reduced threshold for accelerated payment of June liability from May liability of \$1,500 to annual liability of \$20,000 | FY94 = \$2.8* | 7/93 |
| | Increased real estate document filing fee from \$2 to \$4.50 per initial fee or charge | FY94 = \$2.8* | 7/93 |
| | Increased court filing fees: civil, from \$110 to \$122; jury fee, from \$30 to \$75; appeal filing fee, from \$200 to \$250; conciliation court, from \$13 for all cases to \$15 for cases involving less than \$20,000 and \$25 for cases involving more than \$20,000 | FY94 = \$2.5* | 7/93 |
| | Increased petty misdemeanor processing fee from \$5 to \$11 | FY94 = \$1.7* | 7/93 |
| | Increased drivers license fee from \$15 to \$18.50 | FY94 = \$1.8* | 7/93 |
| Montana | Increased fees for overweight vehicle permits | FY94 = \$1.1* | 1/94 |
| | Revised gross vehicle weight fees to reduce rates for truck/tractors, concrete and fertilizer haulers, buses, and housetrailer | FY94 = (\$2.8)* | 1/94 |
| Nebraska | Authorized a state lottery with on-line lottery games and instant ticket games; state can net up to 26% of gross | FY94 = \$9.7* | 6/93 |
| | Increased motor vehicle title fee from \$6 to \$10; increased motor vehicle registration fee from \$17.50 to \$20; increased drivers license fee from \$10 to \$15 | FY94 = \$5.4* | 7/93 |
| | Increased court fees from \$21 to \$24 | FY94 = \$1.2* | 7/93 |

Table 15 (cont.)
1993 Major Tax Changes, by Tax

| State | FEEs AND OTHER REVENUES (cont.) | Amount (millions) | Effective Date |
|----------------|--|--------------------------------|----------------|
| New Jersey | Adopted "Taxpayer Bill of Rights" that conforms to federal provisions for refunds, interest, and penalty charges | FY94 = (\$11.5)* | 7/93 |
| | Required electronic funds transfer for remittance of certain taxes | FY93 = \$2.0* FY94 = \$4.0* | 9/92 |
| | Imposed a \$1 surcharge on motor vehicle registrations | FY93 = \$4.0* FY94 = \$4.0* | 9/92 |
| New Mexico | Increased various corporate filing fees | FY94 = \$2.5* | 7/93 |
| New York | Increased out-of-state hunting and fishing license fees | FY94 = \$1.5* | 10/93 |
| North Carolina | Increased court fees by 8% | FY94 = \$5.9* | 7/93 |
| Ohio | Increased corporation filing, insurance, and medical board fees | FY94 = \$4.0* | 7/93 |
| | Increased drivers license reinstatement fee from \$225 to \$250 | FY94 = \$1.1* | 7/93 |
| | Increased misdemeanor court fee from \$6 to \$9 | FY94 = \$5.0* | 7/93 |
| Oklahoma | Increased traffic summary report fee from \$5 to \$10 | FY94 = \$5.5* | 7/93 |
| | Increased motor vehicle size and weight permits from \$5 to \$10 and from \$10 to \$20 | FY94 = \$1.8* | 7/93 |
| Oregon | Increased court fees and fines | FY94 = \$6.2* | generally 8/93 |
| South Carolina | Imposed a 10% surcharge on all court fines | FY94 = \$5.3* | 7/93 |
| | Increased court fees from \$14 to \$25 for magistrates and from \$14 to \$50 for general court | FY94 = \$2.1* | 7/93 |
| Tennessee | Increased fees on freight motor vehicles by 2.5% | FY94 = \$1.7* | 7/93 |
| Texas | Accelerated insurance premium tax prepayment schedule from 3/1, 5/15, 8/15 and 11/15 to 3/1 and 8/5 | FY94 = \$95.0* | 9/93 |
| Washington | Increased forest practices fees | FY94 = \$1.0* | 7/93 |
| West Virginia | Increased fees on broker/dealers, agents, investment advisers, investment adviser representatives, and agents of issue | FY94 = \$1.4* | 7/93 |
| Wisconsin | Imposed \$20 circuit court service fee and extended supreme court automation fees | FY94 = \$12.2* | 7/93 |
| | Increased various transportation fees | FY94 = \$2.9* | 7/93 |
| Wyoming | Increased secretary of state, state engineer, and agriculture department fees | FY94 = \$2.6* | 7/93 |

Source: Scott R. Mackey, *State Tax Actions, 1993* (Denver: National Conference of State Legislatures, 1993). Reprinted with permission.

52 U.S. Advisory Commission on Intergovernmental Relations

Section IV

State and Local Tax Rates and Bases by Type of Tax

Table 16

State Individual Income Taxes: Summary of Personal Exemptions, Standard Deductions, and Deductibility of Federal Income Taxes, 1993

As of November 1993. Only basic rates, brackets, and exemptions are shown. Local income tax rates, even those mandated by the state, are not included. Taxable income rates and brackets listed below apply to single taxpayers and married taxpayers filing "combined separate" returns in states where this is permitted.

| State | Tax Rates (range in percent) | Taxable Income Brackets | | Personal Exemptions | | | Standard Deduction ^a | | Federal Income Tax Deductible ^b | |
|----------------------------|---------------------------------------|----------------------------|----------------------------|------------------------------|-----------------------------|-----------------|---------------------------------|---------|--|-----------------------------|
| | | Lowest: Amount Under | Highest: Amount Over | Single | Married- Joint Return | Dependents | Percent | Single | | Married- Joint Return |
| Alabama ^{**} | 2.0-5.0% | \$500 | \$3,000 | \$1,500 | \$ 3,000 | \$300 | 20% | \$2,000 | \$4,000 | yes |
| Alaska | No state income tax | | | | | | | | | |
| Arizona ^c | 3.8-7.0 | 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 ^d | 40 ^d | 20 ^d | 10 | 1,000 | 1,000 | no |
| California ^{c*} | 1.0-11.0 | 4,666 | 212,380 | 64 ^d | 128 ^d | 64 ^d | n.a. | 2,402 | 4,804 | no |
| Colorado | 5% of modified federal taxable income | | | | | | | | | |
| 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 ^e | | | | | | no |
| Illinois [*] | 3.0 | 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 ^{c*} | 0.4-9.98 | 1,060 | 47,700 | 20 ^d | 40 ^d | 15 ^d | n.a. | 1,330 | 3,270 | 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 ^d | 40 ^d | 20 ^d | 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 ^c | 2.0-8.5 | 4,150 | 16,500 | 2,100 | 4,200 | 2,100 | n.a. | 3,700 | 6,200 | 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 ^{**} | 4.6 | Flat rate | | 2,100 | 4,200 | 2,100 | n.a. | n.a. | n.a. | no |
| Minnesota | 6.0-8.5 | 14,780 | 48,550 | Same as federal ^e | | | | | | no |
| Mississippi | 3.0-5.0 | 5,000 | 10,000 | 6,000 | 9,500 | 1,500 | n.a. | 2,300 | 3,400 | no |

Table 16 (cont.)
State Individual Income Taxes: Summary of Personal Exemptions, Standard Deductions, and Deductibility of Federal Income Taxes, 1993

| State | Tax Rates (range in percent) | Taxable Income Brackets | | Personal Exemptions | | | Standard Deduction ^a | | | Federal Income Tax Deductible ^b |
|-----------------------------|--|----------------------------|----------------------------|---------------------|-----------------------------|-----------------|---------------------------------|------------------------------|-----------------------------|--|
| | | Lowest: Amount Under | Highest: Amount Over | Single | Married- Joint Return | Dependents | Percent | Single | Married- Joint Return | |
| Missouri ⁺⁺ | 1.5-6.0 | 1,000 | 9,000 | 1,200 | 2,400 | 400 | n.a. | Same as federal ^c | | yes |
| Montana ^{c*} | 2.0-11.0 | 1,700 | 61,100 | 1,400 | 2,800 | 1,360 | 20 | 2,620 | 5,240 | yes |
| Nebraska ^{c*} | 2.62-6.99 | 2,000 | 46,750 | 65 ^d | 130 ^d | 65 ^d | n.a. | Same as federal ^c | | no |
| Nevada | No state income tax | | | | | | | | | |
| New Hampshire [*] | Limited income tax | | | | | | | | | |
| New Jersey [*] | 2.0-7.0 | 20,000 | 75,000 | 1,000 | 2,000 | 1,500 | n.a. | n.a. | n.a. | no |
| New Mexico | 1.8-8.5 | 5,200 | 41,600 | Same as federal | | | n.a. | Same as federal | | 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 | | | | | | | | | 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 ^{c*} | 5.0-9.0 | 2,000 | 5,000 | 109 | 218 | 109 | 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 ^c | 2.5-7.0 | 2,160 | 10,800 | 2,350 | 4,700 | 2,350 | Same as federal ^c | | | 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 ^c | | | 50% |
| Vermont [*] | 28.0-34% of federal income tax liability | | | | | | | | | no |
| Virginia | 2.0-5.75 | 3,000 | 17,000 | 800 | 1,600 | 800 | n.a. | 3,000 | 5,000 | no |
| Washington | No state income tax | | | | | | | | | |
| West Virginia | 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 | 50 ^d | n.a. | 5,200 | 8,900 | no |
| Wyoming | No state income tax | | | | | | | | | |

Table 16 (cont.)

State Individual Income Taxes: Summary of Personal Exemptions, Standard Deductions, and Deductibility of Federal Income Taxes, 1993

n.a. —not applicable

[†]States in which one or more local governments levy a local income tax.

^aThe 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.

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

^cIndexed by an inflation factor. Iowa indexes the standard deduction and income brackets. California, Maine, and South Carolina index personal exemptions and income brackets. Arizona, Nebraska, and Oregon index personal exemptions only. Montana indexes personal exemptions, income brackets, and standard deductions.

^dExemption is a tax credit.

^eSee Table 9 for federal income tax regulations.

*State Notes

| | | | |
|--------------------|--|----------------------|--|
| Alabama | Social Security taxes are included in itemized deductions. Taxable income brackets for married filing joint over \$6,000, taxed at highest rate. | Kentucky | Tax credit per dependent. Taxpayers 65 or older receive a \$60 credit, as do taxpayers who are blind. |
| Arkansas | Tax credit per dependent. Taxpayers 65 or older, or blind or deaf receive an additional \$20 credit. No tax is imposed on (1) single taxpayer whose gross income is less than \$5,500; (2) married couple with gross income less than \$10,000; and (3) head of household with gross income less than \$7,150. | Maryland | For tax years 1992-1994 only, the state income tax rate is 6% for taxable income \$100,000 or over for single, married filing separate, and dependent taxpayers, \$150,000 for all others. All counties have a local income tax surcharge of at least 20% of the state tax liability; most counties have a surcharge of 50%. The maximum local income tax rate is 60% (50% for income taxed at the 6% state rate). Single taxpayers have a minimum standard deduction of \$1,500; married taxpayers a minimum of \$3,000. Blind and elderly get an additional exemption of \$1,000. An additional \$1,200 exemption is allowed for elderly dependents. |
| California | Taxpayers age 65 and older receive additional \$64 credit. | Massachusetts | 12% (flat rate) imposed on net capital gains, interest, and dividends of residents, and Massachusetts business income of nonresidents. All other net income taxed at 5.95%. No tax is imposed on a single person whose gross income is \$8,000 or less (\$12,000 married). Social Security taxes are deducted from taxable income up to \$2,000 per taxpayer. |
| Connecticut | Personal exemption amount is reduced by \$1,000 for each \$1,000, or fraction thereof, by which the taxpayer's Connecticut AGI exceeds \$24,000 (single, married filing separately), \$38,000 (head of household), \$48,000 (married filing jointly). | Michigan | Persons who can be claimed as a dependent on someone else's return get an exemption of \$1,000. If their AGI is \$1,500 or less, they owe no tax. |
| Delaware | Lowest personal income tax rate (3.2%) applies to income in the \$2,000-\$5,000 bracket. Taxable income under \$2,000 is not subject to tax and is referred to as the "zero bracket" amount. | Missouri | For taxpayers itemizing deductions, Social Security taxes are deductible. |
| Hawaii | A refundable food/excise tax credit of at least \$55 per exemption is granted; a refundable medical services excise tax credit of 4% of qualified medical expenses, subject to limitation, is granted. | Montana | Tax rates do not reflect a 4.7% surtax in effect for tax year 1993. |
| Idaho | Idaho allows a refundable \$15/exemption credit. | Nebraska | Taxable income brackets will vary by filing status. Married individuals filing separate returns: lowest amount under \$2,000; highest amount over \$23,375. Personal tax credit is phased out for married joint above \$90,000 AGI, single above \$54,000 AGI, and head of household above \$75,000 AGI. |
| Illinois | Effective 1/1/90, an additional \$1,000 exemption for taxpayer or spouse 65 years of age or older. An additional \$1,000 exemption for taxpayer or spouse who is blind. | New Hampshire | There is a 5% tax on taxable interest and dividends in excess of \$1,200 (\$2,400 married). There is no filing requirement for an individual whose total interest and dividend income, after deducting all interest from U.S. obligations, New Hampshire and Vermont banks or credit unions, and dividends from New Hampshire non-holding company banks is less than \$1,200 (\$2,400 for joint filers) for a taxable period. |
| Indiana | Additional \$1,000 exemption if taxpayer or spouse is over 65 or blind. | New Jersey | The highest taxable income bracket is double for married filing jointly. No taxpayer is subject to tax if gross income is \$3,000 or less (\$1,500 married, filing separately). |
| Iowa | Tax may not reduce after-tax income of taxpayer below \$9,000 (single) or \$13,500 (married filing joint, head of household, surviving spouse). Only limitation for the standard deduction is that the deduction otherwise allowable of \$1,330 or \$3,270 may not exceed the amount of income remaining after federal tax deduction. Additional \$20 exemption credit is allowed for taxpayers that are legally blind or age 65 years and older. Voters within a school district may approve a school district income surtax, which is computed as a percentage of regular state tax liability before refundable credits. | | |
| Kansas | A child care credit equal to 25% of the federal child care credit is allowed to taxpayers claiming the federal credit. | | |

Table 16 (cont.)

State Individual Income Taxes: Summary of Personal Exemptions, Standard Deductions, and Deductibility of Federal Income Taxes, 1993

State Notes (cont.)

| | | | |
|-----------------------|--|---------------------|--|
| New York | Rates are scheduled to be reduced further in 1994, when the top rate is scheduled to be 7.59375. A supplemental tax is imposed on taxpayers with New York adjusted gross income in excess of \$100,000. Taxpayers must add back the benefit of the lower tax brackets (i.e., 4%, 5%, 6%, and 7%). Taxpayers with New York AGI in excess of \$150,000 are taxed at a flat rate of 7.875%. | Rhode Island | For 1992, if a taxpayer's federal income tax liability is greater than \$15,000, the effective tax rate is 29.75% of federal income tax liability in excess of \$15,000. For 1993, the effective tax rate on federal income tax liability in excess of \$15,000 is 32%. For the period 1/1/94 and thereafter, the tax rate is equal to 27.5% of the taxpayer's federal income tax liability. |
| North Carolina | Breaking points for higher marginal tax rates vary according to filing status. Taxable income brackets shown are for single taxpayers. North Carolina taxable income reflects federal reductions of personal exemptions and itemized deductions for higher income brackets. | Tennessee | Interest and dividends taxed at 6%. Persons over 65 having total annual gross income derived from any and all sources of \$9,000 or less are exempt. Blindness is a basis for total exemption |
| North Dakota | Information in table applies to the short-form method, which is used by 95% of taxpayers. As an alternative, taxpayers may use the long-form method with tax rates ranging from 2.67% to 12.0% applied to income brackets ranging from \$3,000 to over \$50,000. | Utah | In determining Utah taxable income, 25% of federal personal exemptions are added back. Exemptions reflect this add-back. |
| Ohio | Taxpayers take a \$20 tax credit per exemption. | Vermont | Refundable state earned income tax credit (28% of federal credit, maximum \$619). Three percent surtax of liability between \$3,400 and \$13,100 and 6% of liability over \$13,100 are reflected in rates. |
| Oklahoma | These rates and brackets apply to single persons not deducting federal income tax. For individuals deducting the tax, rates range from 0.5% of the first \$1,000 to 10% on income over \$16,000 (single rate). | Wisconsin | The standard deduction is gradually phased out as income increases; deduction is completely phased out at \$50,830 of AGI for single filers and \$55,000 of AGI for joint filers. Taxpayers age 65 and older receive an additional \$25 credit. |
| Oregon | Federal tax deduction limited to \$3,000 (\$1,500 if married filing separately). Income brackets are double for married filing jointly. | | |
| Pennsylvania | There are eight classes of income: (1) compensation; (2) net profits; (3) interest; (4) dividends; (5) net gain from sale or exchange of property; (6) | | |

Source: ACIR staff compilations based on information from state departments of revenue (Fall 1993) and Commerce Clearing House, *State Tax Guide* (Chicago, 1993). See also Tables 17-20.

Table 17
State Individual Income Taxes: Exclusions and Adjustments to Income, 1993

| State | Degree of Conformity to Federal | Exclusions ¹ | | | | | Adjustments | | Exhibit: Combined Separate Returns Allowed |
|-----------------------|---------------------------------|-------------------------|----------------|--------------------------|-----------------------|------------------|-----------------|---|--|
| | | Capital Gains | Pensions | Social Security Benefits | Unemployment Benefits | Lottery Winnings | Moving Expenses | Individual Retirement Account Contributions | |
| Federal Income Tax | — | No | Maximum \$6k | \$25k/\$32k (50%) | No | No | Deduction | See note | No |
| Alabama* | None | No | Limited | Exempt | Exempt | No | Limited | Federal amount | No |
| Alaska | No state income tax | | | | | | | | |
| Arizona* | AGI | No | Limited | Exempt | No | Limited | Federal amount | | JS |
| Arkansas* | None | No | Limited | Exempt | Exempt | No | Deduction | Federal amount | Yes |
| California* | AGI | No | No | Exempt | Exempt | CA exempt | In state | Federal amount | JS |
| Colorado* | FTI | No | \$20k each | Federal amount | No | No | Federal amount | | n.a. |
| Connecticut* | AGI | No | Limited | Federal amount | No | No | Limited | Federal amount | n.a. |
| Delaware* | AGI | No | \$2k/\$3k each | Exempt | No | DE exempt | Deduction | Limited | Yes |
| District of Columbia* | AGI | No | Limited | Exempt | No | No | Deduction | Federal amount | Yes |
| Florida | No state income tax | | | | | | | | |
| Georgia* | AGI | No | \$10k each | Exempt | No | No | Deduction | Federal amount | No |
| Hawaii* | FTI | No | Exempt | Exempt | No | No | Deduction | Federal amount | JS |
| Idaho* | FTI | Limited | Limited | Exempt | No | ID exempt | Deduction | Federal amount | No |
| Illinois* | AGI | No | Exempt | Exempt | No | No | No | Federal amount | n.a. |
| Indiana* | AGI | No | Limited | Exempt | \$12k/\$18k (50%) | IN exempt | No | Federal amount | n.a. |
| Iowa* | AGI | No | No | Federal amount | No | No | Deduction | Federal amount | Yes |
| Kansas* | AGI | No | Limited | Federal amount | No | No | Deduction | Federal amount | No |
| Kentucky* | AGI | No | Limited | Exempt | No | No | Limited | Limited | Yes |
| Louisiana* | AGI | No | Limited | Exempt | No | No | Deduction | Federal amount | No |
| Maine | AGI | No | No | Exempt | No | No | Deduction | Federal amount | JS |
| Maryland* | AGI | No | \$13.1k each | Exempt | No | No | Deduction | Federal amount | No |
| Massachusetts* | AGI | 50% | No | Exempt | No | No | No | No | n.a. |
| Michigan* | AGI | No | \$7.5k/\$10k | Exempt | No | No | No | Federal amount | n.a. |
| Minnesota* | FTI | No | No | Federal amount | No | No | Deduction | Federal amount | JS |
| Mississippi* | None | No | Limited | Exempt | No | No | Deduction | Federal amount | Yes |

Table 17 (cont.)
State Individual Income Taxes: Exclusions and Adjustments to Income, 1993

| State | Degree of Conformity to Federal | Exclusions ¹ | | | | | Adjustments | | Exhibit: Combined Separate Returns Allowed |
|-----------------|---|-------------------------|-------------------|--------------------------|-----------------------|------------------|-----------------|---|--|
| | | Capital Gains | Pensions | Social Security Benefits | Unemployment Benefits | Lottery Winnings | Moving Expenses | Individual Retirement Account Contributions | |
| Missouri* | AGI | No | No | Federal amount | No | No | Deduction | Federal amount | Yes |
| Montana* | AGI | Limited | Maximum \$3.6k | Modified federal amount | Exempt | No | Deduction | Modified federal amount | Yes |
| Nebraska | AGI | No | No | Federal amount | No | No | Deduction | Federal amount | JS |
| Nevada | No state income tax | | | | | | | | |
| New Hampshire* | Only interest and dividends are taxed | | | | | | | | |
| New Jersey* | None | No | \$5k/\$7.5k/\$10k | Exempt | Exempt | NJ exempt | No | No | No |
| New Mexico* | AGI | No | Limited | Federal amount | No | No | Deduction | Federal amount | No |
| New York* | AGI | No | Limited | Exempt | Limited | No | Deduction | Federal amount | JS |
| North Carolina* | FTI | No | Limited | Exempt | No | No | Federal amount | | JS |
| North Dakota* | State tax calculated as a percentage of federal liability | | | | | | | | |
| Ohio* | AGI | No | No | Exempt | No | No | No | Federal amount | No |
| Oklahoma* | AGI | No | Limited | Exempt | No | No | Deduction | Federal amount | No |
| Oregon* | FTI | No | No | Exempt | No | OR exempt | Deduction | Federal amount | No |
| Pennsylvania* | None | No | Exempt | Exempt | Exempt | PA exempt | Special | No | n.a. |
| Rhode Island* | State tax calculated as a percentage of federal liability | | | | | | | | |
| South Carolina* | Based on federal taxable income | | | | | | | | |
| South Dakota | No state income tax | | | | | | | | |
| Tennessee* | Only certain interest and dividends are taxed | | | | | | | No | Yes |
| Texas | No state income tax | | | | | | | | |
| Utah* | FTI | No | \$4.8k | Federal amount | No | No | Deduction | Federal amount | JS |
| Vermont* | State tax calculated as a percentage of federal liability | | | | | | | | |
| Virginia* | AGI | No | No | Exempt | No | \$600 | Deduction | Federal amount | Yes |
| Washington | No state income tax | | | | | | | | |
| West Virginia* | AGI | No | Limited | Federal amount | No | No | No | Federal amount | No |
| Wisconsin* | AGI | 60% | Limited | Federal amount | \$12k/\$18k (50%) | No | Limited | Federal amount | JS |
| Wyoming | No state income tax | | | | | | | | |

Table 17 (cont.)
State Individual Income Taxes: Exclusions and Adjustments to Income, 1993

| | | | |
|--|---|---|--|
| ¹ For interest and dividend income, see notes for exclusions to income. | | | |
| Exclusions to Income | | | Unless otherwise indicated, all unemployment compensation is taxable. |
| 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. | Lottery Winnings | All lottery winnings are taxable. |
| | | <i>[State] Exempt</i> | Indicates only in-state lottery winnings are exempt. |
| Dividend Income | See state notes for Kentucky, North Dakota, Oklahoma, and Tennessee. Unless otherwise indicated, all dividend income is subject to taxation. | Adjustments to Income | |
| 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. | Moving Expenses | |
| | | <i>Deduction</i> | Taxpayers are allowed to subtract—as an itemized deduction only—the amount of moving expenses claimed on federal tax returns. This does not necessarily indicate that this state tax provision ties directly to the federal code. |
| Capital Gains | Unless otherwise indicated, capital gains are taxed as ordinary income; no exclusion is permitted. | <i>No</i> | Adjustment for moving expenses not allowed. |
| 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). | Individual Retirement Accounts | |
| <i>Limited</i> | Limited exclusion is permitted. See state notes for details. | <i>Federal Amount</i> | 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 this state tax provision ties automatically to the federal code. If a state permits taxpayers to deduct other amounts, these amounts are listed. |
| <i>[Dollar Amount]</i> | The amount of pension benefits permitted to be excluded from income are indicated. | <i>No</i> | Deductions for IRAs not permitted. |
| Social Security | | Exhibit: Combined Separate Returns Allowed | |
| <i>Exempt</i> | 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. | <i>Yes</i> | 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." |
| <i>Federal Amount</i> | 50% of gross Social Security benefits are taxable for taxpayers with income greater than \$25,000 (single) or \$32,000 (married)—conforms to federal law. | <i>JS</i> | States designated "JS" have special "joint rate schedules" for couples, substantially eliminating any marriage penalty. |
| Unemployment Compensation | | <i>n.a.</i> | 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. |
| <i>Exempt</i> | All unemployment compensation is exempt. | <i>No</i> | A "no" indicates that two-earner couples may pay a higher tax amount than if they were filing as two unmarried individuals. |
| <i>\$12k/\$18k (50%)</i> | 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. | | |

Table 17 (cont.)
State Individual Income Taxes: Exclusions and Adjustments to Income, 1993

***State Notes**

| | | | |
|-----------------------------|--|----------------------|---|
| Alabama | 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. | Iowa | 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. |
| Arizona | Maximum exclusion on Arizona lottery winnings is \$5,000. | Kansas | Benefits received from federal civil service annuities, military retirement, and Kansas state retirement systems are excluded. |
| Arkansas | All retirement benefits are subject to \$6,000 per year exemption, including all retired state employees. Moving expense deduction is per federal code. Legislation in 1991 made the top rate on capital gains income 6%, down from 7%. Also repealed law allowing phased-in exclusion. | Kentucky | A \$100 (single)/\$200 (joint) exclusion on dividend income is allowed. Benefits received from Kentucky state retirement systems are excluded. |
| California | Does not conform specifically to federal AGI, but adopted virtually all provisions as of 1/1/87. | Louisiana | Federal retirement benefits are exempt for 1988 and subsequent taxable years. Up to \$6,000 exclusion for each person 65 or over with pension income taxable on federal form. Teacher retirement benefits not under the jurisdiction of the state Board of Education are excluded. |
| Colorado | 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. | Maryland | 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. |
| Connecticut | The separate tax on capital gains, dividends, and interest income applies through December 31, 1991, after which income arising from such sources will be included in Connecticut AGI. | Massachusetts | A \$100 (single)/\$200 (joint) exclusion on interest income is allowed for interest earned on savings deposits in the state. Allowable business expense is tied to federal law with some deviations. |
| Delaware | 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. | Michigan | Benefits received from federal and Michigan state or local government retirement systems are excluded. The first \$7,500 (single)/\$10,000 (joint) of other benefits are excluded. |
| District of Columbia | District and federal government retirees 62 years of age or older may exclude up to \$3,000 of pension, annuity, or survivor benefits. | Minnesota | A subtraction from income is allowed to the elderly and the disabled based on income and filing status. The exclusion is \$10,000 for a married joint return (if both qualify) reduced by nontaxable retirement and social security benefits and $\frac{1}{2}$ of federal AGI over \$15,000. The dollar amounts in the formula are lower for others. |
| Georgia | Taxpayers with regular taxable pensions are not subject to the limitation of earned income. | Mississippi | The first \$6,000 in retirement benefits per person may be excluded. The first \$5,000 in National Guard or Reserve Forces compensation may be excluded, subject to certain limitations. |
| Hawaii | 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. | Missouri | Lottery winnings of \$600 or more are subject to state and local earnings tax. All pension benefits are subject to tax, with an exemption of \$6,000 per person allowed for those receiving a government pension whose Missouri AGI falls within certain maximum income limitations. |
| Idaho | Persons 65 years of age or over receiving benefits from civil service, fire fighters, police (Idaho) and military retirement systems may deduct \$13,536/\$20,304. A capital gain exclusion of 60% is limited to certain kinds of property. | Montana | 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. |
| Illinois | Conforms prospectively to federal AGI, but has an additional modification for any capital gains income excluded from AGI. | New Hampshire | Interest excluded for savings on deposits in credit unions and banks in New Hampshire and Vermont. Dividends received from banks, credit unions, national banks, and building and loan associations in New Hampshire excluded. 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. |
| Indiana | Civil service retirees may deduct up to \$2,000 (less Social Security benefits received). Military retirees may deduct up to \$2,000; military pay deduction up to \$2,000, and U.S. government obligations reported on federal returns. | | |

Table 17 (cont.)
 State Individual Income Taxes: Exclusions and Adjustments to Income, 1993

*State Notes (cont.)

| | | | |
|-----------------------|---|----------------------|--|
| New Jersey | 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). | Pennsylvania | 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. |
| New Mexico | 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). | Rhode Island | Allows modification for interest from special "family education accounts"; and interest from the state of Rhode Island and its city and town obligations. Also excludes interest from special issues of Rhode Island college and university savings bonds. |
| New York | 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. | Tennessee | Interest income is excluded on bonds from the state and U.S. government, certificates of deposit, and passbook savings accounts. Dividends received from national banks, state banks of Tennessee, savings and loan associations in Tennessee, 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. |
| North Carolina | Up to \$4,000 in state, local, or federal (including military) and \$2,000 in private retirement benefits excludable. No more than \$4,000 in total retirement benefits may be excluded for each taxpayer. A tax credit equal to 6% (up to a maximum \$300 per taxpayer) of dividends received while a North Carolina resident from corporations, other than S corporations, allocating 50% or more of their income or loss for the year to North Carolina may be deducted. | Utah | Pension deduction amounts are limited by age and federal adjusted gross income. Persons age 65 or over may exclude up to \$7,500 on all income sources. |
| North Dakota | Information applies to the short-form method. As an alternative, taxpayers may use a long-form method. Under either method, taxpayers must use the same filing status as for federal purposes, 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 retirees (civilian and military), 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. Also, military retirees must be age 50 or older. | Vermont | 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. |
| Ohio | Federal bond interest, disability and survivor's benefits, and railroad retirement benefits included in federal AGI are exempt. | Virginia | For part-year residents, moving expenses from federal form 1040 will be allocated to Virginia only when the move is being made into the state. Moving expenses for part-year residents will not be allowed when the move is made outside of Virginia. Prizes of less than \$600 awarded by the Virginia State Lottery Department are excludable. Each taxpayer age 62 and over is eligible for a \$6,472 deduction (65 and over \$12,944), less any Social Security or Tier 1 railroad benefits. |
| Oklahoma | 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. | West Virginia | 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. |
| Oregon | 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. | Wisconsin | 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 1993), and Commerce Clearing House, *State Tax Guide* (Chicago, 1993). See also Tables 16, 18, and 20.

Table 18
State Income Tax Treatment of Social Security and Pension Income Exemptions, 1993

| State | Social Security Tax Exempt | Amount of 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 | Yes |
| 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 | \$13,536 | \$13,536 | None | Yes | No |
| Illinois* | Yes | Full | Full | Full | Full | No | No |
| Indiana* | Yes | 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 | \$7,500 | Full | Full | Full | No | No |
| Minnesota* | No | See state note | | | | | |
| Mississippi | Yes | \$6,000 | \$6,000 | \$6,000 | \$6,000 | 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 | | | | | |

Table 18 (cont.)
State Income Tax Treatment of Social Security and Pension Income Exemptions, 1993

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

TC—tax credit

n.a.—not applicable

***State Notes**

Alabama Only private pensions under a defined benefit plan are tax exempt.

Arkansas 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.

California California also offers an elderly (age 65 or older) tax credit equal to 50% of the federal elderly tax credit, also available to taxpayers under age 65 and disabled.

Colorado 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).

Delaware Persons under age 60 receive a \$2,000 pension exclusion; persons age 60 and over receive a \$3,000 pension exclusion. The total exemption from all retirement plans cannot exceed the \$2,000 or \$3,000 exclusions. Single taxpayers or married taxpayers filing separately who are 60 or older with an earned income of less than \$2,500 and a Delaware adjusted gross income (AGI) of \$10,000 or less are eligible to receive an additional \$2,000 exemption. Joint filers who are age 60 or over with an earned income of less than \$5,000 and a Delaware AGI of \$20,000 or less are eligible to receive an additional \$4,000 exemption.

District of Columbia 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.

Georgia 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 \$10,000 per taxpayer. With married couples, each can exclude up to \$10,000.

Hawaii Noncontributory private pension plans are tax exempt. With contributory private pension plans, earnings are taxed and employee contributions are tax exempt.

Idaho Pensioners must be age 65 and over or from 62-64 and disabled to qualify for the pension exclusion. Pension exemption amounts are \$13,536 (single filers) and \$20,304 (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.

Illinois 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.

Indiana 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.

Table 18 (cont.)
State Income Tax Treatment of Social Security and Pension Income Exemptions, 1993

State Notes (cont.)

| | | |
|----------------------|--|--|
| Iowa | All pension income is fully taxed, effective tax year 1991. | |
| Kansas | 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. | |
| Louisiana | 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. | |
| Maine | Retirement contributions under Maine's retirement system, which were previously taxed by Maine, are not taxed as retirement income for pensioners retiring in 1989, 1990, and 1991. Taxpayers qualifying for the federal elderly tax credit may claim 20% of the federal credit as a Maine tax credit. | |
| Maryland | 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 \$13,100 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. | Missouri |
| | | 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. |
| | | Montana |
| | | 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 (assuming a retirement income of \$3,600 or greater). |
| Massachusetts | 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 former pensions of Massachusetts state employees. In February 1990, the Massachusetts Commissioner of Revenue determined these states to be Alaska, Connecticut, Florida, Hawaii, Illinois, Nevada, New Hampshire, Pennsylvania, South Dakota, Tennessee, Texas, Washington, and Wyoming. | New Jersey |
| | | 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). |
| | | New Mexico |
| | | 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. |
| | | New York |
| | | Private pensioners have to be at least 59½ years old to qualify for the \$20,000 exemption. |
| | | North Carolina |
| | | 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. |
| Michigan | 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). To qualify for the exemptions, pension plans or private pensioners must define eligibility for retirement and set contribution and benefit amounts in advance. | North Dakota |
| | | 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. |
| Minnesota | Although Minnesota does not specifically exclude pension income, persons age 65 or older | |

Table 18 (cont.)
State Income Tax Treatment of Social Security and Pension Income Exemptions, 1993

State Notes (cont.)

| | | | |
|-----------------------|--|----------------------|---|
| Ohio | Limited tax credits are available to pensioners. Some of these tax credits are restricted to taxpayers age 65 or older. | | |
| Oregon | 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 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; however, taxpayers may apply for either this credit or the retirement income tax credit, but not both. | Vermont | Taxpayers age 65 or older are eligible for a non-refundable elderly tax credit equal to 28% of the federal elderly tax credit. |
| Rhode Island | Taxpayers age 65 and over are eligible to receive a property tax credit. | Virginia | Taxpayers age 62 to 64 receive a \$6,472 exclusion from any income source while those age 65 or older receive a \$12,944 exclusion from any income source. Both exclusions are, however, 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 of \$6,000 or \$12,000 minus Social Security and railroad retirement benefits. As of 1992, exclusions are indexed by FICA wage base percentage increases. |
| South Carolina | Beginning in tax year 1993, a taxpayer, under 65 years of age, receiving a qualified retirement income must irrevocably elect: (1) to claim no retirement deduction until the taxpayer turns 65 at which time the taxpayer would be entitled 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 years or older in 1993, retirement income would automatically qualify for the \$10,000 deduction. Qualified retirement income includes those plans defined in <i>Internal Revenue Code</i> sections 401, 403, 408, 457, and all public retirement plans of the federal, state, and local governments. | West Virginia | 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. |
| Utah | 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 \$1 reduction for every \$2 of AGI in excess of \$25,000 (single filers), \$32,000 (mar- | Wisconsin | 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. |

Source: David Baer, *State Taxation of Social Security and Pensions* (Washington, DC: American Association of Retired Persons, 1993).

Table 19
State Individual Income Taxes: Itemized Deductions, 1993
 (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 ¹ | Mortgage Interest | Other Interest ² | Charitable Contributions | Casualty Losses ³ |
|--|--|-----------------------------|-------------------|----------------------------------|-------------------------|-------------------------|------------------|------------------|-------------------------------|-------------------|-----------------------------|--------------------------|------------------------------|
| <i>Exhibit:</i> Federal Government* | N | N | Y | Y | N | N | Y | Y | Y ¹ | Y | Y | Y | Y ³ |
| Alabama* | Y ⁴ | Y | Y | Y | N | N | N | Y | Y | Y | Y ⁵ | Y | Y ³ |
| Alaska | No income tax | | | | | | | | | | | | |
| Arizona* | N | N | Y | Y | N | N | Y | n.a. | Y | Y | Y | Y | Y |
| Arkansas* | N | N | Y | Y | N | N | N | n.a. | Y | Y | Y | Y | Y |
| California* | N | N | Y | Y | N | N | N | n.a. | Y | Y | Y | Y | Y |
| Colorado* | State income tax based on federal taxable income | | | | | | | | | | | | |
| Connecticut | N | N | N | N | N | N | N | N | N | N | N | N | N |
| Delaware* | N | N | Y | n.a. | n.a. | n.a. | N | Y | Y | Y | Y | Y | Y |
| District of Columbia* | N | N | Y | Y | N | N | n.a. | N | Y | Y | Y | Y | Y |
| Florida | No income tax | | | | | | | | | | | | |
| Georgia* | N | N | Y | Y | N | N | Y | N | Y | Y | Y | Y | Y |
| Hawaii* | N | N | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y |
| Idaho* | N | N | Y | Y | N | N | N | N | Y | Y | N | Y | Y |
| Illinois* | N | N | N | No itemized deductions permitted | | | | | | | | | |
| Indiana* | Very limited | | | | | | | | | | | | |
| Iowa* | Y ⁴ | N | Y | Y | N | N | N | n.a. | Y | Y | N | Y | Y |
| Kansas* | N | N | Y | Y | N | N | N | N | Y | Y | Y | Y | Y |
| Kentucky* | N | N | Y | Y | N | n.a. | N | Y | Y | Y | Y | Y | Y |
| Louisiana* | Y ⁴ | N | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y |
| Maine | N | N | Y | Y | N | N | N | N | Y | Y | N | Y | Y |
| Maryland* | N | N | Y | Y | N | N | N | N | Y | Y | N | Y | Y |
| Massachusetts* | N | Y ⁴ | N | N | N | N | N | N | Y ⁴ | N | N | N | N |
| Michigan* | No itemized deductions permitted | | | | | | | | | | | | |
| Minnesota* | N | N | Y | Y | N | N | N | N | Y | Y | Y | Y | Y |

Table 19 (cont.)
State Individual Income Taxes: Itemized Deductions, 1993
(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 ¹ | Mortgage Interest | Other Interest ² | Charitable Contributions | Casualty Losses ³ |
|-----------------|---|-----------------------------|------------------------|-----------------------------|-------------------------|-------------------------|------------------|------------------|-------------------------------|-------------------|-----------------------------|--------------------------|------------------------------|
| Mississippi | N | N | Y | Y | N | N | N | N | Y | Y | Y | Y | Y |
| Missouri* | Y ⁴ | Y | Y | Y | N | N | N | Y | Y | Y | Y | Y | Y |
| Montana* | Y | N | Y | Y | n.a. | n.a. | N | N | Y | Y | Y | Y | Y |
| Nebraska* | N | N | Y | Y | N | N | N | N | Y | Y | Y | Y | Y |
| Nevada | No income tax | | | | | | | | | | | | |
| New Hampshire | Only interest and dividends are taxed; no itemized deductions permitted | | | | | | | | | | | | |
| New Jersey* | N | N | N | N | N | N | N | N | Y | N | N | N | N |
| New Mexico* | N | N | Y | Y | N | N | Y | Y | Y | Y | Y | Y | Y |
| New York* | N | N | Y | n.a. | N | N | N | N | Y | Y | Y | Y | Y |
| North Carolina | N | N | Y | Y | N | N | N | N | Y | Y | N | Y | Y |
| North Dakota* | Tax calculated as a percentage of federal liability | | | | | | | | | | | | |
| Ohio* | No itemized deductions permitted | | | | | | | | | | | | |
| Oklahoma* | Y ⁴ | N | Y | Y | N | N | Y | Y | Y | Y | N | Y | Y |
| Oregon* | Limited ⁴ | N | Y | Y | n.a. | n.a. | N | N | Y | Y | Y | Y | Y |
| Pennsylvania* | No itemized deductions permitted | | | | | | | | | | | | |
| Rhode Island* | Tax calculated as a percentage of federal liability | | | | | | | | | | | | |
| South Carolina* | N | N | Y | Y | N | N | N | N | Y | Y | Y | Y | Y |
| South Dakota | No income tax | | | | | | | | | | | | |
| Tennessee | Only interest and dividends are taxed; no itemized deductions permitted | | | | | | | | | | | | |
| Texas | No income tax | | | | | | | | | | | | |
| Utah* | Y ⁴ (50%) | N | Y | Y | N | N | N | N | Y | Y | N | Y | Y |
| Vermont | Tax calculated as a percentage of federal liability | | | | | | | | | | | | |
| Virginia* | N | N | Y | Y | N | N | N | N | Y | Y | Y | Y | Y |
| Washington | No income tax | | | | | | | | | | | | |
| West Virginia | N | N | N | N | N | N | N | N | N | N | N | N | N |
| Wisconsin* | N | N | Special Credit Applies | N | N | N | N | N | Special credit applies | | | | N |
| Wyoming | No income tax | | | | | | | | | | | | |

Table 19 (cont.)
State Individual Income Taxes: Itemized Deductions, 1993

n.a.—not applicable

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

² "Other Interest" generally includes interest paid or accrued on investment, indebtedness interest, and prepaid interest. All personal interest (e.g., consumer installment debt, auto/boat loans, student loans) has been phased out.

³ 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.

⁴ Not an itemized deduction; all taxpayers, including those filing nonitemized returns, may subtract this from state taxable income.

⁵ Investment interest allowable not to exceed net investment income.

***State Notes**

| | | | |
|-----------------------------|--|----------------------|--|
| Federal Government | In general, an individual is allowed itemized deductions for nonbusiness expenses only to the extent that the aggregate of such deductions exceeds 2% of AGI. Items not subject to this floor, but which are subject to other limitations, include: interest, certain state and local taxes, casualty, theft, and wagering losses, expenses for medical and dental, and moving purposes. | Illinois | When federal standard deductions exceed withholdings, the amount is considered income for the following tax year. For Illinois state income tax purposes, there is no standard deduction, but individuals receive a \$1,000 exemption. An additional \$1,000 exemption if 65 or over, or blind, is effective 1/1/90. |
| Alabama | 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). | Indiana | 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. |
| Arizona | Deductions same as federal except medical deductions are limited to expenses greater than 4% of adjusted income. | Iowa | Deductions are the same as on federal schedules 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. |
| Arkansas | Medical deduction limited to expenses greater than 7.5% of adjusted income. Charitable contributions such as art and literary contributions are deductible. | Kansas | Deductions are the same as on federal schedules except for state income tax, which is not deductible. |
| California | Deductions are generally the same as federal except for state, foreign, and local taxes, which are not deductible. | Kentucky | Allows all taxpayers charitable contribution deductions. Benefits from federal and Kentucky state pension systems are exempt from state taxation even though such benefits may be taxable under federal tax law. |
| Colorado | 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. | Louisiana | Same deductions as allowed on federal schedules, limited to the amount in excess of the federal standard deduction. Full deduction allowed for federal income tax paid. Allows a \$100 credit for deafness, loss of limb, mental incapacity, and blindness. Also allows credit of 10% of federal credits for child care, elderly, energy, political contributions, and other credits, up to a maximum of \$25. |
| Delaware | All deductions are the same as on federal schedules except for state income tax, which is not deductible. Charitable mileage deduction (\$.08/mile more than allowable federal deduction) and self-employed health insurance costs (up to 1/2 cost to the extent that payment for insurance exceeds federal medical expenses deduction). | Maryland | Same as for federal schedules except for state and local income tax, which is not deductible. All itemized deductions are after federal limitations. |
| District of Columbia | Same as for federal schedules except for state income tax, which is not deductible. For tax purposes, District of Columbia is considered to be a state. | Massachusetts | Allows deduction (limited to \$2,000 per taxpayer) for Social Security tax or contribution to Massachusetts retirement system; \$600 for child or children under 12 years of age or federal child care expenses; 50% on rent paid up to \$2,500; and adoption fees in excess of 3% of AGI taxable at 5.95%. Medical deduction is same as on federal schedule (i.e., medical in excess of the 7.5% floor). |
| Georgia | All deductions are the same as federal schedules except for state income tax, which is limited to Georgia tax. | | |
| Hawaii | Deductions are the same as on federal schedules, except for certain political contributions, which are deductible. | | |
| Idaho | Deductions are the same as on federal schedules except for state income tax, which is not deductible. | | |

Table 19 (cont.)
State Individual Income Taxes: Itemized Deductions, 1993

***State Notes (cont.)**

| | | | |
|-------------------|---|-----------------------|---|
| Michigan | 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 citizen prescription drugs; tax paid to other states; and contributions to Michigan colleges or universities, municipalities, libraries, art institutions, or public broadcasting stations. A deduction also allowed for military pay, payments to Michigan's prepaid tuition program, and amount for federal credit for elderly and disabled. | North Dakota | percentage disallowed ranges up to 50% for taxpayers with NY AGI in excess of \$525,000. |
| Minnesota | Only those taxpayers taking itemized deductions may deduct school expenses: tuition, transportation, and nonreligious textbooks, and rental fees for musical instruments for children in public or private schools (non-profit), grades K through 12. Deductions are also allowed for children attending schools in surrounding states. Subtraction available for income of taxpayers age 65 and over and the disabled based on income and filing status (not an itemized deduction). Only investment interest is deductible. | Ohio | No itemized deductions allowed, only adjustments to income. |
| Missouri | May deduct Social Security tax, railroad retirement tax, and self-employment tax paid only if taxpayer itemizes deductions. All taxpayers may deduct their federal tax liability. Local income tax may be deducted only if taxpayers itemize. | Oklahoma | Deductions are the same as on federal schedules. Two tax rate schedules are available, one allowing federal tax deductions and one not. Taxpayers may choose the one that results in the least amount of tax to be paid. Federal tax liability may be deducted for taxpayers using appropriate rate schedule. |
| Montana | Itemized deductions are the same as federal, except for income tax paid to Montana and long-term care insurance. Taxpayers not itemizing may deduct the larger of the federal liability or the standard deduction. | Oregon | Taxpayers use federal deductions (less state income tax). Deduction of federal tax liability is available to all taxpayers, but the deduction is limited to \$3,000 (\$1,500 on separate return). 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. |
| Nebraska | Every individual who itemized on the federal return is allowed to subtract from federal adjusted gross income the greater of either the standard deduction or all of federal itemized deductions, except for the amount deducted on the federal return for state or local income taxes paid. Taxpayers with federal AGI greater than \$108,450 (\$54,225 married-separate) must complete Nebraska itemized deduction worksheet. | Pennsylvania | 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. |
| New Jersey | 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. | Rhode Island | 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.) |
| New Mexico | There are special credits and rebates for low-income comprehensive tax, low-income food and medical tax, day care, property tax for taxpayers 65 and older. The federal standard deduction and itemized deductions in excess of the standard deduction are allowed. | South Carolina | No state or local income tax deductions allowed. Other deductions same as on federal schedules. |
| New York | Individual taxpayers with NY AGI in excess of \$100,000 must reduce their itemized deductions. Reduction applies to joint filers with NY AGI in excess of \$200,000. The reduction amount is based on filing status, and the | Utah | Same deductions as on federal schedules except for state income tax, which is not deductible. Adoption expenses up to \$1,000 per year are allowed for all taxpayers. Only one-half of net federal income tax paid or payable, after all allowable credits, may be deducted. |
| | | Virginia | Deductions are the same as those allowed under federal law as it existed 12/31/92. |
| | | Wisconsin | Individuals are allowed a 5% credit for the excess over the standard deduction of certain interest expenses, medical expenses, charitable contributions, moving expenses for moves in or into Wisconsin, and miscellaneous expenses. A school property tax credit of 10% of the first \$2,000 of property taxes or rent constituting property taxes paid on a principal dwelling is allowed. |

Source: ACIR staff compilation based on information from state departments of revenue (Fall 1993), and Commerce Clearing House, *State Tax Reporter* (Chicago, 1993). See also Tables 16, 18, and 20.

Table 20
State Individual Income Taxes: Rates, 1993
 Compiled October 1993
 Rates for Single Individuals or Married Filing Separately

| State | Income Subject to Tax | Marginal Rate (percent) | Special Rates or Features |
|----------------------|--|-------------------------|--|
| Alabama | First \$500 | 2.0% | Married persons filing jointly are taxed at 2% of the first \$1,000 of taxable income, 4% on the next \$5,000, and 5% on any excess over \$6,000. Local income taxes are additional. |
| | 501-3,000 | 4.0 | |
| | Over 3,000 | 5.0 | |
| Alaska | No tax | | |
| Arizona | First 10,000 | 3.8 | Income brackets for married filing jointly are doubled. |
| | 10,001-25,000 | 4.4 | |
| | 25,001-50,000 | 5.25 | |
| | 50,001-150,000 | 6.5 | |
| | Over 150,000 | 7.0 | |
| Arkansas | 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 do not exceed \$7,150. |
| | 3,000-5,999 | 2.5 | |
| | 6,000-8,999 | 3.5 | |
| | 9,000-14,999 | 4.5 | |
| | 15,000-24,999 | 6.0 | |
| | Over 25,000 | 7.0 | |
| California | First 4,666 | 1.0% | Tax brackets indexed annually by California consumer price index. Income brackets for married filing jointly are doubled. |
| | 4,667-11,059 | 2.0 | |
| | 11,060-17,453 | 4.0 | |
| | 17,454-24,228 | 6.0 | |
| | 24,229-30,620 | 8.0 | |
| | 30,621-106,190 | 9.3 | |
| | 106,191-212,380 | 10.0 | |
| | Over 212,380 | 11.0 | |
| Colorado | 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. |
| Connecticut | 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., and the subtraction of reimbursed moving expenses, Tier 1 railroad benefits, and income from Connecticut bonds. |
| Delaware | 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 | |
| District of Columbia | First 10,000 | 6.0 | The tax on unincorporated businesses is 10% tax rate plus a 2.5% surtax. Minimum tax is \$100. Two-earner married taxpayers may file separately on the same return (rather than jointly) in order to minimize tax liability. |
| | Second 10,000 | 8.0 | |
| | Over 20,000 | 9.5 | |
| Florida | No tax | | |
| Georgia | First 750 | 1.0 | If married taxpayers file joint federal returns, they must file joint state returns. The rates for these taxpayers range from 1% of the first \$1,000 of taxable income to 6% of taxable income over \$10,000. |
| | 751-2,250 | 2.0 | |
| | 2,251-3,750 | 3.0 | |
| | 3,751-5,250 | 4.0 | |
| | 5,251-7,000 | 5.0 | |
| | Over 7,000 | 6.0 | |

Table 20 (cont.)
State Individual Income Taxes: Rates, 1993
 Compiled October 1993
 Rates for Single Individuals or Married Filing Separately

| State | Income Subject to Tax | Marginal Rate (percent) | Special Rates or Features |
|---------------|--|----------------------------|---|
| Hawaii | 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 | |
| Idaho | 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 | |
| Illinois | Taxable net income | 3.0 | Additional personal property replacement tax of 2.5% of net income is imposed on all corporations except partnership entities, trusts, and subchapter S corporations, for which the tax is 1.5%. |
| Indiana | Modified adjusted gross income | 3.4 | County income taxes may add up to an additional 1.25%. |
| Iowa | 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 | |
| Kansas | 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 | |
| Kentucky | First 3,000 | 2.0 | Local income taxes are additional. Two-earner married taxpayers may file separately on the same return (rather than jointly) in order to minimize tax liability. |
| | 3,001-4,000 | 3.0 | |
| | 4,001-5,000 | 4.0 | |
| | 5,001-8,000 | 5.0 | |
| | Over 8,000 | 6.0 | |
| Louisiana | First 10,000 | 2.0 | 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 | |
| Maine | First 4,149 | 2.0 | For tax years beginning in 1993, the tax brackets and personal exemptions will not be adjusted for inflation. 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 | |
| Maryland | 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 | |
| Massachusetts | Interest, dividends, net capital gains | 12.0 | 50% deduction for net capital gains. |
| | All other income | 5.95 | |
| Michigan | Taxable income | 4.6 | Twenty 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%. |

Table 20 (cont.)
State Individual Income Taxes: Rates, 1993
 Compiled October 1993
 Rates for Single Individuals or Married Filing Separately

| State | Income Subject to Tax | Marginal Rate (percent) | Special Rates or Features |
|---------------|-----------------------------|-------------------------|---|
| Minnesota | First 14,780 | 6.0 | Rates apply to other filing statuses with these brackets: married filing jointly, \$21,600 and \$85,830, married filing separately, \$10,800 and \$42,920; head of household, \$18,190 and \$73,110. |
| | 14,781-48,550 | 8.0 | |
| | Over 48,550 | 8.5 | |
| Mississippi | 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 | |
| Missouri | First 1,000 | 1.5 | Local income taxes are additional. Married taxpayers are not allowed to split income deductions, exemptions, etc., equally between spouses; they must be split according to amount of income earned. If the taxable income of each spouse is greater than \$9,000, the tax liability will not be affected. |
| | 1,001-2,000 | 2.0 | |
| | 2,001-3,000 | 2.5 | |
| | 3,001-4,000 | 3.0 | |
| | 4,001-5,000 | 3.5 | |
| | 5,001-6,000 | 4.0 | |
| | 6,001-7,000 | 4.5 | |
| | 7,001-8,000 | 5.0 | |
| | 8,001-9,000 | 5.5 | |
| | Over 9,000 | 6.0 | |
| Montana | First 1,700 | 2.0 | Tax brackets reflect 1993 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. A 4.7% surtax applies to 1993. |
| | 1,701-3,500 | 3.0 | |
| | 3,501-7,000 | 4.0 | |
| | 7,001-10,500 | 5.0 | |
| | 10,501-14,000 | 6.0 | |
| | 14,001-17,500 | 7.0 | |
| | 17,501-24,400 | 8.0 | |
| | 24,401-34,900 | 9.0 | |
| | 34,901-61,000 | 10.0 | |
| | Over 61,000 | 11.0 | |
| Nebraska | 0-2,400 | 2.62 | Rates for married filing jointly range from 2.37% on income not over \$4,000 to 6.99% on income over \$46,750. |
| | 2,401-17,000 | 3.65 | |
| | 17,001-26,500 | 5.24 | |
| | Over 26,500 | 6.99 | |
| Nevada | No tax | | |
| New Hampshire | Interest and dividends only | 5.0 | \$1,200 of each taxpayer's interest and dividend income is exempt. |
| New Jersey | First 20,000 | 2.0 | Taxpayers filing jointly pay at rates ranging from 2% on net income not over \$20,000 to 7% on net income over \$150,000. Taxpayers are not subject to tax if gross income is \$3,000 or less (\$1,500 or less for married person filing separately). |
| | 20,001-35,000 | 2.5 | |
| | 35,001-40,000 | 5.0 | |
| | 40,001-75,000 | 6.5 | |
| | Over 75,000 | 7.0 | |
| New Mexico | First 5,200 | 1.8 | Taxpayers filing jointly pay at rates ranging from 2.4% on net income not over \$8,000 to 8.5% on net income over \$64,000. Heads of household pay at rates ranging from 1.8% on net income not over \$5,200 to 8.5% on net income over \$52,000. Special rates are provided for married persons filing separately. Community property state in which, generally, one-half of the community income is taxable to each spouse. |
| | 5,201-10,400 | 3.0 | |
| | 10,401-15,600 | 4.5 | |
| | 15,601-23,400 | 5.8 | |
| | 23,401-31,200 | 6.9 | |
| | 31,201-41,600 | 7.7 | |
| Over 41,600 | 8.5 | | |
| New York | 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. See note on Table 18. |
| | 5,501-8,000 | 5.0 | |
| | 8,001-11,000 | 6.0 | |
| | 11,001-13,000 | 7.0 | |
| | Over 13,000 | 7.875 | |

Table 20 (cont.)
State Individual Income Taxes: Rates, 1993
 Compiled October 1993
 Rates for Single Individuals or Married Filing Separately

| State | Income Subject to Tax | Marginal Rate (percent) | Special Rates or Features |
|-----------------|-------------------------------------|-------------------------|--|
| North Carolina | 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 | |
| North Dakota | Federal income tax liability | 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. |
| Ohio | First 5,000 | 0.743 | Two-income couples filing joint federal returns must file joint state returns; however, alternate rates are not available. Instead, a joint filing credit of between 5-20% of state liability, up to \$650, is granted, depending on total income. The rates will range from 0.743% of taxable income \$5,000 or less to 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 | | |
| Oklahoma | Over 200,000 | 7.5 | 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%. |
| | First 1,000 | 0.5 | |
| | 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 | | |
| Oregon | First 2,000 | 5.0 | Income brackets for married filing jointly are doubled. |
| | 2,001-5,000 | 7.0 | |
| | Over 5,000 | 9.0 | |
| Pennsylvania | Specified classes of taxable income | 2.8 | For nearly all taxpayers, the tax base is broader than federal taxable income. |
| Rhode Island | 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%. |
| South Carolina | First 2,160 | 2.5 | Applies to all filing statuses. An income tax credit is allowed for married filing jointly. |
| | 2,161-4,320 | 3.0 | |
| | 4,321-6,480 | 4.0 | |
| | 6,481-8,640 | 5.0 | |
| | 8,641-10,800 | 6.0 | |
| | Over 10,800 | 7.0 | |
| South Dakota | No tax | | |
| Tennessee | Certain interest and dividends only | 6.0 | Individuals are taxed only on dividends from stocks and certain interest on bonds, notes, and mortgages. |
| Texas | No tax | | |
| Utah | First 750 | 2.55 | 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 | |

Table 20 (cont.)
State Individual Income Taxes: Rates, 1993
 Compiled October 1993
 Rates for Single Individuals or Married Filing Separately

| State | Income Subject to Tax | Marginal Rate (percent) | Special Rates or Features |
|---------------|------------------------------|----------------------------|---|
| Vermont | Federal income tax liability | | Rates include surtax, which applies to the 1991, 1992, and 1993 tax years. |
| | Under 3,400 | 28.0 | |
| | 3,400-13,100 | 31.0 | |
| | Over 13,100 | 34.0 | |
| Virginia | First 3,000 | 2.0 | Two-earner married taxpayers may file separately on the same return (rather than jointly) in order to minimize tax liability. |
| | 3,001-5,000 | 3.0 | |
| | 5,001-17,000 | 5.0 | |
| | Over 17,000 | 5.75 | |
| Washington | No tax | | |
| West Virginia | 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 | |
| Wisconsin | 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 \$1,000 from business activity at 0.4345% (minimum \$25, maximum \$9,800) of net business income. For individuals with a net farm profit of \$1,000, the surcharge is \$25. |
| | 7,501-15,000 | 6.55 | |
| | Over 15,000 | 6.93 | |
| Wyoming | No tax | | |

Source: ACIR staff compilations based on information from state departments of revenue (Fall 1993) and Commerce Clearing House, *State Tax Guide* (Chicago, 1993). See also Tables 16-19.

Table 21
Local Income Taxes: Number and Type of Jurisdiction,
Selected Years 1976-1992

| State ¹ | 1992 | 1991 | 1990 | 1989 | 1988 | 1987 | 1986 | 1985 | 1984 | 1981 | 1979 | 1976 |
|--|---|-----------------|-----------------|-----------------|-----------------|--------------------|--------------------|--------------------|--------------------|------|--------------------|--------------------|
| Alabama | | | | | | | | | | | | |
| Cities | 11 ² | 11 ² | 11 ² | 11 ² | 10 ² | 10 | 10 | 10 | 8 | 5 | 5 | 6 |
| Arkansas | | | | | | | | | | | | |
| Cities | No cities levy income taxes | | | | | | | | | | | |
| Delaware | | | | | | | | | | | | |
| Cities (Wilmington) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Georgia | | | | | | | | | | | | |
| Cities and Counties | No cities or counties levy income taxes | | | | | | | | | | | |
| Indiana | | | | | | | | | | | | |
| Counties | 80 | 76 | 79 | 79 | 68 | 51 | 45 | 44 | 43 | 38 | 37 | 38 |
| Iowa | | | | | | | | | | | | |
| School Districts | 178 | 144 | 59 | 52 | 60 | 57 | 61 | 57 | 57 | 26 | 21 | 3 |
| Kentucky | | | | | | | | | | | | |
| Cities | 86 | 87 | 83 | 84 | 81 | 85 | 78 | 67 | 61 | 59 | 59 | 59 |
| Counties | 29 | 27 | 27 | 26 | 27 | 25 | 14 | 11 | 9 | 8 | 8 | — |
| Maryland | | | | | | | | | | | | |
| Counties (and Baltimore City) | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 24 |
| Michigan | | | | | | | | | | | | |
| Cities | 20 | 20 | 19 | 19 | 18 | 17 | 17 | 16 | 16 | 16 | 16 | 16 |
| Missouri | | | | | | | | | | | | |
| Cities (Kansas City and St. Louis) | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| New York | | | | | | | | | | | | |
| Cities (New York City and Yonkers) | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 |
| Ohio | | | | | | | | | | | | |
| Cities | 512 | 512 | 506 | 492 | 481 | 482 | 480 | 467 | 460 | n.a. | 417 | 385 |
| School Districts | 76 | 52 | 22 | 5 | 5 | 6 | 6 | 6 | 6 | n.a. | 0 | 0 |
| Pennsylvania | | | | | | | | | | | | |
| Cities, Boroughs, Towns, Townships, and School Districts | 2,832 | 2,824 | 2,809 | 2,795 | 2,788 | 2,782 ^e | 2,777 ^e | 2,758 ^e | 2,644 ^e | n.a. | 2,585 ^e | 2,553 ^e |
| Total (excludes Pennsylvania) | 1,021 | 873 | 837 | 797 | 779 | 763 | 740 | 707 | 688 | n.a. | 597 | 535 |
| Total (includes Pennsylvania) | 3,853 | 3,697 | 3,646 | 3,592 | 3,567 | 3,545 ^e | 3,517 ^e | 3,465 ^e | 3,332 ^e | n.a. | 3,182 ^e | 3,088 ^e |

n.a.—not available

^e estimate

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

² Based on figures provided by the Alabama League of Municipalities.

Source: ACIR staff compilations based on Commerce Clearing House, *State Tax Guide* (Chicago, 1992). See also Advisory Commission on Intergovernmental Relations, *Local Revenue Diversification: Local Income Taxes* (Washington, DC, 1988).

Table 22
Local Income Taxes: Rates, Selected Cities and Counties, November 1993
 (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 | 0.25 | County adjusted gross income. |
| | Evansville (Vanderburgh) | | | 1.0 | 0.25 | |
| | Fort Wayne (Allen) | | | 0.7 | 0.10 | |
| | Indianapolis (Marion) | | | 0.7 | 0.175 | |
| | Muncie (Delaware) | | | 0.8 | 0.35 | |
| Iowa | School Districts—As of 1992, 178 school districts levied income surtaxes at rates ranging from 2% to 20%. | | | | | |
| Kentucky | Lexington (Fayette) | 2.0 | 2.0 | 2.0 | 2.0 | 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. |
| | 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 | 0.075 | | | |
| Missouri | Kansas City (Jackson) | 1.0 | 1.0 | | | Salaries, wages, commissions and other earned compensation. |
| | St. Louis City | 1.0 | 1.0 | | | |
| New York | New York City | 2.25-3.4 | 0.45 | | | 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. Salaries, wages, commissions, and other earned compensation. Residents are also subject to an additional city income tax for each tax year beginning after 1990 but before 1994 of 14% of the sum of the basic city income tax and surcharge. |
| | Yonkers (Westchester) | 15.0 | 0.5 | | | |

Table 22 (cont.)
Local Income Taxes: Rates, Selected Cities and Counties, November 1993
 (percent)

| State | City (County) | City Tax Rate | | County Tax Rate | | Income Tax Based on |
|---|---|------------------|-----------------------|--------------------|-----------------------|--|
| | | Resi- dent | Non- resi- dent | Resi- dent | Non- resi- dent | |
| Ohio | 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 | | | |
| | Cleveland Heights (Cuyahoga) | 2.0 | 2.0 | | | |
| | Columbus (Franklin) | 2.0 | 2.0 | | | |
| | Dayton (Montgomery) | 2.25 | 2.25 | | | |
| | 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 | | | | |
| Pennsylvania | Allentown (Lehigh) | 1.0 | 1.0 | | | Salaries, wages, commissions, and other earned income. Philadelphia resident income tax based on salaries, wages, commissions, other earned income, and 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 | 4.96 | 4.3125 | | | |
| | Pittsburgh (Allegheny) | 2.875 | 1.0 | | | |
| | Reading (Berks) | 1.0 | 1.0 | | | |
| | Scranton (Lackawanna) | 2.4 | 1.0 | | | |
| Taxes are imposed on the total payroll of employers in the following cities: | | | | | | |
| California | Los Angeles | 0.825 | | | | |
| | San Francisco | 1.50 | | | | |
| New Jersey | Newark | 1.0 | | | | |
| Oregon | Clackamas, Multnomah, and Washington counties (Portland area) | 0.6179 | | | | |
| | Lane County Mass Transit District | 0.0056 | | | | Includes financial institutions and corporations that perform services in the transit district service area. |

¹ Unearned income (interest, dividends, rents, royalties, and capital gains).

² Is included on the same form as city tax. Nonresidents are not taxed.

Source: Commerce Clearing House, *State Tax Reporter* (Chicago, 1993). See also Table 23 and Advisory Commission on Intergovernmental Relations, *Local Revenue Diversification: Local Income Taxes* (Washington, DC, 1988).

Table 23
State Corporation Income Taxes: Rates, October 1993

| State | Net Income Brackets | Marginal Rate (percent) | Special Rates or Features |
|----------------------|---|--|--|
| Alabama | — | 5.0% | Financial institutions, 6% of net income; 4.5% on net capital gains; 4.95% and 6.93% on accumulated earnings; 12.6% of federal tax on personal holding companies; 18% of federal alternative minimum tax and environmental tax and other federal taxes. |
| Alaska | First \$10,000 \$10,001-\$20,000 \$20,001-\$30,000 \$30,001-\$40,000 \$40,001-\$50,000 \$50,001-\$60,000 \$60,001-\$70,000 \$70,001-\$80,000 \$80,001-\$90,000 Over \$90,000 | 1.0 2.0 3.0 4.0 5.0 6.0 7.0 8.0 9.0 9.4 | |
| Arizona | — | 9.3 | Minimum tax \$50. Apportioned federal income taxes are no longer deductible. Conforms with federal definition of an 80/20 corporation. |
| Arkansas | First \$3,000 \$3,001-\$6,000 \$6,001-\$11,000 \$11,001-\$25,000 \$25,001-\$100,000 \$100,000 + | 1.0 2.0 3.0 5.0 6.0 6.5 | Federal income allows federal ACRS for realty. 6.5% on entire \$100,000, and on any amounts above \$100,000. |
| California | — | 9.3 | California minimum tax is \$800. Franchise and income tax rates are: for financial corporations, 11.107%; Subchapter S financial corporations, 4.307%; and Subchapter S general corporations, 2.5%. In 1992, a 7% alternative minimum tax is imposed. Beginning in 1988, banks and corporations electing a water's-edge method of apportioning income must pay an annual amount equal to 0.3% of 1% of the sum of taxpayer's property, payroll, and sales in California. |
| Colorado | First \$50,000 Over \$50,000 | 5.0 5.1 | Beginning on 7/1/89, the tax rates are reduced until, for income tax years beginning on or after 7/1/93, the tax is imposed at the rate of 5%. Qualified taxpayers may pay an alternative tax of 0.5% of 1% of gross receipts from sales in or into Colorado. |
| Connecticut | — | 11.5 | Plus, to the extent it exceeds the tax on net income, 3.1 mills per dollar on capital holdings (maximum \$1,000,000) or a minimum tax of \$250 is additional. |
| Delaware | — | 8.7 | |
| District of Columbia | — | 10.0 | A 2.5% surtax is imposed. |
| Florida | Over \$5,000 | 5.5 | A 3.3% alternative minimum tax also is imposed. |
| Georgia | — | 6.0 | |
| Hawaii | First \$25,000 \$25,001-\$100,000 Over \$100,000 Capital gains Financial institutions | 4.4 5.4 6.4 4.0 7.92 | Qualified taxpayers may pay an alternative tax of 0.5% of Hawaii gross annual sales. |
| Idaho | — | 8.0 | Minimum tax \$20. Additional \$10 tax on each corporation filing a return and having gross income during the tax year. |
| Illinois | — | 4.8 | Additional 2.5% personal property replacement tax imposed. |
| Indiana | Corporate income tax Supplemental net income | 3.4 4.5 | 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. |

Table 23 (cont.)
State Corporate Income Taxes: Rates, October 1993

| State | Net Income Brackets | Marginal Rate (percent) | Special Rates or Features |
|---------------|------------------------|-------------------------------|--|
| Iowa | 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 exceeds regular tax exceeds minimum tax. |
| | \$25,001-\$100,000 | 8.0 | |
| | \$100,001-\$250,000 | 10.0 | |
| | Over \$250,000 | 12.0 | |
| Kansas | — | 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. |
| Kentucky | First \$25,000 | 4.0 | |
| | \$25,001-\$50,000 | 5.0 | |
| | \$50,001-\$100,000 | 6.0 | |
| | \$100,001-\$250,000 | 7.0 | |
| | Over \$250,000 | 8.25 | |
| Louisiana | First \$25,000 | 4.0 | Except for insurance companies |
| | \$25,001-\$50,000 | 5.0 | |
| | \$50,001-\$100,000 | 6.0 | |
| | \$100,001-\$200,000 | 7.0 | |
| | Over \$200,000 | 8.0 | |
| Maine | First \$25,000 | 3.5 | 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 | |
| Maryland | — | 7.0 | |
| Massachusetts | — | — | Corporations pay an excise tax equal to the greater of the following: (1) \$2.60 (includes 14% surtax) per \$1,000 of value of Massachusetts tangible property not taxed locally, or net worth allocated to Massachusetts, plus 9.5% (includes surtax) of net income, or (2) \$456, whichever is greater (a surtax of 14% is imposed). Minimum tax \$456. |
| Michigan | — | — | State uses a single business tax (which is a modified value added tax) rather than a corporate income tax. The 2.35% rate is applied to an adjusted tax base. Other nonfederal components also are used in the tax base. The first \$45,000 of the tax base is exempt. Firms with gross receipts under \$100,000 are exempt from tax. |
| Minnesota | — | 9.8 | An alternative minimum tax is imposed equal to 5.8% of Minnesota 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. |
| Mississippi | First \$5,000 | 3.0 | |
| | \$5,001-\$10,000 | 4.0 | |
| | Over \$10,000 | 5.0 | |
| Missouri | First \$100,000 | 5.0 | Financial institutions are taxed at a rate equal to the sum of (1) the greater of \$25 or 0.05% of the par value of the institution's outstanding shares and surplus employed in Missouri and (2) 7% of the institution's net income for the income period minus tax computed on their shares and surplus under (1) and credits allowable for other state and local taxes. For fiscal years beginning on or after 9/1/93, the tax rate is 6.25%. |
| | \$100,001-\$335,000 | 6.0 | |
| | Over \$335,000 | 6.5 | |
| Montana | — | 6.75 | Minimum license tax \$50, except \$10 for small business corporations. Beginning in 1988, corporations electing to use water's-edge apportionment are taxed at 7%. A 4.7% surtax applies to all corporate taxpayers for tax year 1993. |
| Nebraska | First \$50,000 | 5.58 | |
| | Over \$50,000 | 7.81 | |
| Nevada | No tax | | |
| New Hampshire | — | 7.5 | The tax is 7.5% on taxable business profits of business organizations having business income over \$50,000. |

Table 23 (cont.)
State Corporate Income Taxes: Rates, October 1993

| State | Net Income Brackets | Marginal Rate (percent) | Special Rates or Features |
|----------------|---|---|--|
| New Jersey | — | 9.0 | A 7.25% corporation income tax is imposed on entire net income as allocated to New Jersey, of foreign corporations with income from New Jersey sources not subject to the corporation business tax. The corporation business tax is a franchise tax measured by net income. For accounting or privilege periods ending before 7/1/94, a surtax is imposed at a rate determined by the Division of Taxation based on the amount of franchise tax paid that is attributable to changes made to federal income tax laws by the <i>Tax Reform Act of 1986</i> . (A 0.375% surtax is imposed for accounting periods ending on or after 7/31/93 but not later than 6/30/94.) |
| New Mexico | First \$500,000 Second \$500,000 Over \$1,000,000 | 4.8 6.4 7.6 | Plus 18% surcharge against tax obligations for firms filing separate entity with taxable income of \$1 million or over—1993 tax year. |
| New York | — | 9.0 | Corporations are subject to a 9% tax on net income or a tax on three alternative bases, whichever produces the greatest tax. An additional tax of 0.09% of subsidiary capital is levied. Small-business taxpayers are subject to a lower tax rate of between 8% and 9%. A 15% surcharge applies for tax years ending after 6/30/90 and before 7/1/94. 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. |
| North Carolina | — | 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. |
| North Dakota | First \$3,000 \$3,001-\$8,000 \$8,001-\$20,000 \$20,001-\$30,000 \$30,001-\$50,000 Over \$50,000 | 3.0 4.5 6.0 7.5 9.0 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. |
| Ohio | First \$50,000 Over \$50,000 or 5.82 mills multiplied by value of stock, whichever is greater | 5.1 8.9 | Minimum tax \$50. Financial institutions are taxed at 15 mills times the value of stock. |
| Oklahoma | — | 6.0 | |
| Oregon | — | 6.6 | Minimum tax \$10. Qualified taxpayers may elect to pay alternative tax of 0.25% or 0.125% of gross sales in Oregon. |
| Pennsylvania | — | 12.25 | Rate includes 1.75% surtax. |
| Rhode Island | — | 9.0 | An additional surtax of 11% of the tax 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 the business corporation tax only to the extent, if any, that it exceeds the business corporation 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 | — | 5.0 | Banks pay 4.5% on South Carolina net income; savings and loan associations pay 6% on South Carolina net income. |
| South Dakota | No tax | | Banks and financial institutions pay 6% of net income with modifications; minimum \$200 per authorized business location. |
| Tennessee | — | 6.0 | |
| Texas | No tax | | |
| Utah | — | 5.0 | Minimum tax \$100 |

Table 23 (cont.)
State Corporate Income Taxes: Rates, October 1993

| State | Net Income Brackets | Marginal Rate (percent) | Special Rates or Features |
|---------------|------------------------|-------------------------------|---|
| 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 | — | 6.0 | |
| Washington | No tax | | |
| West Virginia | — | 9.0 | |
| 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 24-26.

Table 24
State Corporation Income Taxes: Bases, Credits, and Formulas
 (Generally Laws in Effect for 1993)

| State | Tax Base: Federal Compliance | | Credits | Unitary | Apportionment Formula |
|-----------------------------|---|--|--|---|---|
| | Additions | Subtractions | | | |
| Alabama | State, foreign, and local income taxes; federal exempt interest except own state; partial depletion and amortization allowance and federal operating/capital loss and charitable carryovers | Oil/gas depreciation allowance in excess of federal; interest on U.S. obligations and federal securities; state income tax refund; jobs credit; contributions to AL Industrial Development Authority | Enterprise zone, education, and AL Industrial Development Authority | Not allowed | 3-factor, simple average (UDITPA) |
| Alaska¹ | State, foreign, and local income taxes; federal exempt interest from own state/foreign obligations | Interest on U.S. obligations and federal securities | 18% of federal credits; 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 |
| Arizona¹ | 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 | Domestic—required | Property (25%) Payroll (25%) Sales (50%) (UDITPA) |
| Arkansas | Interest from other states; DISC income taxes; unitary dividends from less than 95% ownership; business income | Targeted jobs credit; interest on U.S. obligations; state income tax refunds; 95% owned dividends; non-business income | Enterprise zones; water and conservation control structures; 1/3 contributions to colleges (equipment donations not to exceed 50% tax); county industrial development corporation, 1/3 not to exceed 50% tax | Not allowed | 3-factor, simple average (UDITPA) |
| California | State, foreign, and local income taxes; partial ACRS/other depreciation, depletion, and amortization; federal exempt interest; federal capital loss carryovers | Dividends; jobs credit; state income tax refunds; foreign dividend gross-up | Jobs; 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 <i>Carryover Credits Allowed:</i> Energy conservation; commercial solar energy and solar energy; solar pump; computer contributions; technological property contributions; low-income housing | Worldwide—subject to water's-edge option | 3-factor, simple average (UDITPA) |
| Colorado¹ | CO and foreign income taxes; federal 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; CO 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 | Water's-edge—required | 3-factor, simple average, or average of sales and property only, corporate option (UDITPA) |

Table 24 (cont.)
State Corporation Income Taxes: Bases, Credits, and Formulas
 (Generally Laws in Effect for 1993)

| State | Tax Base: Federal Compliance | | Credits | Unitary | Apportionment Formula |
|------------------------------------|---|---|--|--------------------------------|--|
| | Additions | Subtractions | | | |
| Connecticut ¹ (1989) | CT 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 | Not allowed | Property (25%) Payroll (25%) Sales (50%) For non-manufacturers, single-factor gross sales |
| Delaware ¹ | Federal exempt interest. Loss from sale of U.S or DE securities; interest income from other states' obligations; depletion allowance-oil and gas; interest paid to affiliated companies | Amount of wages in federal jobs credit; interest on U.S. obligations and federal securities; state income tax refunds; handicap building renovation; neighborhood assistance deduction; foreign dividends | New business facilities; additional employment; employee health care; targeted area; traffic mitigation; pollution control and recycling | Not allowed | 3-factor, simple average |
| District of Columbia ¹ | Foreign and local income taxes; other taxes; federal exempt foreign interest | Jobs tax credit; interest and dividends on federal securities; state income tax refunds | | Not allowed | 3-factor, simple average (UDITPA) |
| Florida ¹ (1989) | State income taxes; federally exempt interest; wages deducted as credit; federal carryover and operating loss deductibles | FL carryover and operating loss deduction; foreign dividends | Enterprise zone jobs and property tax; gasohol; community contributions; hazardous waste facility; AMT; emergency excise tax | Not allowed | Property (25%) Payroll (25%) Sales (50%) (UDITPA) |
| Georgia ¹ | State, foreign, and local income taxes (other than GA and its subdivisions); partial ACRS; federal operating loss deduction; interest on state and local debt other than GA | Foreign dividends; interest on U.S. obligations and federal securities; GA 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 | Not allowed | 3-factor, simple average |
| Hawaii ¹ | Interest from other states' obligations | Jobs tax credit; interest on U.S. obligations and federal securities; foreign dividend gross-up | Enterprise zone; energy conservation income tax credit, credit for employment of certain new employees; capital goods excise tax; low-income housing; fuel tax for commercial fishers | Allowed for Hawaii combination | 3-factor, simple average (UDITPA) |
| Idaho ¹ | State income taxes; federal exempt interest; federal capital loss; carryovers; federal NOL | Interest on U.S. obligations; state income tax refunds; alcohol fuel credits; foreign dividend gross-up; ID NOL | Charity; gasohol; jobs expansion and capital investment | Water's-edge—election | 3-factor, simple average (UDITPA) |
| Illinois ¹ | State income taxes; federal exempt interest; federal NOL | Interest on U.S. obligations and federal securities; state income tax refunds; enterprise zone contributions (double); foreign dividend gross-up; subtraction for amount used to compute federal tax credit for restoration of substantial amounts pursuant to IRCO 1341 (Claim of Right) | 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 |

Table 24 (cont.)
State Corporation Income Taxes: Bases, Credits, and Formulas
 (Generally Laws in Effect for 1993)

| State | Tax Base: Federal Compliance | | Credits | Unitary | Apportionment Formula |
|----------------------------|--|--|--|-------------------------------------|--|
| | Additions | Subtractions | | | |
| Indiana ¹ | State income taxes; local property taxes; charitable contributions | Interest on U.S. obligations and federal securities; state income tax refunds; foreign dividend gross-up | Gross income paid; gross tax = 1.2% or 0.3% of IN 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 sales (phase-in) sales factor |
| Iowa ¹ | State income taxes; federal 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 | IA motor fuel; new jobs; research activities minimum tax carry forward; and seed capital credits | Not allowed | 100% sales |
| Kansas ¹ | State, foreign, and local income taxes; federal exempt interest; federal NOL; certain depreciation deductions | Jobs tax credit; interest on U.S. obligations and federal securities; state income tax refunds; solar energy amortization | Job expansion; handicap renovations; enterprise zone; venture capital; research and development; child day care; employee health insurance; solid waste management; work force training | Required—domestic | 3-factor, simple average (UDITPA) |
| Kentucky ¹ | State and foreign income taxes; federal exempt interest | Interest on U.S. obligations and federal securities; 50% gross from coal disposal; dividend income | New jobs; coal heating; qualified energy; economic development project; KY venture capital; recycling and composting equipment | Domestic | UDITPA with variations, double-weighted sales |
| Louisiana ¹ | State income taxes; federal exempt interest; partial federal amortization; federal carryovers; federal NOL | Jobs tax credit; interest on U.S. obligations; state income tax refunds; LA NOL; foreign operating losses (foreign corporations only); federal taxes | New business facility; neighborhood assistance; educational property donations; LA capital company investment; enterprise zone; new jobs; qualified recycling equipment-fuel use | Not allowed | 3-factor for manufacture, merchandising 2-factor for services |
| Maine ¹ | State and local income taxes; federal exempt state interest; partial ACRS; federal NOL; interest or dividends from states or their political subdivisions, except ME | Interest on U.S. obligations; state income tax refunds; jobs tax credit; foreign dividend gross-up; dividends from certain affiliated corporations | ME seed capital; jobs and investment; day care; losses of financial institutions; employer-provided long-term care benefits (tax years ending on or after 9/30/89); investment tax (tax years beginning on or after 1/1/91); solid waste reduction investment (equipment purchased after 1/1/93) | Domestic—required | Property (25%) Payroll (25%) Sales (50%) (UDITPA) |
| Maryland ¹ | State and local income taxes; federal exempt non-MD 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%) |
| Massachusetts ¹ | Federal exempt interest; federal NOL; state, foreign, and local income taxes; other taxes | Jobs tax credit; dividends received limited; MA 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 |

Table 24 (cont.)
State Corporation Income Taxes: Bases, Credits, and Formulas
 (Generally Laws in Effect for 1993)

| State | Tax Base: Federal Compliance | | Credits | Unitary | Apportionment: Formula |
|------------------------|---|---|--|-------------------|---|
| | Additions | Subtractions | | | |
| Michigan | Compensation to employees and officers; depreciation; interest and dividends paid; loss carryovers and carrybacks; income taxes paid | Capital expenditures made; dividend and interest income; carryover of prior year negative SBT tax base; statutory exemption; and greater of excess compensation reduction (up to 37% of tax base) or gross receipts reduction (tax base limited to 50% of gross receipts) | Small business (up to 100% of tax); higher education and public library and broadcasting station; unincorporated business/S corporation; community foundation; 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%) |
| Minnesota ¹ | State, local, and foreign income taxes; federal exempt interest; NOL deduction; capital losses; federal charitable contributions deduction; exempt interest dividends paid by regulated investment companies; windfall profits tax deducted federally; losses from mining subject to the occupation tax; percentage depletion; amortization deduction for specified pollution control facilities; deemed dividends from foreign operating corporations; exempt foreign trade income of a foreign sales corporation; federal dividend received deduction | Salary expenses not deducted due to federal jobs credit; foreign dividend gross-up; cost depletion; enterprise zone credits; MN NOL; MN 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; MN 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 | AMT; research and development; enterprise zone; gross premiums tax credit for insurance companies | Domestic—required | 3-factor, weighted: percent total property in Minnesota (15%); percent total payroll in Minnesota (15%); percent total sales in Minnesota (70%) |
| Mississippi (1989) | State, foreign, and local income taxes; federal exempt state interest; partial depletion allowance; federal capital loss; carryover; dividends | Interest on U.S. obligations; state income tax refunds | Enterprise zone; finance company privilege tax; jobs; research and development; child care facilities; headquarters; training and retraining | Optional—domestic | 3-factor for manufacturers; several special formulas, such as a mileage formula for trucking companies |
| Missouri ¹ | 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; MO sourced dividends; capital gains from sale of low-income housing project | 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 | Not allowed | 3-factor, simple average; or sales only (UDITPA, with 100 sales option, 50% origin, 50% destination) |

Table 24 (cont.)
State Corporation Income Taxes: Bases, Credits, and Formulas
 (Generally Laws in Effect for 1993)

| State | Tax Base: Federal Compliance | | Credits | Unitary | Apportionment Formula |
|-----------------------------|--|---|--|---|--|
| | Additions | Subtractions | | | |
| Montana ¹ | State, foreign, and local income taxes; federal exempt interest; federal capital loss carryovers; federal NOL | Federal jobs tax credit; state income tax refunds; capital gains for new farmer; computer donations; purchases of MT 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 MT higher education endowment funds; investment in the MT Small Business Investment Capital Company (SBIC); conversion to motor vehicles to alternative fuels; recycling investments | Water's-edge; worldwide-water's-edge election available | 3-factor, simple average (UDITPA) |
| Nebraska ¹ | Interest or dividends from states or their political subdivisions, except NE | Interest on U.S. obligations and federal securities, foreign dividends, foreign dividend gross-up or special foreign tax credit. | Non-highway gasoline tax; community betterment, employment expansion and investment, and in lieu of intangible tax paid. | Required—domestic | 100% sales |
| New Hampshire ¹ | "Safe harbor" or other similar leases; income taxes or franchise taxes measured by income | Interest on U.S. obligations; job tax credit; deductible dividends and other non-unitary income net of related expenses; distribution from joint venture or partnerships subject to NH taxation; foreign dividend gross-up; research contribution | Utility franchise tax; insurance premiums tax; business enterprise tax | Domestic—required | Property (28.6%) Payroll (28.6%) Sales (42.8%) |
| New Jersey ¹ | Federal and state income taxes; state and local franchise taxes; federal exempt interest; partial ACRS; federal NOL; dividends; foreign income | Jobs tax credit; foreign dividend gross-up; subsidiary dividends; 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 |
| New Mexico ¹ | | Foreign dividend gross-up; gains from interest expenses on U.S. obligations | Investment; geothermal; child care; cultural property | Optional—domestic | 3-factor, simple average (UDITPA) |
| New York ¹ | Federal exemptions or credits; state and foreign income taxes; franchise taxes; federal exempt government interest; federal contribution carryover; partial ACRS depreciation; expenses and interest attributable to subsidiary capital; taxes paid to other states; federal NOL | Foreign dividend gross-up; gains from subsidiary capital; 50% of non-subsidiary dividends; gifts; NY NOL (federal NOL plus or minus NY modifications) | Business facility; investment; employment expansion; R&D; sales tax on anti-pollution equipment; economic development zones; alternative minimum tax | Domestic—permitted/required | Property (25%) Payroll (25%) Sales (50%) |
| North Carolina ¹ | State and local income taxes; other taxes based on net income; federal exempt interest from non-NC 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; NC 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) |

Table 24 (cont.)
State Corporation Income Taxes: Bases, Credits, and Formulas
 (Generally Laws in Effect for 1993)

| State | Tax Base: Federal Compliance | | Credits | Unitary | Apportionment Formula |
|---------------------------|---|--|--|--|---|
| | Additions | Subtractions | | | |
| North Dakota | All taxes measured by income; federal exempt interest; special deductions; federal NOL | Interest on U.S. obligations; state income tax refunds; federal income taxes; ND dividends; nonbusiness income | New industries; charitable contributions to private school; research and experimental expenditures within ND; employment of developmentally disabled or chronically mentally ill; prior year minimum tax; solar wind and geothermal energy; investments in nonprofit development corporations and venture capital corporations | Required—worldwide, unless water's-edge | 3-factor, simple average (UDITPA) |
| Ohio ¹ | | Jobs tax; interest on U.S. obligations; foreign-source income; income from coal conversion facility; OH NOL; Section 243 dividend | 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%) |
| Oklahoma ¹ | State income taxes; other income-based taxes; federal 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) |
| Oregon ¹ | State and foreign income taxes; other income-based taxes; federal exempt interest; pre-1985 asset ACRS depreciations exceeding OR allowance; federal NOL deduction | Pre-1985 asset depreciation exceeding federal allowance; OR capital loss carryovers; income of non-unitary corporations; 70% or 80% of federal taxable 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, scientific equipment, or research donation; OR seafood; crop gleaning; alternative transportation; domestic insurance company | Required—domestic consolidated | 3-factor, simple average (UDITPA) (simple average before 1991) (double-weighted sales after 1990) |
| Pennsylvania ¹ | 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) |
| Rhode Island ¹ | Interest on other state obligations; RI tax deductions; RI corporate and franchise taxes deducted and federal depreciation deducted if RI rapid writeoffs are elected | Interest on federal obligations; RINOL; special RI dividend and interest deduction; special RI rapid writeoffs for pollution control facilities and new research and development facilities; special deduction or capital gain exclusion for investment in RI certified venture capital partnership or RI qualified business entity; and foreign dividend gross-up | Investment; energy; juvenile restitution; adult education; day care; higher education assistance; hydroelectric power | Not allowed by statute, but the state does follow unitary concept under case law | 3-factor, simple average |

Table 24 (cont.)
State Corporation Income Taxes: Bases, Credits, and Formulas
 (Generally Laws in Effect for 1993)

| State | Tax Base: Federal Compliance | | Credits | Unitary | Apportionment Formula |
|-----------------------------|---|---|---|---|---|
| | Additions | Subtractions | | | |
| South Carolina ¹ | State, foreign, local income taxes; franchise or other income based taxes; federal exempt interest; federal carryovers; federal operating loss deduction; DISC net income; multistate depletion | Interest on U.S. obligations and federal securities; SC 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 |
| Tennessee ¹ | 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 | Allowed only for financial institutions | 3-factor, simple average (UDITPA) |
| Utah | State income taxes; franchise; privilege, capital stock, and business and occupation taxes; federal exempt state interest; federal carryovers; federal operating loss deduction; contributions 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) |
| Vermont ¹ | Non-VT 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 job; manufacturers investment tax credit | Not allowed | 3-factor, simple average (UDITPA) |
| Virginia ¹ | 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 (effective 7/1/91) | Not allowed | 3-factor, simple average |
| West Virginia ¹ | 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 quali- | State income tax refunds; a bad debt reserve deduction adjustment; interest expense incurred to carry obligations which are exempt from federal tax but not from state tax; dividends associated with the federal foreign tax credit; salary expenses associated with the federal jobs credit; foreign source income; subpart F | 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, |

Table 24 (cont.)
State Corporation Income Taxes: Bases, Credits, and Formulas
 (Generally Laws in Effect for 1993)

| State | Tax Base: Federal Compliance | | Credits | Unitary | Apportionment Formula |
|---------------------------------|---|--|---|-------------|---|
| | Additions | Subtractions | | | |
| West Virginia <i>(cont.)</i> | deductible investment utilized for the research and development credit | income; the cost of WV air/water pollution control facilities; a percentage adjustment to income equal to assets represented by tax exempt obligations and WV mortgage obligations divided by total assets; first \$300,000 of WV NOL may be carried back; remaining carryback is eliminated | | | single-factor (carrier miles); foreign financial institutions, single-factor (gross receipts) |
| 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) |

¹Taxable federal income used as state taxable income base.

Sources: ACIR staff compilation based on information from state departments of revenue (Fall 1993) and Commerce Clearing House, *State Tax Guide* (Chicago, 1993).

Table 25
State Corporation Income Taxes: Characteristics of Apportionment Formulas, 1992

| State | Three Factors Equally Weighted | Three Factors with Double Weighted Sales | Two Factors | Sales Only | Option between Formulas | Separate Accounting Permitted | Adoption of UDITPA ¹ |
|----------------------|--------------------------------|--|-------------------|-------------------|-------------------------|-------------------------------|---------------------------------|
| Alabama | Yes | | | | | Yes ² | Yes ³ |
| Alaska | Yes | | Yes ⁴ | | | Yes ^{2,6} | Yes |
| Arizona | | Yes | | | | Yes | Yes |
| Arkansas | Yes | | | | | Yes ² | Yes |
| California | Yes | | | | | Yes | Yes |
| Colorado | Yes ⁵ | | Yes ⁵ | | Yes | Yes ⁶ | Yes ⁵ |
| Connecticut | | Yes | | Yes ⁷ | | | ⁸ |
| Delaware | Yes | | | | | Yes | ⁸ |
| District of Columbia | Yes | | Yes ⁹ | | | Yes ² | Yes ³ |
| Florida | | Yes | | | | Yes | Yes |
| Georgia | Yes | | | | | Yes | ⁸ |
| Hawaii | Yes ^{10,11} | | | | | Yes | Yes |
| Idaho | Yes | | | | | Yes | Yes |
| Illinois | | Yes | | | | Yes | ³ |
| Indiana | | Yes (phase in) | | | | Yes ⁶ | ⁸ |
| Iowa | | | | Yes | | Yes | ⁸ |
| Kansas | Yes | | Yes ¹¹ | | | Yes | Yes |
| Kentucky | | Yes | | | | Yes | Yes |
| Louisiana | Yes ⁷ | | Yes ⁷ | | | Yes | ⁸ |
| Maine | | Yes | | | | Yes | ¹² |
| Maryland | | Yes | Yes ⁷ | Yes ⁷ | | Yes ¹³ | |
| Massachusetts | | Yes | | | | Yes | ⁸ |
| Michigan | | Yes | | | | Yes | Yes |
| Minnesota | | Yes ¹⁴ | | Yes ⁷ | | Yes ² | |
| Mississippi | Yes ¹⁵ | | | | | Yes | |
| Missouri | Yes | | | Yes | Yes | Yes ² | Yes ² |
| Montana | Yes | | | | | Yes | Yes |
| Nebraska | | | | Yes | | Yes | ¹⁶ |
| New Hampshire | Yes | | | | | | |
| New Jersey | Yes | | | | | Yes | |
| New Mexico | Yes | Yes ¹⁷ | | | | Yes | Yes |
| New York | Yes ¹⁸ | Yes | | | Yes | Yes | ⁸ |
| North Carolina | | Yes | | Yes ¹⁹ | | Yes ²⁰ | ⁸ |
| North Dakota | Yes | | | | | Yes ²¹ | Yes |
| Ohio | | Yes | | | | Yes ² | ⁸ |
| Oklahoma | Yes | | | | | Yes | |
| Oregon | | Yes | | | | Yes | Yes |
| Pennsylvania | Yes | | | | | Yes | Yes ³ |
| Rhode Island | Yes | | | | | | ⁸ |
| South Carolina | Yes ⁷ | | | Yes ⁷ | | Yes | ⁸ |
| Tennessee | Yes | | | | | | Yes ^{22,23} |
| Utah | Yes | | | | | Yes ^{6,21} | Yes |
| Vermont | Yes | | | | | Yes ^{6,21} | ⁸ |
| Virginia | Yes ²⁴ | | | | | | |
| West Virginia | | Yes ²⁵ | | | | Yes | |
| Wisconsin | | Yes ²⁶ | | | | Yes ²⁶ | Yes ³ |
| Totals | 29 | 16 | 6 | 8 | 3 | 40 | 22 |

Table 25 (cont.)
State Corporation Income Taxes: Characteristics of Apportionment Formulas, 1993

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

- ¹ UDITPA is the *Uniform Division of Income for Tax Purposes Act*. Originally drafted in 1957 by the National Conference of Commissioners on Uniform State Laws, it is intended to provide a common framework for allocation and apportionment of interstate income.
- ² Prior written approval required.
- ³ UDITPA with modifications.
- ⁴ Certain oil and gas producers and pipeline transportation companies.
- ⁵ Option between UDITPA (three-factor, equal weights) and two-factor formula of property and sales.
- ⁶ Rarely permitted.
- ⁷ Applies only to certain types of firms.
- ⁸ UDITPA has not been adopted, but many provisions in law are similar.
- ⁹ DC financial institutions only.
- ¹⁰ Providers of air or sea transportation services have special formulas.
- ¹¹ If qualified.
- ¹² No distinction between business and nonbusiness income.
- ¹³ Only if the business is nonunitary.
- ¹⁴ Formula weights are 70% sales, 15% property, and 15% payroll.
- ¹⁵ Primary method is separate accounting. If separate accounting is not accurate, three-factor is permitted.
- ¹⁶ By 1992, Nebraska will phase out an equal three-factor approach and go to a sales-only allocation formula.
- ¹⁷ Double-weighted sales factor option for manufacturers to begin in tax year 1995.
- ¹⁸ Special formulas for some types of firms; equal allocation formula under the Alternative Minimum Tax.
- ¹⁹ Excluded corporations only.
- ²⁰ On authorization of Tax Review Board.
- ²¹ The taxpayer may petition for separate accounting or the tax commissioner may require it.
- ²² No throwback rule.
- ²³ Common carriers, air carriers, air express carriers, and financial institutions have special formulas.
- ²⁴ Unique formulas for some industries.
- ²⁵ Motor carriers must use a special one-factor carrier mile formula. Foreign financial institutions must use a special one-factor gross receipts formula.
- ²⁶ Air carriers, motor carriers of property, pipeline companies, financial institutions, and railroads have special apportionment formulas. A unitary business may use separate accounting only with approval of the Department of Revenue.

Source: Information from state departments of revenue, Fall 1993. See also Tables 23, 24, and 26.

Table 26
State Corporation Taxes: Primary Bases, 1993

| State | Gross Receipts | Net Income ¹ | Capital Stock or Net Worth | State | Gross Receipts | Net Income ¹ | Capital Stock or Net Worth |
|--------------------------|----------------|-------------------------|----------------------------|-----------------------|----------------|-------------------------|----------------------------|
| Alabama | | X | X ² | Missouri | | X | X |
| Alaska | | X | | Montana | | X | |
| Arizona | | X | | Nebraska | | X | X |
| Arkansas | | X | X ² | Nevada | | | |
| California | | X | | New Hampshire | | X | |
| Colorado | | X | | New Jersey | | X | |
| Connecticut | | X ³ | | New Mexico | | X | |
| Delaware | | X | ⁴ | New York ⁸ | | 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 | ⁵ | South Carolina | | X | X |
| Kansas | | X | X | South Dakota | | ⁹ | |
| Kentucky | | X | X | Tennessee | | X | X |
| Louisiana | | X | X | Texas | | | X |
| Maine | | X | | Utah | | X | |
| Maryland | | X | | Vermont | | X | |
| Massachusetts | | X ⁶ | X | Virginia | | X | |
| Michigan ⁷ | | | | Washington | X | | |
| Minnesota | | X | | West Virginia | | X | X |
| Mississippi ² | | X | X | Wisconsin | | X | |
| | | | | Wyoming | | | X |
| | | | | Totals | 3 | 45 | 24 |

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

² 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.

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

⁴ 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.

⁵ Iowa annual filing fee with the secretary of state is no longer based on value of capital stock; \$30 fee for all corporations.

⁶ Massachusetts also has a non-income measure of the tax based on tangible personal property or net worth allocable to the state.

⁷ Michigan levies a single business tax, which is a modified value added tax.

⁸ 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.

⁹ South Dakota levies a limited income tax on certain banks and financial institutions.

Source: Information from state departments of revenue, Fall 1993. See also Tables 23-25.

Table 27
State Sales Taxes: Rates and Exemptions, November 1993

| State | Tax Rate | States Exempting | | | | | | | | | | Exhibit: States Granting Related Tax Credit ⁶ |
|----------------------------|--------------------|-------------------|--|-------------------------------------|---|----------------------|--|--------------------------------|---|--------------------|---|--|
| | | Food ¹ | Non- prescription Drugs ² | Telecom- munications Services | Electric and Gas Utilities— Residential Use | Personal Services | Rental of Rooms and Lodgings | Custom Computer Programs | Sale of Materials to— Manufacturers, Producers, ⁵ Processors ⁵ Contractors ^{3,4} Repairers ³ | | | |
| Alabama ⁺⁺ | 4 | | | X | X ⁷ | X | X | X | | X ¹⁰ | | |
| Alaska ⁺ | No state sales tax | | | | | | | | | | | |
| Arizona ⁺ | 5 | X | | | | X | | X | X | X ¹⁰ | | |
| Arkansas ⁺⁺ | 4.5 | | | | limited | limited ³ | | | | X ¹¹ | | |
| California ⁺⁺ | 6 | X | | X | X | limited ³ | X | X | | X ¹⁰ | | |
| Colorado ⁺ | 3 | X | | | X ⁷ | X | | X | | X ¹⁰ | | |
| Connecticut [*] | 6 | X | | | X | X | | | | X | | |
| Delaware | No state sales tax | | | | | | | | | | | |
| District of Columbia | 6 | X | X | limited | X | X | | | | X ¹⁰ | X | |
| Florida ⁺ | 6 | X | X | | X | X | | X | | X ¹⁰ | X | |
| Georgia ⁺ | 4 | | | | | X | | | | X ¹⁰ | | |
| Hawaii [*] | 4 | | | | X | | | | | limited | | X |
| Idaho ⁺ | 5 | | | X | X | X | X | X | | X ¹⁰ | | X |
| Illinois ⁺⁺ | 6.25 | limited | limited | | | X | X | X | X ¹¹ | X ^{10,11} | X | |
| Indiana | 5 | X | | | | X | | X | | X ¹⁰ | | |
| Iowa ⁺ | 5 | X | | | | | | X | | X ¹⁰ | X | |
| Kansas ⁺⁺ | 4.9 | | | | X | X | | X | | X ¹⁰ | | X |
| Kentucky ⁺ | 6 | X | | | X | X | | X | | X ^{10,11} | | |
| Louisiana ⁺⁺ | 4 | limited | | limited | X | X | | X | | X | | |
| Maine [*] | 6 | X | | | X ⁷ | X | | | | X | | |
| Maryland [*] | 5 | X | X | limited | X | X | | X | | X ¹⁰ | | |
| Massachusetts [*] | 5 | X | | | X | X | X | X | | X | | |
| Michigan | 4 | X | | | | X | | X | | X ^{10,11} | | |
| Minnesota ⁺⁺ | 6 | X | X | | X | limited ³ | | X | | X | | |
| Mississippi [*] | 7 | | | ¹² | X ⁷ | X | | | X | X ¹¹ | | |
| Missouri ⁺⁺ | 4.225 | | | | X | X | | X | | X ¹⁰ | | |

Table 27 (cont.)
State Sales Taxes: Rates and Exemptions, November 1993

| State | Tax Rate | Food ¹ | Non-prescription Drugs ² | Telecommunications Services | States Exempting | | | | | | Sale of Materials to— Manufacturers, Producers, Processors ⁵ | Contractors ^{3,4} | Repairs ³ | Exhibit: States Granting Related Tax Credit ⁶ |
|------------------------------|--------------------|-------------------|-------------------------------------|-----------------------------|--|----------------------|------------------------------|--------------------------|----|----|--|----------------------------|----------------------|---|
| | | | | | Electric and Gas Utilities—Residential Use | Personal Services | Rental of Rooms and Lodgings | Custom Computer Programs | | | | | | |
| Montana | No state sales tax | | | | | | | | | | | | | |
| Nebraska ⁺ | 5 | X | | X | | X | | | | | X ¹⁰ | | | |
| Nevada ⁺⁺ | 6.5 | X | | | X | X | X | X | | | X ¹⁰ | | | |
| New Hampshire | No state sales tax | | | | | | | | | | | | | |
| New Jersey | 6 | X | X | | X | X | | X | | | X ¹¹ | | | |
| New Mexico ⁺⁺ | 5 | | | ¹³ | | | | | | | X ¹⁰ | | X | |
| New York ⁺⁺ | 4 | X | X | ¹⁴ | X | X | | X | | | X | X ^{8,9} | | |
| North Carolina ⁺⁺ | 4 | | | X | | X | | X | | | X ¹⁰ | X | | |
| North Dakota ⁺⁺ | 5 | X | | ¹⁴ | limited ⁷ | X | | X | | | X ¹⁰ | | | |
| Ohio ⁺ | 5 | X | | X | X | X | | | | | X | X | | |
| Oklahoma ⁺⁺ | 4.5 | | | | X | X | | X | | | X ¹¹ | | X | |
| Oregon | No state sales tax | | | | | | | | | | | | | |
| Pennsylvania | 6 | X | X | ¹⁵ | X | X | | | | | X | X | | |
| Rhode Island [*] | 7 | X | X | | X | X | | X | | | X ¹⁰ | | | |
| South Carolina | 5 | | | | X | X | | | | | X ¹⁰ | | | |
| South Dakota ⁺⁺ | 4 | | | | | | | | | | X ¹⁰ | X | X | |
| Tennessee ⁺ | 6 | | | | X | limited ³ | | | | | X | X | | |
| Texas ⁺⁺ | 6.25 | X | | | X | | X | | | | X ¹⁰ | | | |
| Utah ⁺⁺ | 5 | | | | limited | limited ³ | | X | | | X ¹⁰ | X | | |
| Vermont | 5 | X | | X | X | X | X | X | | | X ¹⁰ | | X | |
| Virginia ⁺ | 3.5 | | | X | X | X | | X | | | X ^{10,11} | X | | |
| Washington ⁺⁺ | 6.5 | X | | ¹⁵ | X | limited ³ | | X | | | X ¹⁰ | X | | |
| West Virginia | 6 | | | | X | X | | | | | X | X | | |
| Wisconsin ⁺⁺ | 5 | X | | | limited | X | | X | | | X ¹⁰ | | | |
| Wyoming ⁺⁺ | 4 | | | | | X | | | | | X ¹⁰ | | X | |
| Total Exempting | | 26 | 8 | 8 | 31 | 35 | 8 | 29 | 3 | 45 | 14 | n.a. | | |
| Total Taxing | | 20 | 38 | 38 | 15 | 1 | 38 | 17 | 43 | 1 | 32 | n.a. | | |

Table 27 (cont.)
State Sales Taxes: Rates and Exemptions, November 1993

n.a.—not applicable

X—Exempt

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

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

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

³ Enumerated services are taxable.

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

⁵ Producing tangible personalty for sale.

⁶ 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).

⁷ Alabama utility service is not taxed under the sales tax statute; however, a 6.7% privilege tax, limited to utilities, is considered equivalent to a sales tax (effective 2/1/92). 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 electricity per month. North Dakota exempts 4% of gross receipts from sales of electricity and taxes natural gas.

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.

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.

¹⁴ Interstate and international services are exempt for New York. Interstate calls are exempt in North Dakota.

¹⁵ Local residential service is exempt.

*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 and all children's clothing (under age 10) 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. |
| Maine | The first 750 KWH per month are exempt. |
| Maryland | Specific snack foods and prepared foods are taxable. Cash sales of food at colleges and hospital snack bars, cafeterias, and vending machines are taxable. Sales of food for consumption at home and prescription drugs are not taxed. |
| Massachusetts | Sales tax applies if an item of clothing or footwear costs more than \$175. Exemption does not apply to sports and specialty clothing. |

| | |
|----------------|--|
| Minnesota | Residential use of natural gas or electricity for heating purposes is exempt from November through April. All counties impose a 10.5% local option tax in addition to the state rate. |
| 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% |
| New Mexico | Although New Mexico does not exempt food and prescription drugs from the general sales tax, a tax credit (refundable if no tax is due) is available to taxpayers with modified gross income less than \$10,000 to offset the 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 27 (cont.)
State Sales Taxes: Rates and Exemptions, November 1993

State Notes (cont.)

| | | | |
|---------------------|---|-------------------|--|
| North Dakota | Gross receipts from sales of electricity are exempt. Rate for natural gas reduced from 5% to 4% January 1, 1993; to 3% January 1, 1994; and to 2% January 1, 1995. | | 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 state tax only. Cities and counties have an option to assess a local sales tax on some telecommunications services. |
| Oklahoma | Cities and counties are not prohibited from levying and collecting taxes on the sale of natural gas and electricity. | | |
| Rhode Island | Sales tax applies for sports clothing. | | |
| South Dakota | 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. | Utah | Utility sales tax rate on gas, electricity, heat, coal, fuel oil, or other fuels for residential use is 2%. |
| Texas | 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 | Washington | Sales of natural or manufactured gas are exempt. |
| | | Wisconsin | Residential use of natural gas or electricity for heating purposes is exempt from November through April. |
| | | Wyoming | Residents 65 or older or totally disabled are eligible for a tax refund depending on income. |

Sources: ACIR staff compilations as of November 1993 based on Commerce Clearing House, *State Tax Guide* (Chicago, 1993).

Table 28
State General Sales Taxes: Rates, Selected Years, 1978-1993

| State | 10/93 | 10/92 | 10/91 | 10/90 | 10/89 | 10/88 | 7/87 | 7/86 | 7/85 | 7/84 | 7/82 | 7/80 | 7/78 |
|----------------------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------|-------|
| U.S. Median | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 4.75% | 4.75% | 4.0% | 4.0% | 4.0% |
| Alabama ⁺ | 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 |
| Alaska | No tax | | | | | | | | | | | | |
| Arizona ⁺ | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 4.0 | 4.0 | 4.0 |
| Arkansas ⁺ | 4.5 | 4.5 | 4.5 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 3.0 | 3.0 | 3.0 |
| California ⁺ | 6.0 ¹ | 6.0 | 6.0 | 5.0 | 5.0 | 4.75 | 4.75 | 4.75 | 4.75 | 4.75 | 4.75 | 4.75 | 4.75 |
| Colorado ⁺ | 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 |
| Connecticut | 6.0 | 6.0 | 6.0 | 8.0 | 8.0 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.0 |
| Delaware | No tax | | | | | | | | | | | | |
| District of Columbia | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 5.0 | 5.0 |
| Florida ⁺ | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 4.0 | 4.0 |
| Georgia ⁺ | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Hawaii ⁺ ² | 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 |
| Idaho | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 4.0 | 4.0 | 3.0 | 3.0 | 3.0 |
| Illinois ⁺ | 6.25 | 6.25 | 6.25 | 6.25 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 4.0 | 4.0 | 4.0 |
| Indiana | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 4.0 | 4.0 | 4.0 |
| Iowa ⁺ | 5.0 | 5.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 3.0 | 3.0 | 3.0 |
| Kansas ⁺ | 4.9 | 4.9 | 4.25 | 4.25 | 4.25 | 4.0 | 4.0 | 4.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Kentucky ⁺ | 6.0 | 6.0 | 6.0 | 6.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Louisiana ⁺ | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 3.0 | 3.0 | 3.0 |
| Maine | 6.0 | 6.0 | 6.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Maryland | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Massachusetts | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Michigan | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Minnesota ⁺ | 6.0 | 6.0 | 6.5 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 5.0 | 4.0 | 4.0 |
| Mississippi | 7.0 | 7.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 5.0 | 5.0 | 5.0 |
| Missouri ⁺ | 4.225 | 4.225 | 4.225 | 4.225 | 4.425 | 4.225 | 4.225 | 4.225 | 4.225 | 4.125 | 3.125 | 3.125 | 3.125 |
| Montana | No tax | | | | | | | | | | | | |
| Nebraska ⁺ | 5.0 | 5.0 | 5.0 | 5.0 | 4.0 | 4.0 | 4.0 | 3.5 | 3.5 | 3.5 | 3.5 | 3.0 | 3.0 |
| Nevada ⁺ | 6.5 ² | 6.5 ² | 6.5 ² | 5.75 ³ | 5.75 ³ | 5.75 ³ | 5.75 ³ | 5.75 ³ | 5.75 ³ | 5.75 ³ | 5.75 ³ | 3.0 | 3.0 |
| New Hampshire | No tax | | | | | | | | | | | | |
| New Jersey | 6.0 | 6.0 | 7.0 | 7.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 5.0 | 5.0 | 5.0 |
| New Mexico | 5.0 | 5.0 | 5.0 | 5.0 | 4.75 | 4.75 | 4.75 | 4.75 | 3.75 | 3.75 | 3.5 | 3.75 | 3.75 |
| New York ⁺ | 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 |
| North Carolina ⁺ | 4.0 | 4.0 | 4.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| North Dakota | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.5 | 5.5 | 4.0 | 4.0 | 4.0 | 3.0 | 3.0 | 3.0 |
| Ohio ⁺ | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 4.0 | 4.0 |
| Oklahoma ⁺ | 4.5 | 4.5 | 4.5 | 4.5 | 4.0 | 4.0 | 4.0 | 3.25 | 3.25 | 3.0 | 2.0 | 2.0 | 2.0 |
| Oregon | No tax | | | | | | | | | | | | |
| Pennsylvania ⁺ | 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 |
| Rhode Island | 7.0 | 7.0 | 7.0 | 7.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 |
| South Carolina ⁺ | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 4.0 | 4.0 | 3.0 |
| South Dakota ⁺ | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 5.0 | 4.0 |
| Tennessee ⁺ | 6.0 | 6.0 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 4.5 | 4.5 | 4.5 |
| Texas ⁺ | 6.25 | 6.25 | 6.25 | 6.25 | 6.0 | 6.0 | 6.0 | 4.125 | 4.125 | 4.0 | 4.0 | 4.0 | 4.0 |
| Utah ⁺ | 5.0 | 5.0 | 5.0 | 5.0 | 5.0938 | 5.0938 | 5.0938 | 4.5938 | 4.625 | 4.625 | 4.0 | 4.0 | 4.0 |
| Vermont | 5.0 | 5.0 | 5.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 3.0 | 3.0 |
| Virginia ⁺ | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Washington ⁺ | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 | 5.4 | 4.5 | 4.6 |
| West Virginia | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 3.0 | 3.0 |
| Wisconsin ⁺ | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 4.0 | 4.0 |
| Wyoming ⁺ | 4.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |

⁺ Local sales taxes are additional.

¹ California's rate drops to 5.5% effective 1/1/94.

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

³ Nevada's rate includes a 2% state rate plus 4.5% state mandated county rate.

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

Source: Commerce Clearing House, *State Tax Guide* (Chicago, 1993). See also Tables 27, 31, and 32.

Table 29
State Sales Taxes: Number of Services Taxed, by Category and State, 1992

| State | Utilities | Personal Services | Business Services | Computer Services | Admission/Amusement | Professional Services | Fabrication, Repair and Installation | Other Services | Total |
|---------------------------------------|-----------|-------------------|-------------------|-------------------|---------------------|-----------------------|--------------------------------------|----------------|------------|
| Alabama | 9 | 2 | 6 | 1 | 10 | 0 | 1 | 3 | 32 |
| Alaska | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Arizona | 12 | 2 | 5 | 3 | 11 | 0 | 2 | 25 | 60 |
| Arkansas | 14 | 3 | 5 | 1 | 11 | 0 | 11 | 7 | 52 |
| California | 4 | 2 | 3 | 1 | 1 | 0 | 3 | 5 | 19 |
| Colorado | 4 | 0 | 2 | 1 | 2 | 0 | 3 | 3 | 15 |
| Connecticut | 9 | 11 | 20 | 6 | 13 | 0 | 14 | 11 | 84 |
| Delaware | 7 | 20 | 34 | 6 | 10 | 8 | 19 | 37 | 141 |
| District of Columbia | 10 | 7 | 11 | 6 | 6 | 0 | 13 | 10 | 63 |
| Florida | 7 | 4 | 8 | 3 | 13 | 0 | 16 | 14 | 65 |
| Georgia | 10 | 3 | 2 | 1 | 11 | 0 | 2 | 6 | 35 |
| Hawaii | 14 | 20 | 34 | 6 | 13 | 8 | 18 | 42 | 155 |
| Idaho | 0 | 3 | 4 | 0 | 11 | 0 | 6 | 5 | 29 |
| Illinois | 12 | 0 | 1 | 1 | 0 | 0 | 1 | 1 | 16 |
| Indiana | 8 | 4 | 3 | 2 | 2 | 0 | 0 | 5 | 24 |
| Iowa | 13 | 15 | 18 | 0 | 13 | 0 | 14 | 22 | 95 |
| Kansas | 10 | 10 | 9 | 2 | 13 | 0 | 16 | 16 | 76 |
| Kentucky | 10 | 1 | 4 | 0 | 7 | 0 | 3 | 1 | 26 |
| Louisiana | 12 | 8 | 4 | 1 | 7 | 0 | 13 | 8 | 53 |
| Maine | 9 | 1 | 6 | 3 | 2 | 0 | 4 | 2 | 27 |
| Maryland | 5 | 3 | 11 | 1 | 11 | 0 | 3 | 2 | 36 |
| Massachusetts | 9 | 1 | 4 | 0 | 1 | 0 | 2 | 3 | 20 |
| Michigan | 10 | 4 | 6 | 1 | 1 | 0 | 2 | 2 | 26 |
| Minnesota | 15 | 6 | 11 | 2 | 13 | 0 | 4 | 10 | 61 |
| Mississippi | 8 | 4 | 8 | 3 | 10 | 0 | 13 | 23 | 69 |
| Missouri | 8 | 1 | 2 | 1 | 11 | 0 | 0 | 5 | 28 |
| Montana | 12 | 0 | 0 | 0 | 3 | 0 | 0 | 4 | 19 |
| Nebraska | 14 | 6 | 5 | 3 | 11 | 0 | 5 | 4 | 48 |
| Nevada | 0 | 1 | 4 | 0 | 1 | 0 | 2 | 3 | 11 |
| New Hampshire | 8 | 1 | 0 | 0 | 0 | 0 | 0 | 2 | 11 |
| New Jersey | 6 | 2 | 6 | 0 | 6 | 0 | 14 | 11 | 45 |
| New Mexico | 16 | 20 | 33 | 6 | 13 | 8 | 18 | 41 | 155 |
| New York | 9 | 5 | 15 | 4 | 7 | 0 | 16 | 18 | 74 |
| North Carolina | 10 | 4 | 4 | 1 | 8 | 0 | 1 | 1 | 29 |
| North Dakota | 6 | 1 | 2 | 0 | 10 | 0 | 1 | 1 | 21 |
| Ohio | 8 | 5 | 8 | 2 | 1 | 0 | 12 | 6 | 42 |
| Oklahoma | 7 | 1 | 4 | 2 | 11 | 0 | 0 | 6 | 31 |
| Oregon | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pennsylvania | 8 | 6 | 17 | 6 | 1 | 0 | 15 | 8 | 61 |
| Rhode Island | 10 | 1 | 6 | 3 | 3 | 0 | 3 | 2 | 28 |
| South Carolina | 4 | 5 | 6 | 4 | 9 | 0 | 1 | 3 | 32 |
| South Dakota | 10 | 19 | 28 | 6 | 13 | 4 | 18 | 32 | 130 |
| Tennessee | 11 | 11 | 6 | 3 | 12 | 0 | 13 | 14 | 70 |
| Texas | 12 | 11 | 14 | 6 | 11 | 1 | 11 | 13 | 79 |
| Utah | 7 | 7 | 5 | 2 | 8 | 0 | 13 | 7 | 49 |
| Vermont | 3 | 2 | 4 | 1 | 10 | 0 | 2 | 1 | 23 |
| Virginia | 1 | 3 | 4 | 0 | 1 | 0 | 4 | 5 | 18 |
| Washington | 16 | 20 | 34 | 6 | 10 | 8 | 15 | 43 | 152 |
| West Virginia | 10 | 17 | 26 | 4 | 13 | 1 | 13 | 26 | 110 |
| Wisconsin | 11 | 11 | 6 | 1 | 13 | 0 | 14 | 13 | 69 |
| Wyoming | 11 | 7 | 6 | 2 | 7 | 0 | 16 | 15 | 64 |
| Number in Category¹ | 16 | 20 | 34 | 6 | 14 | 8 | 19 | 47 | 164 |

¹ This is the number of services in each category in the FTA survey.

Source: Federation of Tax Administrators, *Sales Taxation of Service: An Update* (Washington, DC, 1994).

Table 30
State Use Tax Laws on Mail Order Sales

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

In *Quill Corporation v. North Dakota*, the U.S. Supreme Court held that North Dakota's attempt to impose use tax on goods purchased by North Dakota residents from an out-of-state mail order seller that did not have outlets or sales representatives in the state violated the commerce clause of the U.S. Constitution. However, the Court held that the due process clause did not bar North Dakota's enforcement of the use tax against the mail order seller because the taxpayer had purposefully directed its activities at North Dakota residents, its sales were of sufficient magnitude, and the tax was related to the benefits it had received from the state. Nevertheless, the tax was invalid because the seller lacked the substantial nexus with the state required by the commerce clause.

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

Alabama

Not liable if only connection with Alabama is sending catalogs into the state.

Arizona

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

Arkansas

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

California

Liable if retailer engages in business in the state.

Colorado

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

Connecticut

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

District of Columbia

Liable.

Florida

Liable if out-of-state dealer is a corporation doing business under the laws of Florida or a person domiciled in Florida, maintains retail establishments or offices in the state, has agents in the state, creates nexus with the state or consents to imposition of the tax; if the property was delivered in this state in fulfillment of a sales contract that was entered into in this state; if another jurisdiction uses its taxing powers and its jurisdiction over the retailer in support of this state's taxing powers, the dealer is subject to service of process, the deal-

er's mail order sales are subject to the power of this state to tax sales or to require the dealer to collect use taxes under a statute or statutes of the United States; the dealer, while not having nexus with this state on any of the basis described above or below, is a corporation that is a member of an affiliated group of corporations (as defined in Internal Revenue Code Sec. 1504(a) whose members are includible under IRC Sec. 1504(b) and whose members are eligible to file a consolidated federal corporation income tax return and any parent or subsidiary corporation in the affiliated group has nexus with Florida on one or more of the bases described above or below; or the dealer or his activities have sufficient connection with or relationship to this state or its residents of some type other than those described above to create nexus empowering this state to tax its mail order sales or to require the dealer to collect sales tax or accrue use tax

Georgia

Liable.

Hawaii

Liable.

Idaho

Liable if retailer engages in business in the state.

Illinois

Liable if retailer maintains a business in the state.

Indiana

Liable if out-of-state retailer regularly solicits sales in Indiana—makes at least 100 retail transactions from outside Indiana to destinations in Indiana during any 12-month period or makes at least 10 retail transactions totaling more than \$100,000 from outside Indiana to destinations in Indiana during a 12-month period.

Iowa

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

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

Kansas

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

Kentucky

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

Louisiana

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

Maine

Liable if retailer has employee or agent in the state.

Maryland

Liable if retailer engages in business in the state.

Massachusetts

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

Michigan

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

Minnesota

Liable if retailer has a place of business in the state or any representative, agent, salesperson, canvasser, or solicitor operating in the state under the authority of the retailer or its subsidiary. A retailer making retail sales from outside the state to a destination within the state and not maintaining a place of business in the state must collect the use tax if the retailer engages in the regular or systematic soliciting of sales from potential customers in the state.

Mississippi

Liable if retailer does business in the state.

Missouri

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

Nebraska

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

Nevada

Liable if retailer maintains place of business in the state.

New Jersey

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

New Mexico

Liable if attempting to exploit in-state markets, including

delivering or distributing products as a consequence of an advertising or other sales program.

New York

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

North Carolina

Liable if retailer engages in business in the state.

North Dakota

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

Ohio

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

Oklahoma

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

Pennsylvania

Liable if retailer creates nexus with the state.

Rhode Island

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

South Carolina

The Tax Commission has announced a moratorium on the collection of the use tax for companies that merely have an economic presence in the state.

South Dakota

Liable if retailer engages in business in the state.

Tennessee

Liable if retailer engages in regular or systematic solicitation of a consumer market by advertising or by means of a communication system.

Texas

A retailer is engaged in business in the state who engages in regular or systematic solicitation of sales of taxable items in Texas by the distribution of catalogs, periodicals, advertising flyers, or other advertising; by means of prints, radio, or television media, or by mail, telegraphy, telephone, computer data base, cable, optic, microwave, or other communication system for the purpose of effecting sales of taxable items; or solicits orders by mail or through other media and under federal law is subject to or permitted to be made subject to the jurisdiction of this state for purposes of collecting the tax.

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

Utah

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

Vermont

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

Source: Commerce Clearing House, *State Tax Guide* (Chicago, 1993), Volume 2.

Virginia

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

Washington

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

West Virginia

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

Wisconsin

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

Wyoming

Liable if retailer has agents in the state.

Table 31
Local Sales Taxes: Number and Type of Jurisdiction, Selected Years, 1976-1993

| State | 1993 | 1991 | 1990 | 1989 | 1988 | 1987 | 1986 | 1984 | 1981 | 1979 | 1976 |
|----------------------------|------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|
| Alabama (Total) | 415 | 405 | 403 | 398 | 389 | 382 | 374 | 353 | 321 | 301 | 265 |
| Municipalities | 355 | 345 | 344 | 343 | 334 | 326 | 323 | 310 | 281 | 270 | |
| Counties | 60 | 60 | 59 | 55 | 55 | 56 | 51 | 43 | 40 | 31 | |
| Alaska (Total) | 101 | 101 | 101 | 101 | 101 | 93 | 97 | 99 | 92 | 93 | 86 |
| Municipalities | 95 | 95 | 95 | 95 | 95 | 87 | 91 | 92 | 85 | 86 | |
| Boroughs | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 7 | 7 | 7 | |
| Arizona (Total) | 95 | 92 | 85 | 83 | 81 | 77 | 75 | 70 | 59 | 39 | — |
| Municipalities | 83 | 81 | 82 | 81 | 79 | 75 | 74 | 70 | 59 | 39 | 38 |
| Counties | 12 | 11 | 3 | 2 | 2 | 2 | 1 | — | — | — | — |
| Arkansas (Total) | 244 | 192 | 185 | 175 | 142 | 111 | 78 | 60 | 2 | 1 | 1 |
| Municipalities | 181 | 136 | 131 | 120 | 100 | 76 | 59 | 44 | 2 | 1 | |
| Counties | 63 | 56 | 54 | 55 | 42 | 35 | 19 | 16 | — | — | |
| California (Total)* | 461 | 460 | 460 | 450 | 446 | 445 | 444 | 443 | 441 | 441 | 438 |
| Municipalities | 380 | 380 | 380 | 380 | 380 | 380 | 380 | 380 | 380 | 380 | |
| Counties | 58 | 58 | 58 | 58 | 58 | 58 | 58 | 58 | 58 | 58 | |
| Special Districts | 23 | 22 | 22 | 12 | 8 | 7 | 6 | 5 | 3 | 3 | |
| Colorado (Total) | 242 | 238 | 236 | 235 | 235 | 225 | 222 | 205 | 183 | 165 | 121 |
| Municipalities | 200 | 198 | 198 | 200 | 200 | 193 | 191 | 175 | 159 | 144 | |
| Counties | 41 | 39 | 37 | 34 | 34 | 31 | 30 | 29 | 23 | 20 | |
| Transit District | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Florida (Total)* | 39 | 26 | 23 | 11 | | | | | | | |
| Counties | 38 | 25 | 21 | 10 | 10 | 0 | 0 | — | — | — | — |
| Transit District | 1 | 1 | 2 | 1 | | | | | | | |
| Georgia (Total)* | 160 | 158 | 165 | 154 | 155 | 144 | 143 | 133 | 104 | 84 | 16 |
| Municipalities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | |
| Counties | 159 | 157 | 164 | 153 | 154 | 143 | 142 | 132 | 103 | 80 | |
| Transit District | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Illinois (Total) | 74 | 53 | 34 | 1,348 | 1,383 | 1,375 | 1,376 | 1,353 | 1,359 | 1,359 | 1,342 |
| Municipalities | 70 | 42 | 31 | 1,278 | 1,279 | 1,271 | 1,272 | 1,249 | 1,256 | 1,256 | |
| Counties | 1 | 8 | 0 | 68 | 102 | 102 | 102 | 102 | 102 | 102 | |
| Transit Districts | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | |
| Water District | 1 | 1 | 1 | | | | | | | | |
| Iowa | | | | | | | | | | | |
| Counties | 19 | 15 | 12 | 9 | 5 | | | | | | |
| Kansas (Total) | 198 | 185 | 180 | 178 | 175 | 168 | 168 | 139 | 40 | 20 | 7 |
| Municipalities | 135 | 124 | 119 | 116 | 112 | 108 | 108 | 87 | 35 | 15 | |
| Counties | 63 | 61 | 61 | 62 | 62 | 60 | 60 | 52 | 5 | 5 | |
| Louisiana (Total) | 339 | 327 | 325 | 325 | 302 | 302 | 287 | 253 | 251 | 217 | 183 |
| Municipalities | 203 | 195 | 193 | 189 | 193 | 192 | 177 | 158 | 152 | 136 | |
| Parishes | 63 | 63 | 63 | 64 | 63 | 63 | 63 | 30 | 30 | 21 | |
| School Districts | 48 | 48 | 48 | 47 | 46 | 47 | 47 | 65 | 66 | 60 | |
| Special Districts | 25 | 21 | 21 | 25 | 23 | 23 | 23 | 18 | 12 | 7 | |
| Minnesota | | | | | | | | | | | |
| Municipalities | 5 | 3 | 3 | 3 | 3 | 3 | 1 | 2 | 1 | 1 | 1 |
| Missouri (Total)* | 682 | 780 | 725 | 698 | 674 | 657 | 556 | 487 | 333 | 215 | 152 |
| Municipalities | 573 | 563 | 508 | 490 | 479 | 474 | 458 | 406 | 332 | 214 | |
| Counties | 109 | 126 | 126 | 126 | 120 | 114 | 98 | 81 | | 1 | 1 |
| Nebraska | | | | | | | | | | | |
| Municipalities | 57 | 44 | 41 | 30 | 25 | 22 | 16 | 12 | 7 | 4 | — |
| Nevada (Total) | 17 | 7 | 7 | 7 | 7 | 7 | 5 | 1 | 1 | 13 | 12 |
| Municipalities | — | — | — | — | — | — | — | — | — | — | 1 |
| Counties | 17 | 7 | 7 | 7 | 7 | 7 | 5 | 1 | 1 | 12 | |
| New Mexico (Total) | 136 | 134 | 135 | 134 | 132 | 128 | 134 | 120 | 84 | 99 | 32 |
| Municipalities | 103 | 101 | 102 | 101 | 101 | 100 | 101 | 98 | 76 | 93 | |
| Counties | 33 | 33 | 33 | 33 | 31 | 28 | 33 | 22 | 8 | 6 | |
| New York (Total) | 84 | 89 | 87 | 85 | 83 | 85 | 81 | 87 | 74 | 70 | 68 |
| Municipalities | 27 | 27 | 25 | 30 | 28 | 26 | 27 | 29 | 29 | 25 | |
| Counties | 56 | 61 | 61 | 54 | 54 | 58 | 53 | 57 | 45 | 45 | |
| Transit District | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | — | — | |

Table 31 (cont.)
Local Sales Taxes: Number and Type of Jurisdiction, Selected Years, 1976-1993

| State | 1993 | 1991 | 1990 | 1989 | 1988 | 1987 | 1986 | 1984 | 1981 | 1979 | 1976 |
|-----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------------------|-------|-------|
| North Carolina | | | | | | | | | | | |
| Counties | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 99 | 99 | 96 |
| North Dakota | | | | | | | | | | | |
| Municipalities | 24 | 10 | 5 | 5 | 4 | 3 | 3 | — | — | — | — |
| Ohio (Total)* | 95 | 95 | 89 | 90 | 88 | 81 | 76 | 65 | 55 | 51 | 33 |
| Counties | 86 | 86 | 83 | 85 | 83 | 79 | 74 | 62 | 52 | 50 | |
| Transit Districts | 9 | 7 | 4 | 3 | 3 | 2 | 2 | 3 | 3 | 1 | |
| Resort Areas | 0 | 2 | 2 | 2 | 2 | | | | | | |
| Oklahoma (Total) | 521 | 495 | 494 | 492 | 479 | 473 | 466 | 447 | 398 | 398 | 356 |
| Municipalities | 476 | 470 | 470 | 468 | 458 | 457 | 452 | 441 | 398 | 398 | 356 |
| Counties | 45 | 25 | 24 | 24 | 21 | 16 | 14 | 6 | — | — | — |
| South Carolina | | | | | | | | | | | |
| Counties | 15 | 6 | | | | | | | | | |
| South Dakota (Total) | 161 | 144 | 139 | 135 | 120 | 111 | 107 | 82 | 61 | 46 | 18 |
| Municipalities | 158 | 141 | 136 | 132 | 117 | 111 | 107 | 82 | 61 | 46 | 18 |
| Indian Reservations | 3 | 3 | 3 | 3 | 3 | — | — | — | — | — | — |
| Tennessee (Total) | 103 | 103 | 104 | 106 | 106 | 105 | 105 | 102 | 105 | 104 | 115 |
| Municipalities | 8 | 8 | 9 | 11 | 11 | 10 | 10 | 8 | 11 | 12 | |
| Counties | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 94 | 94 | 92 | |
| Texas (Total) | 1276 | 1,291 | 1,276 | 2,610 | 1,107 | 1,029 | 1,032 | 1,120 | 949 | 946 | 854 |
| Municipalities | 1157 | 1,176 | 1,164 | 2,521 | 1,023 | 1,023 | 1,026 | 1,117 | 921 | 921 | |
| Counties | 105 | 105 | 105 | 82 | 78 | | | | | | |
| Transit Districts | 7 | 7 | 7 | 7 | 6 | 6 | 6 | 3 | 28 | 25 | |
| Special Districts | 7 | 3 | | | | | | | | | |
| Utah (Total) | 260 | 255 | 251 | 260 | 258 | 248 | 248 | 248 | n.a. | 230 | 204 |
| Municipalities | 228 | 226 | 222 | 225 | 222 | 219 | 219 | 219 | n.a. | 201 | |
| Counties | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | |
| Transit Districts | 3 | n.a. | n.a. | 6 | 7 | | | | | | |
| Virginia (Total) | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 136 | 133 |
| Municipalities | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 | |
| Counties | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 95 | |
| Washington (Total) | 307 | 307 | 307 | 305 | 307 | 307 | 305 | 306 | 302 | 302 | 300 |
| Municipalities | 268 | 268 | 268 | 266 | 267 | 268 | 266 | 267 | 264 | 264 | |
| Counties | 39 | 39 | 39 | 39 | 40 | 39 | 39 | 39 | 38 | 38 | |
| Wisconsin | | | | | | | | | | | |
| Counties | 45 | 40 | 28 | 24 | 18 | 12 | 2 | — | — | — | — |
| Wyoming | | | | | | | | | | | |
| Counties | 20 | 23 | 19 | 19 | 16 | 15 | 14 | 15 | 15 | 13 | 5 |
| U.S. Total | 6,431 | 6,438 | 6,155 | 8,814 | 6,955 | 6,892 | 6,705 | 6,492 | 5,702 ^e | 5,448 | 4,893 |

n.a. not available

— not authorized

^e estimate

***State Notes**

California Los Angeles and San Francisco impose a special gross receipts tax. The 22 Special Districts include 19 Transit Districts.

Florida There are 21 local governments that impose the sales tax as a local infrastructure surtax and two impose it as a charter county transit system surtax.

Georgia Local School Tax—specified counties are autho-

Missouri

rized to impose a local sales and use tax for educational purposes. To date, no counties levy the tax. There are 129 municipalities that impose a transportation tax in addition to the general sales tax.

Ohio

The island taxing district tax was repealed effective June 30, 1993. However, a similar tax, the resort area excise tax, became effective June 30, 1993.

Source: ACIR staff compilations based on Commerce Clearing House, *State Tax Reporter* (Chicago, 1993). See Table 32 for local rates.

Table 32
State-Local General Sales Taxes: Combined Rates, Selected Cities, November 1993

| State | City (County) | State Tax | County Tax | City Tax | Other Tax | Combined State-Local Tax Rate |
|----------------------|---------------------------------------|-----------|------------|----------|-----------|-------------------------------|
| Alabama | Birmingham (Jefferson) | 4.00 | 1.00 | 3.00 | | 8.00 |
| | Huntsville (Madison) | 4.00 | | 3.50 | | 7.50 |
| | 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 | 1.00 | | 7.00 |
| Alaska* | Juneau (Juneau) | — | | 4.00 | | 4.00 |
| Arizona | Phoenix (Maricopa) | 5.00 | 0.50 | 1.30 | | 6.70 |
| | Tucson (Pima) | 5.00 | | 2.00 | | 7.00 |
| | Yuma (Yuma) | 5.00 | 0.50 | 1.00 | | 6.50 |
| Arkansas* | Fort Smith (Sebastian) | 4.50 | | 1.00 | | 5.50 |
| | Little Rock (Pulaski) | 4.50 | 1.00 | | | 5.50 |
| | North Little Rock (Pulaski) | 4.50 | 1.00 | | | 5.50 |
| California* | 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 |
| Colorado* | Aurora (Arapahoe) | 3.00 | | 3.50 | 0.80 | 7.30 |
| | Boulder (Boulder) | 3.00 | | 2.86 | 0.80 | 6.66 |
| | Colorado Springs (El Paso) | 3.00 | 1.00 | 2.40 | | 6.40 |
| | Denver (Denver) | 3.00 | | 3.50 | 0.80 | 7.30 |
| | Fort Collins (Larimer) | 3.00 | | 3.00 | | 6.00 |
| Connecticut | No local general sales taxes | 6.00 | | | | 6.00 |
| Delaware | No state or local general sales taxes | | | | | |
| District of Columbia | | | | 6.00 | | 6.00 |
| Florida* | 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 |
| Georgia* | 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 |
| Hawaii* | No local general sales taxes | 4.00 | | | | 4.00 |
| Idaho* | Boise | 5.00 | | | | 5.00 |
| | Ketchum | 5.00 | | 1.00 | | 6.00 |
| | Sun Valley | 5.00 | | 2.00 | | 7.00 |
| Illinois* | 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 |
| Indiana | No local general sales taxes | 5.00 | | | | 5.00 |
| Iowa* | 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 |
| Kansas* | Kansas City (Wyandotte) | 4.90 | 1.00 | 1.00 | | 6.90 |
| | Topeka (Shawnee) | 4.90 | | 1.00 | | 5.90 |
| | Wichita (Sedgwick) | 4.90 | 1.00 | | | 5.90 |
| Kentucky | No local general sales taxes | 6.00 | | | | 6.00 |

Table 32 (cont.)
State-Local General Sales Taxes: Combined Rates, Selected Cities, November 1993

| State | City (County) | State Tax | County Tax | City Tax | Other Tax | Combined State-Local Tax Rate |
|----------------|---|-----------|------------|----------|-----------|-------------------------------|
| Louisiana* | Baton Rouge (East Baton Rouge) | 4.00 | 2.00 | 2.00 | | 8.00 |
| | Monroe (Ouachita) | 4.00 | 0.50 | 2.50 | | 7.00 |
| | New Orleans (Orleans) | 4.00 | 5.00 | | | 9.00 |
| | Shreveport (Caddo) | 4.00 | 3.00 | 2.50 | | 9.50 |
| Maine | No local general sales taxes | 6.00 | | | | 6.00 |
| Maryland | No local general sales taxes | 5.00 | | | | 5.00 |
| Massachusetts | No local general sales taxes | 5.00 | | | | 5.00 |
| Michigan | No local general sales taxes | 4.00 | | | | 4.00 |
| Minnesota* | 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 | | | 6.50 |
| Mississippi | No local general sales taxes | 7.00 | | | | 7.00 |
| Missouri* | Independence (Jackson) | 4.225 | 1.00 | 0.75 | | 5.975 |
| | Kansas City (Jackson) | 4.225 | 1.00 | 0.75 | 0.50 | 6.475 |
| | St. Louis | 4.225 | | 1.00 | 0.50 | 5.725 |
| | Springfield (Greene) | 4.225 | 1.25 | 0.50 | | 5.975 |
| Montana | No state or local general sales taxes | | | | | |
| Nebraska* | Lincoln (Lancaster) | 5.00 | | 1.50 | | 6.50 |
| | Omaha (Douglas) | 5.00 | | 1.50 | | 6.50 |
| Nevada* | Las Vegas (Clark) | 6.50 | 0.50 | | | 7.00 |
| | Reno (Washoe) | 6.50 | 0.50 | | | 7.00 |
| New Hampshire | No state or local general sales taxes | | | | | |
| New Jersey | No local general sales taxes | 6.00 | | | | 6.00 |
| New Mexico* | Albuquerque (Bernalillo) | 5.00 | 0.375 | 0.4375 | | 5.8125 |
| | Santa Fe (Santa Fe) | 5.00 | 0.75 | 0.375 | | 6.125 |
| New York* | 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 | 1.75 | 2.50 | | 8.25 |
| North Carolina | 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 |
| North Dakota | Fargo (Cass) | 5.00 | | 1.00 | | 6.00 |
| Ohio* | 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 |
| Oklahoma | Oklahoma City (Oklahoma) | 4.50 | | 2.875 | | 7.375 |
| | Tulsa (Tulsa) | 4.50 | | 3.00 | | 7.50 |
| Oregon | No local general sales taxes | | | | | |
| Pennsylvania | Philadelphia (Philadelphia) (No other local general sales taxes) | 6.00 | | 1.00 | | 7.00 |
| Rhode Island | No local general sales taxes | 7.00 | | | | 7.00 |
| South Carolina | Charleston (Charleston) | 5.00 | 1.00 | | | 6.00 |
| | North Charleston (Charleston) | 5.00 | 1.00 | | | 6.00 |

Table 32 (cont.)
State-Local General Sales Taxes: Combined Rates, Selected Cities, November 1993

| State | City (County) | State Tax | County Tax | City Tax | Other Tax | Combined State-Local Tax Rate |
|---------------|------------------------------|-----------|------------|----------|-----------|-------------------------------|
| South Dakota | Rapid City (Pennington) | 4.00 | | 2.00 | | 6.00 |
| | Sioux Falls (Minnehaha) | 4.00 | | 2.00 | | 6.00 |
| Tennessee* | 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 |
| Texas* | 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 | 1.00 | 8.25 |
| | Wichita Falls (Wichita) | 6.25 | | 1.00 | | 7.25 |
| Utah* | 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 |
| Vermont | No local general sales taxes | 5.00 | | | | 5.00 |
| Virginia* | 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 |
| Washington* | Seattle (King) | 6.50 | | 1.70 | | 8.20 |
| | Spokane (Spokane) | 6.50 | | 1.50 | | 8.00 |
| | Tacoma (Pierce) | 6.50 | | 1.30 | | 7.80 |
| West Virginia | No local general sales taxes | 6.00 | | | | 6.00 |
| Wisconsin* | Madison (Dane) | 5.00 | 0.50 | | | 5.50 |
| | Milwaukee (Milwaukee) | 5.00 | 0.50 | | | 5.50 |
| | Racine (Racine) | 5.00 | | | | 5.00 |
| Wyoming* | Cheyenne (Laramie) | 3.00 | 2.00 | | | 5.00 |
| | Lincoln | 3.00 | 1.00 | | | 4.00 |

***State Notes**

Alaska Boroughs may levy a sales and use tax not to exceed 6.0%. Cities outside boroughs may levy a tax not to exceed 3.0%. Cities within boroughs may levy a sales or use tax on all sources taxed by the borough in the manner provided for boroughs, but may not exceed 6.0%. City sales taxes are in addition to borough sales taxes.

Arkansas 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. 0.25% to 1% to finance capital improvements.

California 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.

Colorado Counties and incorporated cities and towns may levy sales taxes with voter approval. The regional transportation district, consisting of the City and County of Denver and portions of Adams, Arapahoe, Jefferson, Boulder, and Douglas counties, levies a 0.6% sales tax. A 0.1% tax applies to all sales that are subject to the transportation tax for the Denver Metropolitan Scientific and Cultural Facilities District, and an additional 0.1% tax applies for the Denver Metropolitan Baseball Stadium District tax. Public highway authorities may levy sales and use taxes not to exceed 0.4%. Local improvement district tax—board of county having a population greater than 100,000 may fund all or a portion of the cost of specified local improvements by levying a sales tax not to exceed 0.5% through the local improvement district, with voter approval.

Table 32 (cont.)

State-Local General Sales Taxes: Combined Rates, Selected Cities, November 1993

*State Notes (cont.)

| | | |
|-----------------|--|---|
| Florida | The governing body in each county may levy a local government (sales) surtax that may be in the form of (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 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%. | |
| Georgia | The general assembly has authorized the imposition of joint county and municipal sales and use taxes. It created special districts, based on county lines, which may impose a 1.0% tax. Specified counties are authorized to impose a local sales and use tax for educational purposes. Governing bodies (Fulton, DeKalb, Cobb, Clayton, or Gwinnett counties or the City of Atlanta) 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. No tax may be levied unless the tax is imposed in Fulton and DeKalb counties. | |
| Hawaii | Hawaii counties (except Kalawao County) may impose a 0.5% general excise (sales) and use tax surcharge to provide funds for public mass transit projects from January 1, 1993, through December 31, 2002. To date, no counties have enacted the tax. | |
| Idaho | 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 if approved by 60% of the cities' voters. | |
| Illinois | Home rule cities are able to impose sales taxes at 0.25% increments, which will be collected by the state department of revenue. Counties and municipalities may impose a sales tax not to exceed 1.0%. City sales taxes are in addition to any county and transit sales taxes. Two transit districts levy an additional sales tax of 0.25% or 0.75%. Chicago imposes its own sales and use tax of 1%. | |
| Iowa | Counties are authorized to levy a local sales and service tax at a rate not to exceed 1%, with voter approval. | |
| Kansas | If approved by the voters, Class A and Class C cities may levy 0.25%, 0.5%, 0.75%, or 1% retailers' sales taxes; Class B cities may levy retailers' sales taxes at rates ranging from 0.25% to 2% in 0.25% increments; and Class D cities may levy retailers' sales taxes at rates ranging from 0.25% to 1.75% in 0.25% increments. In addition, 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%, except 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 | |
| | | Louisiana |
| | | Minnesota |
| | | Missouri |
| | | Nebraska |
| | | Nevada |
| | | New Mexico |
| | | 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% retailers' sales tax to fund health care services. Any county 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. |
| | | City sales taxes are in addition to any parish sales taxes. Any school board taxes are included in parish sales taxes. |
| | | 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. |
| | | Cities may impose a 0.5%, 0.875%, or 1% sales tax, except St. Louis, which may impose a 1.375% tax. Municipalities, except for that part of the municipality located in whole or in part within any first class county having a charter form of government and not containing any part of a city with a population of 400,000 or more and adjacent to a city not within a county, are authorized to impose an additional sales (capital improvements) tax of 0.125%, 0.25%, 0.0375%, or 0.5%, subject to voter approval. Up to a 0.5% sales tax may be imposed for transportation purposes 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. |
| | | 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. |
| | | 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. |
| | | 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 may be imposed at a rate not to exceed 0.25%. Municipalities are authorized to levy an excise tax (infrastructure gross receipts tax) on any person engaging in business at a rate not to exceed 0.125%. A county fire protection excise tax may be imposed at 0.125% or 0.25% of gross receipts. Counties which meet certain property tax rate requirements are authorized to impose a 0.375% gross receipts tax. Subject to voter approval, counties that meet certain population, property tax, and severance tax requirements are authorized to impose a 0.5% local hospital gross receipts tax and a 0.125% special county hospital gross receipts tax for up to 10 years. The majority of the members of the governing body of any county may enact an ordinance imposing a county health care gross receipts tax at a rate of 1/16 of 1%. The governing bodies of municipalities and counties may impose an environmental services gross receipts tax at a municipal rate of 0.0625% and a county rate of 0.125%. |

Table 32 (cont.)
State-Local General Sales Taxes: Combined Rates, Selected Cities, November 1993

***State Notes (cont.)**

| | | | |
|------------------|---|-------------------|--|
| New York | 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. | Utah | Cities and counties may impose a sales tax of 0.75% or 1%. Presently, all 29 counties levy the tax. Cities within the counties that impose the tax receive a portion of the revenues. Cities and counties are also authorized to levy a 0.25% transit tax. Resort communities may include an additional sales tax of up to 1.0%. City and county taxes do not overlap. |
| Ohio | 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%. | Virginia | 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%. |
| Tennessee | 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%. | Washington | 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. |
| Texas | A county that is not located in a rapid transit authority or a regional transportation authority may adopt a county 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 if no property tax is imposed may impose this additional tax, with voter approval. 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%. | Wisconsin | The county sales and use taxes may be imposed only for the purpose of directly reducing the property tax levy. |
| | | Wyoming | 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, 1993). See also Table 31.

Table 33
State Gasoline Taxes: Rates per Gallon, Selected Years, 1978-1993

| Region and State | 1993 | 1992 | 1991 | 1990 | 1989 | 1988 | 1987 | 1986 | 1985 | 1984 | 1982 | 1980 | 1978 |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------------------|
| <i>Exhibit: Federal Tax</i> | \$.18 | \$.14 | \$.14 | \$.09 | \$.09 | \$.09 | \$.09 | \$.09 | \$.09 | \$.09 | \$.04 | \$.04 | \$.04 |
| Median | 0.19 | 0.18 | 0.18 | 0.16 | 0.16 | 0.145 | 0.145 | 0.13 | 0.12 | 0.12 | 0.10 | 0.09 | 0.08 |
| Alabama + * | 0.16 | 0.16 | 0.11 | 0.11 | 0.11 | 0.11 | 0.11 | 0.11 | 0.11 | 0.11 | 0.11 | 0.07 | 0.07 |
| 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 |
| Arizona | 0.18 | 0.18 | 0.18 | 0.18 | 0.17 | 0.16 | 0.16 | 0.16 | 0.13 | 0.13 | 0.10 | 0.08 | 0.08 |
| Arkansas | 0.185 | 0.185 | 0.185 | 0.135 | 0.135 | 0.135 | 0.135 | 0.135 | 0.135 | 0.095 | 0.095 | 0.095 | 0.085 |
| California + o* | 0.17 | 0.16 | 0.15 | 0.14 | 0.09 | 0.09 | 0.09 | 0.09 | 0.09 | 0.09 | 0.07 | 0.07 | 0.07 |
| Colorado | 0.22 | 0.22 | 0.22 | 0.20 | 0.20 | 0.18 | 0.18 | 0.18 | 0.12 | 0.13 | 0.09 | 0.07 | 0.07 |
| Connecticut* | 0.29 | 0.26 | 0.25 | 0.22 | 0.20 | 0.20 | 0.19 | 0.17 | 0.16 | 0.15 | 0.11 | 0.11 | 0.11 |
| Delaware* | 0.22 | 0.19 | 0.19 | 0.16 | 0.16 | 0.16 | 0.16 | 0.11 | 0.11 | 0.11 | 0.11 | 0.09 | 0.11 |
| District of Columbia | 0.20 | 0.20 | 0.18 | 0.18 | 0.18 | 0.155 | 0.155 | 0.155 | 0.155 | 0.155 | 0.14 | 0.10 | 0.10 |
| Florida + * | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.08 | 0.08 | 0.08 |
| Georgia o* | 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 ^h |
| Hawaii + o* | 0.16 | 0.16 | 0.16 | 0.11 | 0.11 | 0.11 | 0.11 | 0.11 | 0.11 | 0.085 | 0.085 | 0.085 | 0.085 |
| Idaho* | 0.22 | 0.22 | 0.22 | 0.19 | 0.18 | 0.18 | 0.145 | 0.145 | 0.145 | 0.145 | 0.125 | 0.095 | 0.095 |
| Illinois + o* | 0.19 | 0.19 | 0.19 | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 | 0.12 | 0.075 | 0.075 | 0.075 |
| Indiana o | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.14 | 0.14 | 0.14 | 0.111 | 0.111 | 0.085 | 0.08 |
| Iowa | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.18 | 0.16 | 0.16 | 0.15 | 0.13 | 0.13 | 0.10 | 0.085 |
| Kansas | 0.18 | 0.18 | 0.17 | 0.16 | 0.15 | 0.11 | 0.11 | 0.11 | 0.11 | 0.11 | 0.08 | 0.08 | 0.08 |
| Kentucky* | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.10 | 0.10 | 0.098 | 0.09 | 0.09 |
| Louisiana | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.16 | 0.16 | 0.16 | 0.16 | 0.16 | 0.08 | 0.08 | 0.08 |
| Maine | 0.19 | 0.19 | 0.19 | 0.17 | 0.17 | 0.16 | 0.14 | 0.14 | 0.14 | 0.14 | 0.09 | 0.09 | 0.09 |
| Maryland | 0.235 | 0.235 | 0.185 | 0.185 | 0.185 | 0.185 | 0.185 | 0.135 | 0.135 | 0.135 | 0.11 | 0.09 | 0.09 |
| Massachusetts* | 0.21 | 0.21 | 0.21 | 0.17 | 0.11 | 0.11 | 0.11 | 0.11 | 0.11 | 0.11 | 0.104 | 0.085 | 0.085 |
| Michigan | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.11 | 0.11 | 0.09 |
| Minnesota | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.17 | 0.17 | 0.17 | 0.17 | 0.13 | 0.11 | 0.09 |
| Mississippi + * | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.17 | 0.15 | 0.09 | 0.09 | 0.09 | 0.09 | 0.09 | 0.09 |
| Missouri* | 0.13 | 0.13 | 0.11 | 0.11 | 0.11 | 0.11 | 0.11 | 0.07 | 0.07 | 0.07 | 0.07 | 0.07 | 0.07 |
| Montana + * | 0.24 | 0.20 | 0.205 | 0.20 | 0.20 | 0.20 | 0.20 | 0.15 | 0.15 | 0.15 | 0.09 | 0.09 | 0.08 |
| Nebraska* | 0.243 | 0.234 | 0.234 | 0.214 | 0.22 | 0.182 | 0.176 | 0.19 | 0.164 | 0.149 | 0.137 | 0.105 | 0.095 |
| Nevada + * | 0.225 | 0.225 | 0.18 | 0.1625 | 0.1625 | 0.1625 | 0.1425 | 0.1125 | 0.1125 | 0.1025 | 0.1025 | 0.06 | 0.06 |
| New Hampshire | 0.18 | 0.18 | 0.18 | 0.16 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 | 0.11 | 0.10 |
| New Jersey* | 0.105 | 0.105 | 0.105 | 0.105 | 0.105 | 0.105 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 |
| New Mexico + | 0.22 | 0.16 | 0.162 | 0.162 | 0.162 | 0.142 | 0.14 | 0.11 | 0.11 | 0.11 | 0.10 | 0.08 | 0.07 |
| 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 |
| North Carolina* | 0.22 | 0.223 | 0.226 | 0.215 | 0.209 | 0.14 | 0.155 | 0.12 | 0.12 | 0.12 | 0.12 | 0.09 | 0.09 |
| North Dakota | 0.17 | 0.17 | 0.17 | 0.17 | 0.17 | 0.17 | 0.17 | 0.13 | 0.13 | 0.13 | 0.08 | 0.08 | 0.08 |
| Ohio* | 0.22 | 0.21 | 0.21 | 0.20 | 0.18 | 0.148 | 0.147 | 0.12 | 0.12 | 0.12 | 0.117 | 0.07 | 0.07 |
| Oklahoma* | 0.16 | 0.16 | 0.16 | 0.16 | 0.17 | 0.16 | 0.16 | 0.10 | 0.10 | 0.09 | 0.0658 | 0.0658 | 0.0658 |
| Oregon + * | 0.24 | 0.22 | 0.20 | 0.18 | 0.16 | 0.14 | 0.12 | 0.11 | 0.10 | 0.09 | 0.08 | 0.07 | 0.07 |
| Pennsylvania | 0.12 | 0.12 | 0.12 | 0.12 | 0.12 | 0.12 | 0.12 | 0.12 | 0.12 | 0.12 | 0.11 | 0.11 | 0.09 |
| Rhode Island* | 0.28 | 0.26 | 0.26 | 0.20 | 0.20 | 0.15 | 0.13 | 0.13 | 0.13 | 0.13 | 0.10 | 0.10 | 0.10 |
| South Carolina | 0.16 | 0.16 | 0.16 | 0.16 | 0.16 | 0.15 | 0.15 | 0.13 | 0.13 | 0.13 | 0.13 | 0.10 | 0.09 |
| South Dakota + | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 | 0.12 | 0.08 |
| Tennessee + * | 0.20 | 0.20 | 0.20 | 0.21 | 0.21 | 0.17 | 0.17 | 0.17 | 0.12 | 0.09 | 0.09 | 0.07 | 0.07 |
| Texas | 0.20 | 0.20 | 0.20 | 0.15 | 0.15 | 0.15 | 0.15 | 0.10 | 0.10 | 0.05 | 0.05 | 0.05 | 0.05 |
| Utah* | 0.19 | 0.19 | 0.19 | 0.19 | 0.19 | 0.19 | 0.19 | 0.14 | 0.14 | 0.14 | 0.11 | 0.09 | 0.09 |
| Vermont o | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 | 0.11 | 0.09 | 0.09 |
| Virginia + o* | 0.175 | 0.175 | 0.175 | 0.175 | 0.175 | 0.175 | 0.175 | 0.15 | 0.11 | 0.11 | 0.11 | 0.11 | 0.09 |
| Washington + o* | 0.23 | 0.23 | 0.23 | 0.22 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.12 | 0.12 | 0.11 |
| West Virginia* | 0.205 | 0.155 | 0.155 | 0.155 | 0.155 | 0.105 | 0.105 | 0.105 | 0.105 | 0.105 | 0.105 | 0.105 | 0.105 |
| Wisconsin* | 0.232 | 0.222 | 0.222 | 0.215 | 0.208 | 0.209 | 0.20 | 0.175 | 0.165 | 0.16 | 0.13 | 0.09 | 0.07 |
| Wyoming* | 0.09 | 0.09 | 0.09 | 0.09 | 0.09 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 |

Note: For 1978-1987, rates are as of July 1; for 1988, October 1; for 1989-1993, December 1.

+ Local taxes may be additional.

o State sales taxes are additional.

Table 33 (cont.)
State Gasoline Taxes: Rates per Gallon, Selected Years, 1978-1993

***State Notes**

| | | | |
|----------------------|--|-----------------------|---|
| Alabama | Local tax rates range from 1-13¢. | | |
| Alaska | Bettles and Cold Bay have a 2¢ per gallon fuel transfer tax. | | |
| California | The tax rates are increased to 18¢ on 1/1/94 and thereafter. The rates would further increase if the federal fuel tax rate is reduced or eliminated correspondingly. Local taxes range from 1¢ to 4¢. | | |
| Connecticut | The tax is increased to 30¢ on 1/1/94, 31¢ on 7/1/94, 32¢ on 1/1/95, 33¢ on 7/1/95, and 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. Rate will increase to 23¢ on 1/1/95. | | |
| Florida | In addition to state gasoline and special fuel taxes, a state comprehensive enhanced transportation system tax is levied in counties imposing county transportation local option taxes at the following rates: motor fuel-2/3 of the lesser of the sum of the county transportation system taxes levied or 6¢ per gallon for 1993. | | |
| Georgia | Additional tax levied at 3% of retail sales price. | | |
| Hawaii | Local tax rates range from 10.0-16.5¢. | | |
| Idaho | Figure includes a 1¢ per gallon transfer fee imposed to fund the Petroleum Clean Water Trust Fund. The transfer fee may be suspended depending on the balance in the fund. | | |
| Illinois | Chicago levies a 5¢ per gallon tax on vehicle fuel purchased within the city. A 6¢ per gallon tax is imposed in Cook County. 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. | | |
| Kentucky | 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. | | |
| Massachusetts | The tax is imposed at 19.1% of weighted average selling price. | | |
| Mississippi | On 9/1/01, the rate is reduced to 14.4¢ per gallon for gasoline. Local taxes range from 2¢ to 3¢ per gallon. | | |
| Missouri | Rate increases to 15¢ on 4/1/94 and to 17¢ on 4/1/96. Rate decreases to 11¢ on 4/1/2008. | | |
| Montana | A 7% surtax is imposed, applicable for one calendar year, on tax or fee liabilities for months beginning after 8/13/92. | | |
| Nebraska | The figure includes an additional tax based on the statewide average cost of fuel plus a second additional tax of 2¢ per gallon. The rate may be increased to pay principal and interest on highway improvement bonds. | | |
| Nevada | 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. | | |
| | | New Jersey | Counties required to levy an additional 1¢ per gallon motor fuel tax as of 10/1/91. 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. |
| | | New York | New York City levies a tax of 1¢ per gallon on distributors of fuels containing 1/2 gram or more of tetraethyl lead, tetramethyl lead or other lead alkyls. |
| | | North Carolina | Includes an additional tax based on average wholesale price of motor fuel. |
| | | Ohio | Tax is 7¢ per gallon plus an additional tax based on highway maintenance costs and fuel consumption. |
| | | Oklahoma | Additional 1¢ per gallon assessment imposed on fuel sold by a distributor. |
| | | Oregon | The following counties levy a local gas tax: Multnomah County, 3¢ per gallon; Washington County, 1¢ per gallon. |
| | | Rhode Island | Tax imposed at 11% of wholesale price, plus an additional excise of 2% on distributors. |
| | | Tennessee | Plus an additional 1¢ per gallon special petroleum products tax. |
| | | Utah | An environmental surcharge of one-half cent per gallon is imposed on all petroleum sold in Utah. |
| | | Virginia | A 2% sales tax is imposed on retail sales of fuels sold within a county or city that is a member of any transportation district in which a rapid heavy rail commuter mass transportation system operating on an exclusive right-of-way and a bus commuter mass transportation system are owned, operated, or controlled by a transportation agency or commission, or in any transportation district that is contiguous to the Northern Virginia Transportation District. |
| | | Washington | 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%. |
| | | West Virginia | Tax rate is reduced to .155¢ per gallon on 8/1/01. |
| | | Wisconsin | The rate is computed annually based on highway maintenance costs and amount of fuel sold in the state plus an additional 2¢ per gallon. |
| | | Wyoming | 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: ACTR staff compilation from Commerce Clearing House, *State Tax Guide* (Chicago, 1993).

Table 34
State Cigarette Taxes: Rates per Pack, Selected Years, 1978-1993

| Region and State | 1993 | 1992 | 1991 | 1990 | 1989 | 1988 | 1987 | 1986 | 1985 | 1984 | 1982 | 1980 | 1978 |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <i>Exhibit: Federal Tax</i> | \$0.24 | \$0.20 | \$0.20 | \$0.16 | \$0.16 | \$0.16 | \$0.16 | \$0.16 | \$0.16 | \$0.16 | \$0.08 | \$0.08 | \$0.08 |
| Median | 0.25 | 0.24 | 0.24 | 0.21 | 0.20 | 0.18 | 0.18 | 0.17 | 0.17 | 0.16 | 0.13 | 0.125 | 0.12 |
| Alabama | 0.165 | 0.165 | 0.165 | 0.165 | 0.165 | 0.165 | 0.165 | 0.165 | 0.165 | 0.165 | 0.16 | 0.12 | 0.12 |
| Alaska | 0.29 | 0.29 | 0.29 | 0.29 | 0.29 | 0.16 | 0.16 | 0.16 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 |
| Arizona | 0.18 | 0.18 | 0.18 | 0.18 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.13 | 0.13 | 0.13 |
| Arkansas | 0.315 | 0.22 | 0.22 | 0.21 | 0.21 | 0.21 | 0.21 | 0.21 | 0.21 | 0.21 | 0.1775 | 0.1775 | 0.1775 |
| California | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 |
| Colorado | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.15 | 0.15 | 0.10 | 0.10 | 0.10 |
| Connecticut* | 0.47 | 0.45 | 0.45 | 0.40 | 0.40 | 0.26 | 0.26 | 0.26 | 0.26 | 0.26 | 0.21 | 0.21 | 0.21 |
| Delaware | 0.24 | 0.24 | 0.24 | 0.19 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 |
| District of Columbia | 0.65 | 0.50 | 0.30 | 0.17 | 0.17 | 0.17 | 0.17 | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 |
| Florida | 0.339 | 0.339 | 0.339 | 0.339 | 0.24 | 0.24 | 0.24 | 0.24 | 0.21 | 0.21 | 0.21 | 0.21 | 0.21 |
| Georgia | 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 |
| Hawaii* | 0.60 | 40% | 40% | 40% | 40% | 40% | 40% | 40% | 40% | 40% | 40% | 40% | 40% |
| Idaho | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.091 | 0.091 | 0.091 | 0.091 | 0.091 | 0.091 |
| Illinois + | 0.44 | 0.30 | 0.30 | 0.30 | 0.30 | 0.20 | 0.20 | 0.20 | 0.12 | 0.12 | 0.12 | 0.12 | 0.12 |
| Indiana | 0.155 | 0.155 | 0.155 | 0.155 | 0.155 | 0.155 | 0.155 | 0.105 | 0.105 | 0.105 | 0.105 | 0.105 | 0.105 |
| Iowa | 0.36 | 0.36 | 0.36 | 0.31 | 0.31 | 0.34 | 0.26 | 0.26 | 0.18 | 0.18 | 0.18 | 0.13 | 0.13 |
| Kansas | 0.24 | 0.24 | 0.24 | 0.24 | 0.24 | 0.24 | 0.24 | 0.24 | 0.16 | 0.16 | 0.11 | 0.11 | 0.11 |
| Kentucky* | 0.03 | 0.03 | 0.03 | 0.031 | 0.031 | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 |
| Louisiana | 0.20 | 0.20 | 0.20 | 0.20 | 0.16 | 0.16 | 0.16 | 0.16 | 0.16 | 0.16 | 0.11 | 0.11 | 0.11 |
| Maine | 0.37 | 0.37 | 0.37 | 0.31 | 0.31 | 0.28 | 0.28 | 0.28 | 0.20 | 0.20 | 0.16 | 0.16 | 0.16 |
| Maryland | 0.36 | 0.36 | 0.16 | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 | 0.10 |
| Massachusetts* | 0.51 | 0.26 | 0.26 | 0.26 | 0.26 | 0.26 | 0.26 | 0.26 | 0.26 | 0.26 | 0.21 | 0.21 | 0.21 |
| Michigan | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.21 | 0.21 | 0.21 | 0.21 | 0.21 | 0.11 | 0.11 |
| Minnesota | 0.48 | 0.48 | 0.43 | 0.38 | 0.38 | 0.38 | 0.38 | 0.39* | 0.23 | 0.18 | 0.18 | 0.18 | 0.18 |
| Mississippi* | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.11 | 0.11 | 0.11 | 0.11 | 0.11 |
| Missouri* | 0.17 | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 | 0.09 | 0.09 | 0.09 |
| Montana* | 0.18 | 0.18 | 0.18 | 0.18 | 0.16 | 0.16 | 0.16 | 0.16 | 0.16 | 0.16 | 0.12 | 0.12 | 0.12 |
| Nebraska | 0.34 | 0.27 | 0.27 | 0.27 | 0.27 | 0.27 | 0.27 | 0.23 | 0.18 | 0.18 | 0.18 | 0.13 | 0.13 |
| Nevada | 0.35 | 0.35 | 0.35 | 0.35 | 0.35 | 0.20 | 0.20 | 0.15 | 0.15 | 0.15 | 0.10 | 0.10 | 0.10 |
| New Hampshire | 0.25 | 0.25 | 0.25 | 0.25 | 0.21 | 0.17 | 0.17 | 0.17 | 0.17 | 0.17 | 0.12 | 0.12 | 0.12 |
| New Jersey + | 0.40 | 0.40 | 0.40 | 0.40 | 0.27 | 0.27 | 0.27 | 0.25 | 0.25 | 0.25 | 0.24 | 0.19 | 0.19 |
| New Mexico | 0.21 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.12 | 0.12 | 0.12 | 0.12 | 0.12 |
| New York + | 0.56 | 0.39 | 0.39 | 0.39 | 0.33 | 0.21 | 0.21 | 0.21 | 0.21 | 0.21 | 0.15 | 0.15 | 0.15 |
| North Carolina | 0.05 | 0.05 | 0.05 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 |
| North Dakota | 0.44 | 0.29 | 0.29 | 0.30 | 0.30 | 0.27 | 0.27 | 0.18 | 0.18 | 0.18 | 0.12 | 0.12 | 0.11 |
| Ohio + | 0.24 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.14 | 0.14 | 0.14 | 0.14 | 0.15 | 0.15 |
| Oklahoma | 0.23 | 0.23 | 0.23 | 0.23 | 0.23 | 0.23 | 0.25 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.13 |
| Oregon* | 0.33 | 0.28 | 0.28 | 0.28 | 0.27 | 0.27 | 0.27 | 0.27 | 0.19 | 0.19 | 0.19 | 0.09 | 0.09 |
| Pennsylvania | 0.31 | 0.31 | 0.31 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 | 0.18 |
| Rhode Island | 0.44 | 0.37 | 0.37 | 0.37 | 0.37 | 0.27 | 0.25 | 0.25 | 0.234 | 0.23 | 0.23 | 0.18 | 0.18 |
| South Carolina | 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 |
| South Dakota | 0.23 | 0.23 | 0.23 | 0.23 | 0.23 | 0.23 | 0.23 | 0.23 | 0.23 | 0.15 | 0.15 | 0.14 | 0.12 |
| Tennessee* | 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 |
| Texas | 0.41 | 0.41 | 0.41 | 0.41 | 0.26 | 0.26 | 0.205 | 0.205 | 0.195 | 0.185 | 0.185 | 0.185 | 0.185 |
| Utah* | 0.265 | 0.23 | 0.23 | 0.23 | 0.23 | 0.23 | 0.23 | 0.12 | 0.12 | 0.12 | 0.12 | 0.10 | 0.08 |
| Vermont | 0.20 | 0.20 | 0.18 | 0.17 | 0.17 | 0.17 | 0.17 | 0.17 | 0.17 | 0.17 | 0.12 | 0.12 | 0.12 |
| Virginia + | 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 |
| Washington* | 0.54 | 0.34 | 0.34 | 0.34 | 0.34 | 0.31 | 0.31 | 0.31 | 0.23 | 0.23 | 0.208 | 0.16 | 0.16 |
| West Virginia | 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 |
| Wisconsin* | 0.38 | 0.38 | 0.30 | 0.30 | 0.30 | 0.30 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 | 0.16 | 0.16 |
| Wyoming | 0.12 | 0.12 | 0.12 | 0.12 | 0.12 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 |

Note: For 1978-1987, rates are as of July 1; for 1988-1993, October 1.

+ Local taxes may be additional.

Table 34 (cont.)
State Cigarette Taxes: Rates per Pack, Selected Years, 1978-1993

***State Notes**

| | | | |
|----------------------|--|-------------------|---|
| Connecticut | Rate increases to 50¢ per pack on 7/1/94. | Montana | Tax increased to 19.26¢ per pack through 8/13/93. |
| Hawaii | Other tobacco products are taxed at a rate of 40% of the wholesale price. | Oregon | Rate increased to 38¢ per pack on 7/1/94. Rate reduced to 28¢ per pack on 7/1/95. |
| Kentucky | Plus an additional 1¢ tax on each pack. | Tennessee | An additional 5¢ per pack is imposed on dealers and distributors. |
| Massachusetts | The tax rate is increased by any amount by which the federal excise tax on cigarettes is less than 8 mills. | Utah | If the federal cigarette tax is reduced, the state rate will be increased by the amount of the federal tax reduction. |
| Mississippi | If the federal cigarette tax is reduced, the state rate will be increased by the amount of the federal tax reduction. | Washington | Tax will reduce to 31¢ per pack on July 1, 1995. |
| Missouri | The rate will drop to 13¢ per pack when the legislature appropriates a specified amount to the health initiative fund. | Wisconsin | An additional tax of 16¢ per pack of 20 cigarettes is imposed minus the federal cigarette tax. |

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

Table 35
State Alcoholic Beverage Excise Taxes: Rates, License States, February 1994

| State | Beer | Wine | Distilled Spirits ¹ | Other Taxes ² |
|-------------------------|---|--|---|---|
| Alaska | \$.35/gal | \$.85/gal | \$5.60/gal \$.85/gal under 21% | 0%-8% local sales |
| Arizona | \$.16/gal | \$.84/gal 24% or less \$.25/8 oz over 24% | \$3.00/gal | 5% state sales tax 0%-4.5% local sales tax |
| Arkansas | \$.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 |
| California | \$.20/gal | \$.20/gal still wines, hard cider \$.30/gal champagne, sparkling wine | \$3.30/gal proof strength or less \$6.60/gal excess of proof strength | 6% state sales tax 1.25%-2.5% local sales tax |
| Colorado | \$.08/gal | \$.27/gal non-native \$.47/gal native \$.04/gal surcharge | \$2.28/gal | 3% state sales tax 0%-5.5% local sales tax |
| Connecticut | \$.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 |
| Delaware | \$.15/gal | \$.97/gal | \$3.64/gal 25% or less \$5.46/gal over 25% | |
| District of Columbia | \$.09/gal | \$.30/gal 14% or less \$.40/gal over 14% \$.45/gal sparkling | \$1.50/gal | 8% sales tax for off-premise consumption 9% sales tax on-premise |
| Florida | \$.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 |
| Georgia | \$.69/gal including local taxes \$.095/12 oz including local taxes | \$1.52/gal 14% or less \$2.53/gal over 14% but less than 21% | \$3.18/gal proof or less \$5.29/gal over proof | 4% state sales tax 0%-2% local sales tax 3% local option excise tax on-premise |
| Hawaii | \$.50/gal draft \$.89/gal other than draft | \$.81/gal cooler \$1.30/gal still \$2.00/gal sparkling | \$5.75/gal | 0.5% wholesalers' tax 4% retailers' tax |

Table 35 (cont.)
 State Alcoholic Beverage Excise Taxes: Rates, License States, February 1994

| State | Beer | Wine | Distilled Spirits ¹ | Other Taxes ² |
|---------------|---|---|---|--|
| Illinois | \$.07/gal \$.06/gal Cook County \$.12/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 over 14% \$1.50/gal Chicago over 14% | 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 21% \$2.68/gal 21% or more | 3% gross income tax (assessed on wholesale and retail sales) 5% state sales tax |
| 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% 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 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 under 6% | 4% state sales 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 3% to 6% cider \$.55/gal 3% to 6% still \$.70/gal sparkling | \$1.10/gal 15% or less \$4.05/gal over 15% | Additional gross receipts tax on sales of packaged and on-premise liquor of 0.57% 5% sales tax on-premise |
| Minnesota | \$.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 | 8.5% special alcohol sales tax in lieu of general sales tax 0%-2% local sales tax |
| Missouri | \$.06/gal | \$.30/gal | \$2.00/gal | 4.225% state sales tax 0%-3.5% local sales tax |
| Nebraska | \$.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 |

Table 35 (cont.)
State Alcoholic Beverage Excise Taxes: Rates, License States, February 1994

| State | Beer | Wine | Distilled Spirits ¹ | Other Taxes ² |
|----------------|--|---|--|--|
| Nevada | \$.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 0%-0.5% local sales tax |
| New Jersey | \$.12/gal | \$.70/gal | \$4.40/gal | 6% state sales tax 9% Atlantic City sales tax |
| New Mexico | \$.41/gal | \$1.71/gal 14% or less \$.38/gal first 80,000 liters small domestic wineries \$.76/gal over 80,000 liters small domestic wineries | \$6.05/gal | 5% state sales tax 0%-1.8125% local sales tax |
| New York | \$.21/gal \$.12/gal New York City | \$.19/gal still \$.95/gal sparkling \$.57/gal artificially carbonated \$.04/gal cider over 3.2% | \$.04/gal not over 2% \$2.54/gal over 2% but not over 24% \$6.44/gal over 24% \$1.50/gal additional New York City | 4% state sales tax 0%-4.5% local sales tax |
| North Dakota | \$.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 |
| Oklahoma | \$.40/gal \$.36/gal under 3.2% | \$.72/gal 14% or less \$1.40/gal over 14% \$2.08/gal sparkling | \$5.56/gal | 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 |
| Rhode Island | \$.09/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 |
| South Carolina | \$.77/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 |
| South Dakota | \$.27/gal | \$.93/gal 14% or less \$1.45/gal over 14% to 20% \$2.07/gal over 20% and sparkling | \$.93/gal 14% or less \$3.93/gal over 14% | 4% state sales tax 0%-3% local sales tax 2% wholesale tax spirits and wine |
| Tennessee | \$.125/gal | \$1.10/gal | \$1.10/gal less than 7% \$4.00/gal over 7% | 6% state sales tax 0%-2.75% local sales tax \$.15/case enforcement tax on spirits and wine 15% on-premise on spirits and wine 17% beer wholesalers' tax |

Table 35 (cont.)
State Alcoholic Beverage Excise Taxes: Rates, License States, February 1994

| State | Beer | Wine | Distilled Spirits ¹ | Other Taxes ² |
|-----------|---|---|--------------------------------|---|
| Texas | \$.19/gal 4% and less \$.20/gal over 4% | \$.20/gal not over 14% \$.41/gal over 14% \$.52/gal sparkling | \$2.40/gal | 6.25% off-premise or 14% on-premise state sales tax 0%-2% local sales tax \$.05/drink airline and train sales |
| Wisconsin | \$.06/gal | \$.25/gal 14% or less \$.45/gal over 14% to 21% | \$3.25/gal | 5% state sales tax 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 private sector and/or a combination of private and public sellers.

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

¹ 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.

² Sales of liquor, wine, and beer are generally subject to the sales tax. Only Delaware, Mon-

tana, 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.

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Reporter* (Chicago, 1994); and Distilled Spirits Council of the United States, Inc., *Tax Briefs, 1994* (Washington, DC, 1994).

Table 36
State Alcoholic Beverage Excise Taxes:
Rates and/or Markup, and Method of Control¹, Control States, February 1994

| State | Beer | Wine | Distilled Spirits | Other Taxes ² | Methods of Control |
|----------|---|---|---|---|--|
| 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 | Monopoly on spirits at wholesale State also owns 152 retail stores Wine less than 14% is sold both by the state, wholesale and retail, and private wholesalers and retailers Beer sold by private retailers and wholesalers |
| 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 (less than 14%): \$.45/gal not over 4% | \$1.84/case freight \$.35-\$1.70 bottle tax depending on bottle size 82.1% markup | 5% state sales tax bottle tax—\$.20/50ml, \$.35/500ml, \$.40/750ml, \$.60/liter, \$.75/1.75 liter on wine and spirits 0%-2% local sales tax 15% surtax | State-owned retail stores sell spirits and wine 14% and over Licensed retailers may sell wine and beer under 14% |
| Iowa | \$.19/gal | \$.175/gal \$.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 | Licensed retailers may sell beer, wine, and liquor No state-owned stores as of June 1987 State warehouse sells at wholesale only |
| Maine | \$.25/gal \$.10/gal premium tax | State stores: 2% ad valorem excise 75% markup \$.75/gal \$1.25/proof gal premium tax Private outlets: \$.30/gal table \$1.00/gal sparkling | 2% ad valorem excise 75% markup 10% ad valorem excise \$1.25/proof gal premium tax Private outlets: \$.30/gal low-alcohol excise \$1.00/gal excise | 6% sales tax off-premise 7% sales tax on-premise | State-owned retail stores and privately owned agency stores sell all spirits and spiritous wine over 15.5% |
| Michigan | \$.20/gal | State stores: 65% markup 12% excise tax 1.85% alcoholism tax (off-premise only) Private outlets: \$.51/gal 16% or less non-native \$.04/gal 16% or less native \$.76/gal over 16% | State stores: 65% markup 12% excise tax 1.85% alcoholism tax (off-premise only) \$.25/case delivery charge Private outlets: \$1.81/gal mixed beverages not over 10% | 4% state sales tax | State-owned stores serve as wholesale outlets to licensed retailers Licensed retailers sell wine and beer, or beer, wine, spirits, and mixed spirit beverages Licensees may have combinations of different types of licenses |

Table 36 (cont.)
**State Alcoholic Beverage Excise Taxes:
 Rates and/or Markup, and Method of Control¹, Control States, February 1994**

| State | Beer | Wine | Distilled Spirits | Other Taxes ² | Methods of Control |
|----------------|--|--|---|--|--|
| Mississippi | \$.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: \$.35/gal table \$.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 | State monopoly of wholesale sales of alcoholic beverages over 4% by weight |
| Montana | \$.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 | | State-operated retail stores and agencies sell spirits and wine Licensed retailers may sell table wine and beer |
| New Hampshire | \$.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, brandy, gin, vodka, and sparkling wines 15% discount for off-premise table wine from liquor stores | State-owned retail stores sell alcoholic beverages Licensed retailers may sell wine under 14% and beer |
| North Carolina | \$.53/gal containers of 7.75 gal or less \$.48/gal containers of 7.75 gal or more | State stores: No specific markup formula used Private outlets: \$.80/gal 17% or less non-native \$.91/gal over 17% non-native \$.07/gal 17% or less native \$.18/gal over 17% native | 75.3684% markup \$1.32/gal on-premise tax \$.95/case bailment on spirits \$.60 bailment surcharge on spirits \$.10/bottle on spirits | 4% state sales tax 0%-2% local sales tax | County and city-operated liquor stores in counties allowing sale Licensed retailers may sell wine and beer |

Table 36 (cont.)
**State Alcoholic Beverage Excise Taxes:
 Rates and/or Markup, and Method of Control¹, Control States, February 1994**

| State | Beer | Wine | Distilled Spirits | Other Taxes ² | Methods of Control |
|---------------------|---|---|---|---|---|
| Ohio | \$.17/gal \$.0084/6 oz | \$.30/gal 14% or less \$.98/gal over 14% to 21% \$1.48/gal sparkling, carbonated, champagne \$1.08/gal vermouth | State stores: \$.48/case handling charge 12.35% operating cost charge 42.86% markup 5% additional markup Private outlets: \$1.20/gal 5% to 21% (mixed beverages) | 5% state sales tax 0%-2% local sales tax 0%-1% local transit tax rate Additional local taxes in Cuyahoga County | State-owned retail or agency stores sell alcoholic beverages over 21% Licensed retailers sell wine under 21% and beer |
| Oregon | \$.08/gal | State stores: 113% markup \$1.40/case upcharge Private outlets: \$.67/gal not over 14% \$.77/gal 14% to 21% | 113% markup (only \$10.50 of federal excise tax subject to markup) \$1.40/case upcharge | | Retail liquor stores operated by agents contracted with Oregon Liquor Control Commission Stores sell distilled spirits |
| Pennsylvania | \$.08/gal | 27% markup 18% excise tax \$.54/bottle handling charge \$1.92/gal handling charge | 27% markup 18% excise tax \$.54/bottle handling charge \$1.92/gal handling charge | 6% state sales tax 0%-1% local sales tax | State-owned retail stores sell spirits and wine Licensed retailers sell beer |
| Utah | \$.35/gal | 61% markup \$.42/case warehouse out freight 13% school lunch tax | 61% markup \$.42/case warehouse out freight 13% school lunch tax | 5% state sales tax 0%-1% local sales tax | State monopoly of sales of alcoholic beverages Licensed retailers may sell beer under 4% |
| Vermont | \$.27/gal | State stores: 61.3% markup and excise combined imported 78.6% 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 19% markup alcohol \$.05/bottle handling charge | 10% sales tax on-premise only | State-owned retail stores sell spirits, wine over 16%, and beer over 6% Licensed retailers may sell wine 16% or less and beer 6% or less |
| Virginia | \$.26/gal \$.02/bottle not over 7 ozs \$.0265/bottle 7-12 ozs \$.00222/bottle over 12 ozs | State stores: 50% markup \$1.52/gal 4% excise tax \$1.00/case handling charge Private outlets: \$1.52/gal not over 14% 4% alcohol or less taxed as beer | 20% excise tax 46.5% markup \$1.00/case handling charge | 4.5% sales tax on-premise only | State-owned retail stores sell spirits, ver- mouth, and Virginia-made wines Licensed retailers may sell wine and beer |

Table 36 (cont.)
**State Alcoholic Beverage Excise Taxes:
 Rates and/or Markup, and Method of Control¹, Control States, February 1994**

| State | Beer | Wine | Distilled Spirits | Other Taxes ² | Methods of Control |
|----------------------|--|---|--|---|---|
| Washington | State stores (over 8%): 70% markup Private outlets: \$.15/gal 8% or less \$.06/gal temporary tax | State stores: 50% markup \$.75/gal \$.85/gal 14% or more until 1/1/95 \$.04/gal until 1/1/95 Private outlets: \$.75/gal \$.85/gal 14% or more until 1/1/95 \$.04/gal until 1/1/95 | \$5.47/gal \$.25/gal additional tax until 1/1/95 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 0%-1.7% local sales tax | Private retailers may sell only wine and beer State may sell all beverages |
| West Virginia | \$.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 | West Virginia is in the process of privatizing state retail stores |
| Wyoming | \$.02/gal | 17.6% markup \$.28/gal \$2.75/case freight | 17.6% markup (only \$6 of FET subject) \$.91/gal \$2.75/case freight | 4% state sales tax 0%-2% local sales tax | State monopoly at wholesale level |

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

¹ 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.

² 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.

Source: Distilled Spirits Council of the United States, *Tax Briefs 1994* (Washington, DC, 1994); Commerce Clearing House, *State Tax Guide* (Chicago, 1994).

Table 37
Automobile Taxes and Fees, February 1994

| State | Registration Fee | Other Fees | Certificate of Title | Operator's License | Property Tax | Sales Tax on Purchase | | Inspection | |
|-----------------------|-------------------------------|----------------------------|---|-------------------------------------|--|---|--------------|-------------|---|
| | | | | | | State | Local | | |
| Alabama* | Auto Motorcycle | \$23 \$15 | \$1.25 issuance fee | \$15 | \$15 (4 years) \$20 original | State and local at various rates | 2.0% | — | Cities may have inspection stations |
| Alaska* | Auto Motorcycle | \$35 \$20 | Additional local fees | \$5 | \$15 (5 years) | Local | No tax | Range 1-7% | State troopers may inspect on need |
| Arizona* | Auto Motorcycle | \$8 \$9 | Annual license tax maximum fee \$4 per \$100 of taxable value | \$4 | \$10-\$25 based on age \$7 motorcycles | Exempt | 5% | Range 1%-2% | Emissions, \$5.75, annual |
| Arkansas* | Auto by weight Motorcycle | \$17-\$30 \$3-\$7 | | \$5 | \$14.25 (4 years) | State | 4.5% | County 1% | Safety, annual |
| California* | Auto and motorcycle | \$27 | Annual license fee, 2% of market value | \$10 | \$12 (4 years) | License fee in lieu of property tax | 7.25%-8.5% | 1.25%-2.25% | Emissions, biennial |
| Colorado* | 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 |
| Connecticut* | 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, annual |
| Delaware | 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 | | Annual, no fee |
| District of Columbia* | Auto by weight Motorcycle | \$55-80 \$30 | Title issuance excise tax, 6%-7% | \$20 | \$20 (4 years) | Exempt | 9% | | Safety, \$10, annual Emissions, annual, no fee |
| Florida | Auto Motorcycle | \$25.10-\$43.10 \$22.60 | | \$29.25 (no lien) \$31.25 (lien) | \$20 (4 years) | Exempt | 6% | 1-2% | Emissions, annual, local, \$10 |
| Georgia* | Auto and motorcycle | \$20 | | \$18 | \$15 (4 years) | State and local | 4% | 0-1% | Emissions, annual, certain counties |
| Hawaii ¹ | Auto and motorcycle | \$20 | Annual vehicle weight tax | \$2-\$3 | \$8.50-\$12 (4 years) | Exempt | 4% | No tax | Safety, \$10.75, annual |
| Idaho ¹ | Auto Motorcycle | \$16.08-\$36.48 \$9.00 | Additional fees | \$8 | \$19.50 (4 years) | State | 5% | No tax | None |
| Illinois | Auto Motorcycle | \$48 \$30 | | \$13 | \$10 (4 years) | Exempt | 6.25% | 0.25%-1% | Emissions, Chicago area, no fee |

Table 37 (cont.)
Automobile Taxes and Fees, February 1994

| State | Registration Fee | Other Fees | Certificate of Title | Operator's License | Property Tax | Sales Tax on Purchase | | Inspection | |
|----------------|---|-----------------------------------|---|--------------------|--------------------------------------|---|---------------------------------|------------------------------------|---|
| | | | | | | State | Local | | |
| Indiana* | 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 |
| Iowa* | Auto by weight and age varies Motorcycle | \$20 | | \$10 | \$8 (2 years) | Exempt | 5% | — | Peace officers may inspect on need |
| Kansas* | 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 |
| Kentucky* | Auto by weight Motorcycle | \$12 \$5 | \$2 clerks fee for registration | \$6 | \$8 (4 years) | State and local | 6% | — | None |
| Louisiana | Auto and motorcycle | \$1 per \$1,000 of purchase price | | \$19 | \$18 (4 years) | Exempt | 4% | Parish and city 0.5-5% | Safety, \$10, annual |
| Maine* | Auto Motorcycle | \$22 \$18 | Annual excise tax | \$10 | \$29 (6 years) | Municipal excise tax in lieu of property tax | 6% | No tax | Safety, \$6, annual |
| Maryland | Auto by weight Motorcycle | \$27-\$40.50 \$27 | 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 |
| Massachusetts* | Auto (biennial) Motorcycle | \$30 \$25 | 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 | Emissions and safety, \$15, annual |
| Michigan* | Auto (price based) Motorcycle | \$23 | | \$11 | \$12 (4 years) | Exempt | 4% | No tax | Individual inspection on reasonable grounds |
| Minnesota* | Auto: regular tax = \$10 + 1.25% of a base value equaling a percentage of manufacturer's suggested retail price Motorcycle | \$10 | Excise tax 6.5% (at time of purchase) | \$2 | \$22.50 (4 years) | Exempt | Excise tax in lieu of sales tax | — | Municipalities may inspect |
| Mississippi | Auto Motorcycle | \$15 \$8 | Use tax 3% | \$2.50 | \$20 (4 years) | State | 3% | No tax | Safety, \$5, annual |
| Missouri* | Auto by horsepower Motorcycle | \$18-\$51 \$8.50 | Transportation sales tax | \$8.50 | \$7.50 (3 years) | Local | 4.225% | Combined city and county 0.375%-3% | Safety, \$7, annual; emissions in certain counties, \$10.50, annual |
| Montana* | Auto Motorcycle | \$10.25-\$15.25 \$5.50 | | \$5 | \$16 (4 years) | State and local 2-3% of trade-in value | 1.5% | — | None |
| Nebraska* | Auto Motorcycle | \$20 \$6 | Additional fees \$2.50 (each year) | \$10 | \$15 (4 years) | Local | 5% | 0.5%-1.5% | None |

Table 37 (cont.)
Automobile Taxes and Fees, February 1994

| State | Registration Fee | Other Fees | Certificate of Title | Operator's License | Property Tax | Sales Tax on Purchase | | Inspection |
|--------------------------|---|--|----------------------|---------------------------------|---------------------------------------|--------------------------------------|----------------------------|--|
| | | | | | | State | Local | |
| Nevada* | Auto and motorcycle \$33 | 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 |
| New Hampshire* | 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 |
| New Jersey* ¹ | Auto by weight and age \$16.50-\$53.50 Motorcycle \$12.50 | Temporary additional registration fee | \$5 | \$17.50 (4 years) | Exempt | 7% | No tax | Safety, annual |
| New Mexico | 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 |
| New York ¹ | 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, \$9, annual in certain counties |
| North Carolina | Auto \$20 Motorcycle \$12 | 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 |
| North Dakota | Auto by weight and age \$25-250 Motorcycle \$21 | Excise tax 5% | \$5 | \$10 (4 years) | No tax | Excise tax in lieu of sales tax | | Random, no fee |
| Ohio ^{1*} | Auto \$22.75 Motorcycle \$16.75 | 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 |
| Oklahoma* | Auto \$17.75 Motorcycle \$17.75 | Excise tax 3.25% | \$11 | \$14 (4 years) \$18 original | Exempt | Excise tax in lieu of sales tax | | Safety, \$5, annual |
| Oregon ¹ | Auto (biennial) \$30 Motorcycle (biennial) \$9 | | \$10 | \$26.25 (4 years) | Exempt | No sales tax | | Emissions in Portland metro area, Jackson County, and Multnomah County, biennial |
| Pennsylvania* | Auto \$24 Motorcycle \$12 | | \$15 | \$27 (4 years) | Exempt | 6% | 1% Philadelphia | Safety and emissions in certain cities, annual |

Table 37 (cont.)
Automobile Taxes and Fees, February 1994

| State | Registration Fee | Other Fees | Certificate of Title | Operator's License | Property Tax | Sales Tax on Purchase | | Inspection |
|-----------------------------|--|--|----------------------|---------------------------------|---|---------------------------------------|-----------------|---|
| | | | | | | State | Local | |
| Rhode Island | Auto \$30 Motorcycle \$13 | | \$25 | \$30 (5 years) \$12 original | Local | 7% | No tax | Safety and emissions, \$12, annual |
| South Carolina | Auto \$12 Motorcycle \$5 | | \$5 | \$10 (4 years) | Local | 5% | No tax | Safety, \$3, annual |
| South Dakota* | Auto by weight \$20-\$40 Motorcycle \$7.50-\$10 | Excise tax 3% | \$5 | \$6 (4 years) | Exempt | Excise tax in lieu of state sales tax | Cities variable | None |
| Tennessee* | Auto \$23 Motorcycle \$16 | Wheel tax | \$8 | \$19.50 (4 years) | Local | 7.75% | County 1-2.75% | Safety and emissions, certain cities |
| Texas* | Auto by weight and age \$40.50-\$58.50 Motorcycle \$30 | \$.30 reflectorized fee | \$13 | \$16 (4 years) | Local | 6.25% | 6% | Safety and emissions, \$10, annual |
| Utah ¹ | Auto \$11 Motorcycle \$12.50 | | \$6 | \$15 (5 years) | Local | 6.25%-7.25% | County 0-2.25% | Safety, \$10, annual; emissions, Davis, Salt Lake, Utah, and Weber counties |
| Vermont | Auto \$42 Motorcycle \$20 | | \$10 | \$20 (4 years) | Exempt | 5% | No tax | Safety, annual |
| Virginia* | Auto \$26.50-\$31.50 Motorcycle \$24 | \$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 |
| Washington* ¹ | Auto original \$27.95 renewal \$23.85 Motorcycle \$27.85 | 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 |
| West Virginia* ¹ | Auto by weight and age \$26.50-\$37.50 Motorcycle \$13.50 | Titling tax 5% (at time of purchase) | \$5 | \$10.50 (4 years) | Local | Titling tax in lieu of sales tax | | Safety, \$7, annual |
| Wisconsin | Auto \$40 Motorcycle \$20 | | \$12.50 | \$15 (4 years) | Exempt | 5% | County 0.5% | Safety, random; emissions in certain counties, annual |
| Wyoming* | Auto \$15 Motorcycle \$5 | Annual county tax | \$6 | \$10 (4 years) \$5 renewal | Exempt | 4% | County 0-2% | None |

— tax may apply

¹ 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.

Table 37 (cont.)
Automobile Taxes and Fees, February 1994

*State Notes

| | | |
|----------------------|---|--|
| Alabama | Sales Tax | All new title licenses on passenger vehicles may also be subject to county and city taxes. |
| Alaska | Other Fees Property Tax | Municipalities may impose sales or registration taxes. Incorporated cities and boroughs may impose vehicle registration taxes in lieu of use or property taxes on vehicles subject to state license fees. |
| Arizona | Inspection Other Fees | Applicable only to the Phoenix and Tucson metropolitan areas. License tax is 4% of the assessed value of car. During the first 12 months of the car life, the assessed value is 60% of the manufacturer's base retail price; each year thereafter, the assessed value is 15% less than the preceding year. \$1.50 air quality fee. |
| Arkansas | Property Tax Sales Tax | State has personal property tax, assessed by counties at varying rates. Sales tax applies to new or used vehicles with a selling price of \$2,000 or more; additional 1% local tax due in some areas. Tax on used cars only if car was not previously registered in the state. |
| California | Registration Fee | Additional fee of \$1 to \$4 imposed on vehicles in certain air quality management districts; additional fee of \$1 for law enforcement paid on vehicles registered between 1986 and 1992, additional \$1 fee for auto theft deterrence for specified counties. |
| Colorado | Registration Fee Other Fees | Additional fees depending on age of vehicle: \$12, 0-6 years; \$10, 7-9 years; \$7, 10+ years. Annual specific ownership tax based on first year of service at 2.1% to tenth year at \$3. |
| Connecticut | Property Tax Inspection | Local property taxes levied at 70% of assessed valuation, based on the State Valuation Book. Mill rates vary among communities. 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. |
| District of Columbia | Other Fees | Title issuance excise tax is based on the fair market value of vehicle; for automobiles less than 3,500 lbs., the rate is 6%; for automobiles 3,500 lbs. or more, the rate is 7%. |
| Georgia | Property Tax Sales Tax Inspection Fee | State millage 1/4 mill; county rates vary. Additional 1% rapid transit tax in Fulton and DeKalb counties, or 1% local option tax in certain jurisdictions. Vehicles registered in Fulton, DeKalb, Cobb, Clayton, and Gwinnett counties require annual emissions inspection. |
| Hawaii | 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 are additional, ranging from \$.005/lb. to \$.0125/lb. Highway beautification fee, \$1. |
| Indiana | Other Fees | Vehicle excise tax \$12-\$1,063. County surtax of 2%-10% of state excise tax collected. Minimum tax of \$7.50. Wheel tax, \$5-\$40. |
| Iowa | Registration Fee | Motor vehicle fee 1% of value as fixed by the department, plus \$.40 for each 100 lbs. or fraction thereof of weight of vehicle as fixed by the department. Minimum fee \$5. After motor vehicle is more than 5 model years old, that part of the fee based on the value shall be 75% of the rate as fixed when new; 50% after 6 model years; 10% after 7 model years. |
| Kansas | Registration Fee | \$25 for vehicles 4,500 lbs. or less and \$35 for vehicles over 4,500 lbs. |
| Kentucky | Sales Tax Property Tax | There is a 6% use tax imposed on 90% of the retail price of new vehicles registered for the first time, and 6% on 100% of retail price of used vehicle registered for first time or on transfer of ownership of vehicle previously registered. Personal property taxes levied at time of registration by state and local taxing districts at varying rates. |
| Maine | Other Fees | Annual municipal excise taxes: 2.4% for the first year, 1.75% in second year, 1.35% in third year, 1% in fourth year, .65% in fifth year, 4% in sixth and succeeding years. |
| Massachusetts | Other Fees | Annual statewide excise tax of \$25 per \$1,000 valuation based on a percentage of the vehicle's factory list price. Percentage ranges from 90% in the year of manufacture to 10% in the fifth and succeeding years. |
| Michigan | Registration Fee | For 1983 or earlier models, fee based on weight of \$.90 per 100 lbs. plus an additional \$5 processing fee. For 1984 and later model years, fee based on manufacturer's list price plus an additional \$5 processing fee. Fee decreases 10% each of the next 3 years. |
| Minnesota | Registration Fee | \$10 tax plus tax equal to 1.25% of the base value. Tax reduced every 2 years based on depreciated scale, \$35 minimum. |

Table 37 (cont.)
Automobile Taxes and Fees, February 1994

*State Notes (cont.)

| | | |
|----------------------|---|--|
| Missouri | Property Tax Inspection Other Fees | State personal property tax, paid to local county or township. Vehicles registered in St. Louis City and St. Charles, St. Louis, and Jefferson counties are subject to an emissions inspection fee of \$10.50. Cities of over 400,000 population may impose transportation sales tax of .5% on sales of personal property or taxable services. |
| Montana | Registration Fee Sales Tax Property Tax | Includes \$.50 fee per registration for weed control. Cars weighing 2,850 lbs. or under, \$10.25; over 2,850 lbs., \$15.25. 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. 2% of market value (blue book value). Counties may impose an additional .5% personal property tax. |
| Nebraska | Registration Fee Property Tax | Includes \$2.50 collected by the county treasurer. Valuation is by the state, and assessment and taxation are local. |
| Nevada | Other Fees Sales Tax | 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. 2% state, 1.5% school support tax, and 2.25% city and county relief tax. 0.25% transportation tax applicable in Washoe, Storey, Nye, Churchill, White Pine, and Carson City. |
| New Hampshire | 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. |
| New Jersey | 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. |
| Ohio | Registration Fee | Includes \$2.50 issuance fee and \$.50 reflectorization fee. |
| Oklahoma | Registration Fee Other Fees | 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. 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. |
| Pennsylvania | Inspection | Emissions inspection required in the metropolitan areas of Philadelphia, Pittsburgh, and Allentown/Bethlehem/Easton. |
| South Dakota | Registration Fee | Fee is reduced 30% when auto is 5 years or older. |
| Tennessee | Other Fees | A wheel tax is imposed by some counties annually. The range is from \$5.50 to \$35.50. |
| Texas | Registration Fee Other Fee | The fees are based on age for vehicles 6,000 lbs. or less. Counties have the option of imposing an additional fee not to exceed \$11.50 that is to be deposited into the county's road and bridge fund. Some counties charge an additional \$5 road and bridge fee. |
| Virginia | Property Tax | City and county personal property taxes range from 1% to 7.2%. |
| Washington | Registration Fee Other Fees | Local vehicle registration fee of \$15 collected in King, Pierce, and Snohomish Counties. 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% to provide high capacity transportation service. |
| West Virginia | Registration Fee | Includes \$1 for highway litter control and 50¢ for insurance enforcement. |
| Wyoming | 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, *1994 Digest of Motor Laws* (Heathrow, Florida, 1994).

Table 38
State Severance Taxes: Rates and Bases, November 1993

| State | Product | Rate |
|------------|--|---|
| Alabama** | 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 ft. |
| | Pulpwood chips | \$.25 per cord (5,000 lbs.) |
| | Gum turpentine | \$.15 per barrel (400 lbs.) |
| | Tarwood | \$.125 per ton |
| | Cross ties | \$.015 each |
| | Switch ties | \$.025 each |
| | Other ties | \$.125 each |
| | Oil and gas | 10% of gross value of point of production |
| | Coal | \$.335 per ton |
| Lignite | \$.20 per ton | |
| Alaska* | 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 |
| Arizona* | Minerals | 2.5% of net severance base |
| | Timber | 1.5% of value |
| Arkansas* | 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 | |
| California | Oil and gas | \$.025221 per barrel of oil or per 10,000 cubic ft of gas |
| Colorado* | 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 |

Table 38 (cont.)
State Severance Taxes: Rates and Bases, November 1993

| State | Product | Rate |
|-------------------------|--|---|
| Florida* | 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 MCF |
| | 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) |
| Georgia | Phosphates | \$1.00 per ton |
| Idaho* | 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 |
| Illinois | Timber | 4% of market value |
| Indiana | Oil and gas | 1% of market value |
| Kansas* | Oil and gas | 8% of market value plus \$.0135 per barrel of oil and \$.0043 per 1,000 cubic ft of gas |
| | Coal | \$1.00 per ton |
| Kentucky | Oil and coal | 4.5% of market value (minimum tax for coal is \$.50 per ton severed) |
| | Other than coal or oil | 4.5% of gross value less transportation expenses |
| Louisiana* | 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 | \$.92 per ton |
| | Timber grown on lands under reforestation contracts | 6% of average stumpage market value |
| | Timber, other than virgin timber | 5% of average stumpage market value (pulpwood); 2.25% (all other timber) |
| | Gas and natural gas liquids | \$.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 | |
| Maine | Minerals | Greater of the value of facilities and equipment multiplied by .005, 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) |

Table 38 (cont.)
State Severance Taxes: Rates and Bases, November 1993

| State | Product | Rate |
|-----------------------|--|---|
| 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 | 5.2% of market value |
| | Gas | 2.85% of market value |
| | Micaceous minerals | \$.05 per ton |
| Nebraska | Cement | \$.22 per ton; \$.05 per ton for cement products, plaster, gypsum, or gypsum products |
| | Oil and gas | 3.35% of market value (2.35% from wells producing less than 10 barrels per day) |
| Nevada* | Uranium | 2% of market value over \$5,000,000 |
| | Minerals (excluding sand, gravel, and water) | 2% if less than 10% of gross proceeds 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% |
| New Hampshire* | Refined petroleum product | 0.1% |
| New Mexico | Potash | 3% of market value |
| | Copper | 1.25% of market value |
| | Molybdenum | 0.25% of market value |
| | All other minerals | 0.875% of market value |
| | Uranium ore | 3.68% of market value |
| | Coal | \$1.17 per ton (surface mined); \$1.13 per ton (underground mined) |
| | Timber | 0.5% of market value |
| | Oil and gas | 7.08% of market value |
| | Gold and silver | 0.2% of market value |

Table 38 (cont.)
State Severance Taxes: Rates and Bases, November 1993

| State | Product | Rate |
|------------------------|---|--|
| North Carolina | Softwood saw timber, veneer logs, and bolts | \$.50 per 1,000 ft. |
| | Hardwood saw timber, veneer logs, and bolts | \$.40 per 1,000 ft. |
| | Softwood pulpwood, and other products | \$.20 per cord |
| | Hardwood pulpwood, and other products | \$.12 per cord |
| North Dakota* | Oil | 11.5% of market value |
| | Gas | \$.0401 per 1,000 cubic ft. |
| | Coal | \$.77 per ton |
| Ohio | Coal | \$.08 per ton |
| | Salt | \$.04 per ton |
| | Limestone, dolomite, sand, and gravel | \$.02 per ton |
| | Clay, sandstone, shale, gypsum, and quartzite | \$.01 per ton |
| | Oil | \$.10 per barrel |
| | Gas | \$.025 per 1,000 cubic ft. |
| Oklahoma* | 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 |
| Oregon* | Oil and gas | 6% of market value |
| | Forest products | \$1.87 per 1,000 ft. (more than 25,000 ft.) |
| South Dakota | Energy minerals | 4.74% of market value |
| | Gold and silver | 2% of gross receipts for the first \$50 million and 1% over \$50 million plus 8% of net profits or royalties from sale of these metals |
| Tennessee ⁺ | Oil and gas | 3% of market value |
| | Coal | \$.20 per ton |
| Texas | 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 4.6¢ per barrel plus \$.005 per barrel |
| Utah* | 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 |
| Virginia ⁺⁺ | 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 |

Table 38 (cont.)
State Severance Taxes: Rates and Bases, November 1993

| State | Product | Rate |
|----------------|---|---|
| Washington | Uranium and thorium | \$.05 per pound |
| | Chinook, coho, chum salmon and anadromous game fish | 5% of market value |
| | Pink and sockeye salmon | 3% of market value |
| | Oysters | 0.07% of market value |
| | Other food fish and shell fish | 2% of market value |
| West Virginia* | Coal | 5% of market value |
| | Limestone or sandstone | 5% of market value |
| | Timber | 3.22% of market value |
| | Oil | 5% of market value |
| | Natural gas | 5% of market value |
| | All other | 4.5% of market value |
| Wisconsin | Metalliferous minerals | 3% of net proceeds greater than \$359,601 but less than \$7,193,300 |
| | | 7% greater than \$7,193,301 but less than \$14,386,500 |
| | | 10% greater than \$14,386,501 but less than \$21,579,800 |
| | | 13% greater than \$21,579,801 but less than \$28,773,100 |
| | | 14% greater than \$28,773,101 but less than \$35,966,300 |
| | | 15% greater than \$35,966,300 |
| Wyoming | Oil and gas | 7% of market value |
| | Oil and gas | 0.6% of market value |
| | Uranium | 4% of market value |
| | Underground coal | 7.25% of market value |
| | Surface coal | 10.5% of market value |

+ May be additional local tax.

*State Notes

| | | |
|----------|-----------------|---|
| Alabama | Forest products | A privilege tax equal to 50% of the severance tax is imposed on processors of forest products and manufacturers using forest products. 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. |
| | Oil and gas | |
| Alaska | Oil and Gas | Old crude oil is from wells in production prior to June 30, 1981. Modified gross value is gross value multiplied by economic adjustments factor. 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. |
| Arizona | 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. |
| Arkansas | Gypsum | If not used for or sold for manufacturing in Arkansas into ultimate consumer goods, chemical grade limestone, or silica sand. Plus an additional 25 mills per barrel and an additional 2¢ per barrel. |
| | Oil | |
| Colorado | 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. 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. |
| | Coal | |
| | Oil shale | |
| | Oil and Gas | |

Table 38 (cont.)
State Severance Taxes: Rates and Bases, November 1993

*State Notes (cont.)

| | | |
|----------------------|--------------------------------------|---|
| Florida | Solid minerals | Clay, gravel, phosphate rock lime, shells, stone, sand, heavy minerals, and rare earths. |
| Idaho | 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. |
| Kansas | Coal | Additional tax of \$50 plus tax of not less than 3¢ per ton but not more than 10¢ per ton is imposed. |
| Louisiana | 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 1,000 cubic ft. per day, \$.013 per 1,000 cubic ft.. Natural gas, casinghead gas, and other natural gas liquids, 7.5¢ per 1,000 cubic ft.. |
| | Oil | Includes distillate, condensate, or similar resources. The tax rate is 6.25% of market value from wells incapable of producing a minimum of 25 barrels per day on average. |
| Minnesota | Mining | Excludes sand, silica, gravel, crushed rock, building stone, limestone, granite, dimension granite, horticultural peat, clay, soil, iron ore, and taconite deposits. |
| | 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 |
| Mississippi | Oil and gas | Commercial production of occluded natural gas from coal seams on or after 3/20/90, and before 7/1/93, is taxed at the rate of 3.5% of the gross value thereof at the point of production for a period of five years after the well begins production. |
| Montana | 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. |
| | All products | Additional 7% surtax required. |
| | Metalliferous minerals | Metals, precious and semi-precious stones. |
| | 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 1.79% from wells producing less than 60 1,000 cubic ft. per day in previous calendar year; rate on first 30 1,000 cubic ft. is .2%. |
| | Coal, micaceous minerals, and cement | 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 indemnity trust tax. Taxpayers paying the metal mines tax are exempt. |
| Nevada | 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. |
| New Hampshire | Refined petroleum products | Refined petroleum products include motor oil, kerosene, residual oil, fuel oil, gasoline, petroleum asphalts, road oils, and other distillates and petrochemicals produced from crude petroleum. |
| North Dakota | 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. |
| Oklahoma | Oil and gas | Additional tax of 7¢ per 1,000 cubic ft. of natural gas or casinghead gas, less 7% of gross value of gas is imposed. Maximum tax is 33% of market value. |
| Oregon | Oil and gas | The first \$3,000 of gross sales from each well, per quarter, is exempt. |
| | Forest products | Includes additional taxes imposed during the period of 7/1/91 through 6/30/93 of 25¢ per 1,000 ft. additional privilege tax and 73¢ per 1,000 ft. additional harvest tax on 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. |
| Utah | Gas | The tax on natural gas liquids is 4.2% of market value. |
| Virginia | Pine lumber | Includes timber sold as logs and veneer logs. |
| West Virginia | Other natural resources | The rate will increase to 5% on 7/1/94. |

Source: Commerce Clearing House, *State Tax Reporter* (Chicago, November 1993).

Table 39
State Property Tax Relief Circuit Breaker Programs
 (Generally, Laws in Effect for 1992)

| State ¹ | Date of Adoption | Beneficiaries (number of beneficiaries) | Income Ceiling | Description of Program | Form of Relief | Average Benefit [total in 000s] |
|-------------------------|---|---|---|---|--|--|
| Arizona* 1991 | 1973 Revised: 1977, 1981, 1984, 1990 | Homeowners 65 and over (25,024) | \$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 | Homeowners \$265.94 [\$6,655] |
| | | Renters (156,637) | \$25,000 | Tax credit allowed on 5% of rent. Maximum credit \$40. | | Renters \$38.87 [\$6,088] |
| 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 [\$3,950] |
| California 1992 | 1967 Revised: 1971, 1973, 1977, 1978, 1979, 1984, 1989 | Homeowners and renters 62 and over, totally disabled, or blind Homeowners (33,718) Renters (163,276) | \$13,200 total household income; \$24,000 gross household income | Homeowner relief ranges from 96% of tax payment on first \$34,000 of full value if net household income is not over \$3,300 to 4% of tax payment if net household income is not over \$13,200. Renter relief is based on household income and a statutory property tax equivalent of \$250. Relief also ranges from 96% of the property tax equivalent to 4% of property tax equivalent for same income brackets as homeowners. | State rebate | Homeowners \$79.88 [\$2,693] Renters \$85.78 [\$14,006] |
| Colorado* FY 1991-92 | 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 (43,041) | \$7,500/single \$11,200/married | Relief cannot exceed \$500 and is equal to \$500 reduced by 20% of income over \$5,000 for individuals and 20% of income over \$8,700 for married couples. Heating assistance relief cannot exceed \$160 and is based on the same income and percentage levels stated above. (20% of rent equals tax equivalent and 10% of rent equals heat expense) | State rebate | \$336.00 [\$14,462] |
| Connecticut* 1991 | 1974 Revised: 1980, 1981, 1984, 1985 | Homeowners and renters 65 and over, surviving spouse 50 and over, and totally disabled Homeowners (36,236) Renters (26,772) | \$19,400/single \$23,800/married | Homeowners: Provides for a property tax reduction based on a graduated percentage of the real property tax, with a maximum benefit of \$1,250 for a married couple, \$1,000 for an unmarried individual. Renters: Expenses exceeding 5% of income. Maximum benefit ranges up to \$900 for a married couple and \$700 for an unmarried individual. (35% of rent and utilities equals tax equivalent) | Reduction in tax bill or state rebate | Homeowners \$449.52 [\$16,516] Renters \$385 [\$11,400] |

Table 39 (cont.)
State Property Tax Relief Circuit Breaker Programs
 (Generally, Laws in Effect for 1992)

| State ¹ | Date of Adoption | Beneficiaries (number of beneficiaries) | Income Ceiling | Description of Program | Form of Relief | Average Benefit (total in 000s) |
|------------------------------|--|---|--|---|--|------------------------------------|
| 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 | \$292.00 [\$4,386] |
| | | Elderly, blind, or disabled homeowners and renters (11,859) | \$20,000 | Credit is based on amount of property tax paid in excess of various percentages of household gross income. Credit ranges from taxes paid in excess of 1% of gross household income if income is under \$5,000 to taxes paid in excess of 2.5% of income for incomes between \$15,000 and \$20,000. Maximum credit is \$750. (15% of rent equals tax equivalent) | Income tax credit | \$377 [\$4,468] |
| 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 | \$49.27 [\$5,819] |
| Idaho 1992 | 1974 Revised: 1976, 1978, 1980, 1982, 1991, 1992 | Homeowners age 65 and over, widows, widowers, former POWs, blind, disabled, fatherless children under 18 (21,222) | \$15,920 (exclude capital gains income) | Relief ranges from lesser of \$600 or actual taxes for those with incomes \$6,390 or less, to the lesser of \$75 or taxes for those with incomes less than \$15,920. Brackets adjusted annually with COLA based on Social Security increase. | Reduction of tax bill | \$284.18 [\$6,031] |
| 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. An additional grant is provided regardless of the amount of property tax or rent payments. The additional grant is \$80. (30% of rent equals tax equivalent) | State rebate | \$272.00 [\$104,354] |
| Indiana* 1991 | 1985 | Elderly homeowners and renters | \$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 | |
| Iowa 1990 | 1973 Revised: 1975, 1977-81, 1983, 1988 | Homeowners and renters 65 and over, surviving spouse 56 or older, and totally disabled (45,370) | \$12,000 | Relief ranges from 100% of property tax or rent equivalent for incomes below \$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. However, homestead assistance must be deducted from elderly credit program. (27.5% of rent equals tax equivalent) | State-funded credit against taxes at the local level; renters receive reimbursement from state | \$251.14 [\$10,737] |

Table 39 (cont.)
State Property Tax Relief Circuit Breaker Programs
 (Generally, Laws in Effect for 1992)

| State ¹ | Date of Adoption | Beneficiaries (number of beneficiaries) | Income Ceiling | Description of Program | Form of Relief | Average Benefit [total in 000s] |
|-----------------------|--|---|--|--|--|---|
| Kansas 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 of less than \$5. | Relief is dependent on income level with various percent- ages 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 | \$196.00 [\$8,700] |
| Maine* FY 1992 | 1971 Revised: 1973, 1974, 1977, 1981, 1985, 1987 1989, 1991 | Homeowners and renters 62 and over, disabled surviving spouse 55 and over (20,289) Other homeowners and renters (38,782) | \$8,400/single \$10,500/married (gift and life insurance proceeds of \$5,000 or less, food stamps, fuel assistance, exempt) \$62,800 other | <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 \$3,000. (15% of rent equals tax equivalent) | State rebate | <i>Elderly</i> \$369.37 [\$7,494] <i>General</i> \$352.83 [\$13,683] |
| Maryland* FY 1991 | 1975 Revised: 1977, 1981, 1983, 1985, 1986, 1989 | All homeowners (76,670) Renters age 60 and over or disabled (12,226) | 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 per- centage of income as homeowners relief. | <i>Homeowners:</i> Credit against property tax bill <i>Renters:</i> direct payment | <i>Homeowners</i> \$593.45 [\$45,000] <i>Renters</i> \$278 [\$3,397] |
| Michigan 1990 | 1973 Revised: 1975, 1982 | All homeowners and renters (1,535,800) | \$82,650 | Credit equals 60% of property taxes in excess of 3.5% of income (100% of a lower percentage of income for elder- ly). Maximum relief is \$1,200. | State income tax credit or rebate | \$503.68 [\$773,555] |
| Minnesota* FY 1991 | 1967 Revised Periodically: 1973-90 | All homeowners and renters (460,000) | \$60,000 homeowners \$35,000 renters | Tax exceeding various percentages of income is refunded up to a \$1,000 maximum for renters and \$400 maximum for homeowners. Seniors and filers with dependents are allowed a deduction from income in computing the refund. | State refund | \$290.00 [\$133,500] |
| Missouri* 1992 | 1973 Revised: 1975, 1977, 1979, 1983, 1985, 1988 | Homeowners and renters 65 and over (68,600) | \$15,000 | For incomes not over \$5,000 the credit is equal to actual property tax or rent equivalent paid up to \$750. The \$5,000 minimum base will be increased by the same percentage increase in the general price level as measured by the CPI. | State income tax credit or rebate | \$262.00 [\$17,973] |
| Montana 1990 | 1981 Revised: 1983, 1987, 1989 | Homeowners and renters 62 and over (17,289) | None | Credit is based on a percentage ranging from 0.006-0.05 mul- tiplied by household income and then subtracted from prop- erty 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 in- come. Maximum credit is \$400. (15% of rent equals tax equivalent) | Income tax credit | \$236.56 [\$4,090] |

Table 39 (cont.)
State Property Tax Relief Circuit Breaker Programs
 (Generally, Laws in Effect for 1992)

| State ¹ | Date of Adoption | Beneficiaries (number of beneficiaries) | Income Ceiling | Description of Program | Form of Relief | Average Benefit (total in 000s) |
|-----------------------------|---|--|---|--|--|--|
| Nevada* 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. (8.5% of rent equals tax equivalent) | State rebate | \$210.00 [\$2,636] |
| New Jersey* 1990 | 1990 | Homeowners and renters (n.a.) | \$100,000 | 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. (18% of rent equals tax equivalent) | State rebate of local property taxes paid | n.a. n.a. |
| New Mexico 1991 | 1977 Revised: 1981, 1988 | Homeowners and renters 65 and over (27,535) | \$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 | \$141.74 [\$3,903] |
| New York* 1989 | 1978 Revised: 1981, 1982, 1985 | All homeowners and renters (543,673) | \$18,000 | Relief is equal to 50% of the difference between real property tax and a certain percentage of income. The percentage of income ranges from 3.5% for taxpayers 65 and over with \$3,000 or less to 6.5% for taxpayers (all ages) with income over \$14,000 but not over \$18,000. The maximum credit ranges from \$375 for taxpayers 65 and over with income of \$1,000 or less to \$41 for taxpayers under 65 with income over \$17,000 but not over \$18,000. (25% of rent equals tax equivalent) | State income tax credit or rebate | \$93.00 [\$50,800] |
| North Dakota* FY 1992 | 1969 Revised: 1973, 1975, 1977, 1979, 1981, 1983, 1985, 1989, 1991 | Homeowners age 65 and over or disabled (7,029) | \$13,000 | <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. Relief ranges 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> \$317.25 [\$2,230] |
| | | Renters 65 and over or disabled (1,582) | \$13,000 | <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> \$95.83 [\$151] |

Table 39 (cont.)
State Property Tax Relief Circuit Breaker Programs
 (Generally, Laws in Effect for 1992)

| State ¹ | Date of Adoption | Beneficiaries (number of beneficiaries) | Income Ceiling | Description of Program | Form of Relief | Average Benefit [total in 000s] |
|-----------------------------|--|---|--|---|---|--|
| Ohio* 1991 | 1971 Revised: 1972, 1973, 1975, 1977, 1979, 1988, 1991 | Homeowners 65 and over or disabled, widows and widowers (281,645) | \$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 | \$199.17 [56,094] |
| Oklahoma 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, home- owners with household incomes of \$10,000 or less receive a double homestead exemption (\$2,000). | State income tax credit or rebate | \$117.45 [398] |
| Oregon* 1990 | 1971 Revised: 1973, 1977, 1979, 1985, 1986, 1991 | Renters age 58 and over (11,372) | \$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 house hold income. Renters age 58 and over with household income \$10,000 or less are eligible. | State rebate | \$560.00 [6,365] |
| Pennsylvania 1991 | 1971 Revised: 1973, 1979, 1981, 1985, 1991 | Homeowners and renters 65 and over or disabled 18 and over, widows and widowers 50 and over (422,355) 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 | Homeowners and Renters \$257.32/ household [108,681] |
| Rhode Island 1991 | 1977 Revised: 1988 | Homeowners and renters, 65 and over, or disabled (3,836) | \$12,500 | The credit equals the amount by which property taxes paid exceed various percentages of household income. A table is provided based on income and household size. The credit ranges from taxes paid in excess of 3% of household income for taxpayers with income of less than \$4,000 to taxes paid in excess of 6% of household income for two or more person households with income between \$11,001 and \$12,500. The maximum credit or rebate is \$200. (20% of rent equals tax equivalent.) | State income tax credit or direct rebate | \$170.28 [653] |
| South Dakota* FY 1991 | 1976 Revised: 1978, 1982, 1988 | Homeowners and renters 65 and over, disabled homeowners and renters (7,007) (425 received property tax refund; 6,532 a sales tax refund) | \$9,000 (single-member household) \$12,000 (multimember household) | Refund is based on a percentage of real estate tax accord- ing to income. For single-member households the per- centage refunded ranges from 35% of tax if household in- come 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 | \$145.58 [1,000] |

Table 39 (cont.)
State Property Tax Relief Circuit Breaker Programs
 (Generally, Laws in Effect for 1992)

| State ¹ | Date of Adoption | Beneficiaries (number of beneficiaries) | Income Ceiling | Description of Program | Form of Relief | Average Benefit (total in 000s) |
|-----------------------|---|---|--|--|---|------------------------------------|
| Tennessee* 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] |
| Utah* 1991 | 1977 Revised; 1987, 1988, 1989, 1991 | Homeowners and renters 65 and over, widowed persons (n.a.) | \$17,325 | Homeowner rebates range from \$450 for incomes under \$5,875 to \$50 for incomes between \$15,601 to \$17,325. 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. |
| Vermont 1992 | 1969 Revised: 1971, 1973, 1983, 1985, 1991 | All homeowners and renters (full-year residents) (42,461) | \$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. (24% of rent equals tax equivalent) | State rebate (or income tax credit for elderly) | \$518.33 [\$22,010] |
| Washington* | See notes | | | | | |
| West Virginia 1991 | 1972 | Homeowners and renters age 65 and over (26) | \$5,000 | Relief ranges from 30-75% of taxes exceeding a given percentage of income. These percentages range from 0.5% to 4.5%, with graduated income brackets ranging from \$0-\$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 1992 | 1964 Revised: 1971, 1973, 1977, 1979, 1981, 1983, 1984, 1986, 1989 | All homeowners and renters (248,249) | \$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 | \$425.00 [\$105,505] |
| 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 | \$521.00 n.a. |

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

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

Table 39 (cont.)
State Property Tax Relief Circuit Breaker Programs
 (Generally, Laws in Effect for 1992)

***State Notes**

| | | | |
|--------------------|--|---------------------|--|
| Arizona | The renters' credit is phased out for 1992. | New York | The low-income renters' credit does not apply to renters in public subsidized housing. |
| Colorado | 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. | North Dakota | State has separate program that lowers the taxable value for low-income elderly homeowners by as much as \$2,000. In determining a person's income for eligibility, the amount of medical expenses incurred and not compensated shall be deducted. |
| Connecticut | Numerical data (e.g., number of beneficiaries) refers to FY 1991; however, the description of the program and income ceilings refer to current law. 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. | Ohio | Numerical data (e.g., number of beneficiaries) refers to 1989; however, the description of the program and income ceilings refer to current law. |
| Hawaii | The low-income renters' credit does not apply to renters in public subsidized housing. The description of the program and income ceiling refer to current law. | Oregon | Low-income senior citizens (age 58 and over with income under \$10,000) are provided optional rental and utility assistance. Homeowners and Renters Relief Program (HARRP) was discontinued for tax year 1991. It was replaced with the Elderly Rental Assistance (ERA) program. |
| Illinois | 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. | Pennsylvania | As a result of legislation enacted in August 1991, the "inflation dividend" was eliminated beginning with claim year 1990. |
| Indiana | The state also offers a program for all renters, which provides for a maximum \$1,500 deduction on state income taxes. | South Dakota | 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. Applicants may receive either a property or a sales tax refund. The Department of Revenue processes the claims for both programs and refunds whichever is to the applicant's advantage. |
| Maine | If an elderly person qualifies for a larger refund under the general program, the larger amount is refunded. | Tennessee | Certain individuals receive relief from two sources, producing 90,210 claims. |
| Minnesota | A separate credit is allowed to homeowners with a tax increase of more than 10% over the previous year. For taxes payable in 1993, the credit is 75% of the first \$300 increase over 10% plus 90% of the increase over \$275. The minimum increase is \$80. Maximum refund in 1993 is \$1,500. | Utah | Starting 1/1/90, the household income and credit shall be adjusted for COLA. Cost and benefit figures are for 1992. Other county-financed programs exist for veterans, blind, and indigent persons. |
| Missouri | In 1993, disabled veterans will be added to the program. | Washington | 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 also are exempted for households with less than \$26,000 income. |
| Nevada | Claimants may not own Nevada realty, other than their own home, assessed at over \$30,000. Claimants must be residents of the state when application is filed. Homeowners must own their home and maintain it as their primary residence for at least six months preceding the filing of their claim. Renters must rent and maintain their primary residence in Nevada for at least six months of the preceding calendar year. | Wisconsin | Numerical data (e.g., number of beneficiaries, average benefit) refer to FY 1992. However, the description of the program and income ceilings refer to claims for 1990 and after, that are filed in 1991 and thereafter. |
| New Jersey | The Homestead Property Tax Rebate Program replaces former property tax relief programs. | | |

Source: ACIR staff compilation based on information from state departments of revenue (Fall 1992), and Commerce Clearing House, *State Tax Guide* (Chicago, 1992). See also Table 40.

Table 40
State Property Tax Homestead Exemptions and Credits
 (Generally, Laws in Effect for 1994)

| State | Eligible Homesteaders | Maximum Value of Exemption |
|-----------------------|--|---|
| Alabama* | All Elderly, blind, and disabled with AGI under \$12,000 Elderly with AGI under \$7,500 | \$4,000 AV on state taxes, \$2,000 AV on county taxes Total exemption from state taxes, \$5,000 AV on county and school district taxes Total exemption of homestead on all taxes |
| Alaska* | Homeowners 65 and over, widows or widowers 60 and over or disabled veterans Renters with identical characteristics as homeowners | \$150,000 AV See note |
| Arizona* | Widows, widowers, disabled, honorably discharged veterans | \$2,340 |
| Arkansas* | Disabled veterans, unremarried surviving spouses, and minor dependent children | Entire homestead up to 80 rural acres and 1/4 acre in city |
| California* | All Disabled veterans and dependents Veterans, or unremarried spouses | \$7,000 of full cash value if owner-occupied principal residence \$100,000 AV \$40,000 AV |
| Colorado | Elderly, disabled with income of \$7,500 or less | Grant based on payment of taxes |
| Connecticut* | Disabled Veterans Disabled veterans and dependents | \$1,000 AV \$1,000 AV \$1,500-\$30,000 depending on disability |
| Delaware | Elderly or totally disabled homeowners with annual income of \$3,000 or less | \$5,000 AV from state or county taxes |
| District of Columbia* | All owner-occupants with not more than 5 dwelling units | \$30,000 AV |
| Florida* | All | \$25,000 AV Up to value of \$500; total exemption for some disabled |
| Georgia* | All Elderly 62 and over with income less than \$10,000 Disabled veterans and dependents | \$2,000 AV \$4,000 AV, \$1,000 AV on local education assessment \$32,500 AV |
| Hawaii* | All Elderly Blind, disabled, and Hansen's disease sufferers Disabled veterans and dependents | \$20,000 AV on owner-occupied principal home \$40,000-\$50,00 AV depending on age \$25,000 AV to full exemption depending on county Total exemption if owner-occupied |
| Idaho* | All owner-occupied structures | \$50,000 AV or 50% AV, whichever is less, for homestead improvement |
| Illinois | All owner-occupied residences Elderly owner-occupants Disabled veterans with specially adapted housing Total | \$3,500 AV (\$4,500 AV in Cook County) \$2,000 AV \$50,000 AV \$30,000 AV Homestead improvement—up to \$30,000 increase in AV caused by new improvement for 4-year period |
| Indiana* | All (principal residence and 1 acre surrounding) Mortgage or contract buyers Elderly with AGI less than \$15,000 and real property AV less than \$19,000 Blind or disabled with taxable gross income less than \$13,000 Veterans WWI veterans real property AV \$24,000 | 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 \$1,000 AV \$2,000 AV \$2,000-4,000 AV |
| Iowa | All Disabled veterans with income less than \$25,000 | \$4,850 of actual value; minimum credit of \$62.50 Full exemption |
| Kentucky* | Elderly and disabled | \$6,500 |
| Louisiana* | All homesteads not exceeding 160 acres | \$7,500 AV |

Table 40 (cont.)
State Property Tax Homestead Exemptions and Credits
 (Generally, Laws in Effect for 1994)

| State | Eligible Homesteaders | Maximum Value of Exemption |
|-----------------------|---|---|
| Maine | Estates of veterans age 62 or 100% disabled and their dependents Blind | WWI veterans \$7,000 AV, paraplegics \$47,500 AV, other veterans \$5,000 AV \$4,000 AV |
| Maryland | Blind 100% permanently disabled veterans | \$6,000 AV Total exemption |
| Massachusetts* | All 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 Certain veterans, disabled veterans, and dependents Blind Surviving spouses and minors of a police officer or fire fighter killed in the line of duty Elderly with low income or low total estate Paraplegics Hardship | With city or town approval, 20% of average AV deducted on principal residence \$2,000 in value or \$175 in taxes, whichever is greater \$2,000-10,000 or \$175-875 in taxes, whichever is greater (depending on disability); paraplegic veterans or surviving spouses receive a total exemption \$6,000 in value or \$525 (\$500 if locally approved) in taxes, whichever is greater Total exemption Maximum \$500 Full Based on assessor's judgment |
| Michigan | Disabled veterans with specially adapted housing | Total exemption |
| Minnesota* | All | Homestead aid to local governments |
| Mississippi | All Disabled and elderly homeowners | \$5,850 AV — Exemption based on sliding scale amount equal to approximately 40 mills times total AV not to exceed \$240 \$6,000 AV |
| Montana* | Low-income persons with AGI of not more than \$12,974 single or \$15,569 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 |
| Nebraska* | Elderly homeowners Disabled Veteran disabled by a nonservice connected accident or illness Totally disabled veteran and unremarried surviving spouse | 100% of actual value up to \$35,000 for household incomes of \$10,400 or less Same as above Same as above 100% of actual value up to \$35,000 for household incomes of \$15,000 or less |
| Nevada | Widows, orphans, veterans Blind Disabled veterans | \$1,000 AV \$3,000 AV \$10,000 AV |
| New Hampshire* | 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 |
| New Jersey* | Elderly, disabled, and surviving spouse Veterans 100% permanently disabled veteran | \$250 property tax deduction or rebate \$50 property tax deduction or rebate Total exemption |
| New Mexico* | All heads of household Veterans and unremarried surviving spouse | \$2,000 AV \$2,000 AV |
| New York* | Elderly, veterans, disabled veterans | No general statewide homestead exemption. However, local taxing bodies are authorized to enact certain exemptions. |

Table 40 (cont.)
State Property Tax Homestead Exemptions and Credits
 (Generally, Laws in Effect for 1994)

| State | Eligible Homesteaders | Maximum Value of Exemption |
|-----------------|--|--|
| North Carolina* | Elderly and/or disabled owner-occupants with disposable income not exceeding \$11,000 | \$15,000 AV |
| | Disabled veterans and dependents | \$38,000 AV |
| North Dakota* | Elderly, disabled, disabled veterans with annual income of \$15,000 or less | 20%-100% reduction in taxable value based on income |
| Ohio | Elderly, disabled with AGI of \$5,200 or less | \$1,000-\$5,000 of taxable income |
| Oklahoma | All | \$1,000 AV |
| | Heads of household with gross income \$10,000 or less | Additional \$1,000 AV |
| Oregon* | Disabled veterans or widows of veterans | \$7,500 AV |
| | Service-connected disabled veterans or widows | \$10,000 AV |
| Pennsylvania* | Paraplegic, blind, amputee, disabled veterans, or unremarried spouse | Total exemption |
| Rhode Island* | Blind | \$6,000 AV |
| | Veterans | \$1,000-\$2,000 AV |
| | Totally disabled veterans | \$10,000 AV |
| | Prisoner of war | \$15,000 AV |
| | Gold Star Parents | \$3,000 AV |
| South Carolina | Elderly, blind, and disabled | \$20,000 fair market value |
| | Paraplegics, disabled veterans, or unremarried spouse | Total exemption of dwelling house and lot (not to exceed 1 acre) |
| South Dakota | Disabled veterans with specially adapted housing | Total exemption |
| Texas* | 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 by any local taxing unit. |
| Utah | Disabled veterans, blind or their 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 |
| Vermont* | 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 | Towns may increase amount of exemption to \$20,000 under local option |
| | Veterans receiving war-time dependent and indemnity compensation, wartime death compensation or a pension for disability | |
| Virginia* | 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 |
| Washington | 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—1st \$34,000 AV or 50% of total AV is exempt, whichever is more Income \$15,001-18,000—1st \$30,000 AV or 30% of total AV up to maximum of \$50,000 is exempt |
| West Virginia | Elderly and disabled owner-occupants | First \$20,000 AV |
| Wisconsin* | All homeowners | School tax rate times the 1st \$9,150 of value of owner-occupied residential property |
| Wyoming* | 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% |

Table 40 (cont.)
State Property Tax Homestead Exemptions and Credits
 (Generally, Laws in Effect for 1994)

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

AV—assessed value

AGI—adjusted gross income

Disabled—permanently and totally disabled unless otherwise noted

Elderly—65 and over unless otherwise noted

n.a.—not available

***State Notes**

| Alabama | Exemptions allowed only on homesteads 160 acres or less. 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. Effective 7/29/91, 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. | Hawaii | plies only to taxes on \$50,000 AV or less. Individual may have no more than \$15,000 in gross household income and total deferred taxes and interest, plus any other liens, may not exceed 85% of homestead's value. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------------|---|---|---|----------------|-----------------------|-------------|-------------|----|-----------------|-----------------|-----|-----------------|-----------------|-----|-----------------|-----------------|-----|-----------------|-----------------|-----|-----------------|-----------------|-----|-----------------|------------------|-----|------------------|-------------------|-----|-------------------|-------------------|-----|-------------------|-------------------|-----|--|
| Alaska | Exemption of up to \$150,000 AV for elderly homeowners or disabled veterans or widows or widowers. 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 of 1% per mill). | Idaho | Each county is authorized to enact its own homestead exemption. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Arizona | 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). | Indiana | All owner-occupied principal residents qualify. 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. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Arkansas | 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. | Kentucky | Amount is adjusted every two years for inflation. State law allows local taxing units to raise property tax rates to make up for lost revenue. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| California | 1992 estimated figures. | Louisiana | Homestead exemption does not apply to municipal taxes, except in Orleans Parish, or to municipal taxes levied for school purposes. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Connecticut | Municipalities may also allow veterans an additional exemption if income meets prescribed limits. A tax freeze statute remains applicable only to relationships based on 1979 assessments. | Massachusetts | The value of each exemption (except hardship) is set by state statute. With the exception of hardship cases (aged, infirm, and poverty stricken), persons are generally not eligible for multiple exemptions. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| District of Columbia | 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. Also, a Lower Income Property Tax Abatement Act exempts from property tax a homeowner whose income does not exceed 120% of the guidelines established by the federal government. Homeowner must occupy the property, must own it in fee simple or have at least a 5% qualified ownership interest with option to purchase and right to occupy. Property must have been purchased after 10/8/83. | Minnesota | The new "homestead and agricultural credit aid" paid to local governments replaces the former homestead credit and agricultural credits. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Florida | 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. | Montana | Low-income individuals receive a percentage reduction for real property taxes. The first \$80,000 or less of the market value of real property is taxed at 3.86% multiplied by a percentage figure based on income (income boundaries in the table are adjusted annually for inflation) as follows: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Georgia | 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 ap- | <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; padding-right: 20px;">Income Single</th> <th style="text-align: left; padding-right: 20px;">Income Married</th> <th style="text-align: left;">Percentage Multiplier</th> </tr> </thead> <tbody> <tr><td>\$0-\$1,297</td><td>\$0-\$1,557</td><td>0%</td></tr> <tr><td>\$1,298-\$2,595</td><td>\$1,558-\$3,114</td><td>10%</td></tr> <tr><td>\$2,596-\$3,892</td><td>\$3,115-\$4,671</td><td>20%</td></tr> <tr><td>\$3,893-\$5,190</td><td>\$4,672-\$6,227</td><td>30%</td></tr> <tr><td>\$5,191-\$6,487</td><td>\$6,228-\$7,784</td><td>40%</td></tr> <tr><td>\$6,488-\$7,784</td><td>\$7,785-\$9,341</td><td>50%</td></tr> <tr><td>\$7,785-\$9,082</td><td>\$9,342-\$10,898</td><td>60%</td></tr> <tr><td>\$9,083-\$10,379</td><td>\$10,899-\$12,455</td><td>70%</td></tr> <tr><td>\$10,380-\$11,676</td><td>\$12,456-\$14,012</td><td>80%</td></tr> <tr><td>\$11,678-\$12,974</td><td>\$14,013-\$15,569</td><td>90%</td></tr> </tbody> </table> | Income Single | Income Married | Percentage Multiplier | \$0-\$1,297 | \$0-\$1,557 | 0% | \$1,298-\$2,595 | \$1,558-\$3,114 | 10% | \$2,596-\$3,892 | \$3,115-\$4,671 | 20% | \$3,893-\$5,190 | \$4,672-\$6,227 | 30% | \$5,191-\$6,487 | \$6,228-\$7,784 | 40% | \$6,488-\$7,784 | \$7,785-\$9,341 | 50% | \$7,785-\$9,082 | \$9,342-\$10,898 | 60% | \$9,083-\$10,379 | \$10,899-\$12,455 | 70% | \$10,380-\$11,676 | \$12,456-\$14,012 | 80% | \$11,678-\$12,974 | \$14,013-\$15,569 | 90% | A second form of property relief is available to disabled veterans and their families. If deceased, the veteran must have been killed in active duty or died as a result of service disability. If living, the veteran must be rated 100% disabled and have an adjusted gross income of not more than \$15,000 for a single person or \$18,000 for a married couple. Real property in this case is exempt from taxation (0% tax rate). |
| Income Single | Income Married | Percentage Multiplier | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$0-\$1,297 | \$0-\$1,557 | 0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$1,298-\$2,595 | \$1,558-\$3,114 | 10% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$2,596-\$3,892 | \$3,115-\$4,671 | 20% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$3,893-\$5,190 | \$4,672-\$6,227 | 30% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$5,191-\$6,487 | \$6,228-\$7,784 | 40% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$6,488-\$7,784 | \$7,785-\$9,341 | 50% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$7,785-\$9,082 | \$9,342-\$10,898 | 60% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$9,083-\$10,379 | \$10,899-\$12,455 | 70% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$10,380-\$11,676 | \$12,456-\$14,012 | 80% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$11,678-\$12,974 | \$14,013-\$15,569 | 90% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Table 40 (cont.)
State Property Tax Homestead Exemptions and Credits
 (Generally, Laws in Effect for 1994)

***State Notes (cont.)**

Nebraska 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.

New Hampshire Municipalities may adopt elderly homestead exemptions for 5 years or more as follows:

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

* Any town or city may adopt optional adjusted elderly exemptions by vote. Plan I exemptions are the minimum amounts.

Credits against property tax for veterans and unremarried surviving spouses range from \$50-\$1,400.

New Jersey Elderly, disabled, and surviving spouses with income less than \$10,000 also receive \$250 deduction from all real property taxes. Veterans, spouses of veterans, and spouses of servicemen receive \$50 deduction on real or personal property. Both of these programs are funded by the state at a total cost of \$59,583,109.

New Mexico Maximum value of exemption in 1990 was \$400; in 1991 \$1,400; and thereafter, \$2,000.

New York Municipalities may grant exemptions to elderly with income less than \$16,500 up to 50% of AV on residential realty. Local government may increase the maximum annual income eligibility ceiling by up to an additional \$4,800; however, each progressive \$600 of income must be matched by a 5% decrease in the percentage of assessed property value exempted. Veterans may exempt the lesser of 15% of AV or \$12,000, if they served during wartime. In addition, those serving in combat zones may exempt the lesser of 10% or \$8,000, and disabled veterans

may exempt the lesser of 50% or \$40,000. The nondisabled exemption applies for only 10 years.

North Carolina \$38,000 exemption for residences of disabled veterans is a separate statutory provision. The state does not reimburse local governments for any portion of loss from this exemption.

North Dakota Disabled in wheelchair, blind owner-occupants, and owner-occupant disabled veterans with 50% disability or more and income \$15,000 or less: \$5,000 taxable value. Owner-occupant paraplegics with income \$13,000 or less or those awarded specially adapted housing: \$10,000 taxable value.

Oregon Total revenue loss based on average statewide tax rate.

Pennsylvania Information not maintained at state level; each county assessment office keeps information on the amount of property qualifying for the disabled veterans exemption.

Rhode Island Homestead exemption is financed and administered entirely at the local level. Programs vary widely between and among Rhode Island's 39 cities and towns.

Texas All homesteaders also receive a \$3,000 exemption from market value for county farm-to-market roads/flood control tax purposes and \$5,000 for school district purposes. Disabled veterans are allowed exemptions of from \$1,500-3,000 in market value which may be applied to the homestead. School districts must freeze taxes on residential homesteads of those 65 and over.

Vermont Towns may increase amount of exemption to \$20,000, effective 7/1/91.

Virginia 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.

Wisconsin The state provides a tax credit equal to the school tax on the first \$9,150 of the estimated fair market value.

Wyoming Homestead exemption remains in Wyoming state law, but clause restricts funding to years when revenue is available.

Source: ACIR staff compilation based on information from state departments of revenue (Fall 1993) and Commerce Clearing House, *State Tax Guide* (Chicago, 1994). See also Table 39.

Table 41
State Transfer and Real Estate Taxes, November 1993

| State | Basis of Tax | | | | State | Basis of Tax | | | |
|--------------------------|-------------------|--------------------------------------|-------------------|--------------|---------------------------|-------------------|--------------------------------------|-------------------|--------------|
| | Total Sales Price | Exclusive of Mortgage or Other Liens | Deed Transfer Tax | Mortgage Tax | | Total Sales Price | Exclusive of Mortgage or Other Liens | Deed Transfer Tax | Mortgage Tax |
| Alabama* | Yes | | 0.10% | 0.15% | Minnesota | | | 0.33 | 0.23 |
| Arizona ⁺ | | flat fee | \$2.00 | | Nebraska | Yes | | 0.175 | |
| Arkansas | Yes ² | | 0.22 | | Nevada + * | | Yes ² | 0.13 | |
| California* ³ | | Yes ² | | 0.11 | New Hampshire* | Yes | | 0.35 | |
| Colorado | Yes ⁴ | | 0.01 | | New Jersey* | Yes ² | | 0.35 | |
| Connecticut* | Yes | | 0.61 | | New York** | | Yes ⁴ | 0.40 | 1.00 |
| Delaware** | Yes ² | | 2.00 | | North Carolina | | Yes | 0.20 | |
| District of Columbia* | Yes | | 2.20 | | Ohio* ³ | | | 0.30 | |
| Florida** | Yes | | 0.70 | 0.35 | Oklahoma* | | Yes | 0.15 | 0.10 |
| Georgia** | | Yes ² | 0.10 | | Pennsylvania ⁺ | Yes | | 1.00 | |
| Hawaii | Yes ² | | 0.05 | | Rhode Island | Yes ² | | 0.28 | |
| Illinois* ⁺ | | Yes ² | 0.10 | | South Carolina** | | Yes ² | 0.26 | |
| Iowa | Yes ⁴ | | 0.16 | | South Dakota | Yes | | 0.10 | |
| Kansas* | | | | 0.26 | Tennessee* | | Yes | 0.37 | 0.115 |
| Kentucky | Yes | | 0.10 | | Vermont* | Yes | | 1.25 | |
| Maine | Yes | | 0.22 | | Virginia** | | Yes ² | 0.10 | 0.15 |
| Maryland** | Yes | | 0.50 | | Washington** | Yes | | 1.28 | |
| Massachusetts* | | Yes ² | 0.40 | | West Virginia** | Yes | | 0.22 | |
| Michigan* | Yes ² | | 0.11 | | Wisconsin | Yes ² | | 0.30 | |

⁺Local taxes are additional.

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

²Transfers under \$100 are exempt.

³Local taxes only.

⁴Transfers 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. | 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. |
| Alabama | Alabama does not have a stock transfer fee; however, there is a recordation tax and a privilege or license tax on the registration of securities. The rate of the tax is \$.25 per \$100 of par value or principal amount for the recording of the securities. This rate also applies to the filing and recording of lists of securities. | Delaware Counties are authorized to impose and collect a tax. First-time homebuyers are exempt from the county tax. |
| 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. | District of Columbia 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. |
| 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. Also, if land classified as farm or forest land is sold within ten years from acquisition or classification, whichever is earlier, it, too, is subject to the conveyance tax. The tax | Florida 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. |
| | | Georgia \$1 for the first \$1,000 and \$.10 for each additional \$100. |
| | | Illinois Counties are authorized to impose a real estate transfer tax at the rate of .75% of the full consideration. Chicago imposes a real estate transfer tax at the rate of 0.5% of the value. |

Table 41 (cont.)
State Transfer and Real Estate Taxes, November 1993

State Notes (cont.)

| | | | |
|----------------------|--|-----------------------|--|
| Kansas | Mortgage registration fee based on the principal debt or obligation secured by the mortgage and on which no prior registration fee has been paid. | | |
| Maryland | 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 5% of actual consideration paid (less full cash value of any improvements) when the land being transferred is a parcel of 20 acres or more; 4% when the land is a parcel of less than 20 acres and is assessed on the basis of its agricultural use or on the basis of unimproved land; and 3% when land being transferred is a parcel of less than 20 acres and is assessed as improved land or land with site improvements. The rate is reduced further by 25% for each consecutive full tax year in which real property taxes were paid on the basis of a nonagricultural use assessment. Counties also impose additional deed transfer taxes. | | |
| Massachusetts | 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.) In addition, a 14% surtax is imposed. | | |
| Michigan | The \$.55 per \$500 rate increases to \$.75 per \$500 for counties with a population of 2 million or more. | | |
| Nevada | 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. | | |
| New Hampshire | Minimum tax, \$14. | | |
| New Jersey | The rate is .35% on the first \$150,000; the rate on the excess over \$150,000 of the consideration is an additional \$.75/\$500. There is a reduction in the tax rate to \$.50/\$500 when the transfer involves the sale of low- or moderate-income housing. The sale of any one- or two-family residence owned and occupied by a senior citizen, blind, or disabled person who is the seller also qualifies for the reduction. | | |
| New York | New York City imposes a mortgage recording tax of 1%, in addition to the state tax, with respect to real property securing a principal debt or obligation of less than \$500,000. The tax on mortgages secured on one-, two-, or three-family houses, individual cooperative apartments, and individual residential condominium units, securing a principal debt or obligation of \$500,000 or more is \$1.125/\$100. The tax on mortgages secured on all other | | real property is 1.75%. The mortgage recording tax is a state tax that is administered by localities. New York City imposes a realty transfer tax on each deed when the consideration exceeds \$25,000. The tax is imposed at the following rates: 1% for a one-, two-, or three-family house, individual cooperative apartment, individual residential condominium unit, or individual dwelling unit in a four-unit dwelling, or where the consideration for the transfer is less than \$500,000, and 1.425% if the consideration is more than \$500,000. With respect to all other transfers, the rate is 1.425% if the consideration is under \$500,000 and 2.625% where the consideration is more than \$500,000. The real property gains tax is imposed at a rate of 10% on the gain from the transfer of real property if the consideration is \$1 million or more. 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. |
| | | Ohio | 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. |
| | | Oklahoma | The real estate mortgage tax rates, for each \$100 and remaining fraction thereof, increase with the time of the mortgage as follows: \$.10—5 years or more, \$.08—4 to 5 years, \$.06—3 to 4 years, \$.04—2 to 3 years, and \$.02—2 years or less. If mortgage is less than \$100, a tax of \$.10 is levied. County treasurers impose a \$5 fee on each mortgage presented for certification. |
| | | South Carolina | Counties may impose an additional \$1.10 per \$1,000 deed transfer tax. |
| | | Tennessee | Mortgage Tax—county registrar is entitled to a commission of 5% of tax collected. Not liable for the first \$2,000 of indebtedness. Real Estate Transfer Tax—county registrar is entitled to a commission of 5% of tax collected. Maximum tax \$100,000. |
| | | Vermont | (See next page.) |
| | | Virginia | The deed transfer tax is actually a two-part recordation tax: the grantor's tax of \$.50 per \$500 of the consideration less any amount of any lien or debt remaining, and the recordation tax of \$.15 per \$100, or fraction thereof, of consideration or actual value, which is imposed on the recordation of a deed, deed of trust, lease, or other contract. The recordation tax per \$100 value decreases as follows: 1st \$10 million, \$.15; 2nd \$10 million, \$.12; 3rd \$10 million, \$.09; 4th \$10 million, \$.06; and 5th \$10 million, \$.03. |

Table 41 (cont.)
State Transfer and Real Estate Taxes, November 1992

State Notes (cont.)

Vermont The capital gains tax on land is based on the gain and the years held. The rates are as follows:

| Land Held by Transferor | Gain as a Percentage of Basis | | |
|--------------------------------|---------------------------------------|----------------|-----------------------|
| | (rounded to the next highest percent) | | |
| | 0-99 | 100-199 | 200 & over |
| less than four months | 60 | 70.0 | 80 |
| four to eight months | 35 | 52.5 | 70 |
| one year | 30 | 45.0 | 60 |
| two years | 25 | 37.5 | 50 |
| three years | 20 | 30.0 | 40 |
| four years | 15 | 22.5 | 30 |
| five years | 10 | 15.0 | 20 |
| six years | 5 | 7.5 | 10 |

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.

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.

Washington There is an excise tax of 1.28% of the total selling price, to be paid by the seller. A local county and city tax not to exceed .25% of the selling price, excluding the value of any liens and encumbrances, also is paid by the seller. In lieu of

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

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

Table 42
State Death and Transfer Taxes: Number and Type, November 1993

| Type of Tax | Number | States |
|--------------------------------------|--------|--|
| "Pick-Up" Tax Only | 27 | Alabama, Alaska, Arizona, Arkansas, California, Colorado, District of Columbia, Florida, Georgia, Hawaii, Idaho, Maine, Minnesota, Missouri, Nevada, New Mexico, North Dakota, Oregon, Rhode Island, South Carolina, Texas, Utah, Vermont, Washington, West Virginia, Wisconsin, Wyoming |
| Estate and "Pick-Up" Tax | 6 | Massachusetts, Mississippi, New York, Ohio, Oklahoma, Virginia ¹ |
| Inheritance and "Pick-Up" Tax | 17 | Connecticut, Delaware, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan, ¹ Montana, Nebraska, New Hampshire, New Jersey, North Carolina, Pennsylvania, South Dakota, Tennessee |
| States with Added Gift Tax | 6 | Connecticut, Delaware, Louisiana, New York, North Carolina, Tennessee |

Notes

¹ Local estate taxes are additional. See also Tables 48-49.

General Description of Death, Gift, and Inheritance Taxes

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

Interaction of Federal and State Taxes

The federal tax code permits the decedent's estate to 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).

Seventeen states tax the amount of the bequest (i.e., 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). The state estate tax credit is found in Table 13.

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Reporter* (Chicago, 1993). See also Tables 43-44.

Table 43
State Estate Taxes: Rates and Exemptions, November 1993

| State | Taxable Estate | | Tax on Low Point of Range | Rate on Excess | Conditions |
|----------------------|----------------|--------------|---------------------------------|-------------------|--|
| | Over | But Not Over | | | |
| Massachusetts | | | | | |
| | \$0 | \$50,000 | \$0 | 5.0% | If estate: < or = \$200,000 there is no tax liability > \$200,000 there is a credit of either the lesser of: Massachu- setts estate tax liability or \$1,500 The tax imposed on estates of decedents who died before 1/1/97 is phased out through increases in the amount of the state's net estate that is exempt from estate tax in the following amounts: 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 | |
| Mississippi | | | | | |
| | 0 | 60,000 | 0 | 1.0 | Exemption: property up to the value of \$600,000.; charitable deduc- tions |
| | 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 | |
| New York | | | | | |
| | 0 | 50,000 | 0 | 2.0 | New York follows federal guidelines for deductions, including un- limited marital deductions as of 1/1/84 Unified credit: if tax < or = \$2,750, credit equals full amount of tax \$2,750 < tax < \$5,000, credit = an amount by which \$5,500 ex- ceeds the tax if tax = or > \$5,000, credit = \$500 The effect of the unified credit is to eliminate tax liability for estates with total taxable assets of \$108,333.33 or less. Charitable exemptions are allowed. Surviving spouse is exempt. |
| | 50,000 | 150,000 | 1,000 | 3.0 | |
| | 150,000 | 300,000 | 4,000 | 4.0 | |
| | 300,000 | 500,000 | 10,000 | 5.0 | |
| | 500,000 | 700,000 | 20,000 | 6.0 | |
| | 700,000 | 900,000 | 32,000 | 7.0 | |
| | 900,000 | 1,100,000 | 46,000 | 8.0 | |
| | 1,100,000 | 1,600,000 | 62,000 | 9.0 | |
| | 1,600,000 | 2,100,000 | 107,000 | 10.0 | |
| | 2,100,000 | 2,600,000 | 157,000 | 11.0 | |
| | 2,600,000 | 3,100,000 | 212,000 | 12.0 | |
| | 3,100,000 | 3,600,000 | 272,000 | 13.0 | |
| | 3,600,000 | 4,100,000 | 337,000 | 14.0 | |
| | 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 43 (cont.)
State Estate Taxes: Rates and Exemptions, November 1993

| State | Taxable Estate | | Tax Low Point of Range | Rate on Excess | Considerations | | |
|------------|---------------------|--------------|------------------------------|-------------------|---|------|--|
| | Over | But Not Over | | | | | |
| Ohio | \$0 | \$40,000 | \$0 | 2.0% | Tax credit of the lesser of \$500 or the amount of the tax, thus no tax liability for estates < \$25,000 Gross estate includes gifts made within three years of death. Marital deduction is the lesser of: (a) greater of 1/2 difference between value of gross estate and deductions or \$1,000,000 after 7/1/93 (\$500,000 prior); or (b) the federal marital deduction increased by the amount of any Ohio estate taxes by which the federal marital deduction is reduced and further increased by the value in excess of \$10,000 of any interest in property transferred within 3 years of death. After 7/1/93, spouse is exempt. 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 | | | |
| Oklahoma | | | A | B | A | B | Class A = parent, child (step, adopted), and other lineal descendants Class B = all others Property passing to spouse is exempt. A total exemption of \$175,000 may be divided among lineal heirs. Estate is exempt if it does not exceed \$100. Charitable exemptions are allowed. |
| | 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 | |
| | 40,000 | 60,000 | 450 | 900 | 2.0 | 4.0 | |
| | 60,000 | 100,000 | 850 | 1,700 | 2.5 | 5.0 | |
| | 100,000 | 250,000 | 1,850 | 3,700 | 3.0 | 6.0 | |
| | 250,000 | 500,000 | 6,350 | 12,700 | 6.5 | 13.0 | |
| | 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 | | |
| Virginia | Federal pick-up tax | | | | In addition to the estate tax, the probate of every will or grant of administration, not exempt by law, is subject to tax. This tax amounts to \$.10 on every \$100 of value or fraction thereof, except that estates of \$5,000 or less are not subject to the tax. The governing bodies of cities and counties may also impose a tax on the probate of wills or grants of administration in an amount equal to one-third the amount of the state tax levied on such probate or administration. | | |

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Reporter* (Chicago, 1993). See also Tables 41 and 44.

Table 44
State Inheritance Taxes: Rates and Exemptions, November 1993

| State | Value of Share before Exemption Applied | | Rates According to Class (percent) | | | | | Conditions |
|--------------------|---|--------------|------------------------------------|----|----|----|----|---|
| | Over | But Not Over | A | B | C | D | E | |
| Connecticut | | | | | | | | |
| | \$0 | \$1,000 | | | | | | |
| | 1,000 | 6,000 | | | 8 | | | Class A = (grand)parent, descendant (natural or adoptive) Class B = spouse or widow(er) of child who has not remarried, stepchild, sibling, descendant of sibling Class C = all others Exemptions: surviving spouse 100% Class A \$50,000 Class B \$6,000 Class C \$1,000 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. |
| | 6,000 | 25,000 | | 4 | 8 | | | |
| | 25,000 | 50,000 | | 5 | 9 | | | |
| | 50,000 | 150,000 | 3 | 5 | 9 | | | |
| | 150,000 | 250,000 | 4 | 6 | 10 | | | |
| | 250,000 | 400,000 | 5 | 7 | 11 | | | |
| | 400,000 | 600,000 | 6 | 8 | 12 | | | |
| | 600,000 | 1,000,000 | 7 | 9 | 13 | | | |
| | 1,000,000 | | 8 | 10 | 14 | | | |
| Delaware | | | | | | | | |
| | 1,000 | 3,000 | | | | 10 | | Class A = spouse Class B = lineal descendant; (grand)parents, (step) children; adoptive children; spouse or widow(er) of child Class C = any other relative within 5 degrees consanguinity Class D = all others Exemptions: Class A \$70,000 Class B \$25,000 Class C \$5,000 Class D \$1,000 Charitable exemptions are allowed. |
| | 3,000 | 10,000 | | | 5 | 10 | | |
| | 10,000 | 25,000 | | 1 | 5 | 10 | | |
| | 25,000 | 50,000 | | 2 | 6 | 12 | | |
| | 50,000 | 70,000 | | 3 | 7 | 14 | | |
| | 70,000 | 75,000 | 2 | 3 | 7 | 14 | | |
| | 75,000 | 100,000 | 2 | 4 | 7 | 14 | | |
| | 100,000 | 150,000 | 3 | 5 | 8 | 16 | | |
| | 150,000 | 200,000 | 3 | 5 | 9 | 16 | | |
| | 200,000 | | 4 | 6 | 10 | 16 | | |
| Indiana | | | | | | | | |
| | 0 | 25,000 | 1 | 7 | 10 | | | Class A = spouse; lineal ancestor or descendant Class B = siblings, their descendants, spouse or widow(er) of child Class C = all others Exemptions: transfers to spouse minor (under 21 years) \$10,000 child 21 and older \$5,000 parent \$5,000 other Class A \$2,000 Class B \$500 Class C \$100 Charitable exemptions are allowed. |
| | 25,000 | 50,000 | 2 | 7 | 10 | | | |
| | 50,000 | 100,000 | 3 | 7 | 10 | | | |
| | 100,000 | 200,000 | 3 | 10 | 15 | | | |
| | 200,000 | 300,000 | 4 | 10 | 15 | | | |
| | 300,000 | 500,000 | 5 | 10 | 15 | | | |
| | 500,000 | 700,000 | 6 | 12 | 15 | | | |
| | 700,000 | 1,000,000 | 7 | 12 | 15 | | | |
| | 1,000,000 | 1,500,000 | 8 | 15 | 20 | | | |
| | 1,500,000 | | 10 | 15 | 20 | | | |
| Iowa | | | | | | | | |
| | 0 | 5,000 | 1 | 5 | 10 | 10 | 15 | Class A = spouse, parent, child, lineal descendant Class B = sibling, spouse of child, step child Class C = all others Class D = certain institutions organized in other states for charitable, educational, or religious purposes, or resident trustees, for use outside the state. Charitable exemptions may apply if reciprocal exemptions exist. Class E = firms, corporations, or societies organized for profit. Estates that do not exceed \$10,000 after deducting debts are exempt. 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 US, within Class A are taxable at 10% |
| | 5,000 | 12,500 | 2 | 5 | 10 | 10 | 15 | |
| | 12,500 | 25,000 | 3 | 6 | 10 | 10 | 15 | |
| | 25,000 | 50,000 | 4 | 7 | 10 | 10 | 15 | |
| | 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 | |
| | 150,000 | | 8 | 10 | 15 | 10 | 15 | |

Table 44 (cont.)
State Inheritance Taxes: Rates and Exemptions, November 1993

| State | Value of Share before Exemption Applied | | Rates According to Class (in percent) | | | | | Conditions |
|------------------|---|--------------|---------------------------------------|------|----|---|---|---|
| | Over | But Not Over | A | B | C | D | E | |
| Kansas | | | | | | | | |
| | 0 | 25,000 | 1 | 3 | 10 | | | Class A = lineal ancestor, descendant, step parent or child, adopted child, spouse of child Class B = siblings Class C = all others Deductions: Class A \$30,000 Class B \$5,000 (if share of estate after deductions is less than \$200, no tax is due) Surviving spouse is exempt. |
| | 25,000 | 50,000 | 2 | 5 | 10 | | | |
| | 50,000 | 100,000 | 3 | 7.5 | 10 | | | |
| | 100,000 | 200,000 | 4 | 10 | 12 | | | |
| | 200,000 | 500,000 | 4 | 10 | 15 | | | |
| | 500,000 | | 5 | 12.5 | 15 | | | |
| Kentucky | | | | | | | | |
| | 0 | 10,000 | 2 | 4 | 6 | | | Class A = parent, spouse, (grand)child, child adopted during infancy Class B = sibling and half-blood siblings, their 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 \$5,000 grandchild \$5,000 Class B \$1,000 Class C \$500 Charitable exemptions are allowed. |
| | 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 | 10 | 16 | 16 | | | |
| | 500,000 | | 10 | 16 | 16 | | | |
| Louisiana | | | | | | | | |
| | 0 | 5,000 | 2 | 5 | 5 | | | Class A = spouse, direct descendant and ascendant Class B = collateral relation (includes sibling by marriage and their descendants) Class C = all others Exemptions: Class A \$25,000 Class B \$1,000 Class C \$500 transfers to a surviving spouse, 100% Charitable exemptions are allowed. |
| | 5,000 | 20,000 | 2 | 5 | 10 | | | |
| | 20,000 | | 3 | 7 | 10 | | | |
| Maryland | | | | | | | | |
| | | | 1 | 10 | | | | 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 all exempt from tax Charitable exemptions are allowed. |
| Michigan | | | | | | | | |
| | 0 | 50,000 | 2 | 12 | | | | Class A = spouse, (step)child, adopted child, spouse or widow(er) of child, (grand)parent, sibling, lineal descendant, mutually acknowledged child Class B = all others Exemptions: spouse, \$65,000; if transfer qualifies for the marital deduction under the federal estate tax, the transfer is exempt from the top applicable bracket. The spouse gets another \$15,000 exemption taken from the lowest bracket and an additional \$5,000 for every minor to whom no property is transferred all others in Class A, \$15,000 No tax on beneficiaries if value of share is less than \$100. Counties collect an additional 0.5% of the tax paid. Charitable exemptions are allowed. |
| | 50,000 | 250,000 | 4 | 14 | | | | |
| | 250,000 | 500,000 | 7 | 14 | | | | |
| | 500,000 | 750,000 | 8 | 17 | | | | |
| | 750,000 | | 10 | 17 | | | | |

Table 44 (cont.)
State Inheritance Taxes: Rates and Exemptions, November 1991

| State | Value of Share before Exemption Applied | | Rates According to Class (in percent) | | | | | Conditions |
|-----------------------|---|--------------|---------------------------------------|----|----|----|---|---|
| | Over | But Not Over | A | B | C | D | E | |
| Montana | | | | | | | | |
| | 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 | | |
| Nebraska | | | | | | | | |
| | 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 | | | |
| New Hampshire | | | | | | | | 18% tax rate Exempt: spouse, lineal ascendants, lineal descendants, their spouses, legal guardians, step children, 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 allowed. Charitable exemptions are allowed. |
| New Jersey | | | | | | | | |
| | 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: Class A 100% Class B \$25,000 Charitable exemptions are allowed. If share is < \$500, there is no tax. Surviving spouse is exempt. |
| | 25,000 | 700,000 | 11 | 15 | | | | |
| | 700,000 | 1,100,000 | 11 | 16 | | | | |
| | 1,100,000 | 1,400,000 | 13 | 16 | | | | |
| | 1,400,000 | 1,700,000 | 14 | 16 | | | | |
| | 1,700,000 | | 16 | 16 | | | | |
| North Carolina | | | | | | | | |
| | 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. 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 | | | |

Table 44 (cont.)
State Inheritance Taxes: Rates and Exemptions, November 1993

| State | Value of Share before Exemption Applied | | Rates According to Class (in percent) | | | | | | Conditions | |
|---------------------|---|--------------|---------------------------------------|-----|----|------|----|-----|------------|--|
| | Over | But Not Over | A | B | C | D | E | F | | |
| Pennsylvania | 0 | | 6 | 15 | | | | | | <p>Class A = (grand)parent, spouse, lineal descendant, spouse or widow(er) of child Class B = all others Exemptions: \$2,000 family deduction Spouse is 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 1993, the exemption is applied as a credit against the tax in the amount of the lesser of 4% of the taxable value of the decedent's property transferred to or for the use of the transferee or 4% 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.</p> |
| South Dakota | 0 | 3,000 | | | 4 | 5 | 6 | 3 | | <p>Class A = lineal issue, adopted child, in loco parentis 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 decedent's 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 Class A \$30,000 Class B \$3,000 Class C \$500 Class D \$200 Class E \$100 Class F \$500 Charitable exemptions are allowed.</p> |
| | 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 | | |
| Tennessee | 0 | 40,000 | 5.5 | | | | | | | <p>Class A = everyone Marital deduction: 1/2 of the value Exemptions: \$600,000 Charitable exemptions are allowed.</p> |
| | 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 Reporter* (Chicago, 1993). See also Tables, 41-43.

Table 45
State Gift Tax Rates and Exemptions, November 1993

| State | Taxable Gift | | Rate According to Class (in percent) | | | Conditions |
|-----------------------|----------------------|--------------|--------------------------------------|------|----|--|
| | Over | But Not Over | A | B | C | |
| Connecticut | | | | | | |
| | 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 | | | |
| Delaware | | | | | | |
| | \$0 | \$25,000 | 1 | | | Gifts to spouse are exempt. |
| | 25,000 | 50,000 | 2 | | | |
| | 50,000 | 75,000 | 3 | | | |
| | 75,000 | 100,000 | 4 | | | |
| | 100,000 | 200,000 | 5 | | | |
| | 200,000 | | 6 | | | |
| Louisiana | | | | | | |
| | 0 | 15,000 | 2 | | | Gifts to spouse after 1991 are fully exempt. \$10,000 per donee per year is excluded from taxation. In addition, a \$30,000 lifetime exclusion is allowed for the donor. Gifts made by either spouse to a third party may be considered as being made one-half by each spouse. Charitable exemptions are allowed. |
| | 15,000 | | | | | |
| New York | | | | | | |
| | 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 = \$2,750, credit = full amount of tax 2) \$2,750 < tax < \$5,000, credit = \$5,500 - tax 3) > \$5,000, credit = \$500 Charitable exemptions are allowed. |
| North Carolina | | | A | B | C | |
| | 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 | |
| Tennessee | | | A | 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 | 12.0 | | |
| | 150,000 | 200,000 | 6.5 | 13.5 | | |
| | 200,000 | 240,000 | 6.5 | 16.0 | | |
| | 240,000 | 440,000 | 7.5 | 16.0 | | |
| | 440,000 | | 9.5 | 16.0 | | |

Source: ACIR staff compilation from Commerce Clearing House, *State Tax Guide* (Chicago, 1993). See also Tables 46-48.

Definitions

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

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

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

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 for the taxable year 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 ex-

tent of the foreign tax on alternative minimum taxable income from foreign sources.

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

Appraisal—An opinion, usually in writing and from a specialist, of the amount of money constituting the value of property (market, assessed, or other, depending on the purpose of the appraisal). The appraisal incorporates all factors and approaches held to be relevant in the circumstances, including what the property cost, what loss in value (depreciation) it has sustained, if any, what income it will earn, and what sales prices similar properties have commanded.

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

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, often called the 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 Tax Rate—Tax rate based on economic income or wealth rather than taxable income or wealth usually expressed as a percentage of tax base.

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.

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 (FMV)—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., automobiles that 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; workmen'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 in-

urance 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 definitions 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 non-business privileges).

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

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

Market Value—The most probable price in cash, terms equivalent to cash, or in other precisely related terms, for which the appraised property will sell in a competitive market under all conditions requisite to fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest and assuming that neither is under duress.

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

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

Motor Vehicle License Taxes—See *License Taxes*.

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

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

Net Operating Loss Carrybacks—Net operating losses applied to a taxable year earlier than the taxable year in which the loss arose. Generally, net operating losses are first carried back to the third year preceding the year of loss, and then to the second year preceding the year of loss, etc., until the loss is fully absorbed.

Net Operating Loss 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—That which belongs to the owner and is subject to specific rights of the owner of use, possession, and alienation. Property may be described as the sum of all legal interests in a parcel or thing. Property can be real or, in the case of personal property, tangible or intangible.

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. Individual categories follow:

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 fuel. Any amounts refunded are deducted from gross collections.

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

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

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

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

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

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

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

Tobacco Products Taxes—See *Excise Taxes*.

Unearned Income—Generally, income from investments.

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

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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The Commission is composed of 26 members—nine representing the federal government, 14 representing state and local government, and three representing the public. The President appoints 20—three private citizens and three federal executive officials directly, and four governors, three state legislators, four mayors, and three elected county officials from states nominated by the National Governors' Association, the National Conference of State Legislatures, the National League of Cities, U.S. Conference of Mayors, and the National Association of Counties. The three Senators are chosen by the President of the Senate and the three Representatives by the Speaker of the House of Representatives.

Each Commission member serves a two-year term and may be reappointed.

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