

Appendix A | State Personal Income Tax Options to Advance Racial Equity

State	Option 1	Option 2		Option 3
	Higher Rates on Top Earners	Eliminate Broad Capital Gains Subsidy	Address Deferral and/or Stepped-Up Basis	Eliminate Pass-Through Business Tax Subsidy
Alabama	x		x	
Alaska	No income tax	No income tax	No income tax	No income tax
Arizona	x	x	x	x
Arkansas	x	x	x	
California	x		x	
Colorado	x		x	x
Connecticut	x		x	
Delaware	x		x	
District of Columbia	x		x	
Florida	No income tax	No income tax	No income tax	No income tax
Georgia	x		x	
Hawaii	x	x	x	
Idaho	x		x	x
Illinois	x		x	
Indiana	x		x	
Iowa	x		x	x
Kansas	x		x	
Kentucky	x		x	
Louisiana	x		x	
Maine	x		x	
Maryland	x		x	
Massachusetts	x		x	
Michigan	x		x	
Minnesota	x		x	
Mississippi	x		x	
Missouri	x		x	
Montana	x	x	x	
Nebraska	x		x	
Nevada	No income tax	No income tax	No income tax	No income tax
New Hampshire	No income tax	No income tax	No income tax	No income tax
New Jersey	x		x	
New Mexico	x	x	x	
New York	x		x	
North Carolina	x		x	
North Dakota	x	x	x	
Ohio	x		x	x
Oklahoma	x		x	
Oregon	x		x	x
Pennsylvania	x		x	
Rhode Island	x		x	
South Carolina	x	x	x	x
South Dakota	No income tax	No income tax	No income tax	No income tax
Tennessee	No income tax	No income tax	No income tax	No income tax
Texas	No income tax	No income tax	No income tax	No income tax
Utah	x		x	
Vermont	x	x	x	
Virginia	x		x	
Washington	No income tax	No income tax	No income tax	No income tax
West Virginia	x		x	
Wisconsin	x	x	x	
Wyoming	No income tax	No income tax	No income tax	No income tax

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State	Option 4			Option 5	
	Tax Social Security Income in Same Manner as Federal Government	Eliminate Social Security Income Exemptions Entirely for Top Earners	Eliminate Other Major Retirement Tax Subsidies*	Eliminate Itemized Deduction for Mortgage Interest	Eliminate Itemized Deduction for Real Property Taxes**
Alabama	x	x	x	x	x
Alaska	No income tax	No income tax	No income tax	No income tax	No income tax
Arizona	x	x		x	x
Arkansas	x	x		x	x
California	x	x		x	x
Colorado	x	x	x	x	x
Connecticut	x	x			
Delaware	x	x	x	x	x
District of Columbia	x	x		x	x
Florida	No income tax	No income tax	No income tax	No income tax	No income tax
Georgia	x	x	x	x	x
Hawaii	x	x	x	x	x
Idaho	x	x		x	x
Illinois	x	x	x		
Indiana	x	x			~
Iowa	x	x		x	x
Kansas	x	x	x	x	x
Kentucky	x	x	x	x	
Louisiana	x	x		x	x
Maine	x	x	x	x	x
Maryland	x	x	x	x	x
Massachusetts	x	x	x		
Michigan	x	x	x		
Minnesota	x	x		x	x
Mississippi	x	x	x	x	x
Missouri	x	x		x	x
Montana	x	x		x	x
Nebraska	x	x		x	x
Nevada	No income tax	No income tax	No income tax		
New Hampshire	No income tax	No income tax	No income tax		
New Jersey	x	x	x		~
New Mexico	x	x		x	x
New York	x	x	x	x	x
North Carolina	x	x		x	x
North Dakota	x	x		x	x
Ohio	x	x			
Oklahoma	x	x	x	x	x
Oregon	x	x		x	x
Pennsylvania	x	x	x		
Rhode Island	x	x	x		
South Carolina	x	x	x	x	x
South Dakota	No income tax	No income tax	No income tax	No income tax	No income tax
Tennessee	No income tax	No income tax	No income tax	No income tax	No income tax
Texas	No income tax	No income tax	No income tax	No income tax	No income tax
Utah		x		x	x
Vermont		x			
Virginia	x	x		x	x
Washington	No income tax	No income tax	No income tax	No income tax	No income tax
West Virginia	x	x			
Wisconsin	x	x		x	
Wyoming	No income tax	No income tax	No income tax	No income tax	No income tax

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State	Option 6	Option 7		Option 8	Option 9
	Enact or Strengthen Renter Tax Credits	Enact or Strengthen Child Tax Credits	Enact or Strengthen Dependent Care Tax Credits	Enact or Strengthen Earned Income Tax Credits (EITC)	Extend Benefits of Head of Household Filing Status
Alabama	x	x	x	x	
Alaska	x	x	x	x	No income tax
Arizona	x	x	x	x	
Arkansas	x	x	x	x	
California	x	x	x	x	
Colorado	x	x	x	x	
Connecticut	x	x	x	x	
Delaware	x	x	x	x	
District of Columbia	x	x	x	x	
Florida	x	x	x	x	No income tax
Georgia	x	x	x	x	x
Hawaii	x	x	x	x	
Idaho	x	x	x	x	
Illinois	x	x	x	x	
Indiana	x	x	x	x	
Iowa	x	x	x	x	
Kansas	x	x	x	x	x
Kentucky	x	x	x	x	
Louisiana	x	x	x	x	x
Maine	x	x	x	x	
Maryland	x	x	x	x	
Massachusetts	x	x	x	x	
Michigan	x	x	x	x	
Minnesota	x	x	x	x	
Mississippi	x	x	x	x	x
Missouri	x	x	x	x	
Montana	x	x	x	x	x
Nebraska	x	x	x	x	
Nevada	x	x	x	x	No income tax
New Hampshire	x	x	x	x	No income tax
New Jersey	x	x	x	x	
New Mexico	x	x	x	x	
New York	x	x	x	x	
North Carolina	x	x	x	x	
North Dakota	x	x	x	x	
Ohio	x	x	x	x	x
Oklahoma	x	x	x	x	
Oregon	x	x	x	x	
Pennsylvania	x	x	x	x	
Rhode Island	x	x	x	x	x
South Carolina	x	x	x	x	x
South Dakota	x	x	x	x	No income tax
Tennessee	x	x	x	x	No income tax
Texas	x	x	x	x	No income tax
Utah	x	x	x	x	
Vermont	x	x	x	x	
Virginia	x	x	x	x	x
Washington	x	x	x	x	No income tax
West Virginia	x	x	x	x	x
Wisconsin	x	x	x	x	x
Wyoming	x	x	x	x	No income tax

State	Income Threshold	Top Rate
Alabama	\$6,000	5.00%
Alaska	N/A	0.00%
Arizona	\$500,000	8.00%
Arkansas*	\$8,300	5.90%
California	\$1,198,024	13.30%
Colorado	\$0	4.55%
Connecticut	\$1,000,000	6.99%
Delaware	\$60,000	6.60%
District of Columbia	\$1,000,000	8.95%
Florida	N/A	0.00%
Georgia	\$10,000	5.75%
Hawaii	\$400,000	11.00%
Idaho**	\$15,680	6.50%
Illinois	\$0	4.95%
Indiana	\$0	3.23%
Iowa	\$75,420	8.53%
Kansas	\$60,000	5.70%
Kentucky	\$0	5.00%
Louisiana	\$100,000	6.00%
Maine	\$106,350	7.15%
Maryland	\$300,000	5.75%
Massachusetts	\$0	5.00%
Michigan	\$0	4.25%
Minnesota	\$276,200	9.85%
Mississippi	\$10,000	5.00%
Missouri	\$8,584	5.40%

State	Income Threshold	Top Rate
Montana**	\$18,700	6.90%
Nebraska	\$64,430	6.84%
Nevada	N/A	0.00%
New Hampshire***	N/A	0.00%
New Jersey	\$1,000,000	10.75%
New Mexico	\$315,000	5.90%
New York	\$25,000,000	10.90%
North Carolina	\$0	5.25%
North Dakota	\$440,600	2.90%
Ohio	\$110,651	3.99%
Oklahoma	\$12,200	5.00%
Oregon	\$250,000	9.90%
Pennsylvania	\$0	3.07%
Rhode Island	\$150,550	5.99%
South Carolina	\$15,400	7.00%
South Dakota	N/A	0.00%
Tennessee	N/A	0.00%
Texas	N/A	0.00%
Utah	\$0	4.95%
Vermont	\$248,350	8.75%
Virginia	\$17,000	5.75%
Washington	N/A	0.00%
West Virginia	\$60,000	6.50%
Wisconsin	\$335,910	7.65%
Wyoming	N/A	0.00%
FEDERAL GOVERNMENT	\$628,301	37.00%

SOURCE: Institute on Taxation and Economic Policy (ITEP) review of state tax forms and recently enacted legislation.

NOTES

APPENDIX A

“x” indicates that an option is available in this state, although some of these reforms would require a constitutional amendment in some states. “No income tax” indicates that a state would need to enact a broad-based income tax prior to implementing this option (New Hampshire currently has a narrow income tax on certain forms of investment income that is in the process of phasing out). Option 10 is not presented in this table, though every state could do more to allow and encourage progressive income taxation by local governments.

* The definition of a “major retirement tax subsidy” is imprecise, but it is defined here roughly to include exemptions for retirement-related income (usually pensions) of \$10,000 or more that apply at least somewhat broadly, beyond a narrow set of occupations.

** Indiana and New Jersey do not offer itemized deductions, but they do offer standalone deductions for property taxes.

*** New Hampshire levies a flat-rate, narrow income tax that only applies to certain forms of investment income.

SOURCE: Institute on Taxation and Economic Policy (ITEP) review of state tax forms and recently enacted legislation.

APPENDIX B

Income thresholds are not strictly comparable across states because they are measured according to each state's unique definition of taxable income, but can be roughly compared to get a general sense of differences between states. Income thresholds are reported for married couples as most higher-earning taxpayers file jointly, but these thresholds are often lower for single taxpayers. Local income taxes are not included in this table.

* Arkansas has separate tax tables for filers with different levels of income. For middle-income earners with taxable income below \$82,000, the 5.9 percent top tax rate applies to taxable income in excess of \$38,500.

** Income thresholds and tax rates are generally for Tax Year 2021, except in these states where 2020 values are reported because 2021 amounts have not yet been announced.

*** New Hampshire levies a flat-rate, narrow income tax that only applies to certain forms of investment income.