

# APPENDIX D

## National Comparison of Income Tax Levels

Rank (1 = lowest)	State	Effective Tax Rate (tax / income)	State Personal Income Tax Revenue	Federal Adjusted Gross Income	Rank (1 = lowest)	State	Effective Tax Rate (tax / income)	State Personal Income Tax Revenue	Federal Adjusted Gross Income
1	North Dakota	1.38%	\$367,635	\$26,572,742	21	Arkansas	3.78%	\$2,866,175	\$75,862,692
<b>2 (proposed)</b>	<b>Options 3a, 3b, 3c, 4</b>	<b>2.00 - 2.05%</b>	<b>\$503,144 - \$515,696*</b>	<b>\$25,179,637</b>	--	<b>AVERAGE***</b>	<b>3.84%</b>	<b>--</b>	<b>--</b>
2	Arizona	2.17%	\$4,545,242	\$209,780,514	22	Maryland	3.85%	\$9,507,776	\$246,675,300
<b>3 (proposed)</b>	<b>Option 2</b>	<b>2.20%</b>	<b>\$554,844</b>	<b>\$25,179,637</b>	23	Vermont	3.85%	\$819,330	\$21,254,854
3	New Mexico	2.40%	\$1,252,651	\$52,166,952	24	Nebraska	3.87%	\$2,360,596	\$61,049,230
4	Ohio	2.72%	\$8,698,901	\$361,377,315	25	Maine	3.91%	\$1,605,096	\$41,055,830
<b>5 (proposed)</b>	<b>Option 1</b>	<b>2.66%**</b>	<b>\$668,878</b>	<b>\$25,179,637</b>	26	Kentucky	3.92%	\$4,499,086	\$114,857,925
5	Louisiana	2.72%	\$3,246,226	\$119,373,498	27	Iowa	4.01%	\$3,897,236	\$97,186,729
6	Pennsylvania	2.84%	\$12,800,890	\$451,002,738	28	Utah	4.06%	\$3,991,400	\$98,402,344
7	Mississippi	2.93%	\$1,852,937	\$63,136,754	29	Montana	4.07%	\$1,300,809	\$31,940,321
8	Indiana	2.97%	\$5,816,072	\$195,795,513	30	North Carolina	4.10%	\$12,609,608	\$307,502,266
9	Illinois	3.13%	\$15,296,693	\$489,256,372	31	Wisconsin	4.14%	\$8,151,462	\$196,740,387
10	South Carolina	3.13%	\$4,432,104	\$141,620,803	32	Virginia	4.32%	\$14,105,766	\$326,638,328
11	Alabama	3.14%	\$3,912,800	\$124,429,467	33	West Virginia	4.63%	\$1,950,571	\$42,109,252
12	Michigan	3.22%	\$10,238,864	\$318,302,511	34	Massachusetts	4.71%	\$16,280,331	\$345,593,693
13	Colorado	3.30%	\$7,510,366	\$227,872,004	35	Delaware	5.00%	\$1,652,335	\$33,064,465
14	Oklahoma	3.41%	\$3,495,264	\$102,650,823	36	Hawaii	5.19%	\$2,430,032	\$46,863,938
15	Rhode Island	3.53%	\$1,329,152	\$37,610,719	37	Minnesota	5.46%	\$11,882,330	\$217,577,012
16	Missouri	3.56%	\$6,510,224	\$182,911,473	38	Connecticut	5.47%	\$9,733,258	\$177,928,854
17	Idaho	3.69%	\$1,835,864	\$49,730,325	39	California	5.87%	\$95,152,230	\$1,621,865,742
18	New Jersey	3.70%	\$15,037,845	\$406,699,975	40	New York	6.06%	\$52,738,515	\$870,829,634
19	Kansas	3.71%	\$3,413,677	\$91,936,385	41	Oregon	6.30%	\$8,879,552	\$140,947,148
20	Georgia	3.74%	\$11,643,781	\$311,164,987					

\* Revenue estimates for each of these options are as follows in 2018: \$503.144 million for Option 4; \$507.464 for Option 3a; \$514.274 million for Option 3c; and \$515.696 million for Option 3b.

\*\* This exceeds the statutory 2.5 percent tax rate on AGI because the numerator in this equation includes taxes paid by nonresidents whereas the denominator only includes residents' federal adjusted gross incomes (AGI). This is necessary to achieve a consistent comparison across states. Alaska residents' tax as a share of Alaska residents' state AGI would be equal to 2.5 percent.

\*\*\* This is an unweighted average for the 41 states with broad-based personal income taxes.

SOURCE: Analysis by the Institute on Taxation and Economic Policy (ITEP) of state income tax revenue data from the U.S. Census Bureau and federal adjusted gross income data from the IRS for 2018, as well as ITEP Microsimulation Tax Model analyses of the potential revenue yield of various Alaska personal income tax options.