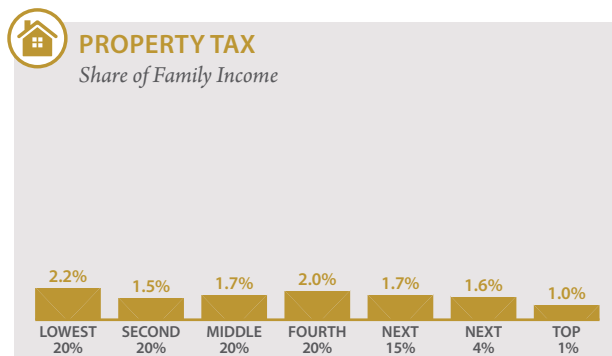
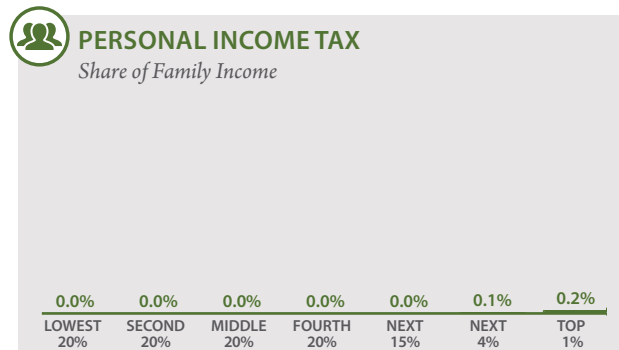
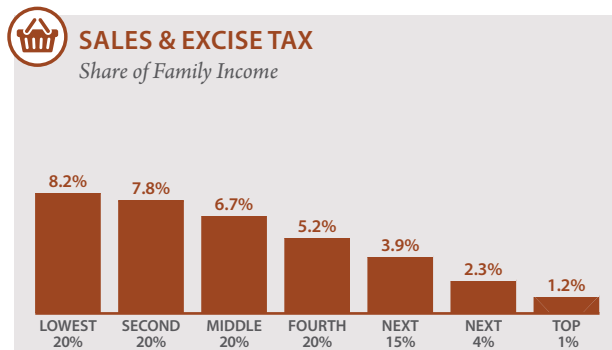
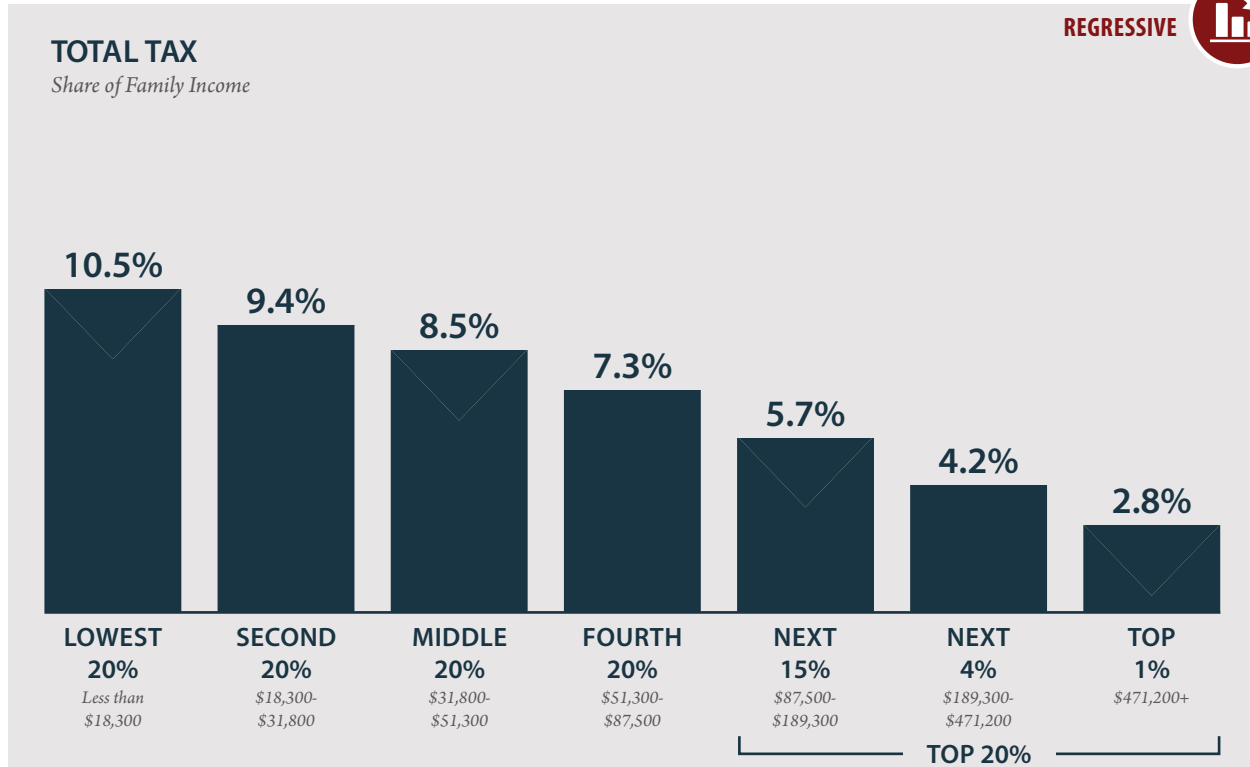




TENNESSEE

STATE AND LOCAL TAX SHARES OF FAMILY INCOME for non-elderly taxpayers







NOTE:

Figures show law in Tennessee enacted through September 10, 2018 at 2015 income levels, which includes reductions in the “Hall” income tax on interest and dividends down to 3 percent. Top figure represents total state and local taxes as a share of income. The 6th edition of Who Pays does not include the impact of the federal deduction for state and local taxes (SALT) because policy changes in the 2017 federal Tax Cuts and Jobs Act temporarily limited the extent to which the SALT deduction functions as a generalized offset of state and local taxes.

TENNESSEE State and Local Taxes (cont.)

TOTAL TAX

Share of Family Income

INCOME GROUP	TOP 20%						
	LOWEST 20%	SECOND 20%	MIDDLE 20%	FOURTH 20%	NEXT 15%	NEXT 4%	TOP 1%
INCOME RANGE	Less than \$18,300	\$18,300 to \$31,800	\$31,800 to \$51,300	\$51,300 to \$87,500	\$87,500 to \$189,300	\$189,300 to \$471,200	over \$471,200
AVERAGE INCOME IN GROUP	\$11,000	\$25,600	\$40,800	\$66,600	\$120,900	\$283,000	\$1,344,600
 SALES & EXCISE TAXES	8.2%	7.8%	6.7%	5.2%	3.9%	2.3%	1.2%
General Sales—Individuals	4.8%	4.7%	4.1%	3.3%	2.5%	1.5%	0.8%
Other Sales & Excise—Ind.	1.1%	0.9%	0.7%	0.5%	0.3%	0.2%	0.0%
Sales & Excise on Business	2.3%	2.2%	1.9%	1.4%	1.0%	0.6%	0.4%
 PROPERTY TAXES	2.2%	1.5%	1.7%	2.0%	1.7%	1.6%	1.0%
Home, Rent, Car—Individuals	2.2%	1.5%	1.6%	1.9%	1.5%	1.3%	0.3%
Other Property Taxes	0.0%	0.0%	0.1%	0.1%	0.1%	0.3%	0.8%
 INCOME TAXES	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.6%
Personal Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%
Corporate Income Tax	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.3%
 TOTAL TAXES	10.5%	9.4%	8.5%	7.3%	5.7%	4.2%	2.8%

Individual figures may not sum to totals due to rounding.

ITEP TAX INEQUALITY INDEX

According to ITEP's Tax Inequality Index, which measures the impact of each state's tax system on income inequality, **Tennessee has the 6th most unfair state and local tax system** in the country. Incomes are more unequal in Tennessee after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the methodology section for additional detail on the index.)

TAX FEATURES DRIVING THE DATA IN TENNESSEE



PROGRESSIVE TAX CODE FEATURES

- Narrow personal income tax includes only interest, dividend, and capital gains income, and is being phased out



REGRESSIVE TAX CODE FEATURES

- No broad-based personal income tax
- Comparatively high reliance on sales taxes
- State sales tax base includes groceries, though taxed at a lower rate
- Local sales tax bases include groceries
- Fails to provide tax credits to offset sales, excise, and property taxes
- Fails to use combined reporting as part of its corporate income tax
- Does not levy a tax on estates or inheritances