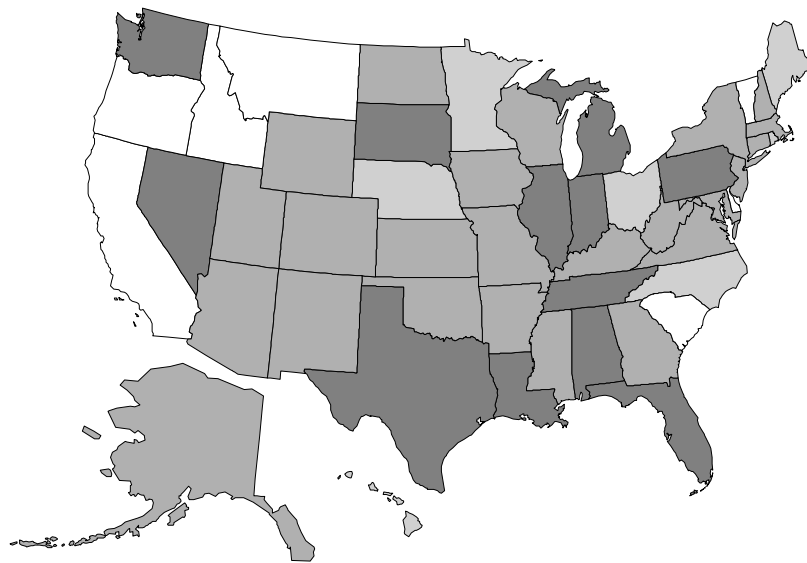


Who Pays?

A Distributional Analysis of the
Tax Systems in All 50 States



Citizens for Tax Justice

and

The Institute on Taxation & Economic Policy

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Who Pays?

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“**D**evolution” is the term commonly used to describe the process by which the responsibilities of government are being shifted from federal to state and from state to local governments. Much attention has been paid to the impact this shift may have on the services government provides. But if state and local governments are to continue to provide the services they have in the past, and provide the new high quality services that the public demands, the discussion will inevitably turn to taxes. With state and local governments being called upon to do—and pay for—more and more, it is time to take a close look again at who pays for state and local government services.

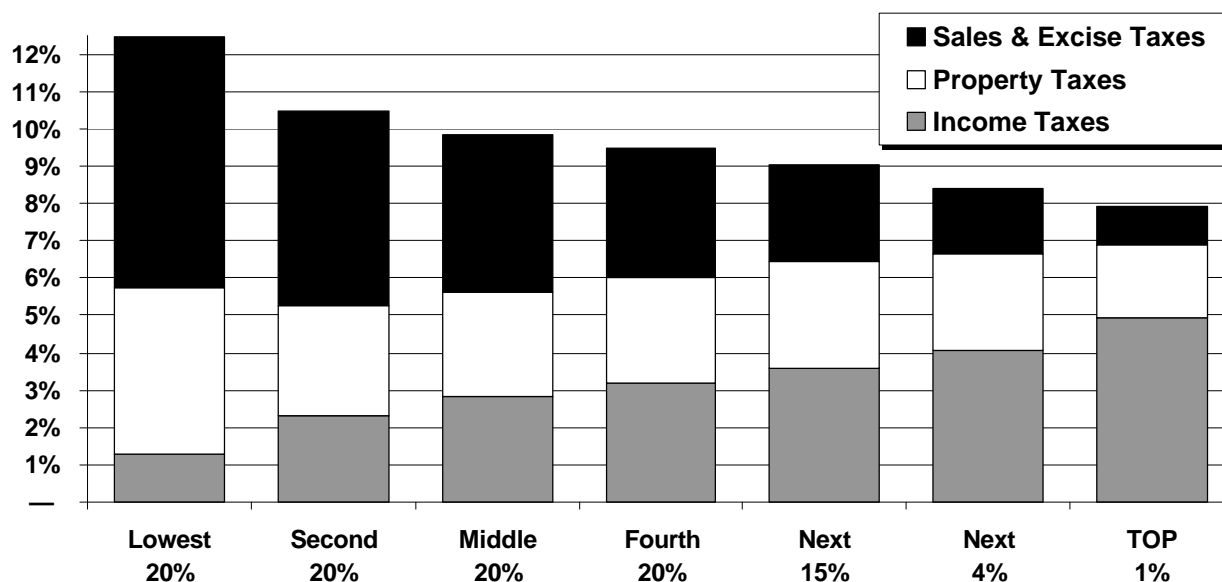
This study looks at taxes paid by income group, as shares of income, for every state and the District of Columbia. Our primary finding is that by an overwhelming margin, most state and local tax systems take a greater share of income from middle- and low-income families than from the wealthy. That is to say, most state tax systems are regressive.

In fact, only eight states require their best-off citizens to pay an equal or higher share of their incomes in taxes than middle-income families have to pay. Only four states tax their wealthiest at the same or higher effective rates than the poor. The disparities in effective tax rates between middle- and low-income families and the well-off are not trivial. In fact, most states tax the wealthy at rates that are significantly lower than the rates on middle- and low-income families.

The average state and local tax on the best-off one percent of all families is 7.9%. The average tax rate on the poorest 20 percent of all families is substantially higher, at 12.5%. The average tax on families in the middle 20% of the income spectrum is 9.8%, a rate one-quarter higher than the rate on the rich.

Average State & Local Taxes in 1995

State & local taxes imposed on own residents as shares of family income



The 10 Most Regressive Tax States

Ten states—Washington, Florida, Texas, South Dakota, Tennessee, Pennsylvania, Louisiana, Illinois, Alabama and Michigan—are particularly regressive. These ten states ask poor families—those in the bottom 20% of the income scale—to pay two to four times as great a share of their earnings in taxes as do the wealthy. Middle-income families pay one-and-a-half to three times as high a share of their income as the wealthiest families.

The Ten Most Regressive State Tax Systems					
Taxes as shares of income by family income group					
Income group	Taxes as a % of Income on			Poor/ Top 1%	Middle/ Top 1%
	Poorest 20%	Middle 60%	Top 1%		
Washington	17.1%	10.5%	3.9%	435%	267%
Florida	14.0%	7.7%	3.6%	390%	216%
Texas	13.8%	8.5%	4.4%	314%	194%
South Dakota	11.7%	7.7%	2.9%	408%	269%
Tennessee	12.3%	7.5%	3.6%	340%	208%
Louisiana	13.4%	9.9%	6.0%	224%	167%
Pennsylvania	13.3%	10.2%	6.1%	220%	168%
Illinois	13.6%	9.8%	6.1%	223%	160%
Alabama	11.6%	9.0%	4.8%	242%	187%
Michigan	13.3%	10.6%	6.9%	193%	154%

Low Tax States?

Some of these regressive tax states have been characterized as “low-tax” by the media or by their elected officials. But this raises the question: “low tax” for whom? Many analyses of tax burdens in the states simply rank states according to some computation of average tax burdens—sometimes looking only at selected taxes. But these averages often mask disparities among the taxes faced by families at different income levels.

Are no-income-tax states like Washington, Texas and Florida “low-tax” states for poor families? No. In fact, for people whose incomes place them among the poorest twenty percent of state residents, these states’ disproportionate reliance on sales and excise taxes make the tax burden very high.

Ten States with the Highest Taxes on the Poor

Washington	17.1%
New York	16.2%
New Jersey	15.9%
New Mexico	15.0%
Florida	14.0%
Texas	13.8%
Wisconsin	13.7%
Illinois	13.6%
Louisiana	13.4%
Pennsylvania	13.3%

The table on the facing page shows the ten states that tax poor families the most. The state of Washington, which does not have an income tax, is the highest-tax state in the entire country for poor people. In fact, when all state and local sales, excise and property taxes are tallied up, poor families in the State of Washington pay 17.1 percent of their total income in taxes. Compare that to neighboring Idaho and Oregon, where the poor pay 9.2 percent and 10.9 percent, respectively, of their incomes in state and local taxes—far less than in Washington.

Florida and Texas, other no-income-tax states, tax their poor families at rates of 14 percent and 13.8 percent, respectively (fifth and sixth highest in the country). These rates on the poor are much higher than the rates on the poor in several states that some might brand as “big taxers.”

Many so-called “low-tax” states are, in fact, high-tax states for the poor. Most of them do not offer a good deal to middle-income families either. The wealthy in such states, however, pay relatively little.

What Makes a State’s Tax System Regressive?

What characteristics do states with particularly regressive tax systems have in common? Looking at the 10 most regressive tax states, several items particularly stand out:

- # Five of the ten states lack a broad-based personal income tax.
- # Of the five very regressive tax states that do have broad-based personal income taxes, three have flat rate taxes and two (Alabama and Louisiana) allow a deduction for federal taxes paid.¹
- # Seven of the ten states—Washington, Florida, Texas, South Dakota, Tennessee, Louisiana and Alabama—rely very heavily on sales and excise

Characteristics of the Most Regressive Tax Systems		
	Personal Income Tax	Heavy Use of Sales & Excise Taxes
	Little or None	Other Details
Washington	✓	✓
Florida	✓	✓
Texas	✓	✓
South Dakota	✓	✓
Tennessee	✓	✓
Louisiana		Fed. Ded.*† ✓
Pennsylvania		Flat Rate
Illinois		Flat Rate
Alabama		Fed. Ded.* ✓
Michigan		Flat Rate

*Allows state tax deduction for federal income taxes paid.
†Deduction partially offsets effects of quite graduated rates.

¹A deduction for federal personal income taxes paid saps a state personal income tax of its progressivity. The federal personal income tax is progressive, taxing the wealthy more heavily than middle- and low-income taxpayers. Thus, a deduction on the state income tax for federal income tax paid is worth more to the wealthy.

taxes. In these seven states, about half to three-quarters of the total state and local taxes imposed on the families in our study come from these consumption taxes (compared to the national median of 35% for all states).

The Least Regressive States

As we have seen, a flat income tax or no income tax at all, plus high sales and excise taxes, are what make for a very regressive tax system. But, what are the common characteristics among the least regressive tax states? Not surprisingly, the four least regressive states (those that by some measures have progressive tax systems) have progressive personal income taxes and do not rely heavily on consumption taxes. Of the four, Delaware and Montana have no general sales taxes, California has the most progressive income tax in the country and Vermont has the fourth most progressive income tax in the country and relatively low reliance on sales and excise taxes.

Characteristics of the Least Regressive Tax Systems			
	Personal Income Tax		Low Use of Sales & Excise Taxes
	Very Progressive	Other Details	
Delaware		High reliance	✓
California	✓		
Montana	✓	High reliance	✓
Vermont	✓	Ref. Credits*	✓
*Refundable credits are allowed even if they exceed a low-income family's income tax liability.			

The Kind of Tax Matters

As can be seen by our analysis of the most and least regressive tax states, the kind of taxes that a state imposes on its citizens makes a real difference. As the table on the next page illustrates:

- # State and local income taxes are typically progressive. On average, poor families pay only a fourth the effective income tax rate that the richest families pay, and middle-income families pay about three-fifths the effective rate on the well-to-do.
- # Property taxes, including both taxes on individuals and business taxes, are usually somewhat regressive.
- # Sales and excise taxes are very regressive. On average, poor families pay more than six times as high a share of their income in these consumption taxes as do the best-off families, and middle-income families pay at four times the rate of the wealthy.

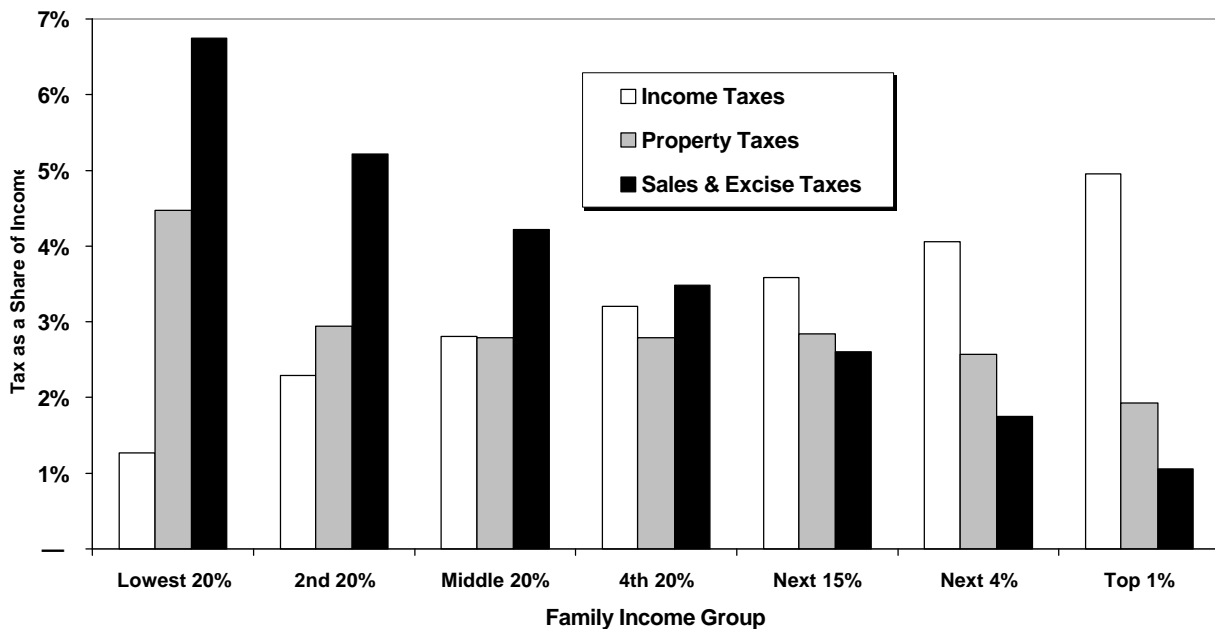
The relative regressivity of a state's overall tax system depends on two factors. First,

of course, is how each tax affects families at different income levels. But the second factor is also important: how large a role each tax plays in a state's overall revenue mix.

Thus, California's level of reliance on each of its major taxes is fairly typical. But, by having a very progressive personal income tax, it ends up with one of the most progressive tax systems in the country.

Delaware, on the other hand, is one of the most progressive tax states not because any one of its taxes is exceptionally progressive, but because it relies so heavily on its modestly progressive income tax and relies very little on regressive sales and excise taxes.

Comparing Taxes: Averages for All States



Income Taxes

State personal income taxes—and their counterpart, corporate income taxes—are the chief progressive element of state and local tax systems. In fact, it is difficult to design an income tax system that is not at least somewhat progressive. That's largely because the choices that are made in devising an income tax are generally explicit ones—unlike, say, sales taxes, where the distributional consequences may not be immediately obvious.

For example, it would be hard to imagine a state implementing an income tax in which statutory tax rates fell as income rose. And, in fact, no state explicitly does that—most at least purport to do quite the opposite. The level of graduation, or progressivity, in state income tax rates varies widely. Some states, such as California and Vermont, have significant graduation in their tax rates. Others have flat rates or only nominal graduation. And a very few states, such as Alabama and Pennsylvania, have what amounts to regressive rate structures by some measures. For example:

In California, the bottom marginal income tax rate of 2 percent starts at about \$23,000 in income for a family of four and gradually rises with income, up to 11

percent for families making more than about \$500,000. (This top rate on the very well-off expires in 1996, however).

- # Vermont and Rhode Island calculate their personal income taxes as a percentage of the federal income tax. As a result, their systems share the same progressivity as the federal system. Rates in Rhode Island, for example, start at 4.1 percent of family income above \$16,550 for families of four, and gradually increase to as high as 10.9 percent on families making more than about \$300,000.
- # Maryland is a good example of a state with nominally graduated income tax rates that don't mean very much in practice. Maryland's state statutory rates go from 2 percent to 5 percent, but the top rate kicks in at only \$3,000 in taxable income. (There is also a local Maryland income tax that, on average, is 54 percent of state liability).
- # Alabama's top income tax rate of 5 percent starts at only \$6,000 in taxable income. In addition, Alabama allows a deduction for both federal income taxes and its own state income tax. As a result, real marginal tax rates in Alabama actually fall off at higher income levels. For families with taxable incomes greater than \$275,000, the marginal state income tax rate is effectively down to less than 3 percent.

In addition to the rate structure, deductions, exemptions and tax credits affect who pays the taxes. Connecticut, for instance, has a flat rate but large exemptions and credits that are phased out at higher income levels. Although this does not make Connecticut's one of the most progressive income taxes by any means, it does keep it off the least progressive list where most of its flat tax brethren can be found.

Several states give low-income working families a percentage of the federal Earned Income Tax Credit. Other states have low-income tax credits of their own design. When these credits are available even if they exceed a family's income tax liability (i.e., they are "refundable"), the income tax rate at lower incomes can actually be negative.

The following two tables show states whose personal income taxes are notably progressive, or which notably lack progressivity. The tables illustrate how progressive income taxes typically produce considerably lower taxes for most families compared to non-progressive ones.²

²It's useful to note that a high degree of income tax progressivity does not imply a high level of overall income taxes. Of the six states with particularly progressive income taxes, none is near the top or bottom in terms of their total income tax as a share of income. One is exactly at the median; two are slightly above; and the remaining three are below. Likewise, of the seven states with little or no income tax progressivity, two are well above the median in terms of their total income tax as a share of income; three are well below; and the remaining two are just above and just below the median.

Also worth noting are two states with very narrow-based income taxes, Tennessee and New Hampshire. These states limit their personal income taxes to interest and dividends. Not surprisingly, these taxes are quite progressive. But they also raise only a tiny amount of revenue.

Six States with Quite Progressive Personal Income Taxes				
Income taxes as shares of income by family income group				
Income group	Lowest 20%	Middle 60%	Top 1%	Notes
California	0.1%	1.8%	8.2%	Highly graduated rates—for now
New Mexico	−0.8%	1.9%	5.8%	Graduated rates; refundable credits*
Rhode Island	0.6%	2.6%	7.1%	% of federal tax; refundable credits*
Vermont	−0.2%	2.2%	6.0%	% of federal tax; refundable credits*
Idaho	−0.1%	3.2%	6.3%	Highly graduated; refundable credits*
Maine	0.5%	3.0%	6.5%	Highly graduated rates

*Refundable credits are allowed even if they exceed a a low-income family's income tax liability

7 States with Little or No Personal Income Tax Progressivity				
Income taxes as shares of income by family income group				
Income group	Lowest 20%	Middle 60%	Top 1%	Notes
Alabama	1.8%	3.1%	2.5%	Virtually flat; federal deduction
Pennsylvania	2.4%	3.5%	3.0%	Flat rate
Indiana	2.7%	3.3%	3.2%	Flat rate
Illinois	1.7%	2.5%	2.5%	Flat rate
Michigan	2.4%	3.7%	4.1%	Flat rate
Maryland	3.2%	5.4%	6.0%	Virtually flat
Massachusetts	2.9%	4.8%	5.6%	Flat rate system by income type*

*Different flat rates on various kinds of income.

Sales & Excise Taxes

Sales and excise taxes are the central regressive element of most state and local tax systems. Because graduated rates are next to impossible in a sales tax, and because spending as a share of income falls as income rises, sales taxes inevitably take a larger share of income from low- and middle-income families than they take from the rich. Thus, while a general sales tax may appear on its face to be a “flat-rate” tax, that is not really its practical impact. Even before exemptions for particular kinds of goods and services, a sales tax begins by exempting all unspent income. Since the rich are able to save a much larger portion of their incomes than middle-income families—the poor can rarely save at all—the tax is inherently regressive.

In addition, although most states exempt necessities such as food and shelter, most also exempt various kinds of services that constitute a major portion of the spending of the better off.

Taxing groceries is a particularly regressive element of many state sales taxes. In fact, of the dozen most regressive general sales tax states in the country, ten apply their sales tax to groceries.

The bottom line is that, on average, poor families pay more than six times as great a share of their incomes in state sales and excise taxes as do rich families, and middle-income families pay four times as great a share of their income in these consumption taxes as do the rich.

The 12 Most Regressive General Sales Taxes				
Sales taxes as shares of income by family income group				
Income Group	Sales Tax on Individuals			Sales Tax on Groceries?
	Lowest 20%	Middle 20%	Top 1%	
Tennessee	6.0%	4.1%	1.0%	✓
Louisiana	7.6%	5.4%	1.3%	✓
Arkansas	5.3%	3.5%	0.8%	✓
Georgia	4.5%	2.8%	0.7%	✓
Florida	4.4%	3.0%	0.7%	
Missouri	4.7%	3.0%	0.7%	✓
New Mexico	7.3%	4.9%	1.4%	✓
Mississippi	5.6%	3.9%	0.9%	✓
California	4.2%	2.7%	0.7%	
Oklahoma	4.6%	3.1%	0.8%	✓
Alabama	4.1%	2.6%	0.6%	✓
Utah	4.7%	3.5%	0.8%	✓

Sales taxes are, by definition, a percentage of the price of a fairly broad base of taxable goods and services (although tax bases do vary substantially from state to state). Excise taxes are imposed on a narrow band of goods, typically ones for which demand has a practical per-person maximum (e.g., one can only use so much gasoline). Thus, wealthy people don't buy more of the product no matter how much money they may have. Moreover, excise taxes are typically based on volume rather than price, e.g., per gallon, per pack, and so forth. So better-off people pay the same absolute tax on an expensive premium beer as low-income families pay on a run-of-the-mill variety. As a result, excise taxes are usually the most regressive kind of tax.

Appendix IV shows the distributional effects, state-by-state, of three of the leading state excise taxes—those on gasoline, cigarettes and beer. Overall, these taxes take about 1.3 percent of the income of poor families, 0.6% of the income of families in the middle and only 0.1% of the income of the very best-off. That means that these excise taxes are 15 times tougher on the poor than on the rich and 7½ times harder on middle-income families than on the rich. Whatever non-tax-policy claims may be offered for these kinds of taxes, their extremely regressive distributional consequences should not be ignored.

Property Taxes

The property tax, mostly on real estate, but in many states also on automobiles, business machines, and even (although rarely) on intangible assets such as stocks and bonds, is typically the main source of revenues for local governments.

The property tax is a kind of wealth tax, but one that usually focuses on a subset of total wealth: homes and business real estate. Our analysis shows that, overall, the property tax is a regressive tax—albeit far less regressive than sales and excise taxes. That result stems from several sources:

- # For average families, a home represents the lion's share of their total wealth. At high-income levels, however, homes are only a small share of total wealth. Because the property tax concentrates on homes, it applies to most of the wealth of middle-income families, but only a small share of the wealth of the rich.
- # For homeowners, home values as a share of income tend to decline at higher incomes. Thus, a typical middle-income family's home might be worth double the family's annual income, while a rich person's home might be valued at one-and-a-half times annual income.
- # Property tax on residential rental property passed through to renters in the form of higher rent is a much larger share of total income at low-income levels than at high-income levels. This adds to the regressivity of the property tax (we treat half of the property tax on residential property as passed to renters and half as paid by property owners in this study. See the methodology appendix for more information).

The regressivity of the property tax is mitigated by its business component, which generally falls on owners of capital, and is, to a significant degree, “exported” to residents of other states. On average, we found that about 43 percent of a typical state's property taxes fall on business (excluding the portion of apartment taxes that we assigned to renters).

The regressivity of property taxes is dependent on both the design of the tax and housing patterns in the state. The states with the least regressive property taxes do, however, tend to have several features in common:

Homestead Exemptions

A homestead exemption excludes from taxation a certain amount of home value. Louisiana has the kingfish of homestead exemptions, excluding the first \$75,000 of value from most taxation. With such a large exemption, it is only those who can afford valuable homes that pay substantial homeowner property tax. The exemption is the reason that Louisiana has the only progressive property tax. Five of the six least regressive property tax states have homestead exemptions.

Low Income Credits

A common form of tax relief is a credit against property tax based on income. Many states provide such relief, but often only for the elderly. Some of these credits are called “circuit-breakers.” A circuit-breaker gives relief proportional to the amount by which property taxes exceed a percentage of income. Hawaii has low-income property tax credits that make its property tax less regressive.

Taxation of Intangible Assets Like Stocks and Bonds

A few states tax intangible assets owned by individuals. Although these taxes are not very large, and have been notorious for being evaded in many states, they do add to the progressivity of the property tax because the well-off own a large share of intangible assets. Three of the six least regressive property tax states tax individually-owned intangibles.

Six States with the Least Regressive Total Property Taxes				
Property taxes as shares of income by family income group				
Income group	Lowest 20%	Middle 60%	Top 1%	Notes
Louisiana	1.1%	0.6%	1.1%	Very large homestead exemption
Georgia	2.8%	1.8%	2.0%	Homestead exemption & intangibles tax*
South Carolina	2.3%	1.5%	1.7%	Homestead exemption
Hawaii	1.9%	1.2%	1.1%	Homestead exempt. & low-income credit
Kentucky	2.2%	1.6%	1.3%	Intangibles tax
Alabama	1.7%	1.1%	1.0%	Homestead exemption

*Note: Georgia’s intangibles tax has been repealed, starting in 1996.

Federal Itemized Deduction Offset

State and local personal income and property taxes, unlike sales and excise taxes, are allowed as itemized deductions in computing federal income taxes. This has a far more significant impact than is sometimes appreciated. On average, a fifth of all state personal income and individually-paid property taxes are “exported” to the federal government (and to taxpayers nationwide) as a result of these deductions. For the best-off state and local taxpayers, close to 40 percent of their state and local income and property tax bills are effectively paid by the federal government.

For example, if a wealthy family pays \$5,000 in state personal income tax, it gets a deduction from its federal taxable income of \$5,000. In other words, the family gets to pay federal tax on \$5,000 less income. If the family is in the top federal bracket of 39.6%, its federal tax is reduced by $0.396 \times \$5,000$, or \$1,980. That means that the net cost to this family of \$5,000 in state personal income tax is only about \$3,000. The federal government pays for the rest in reduced collections.

Federal itemized deductions for income and property taxes benefit both the affected individuals and the states, which see a portion of their income and property taxes paid for by the federal government instead of coming out of the pockets of their citizens.

In the tables later in this study, the benefit of the federal deduction is shown by income group. Wealthier taxpayers benefit more because they are in higher federal marginal tax brackets and because they are more likely to have enough deductions to itemize.³

Business climate and related issues

One could imagine a state official thinking in the back of his or her mind that maybe, just maybe, regressive taxes could have a salutary effect. If wealthy people pay much lower effective tax rates than ordinary families, perhaps that could encourage the well-off to invest and create jobs in a state. Maybe high taxes on the poor and low taxes on the rich could lead to fewer poor citizens and more rich ones, rather than simply poorer poor people and richer rich people.

The evidence, however, does not support this theory. There is simply no correlation between the regressivity of a state's tax system and a state's income level or income growth. Both the ten most regressive states and the ten least regressive have about the same average per-capita personal incomes, and both had about the same average per-capita personal income growth rates over the past seven years. Indeed, each of these groups was, on average, about the same in both categories as states in the middle of the pack.

To be sure, there are substantial variations among states in per-capita incomes and growth rates, but these do not correlate at all with the level of regressivity of a state's tax system.

³The federal itemized deduction offset is a significant benefit to state government and many of their citizens, but it effectively makes state tax systems even more regressive. In fact, after accounting for tax savings from federal itemized deductions for state and local income and property taxes, every single state imposes lower effective tax rates on the rich than middle- and low-income families have to pay.

Not a single state asks its richest citizens to pay more than 9 percent of their income in total state and local taxes after federal itemized deduction offsets. In contrast, all but 7 states require their poorest families to pay effective tax rates in excess of 9 percent. And almost two-thirds of all states require middle-income families to pay more than 9 percent (even after federal itemized deduction offsets).

After federal deductions, the average state and local tax on the richest one percent of all families is only 5.8%. The average tax rate on the poorest 20 percent of all families is more than double that, at 12.5%. The median tax on families in the middle 20% of the income spectrum is 9.4%, almost two-thirds higher than the rate on the rich.

Conclusion

As a great debate about the proper size and role of the federal government proceeds, the demand for quality government services from state and local governments continues to grow. As new responsibilities devolve to the states, important decisions will have to be made on how to pay for fulfilling them.

To date, state and local governments have chosen not to tax those who can best afford it at the same levels that middle- and low-income families are asked to pay. This study marks a point from which the future of state and local taxation can be measured. States may choose to pay for new services in the same way that they have in the past—regressively. Or they may decide instead to ask wealthier families to pay tax rates more commensurate with their incomes. In either case, the path that states choose will have a major impact on the well-being of their citizens—and will be a major part of the devolution story.

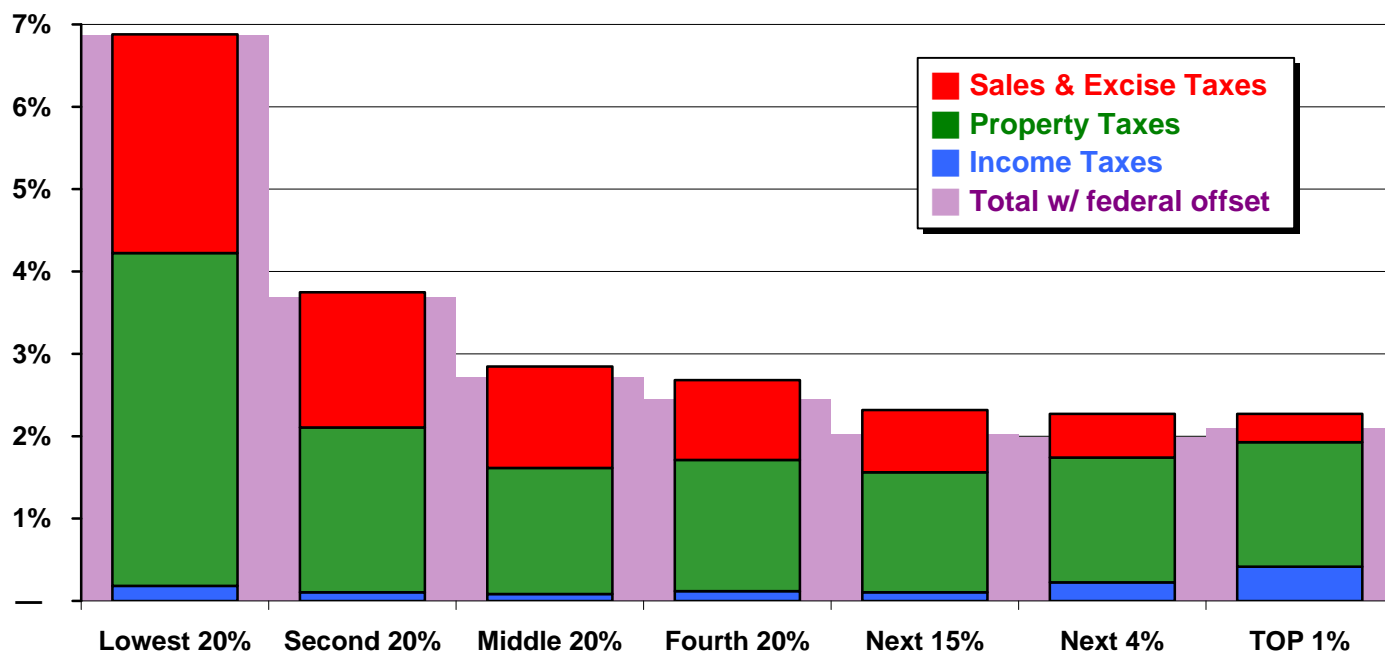
Appendix I:
Detailed
State-by-State
Tables



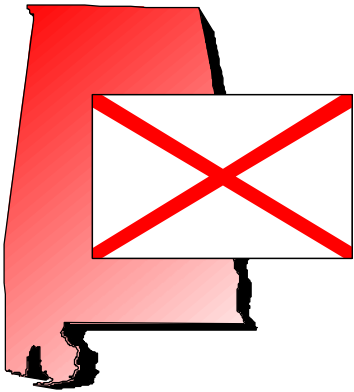
Alaska

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



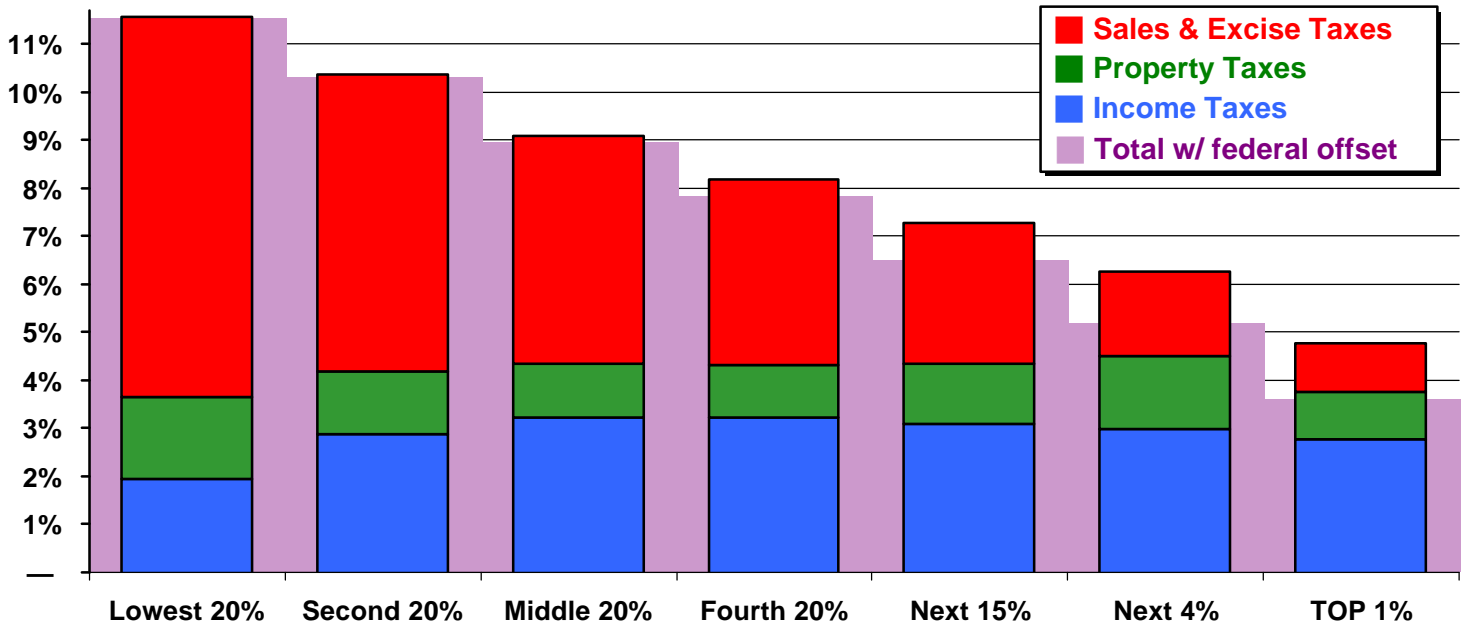
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$26,000	\$26,000 – \$47,000	\$47,000 – \$69,000	\$69,000 – \$94,000	\$94,000 – \$148,000	\$148,000 – \$327,000	\$327,000 or more
Average Income in Group	\$13,400	\$36,300	\$58,100	\$80,700	\$113,900	\$188,000	\$559,000
Sales & Excise Taxes	2.7%	1.6%	1.2%	1.0%	0.8%	0.5%	0.3%
General Sales—Individuals	1.5%	1.0%	0.8%	0.6%	0.5%	0.4%	0.2%
Other Sales & Excise—Ind.	0.8%	0.4%	0.3%	0.2%	0.1%	0.1%	0.0%
Sales & Excise on Business	0.4%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%
Property Taxes	4.0%	2.0%	1.5%	1.6%	1.5%	1.5%	1.5%
Property Taxes on Families	3.6%	1.8%	1.3%	1.3%	1.2%	1.0%	0.5%
Other Property Taxes	0.4%	0.2%	0.2%	0.3%	0.2%	0.5%	1.0%
Income Taxes	0.2%	0.1%	0.1%	0.1%	0.1%	0.2%	0.4%
Personal Income Tax	—	—	—	—	—	—	—
Corporate Income Tax	0.2%	0.1%	0.1%	0.1%	0.1%	0.2%	0.4%
TOTAL TAXES	6.9%	3.7%	2.8%	2.7%	2.3%	2.3%	2.3%
Federal Deduction Offset	-0.0%	-0.1%	-0.1%	-0.2%	-0.3%	-0.3%	-0.2%
TOTAL AFTER OFFSET	6.9%	3.7%	2.7%	2.4%	2.0%	2.0%	2.1%



Alabama

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



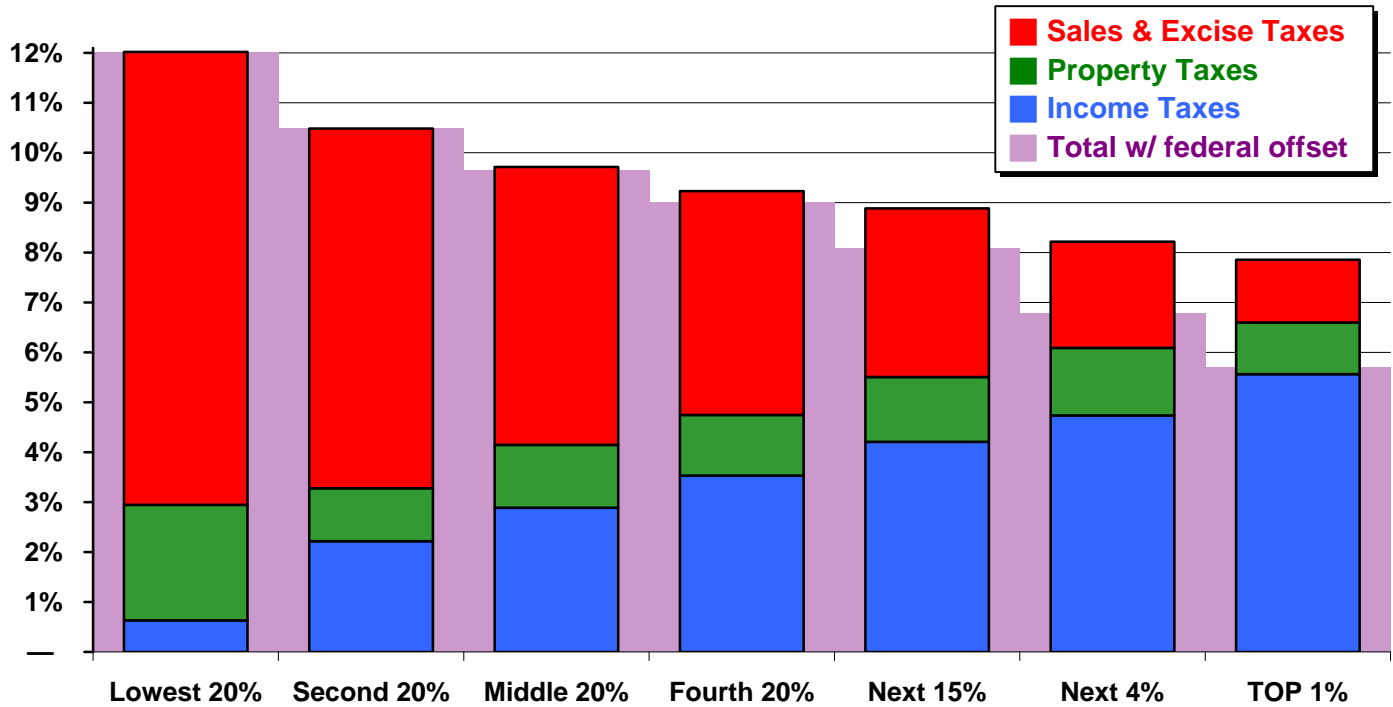
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$20,000	\$20,000 – \$33,000	\$33,000 – \$47,000	\$47,000 – \$64,000	\$64,000 – \$104,000	\$104,000 – \$243,000	\$243,000 or more
Average Income in Group	\$12,200	\$26,500	\$40,100	\$54,800	\$79,000	\$140,000	\$580,000
Sales & Excise Taxes	7.9%	6.2%	4.8%	3.9%	2.9%	1.8%	1.0%
General Sales—Individuals	4.1%	3.3%	2.6%	2.1%	1.6%	1.0%	0.6%
Other Sales & Excise—Ind.	2.3%	1.7%	1.2%	1.0%	0.7%	0.4%	0.2%
Sales & Excise on Business	1.5%	1.2%	0.9%	0.7%	0.6%	0.3%	0.2%
Property Taxes	1.7%	1.3%	1.1%	1.1%	1.2%	1.5%	1.0%
Property Taxes on Families	1.6%	1.2%	1.1%	1.0%	1.2%	1.4%	0.7%
Other Property Taxes	0.1%	0.1%	0.0%	0.0%	0.1%	0.1%	0.3%
Income Taxes	1.9%	2.9%	3.2%	3.2%	3.1%	3.0%	2.8%
Personal Income Tax	1.8%	2.8%	3.2%	3.2%	3.0%	2.9%	2.5%
Corporate Income Tax	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%	0.3%
TOTAL TAXES	11.6%	10.4%	9.1%	8.2%	7.3%	6.3%	4.8%
Federal Deduction Offset	-0.0%	-0.1%	-0.1%	-0.3%	-0.8%	-1.1%	-1.2%
TOTAL AFTER OFFSET	11.5%	10.3%	9.0%	7.8%	6.5%	5.2%	3.6%



Arkansas

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



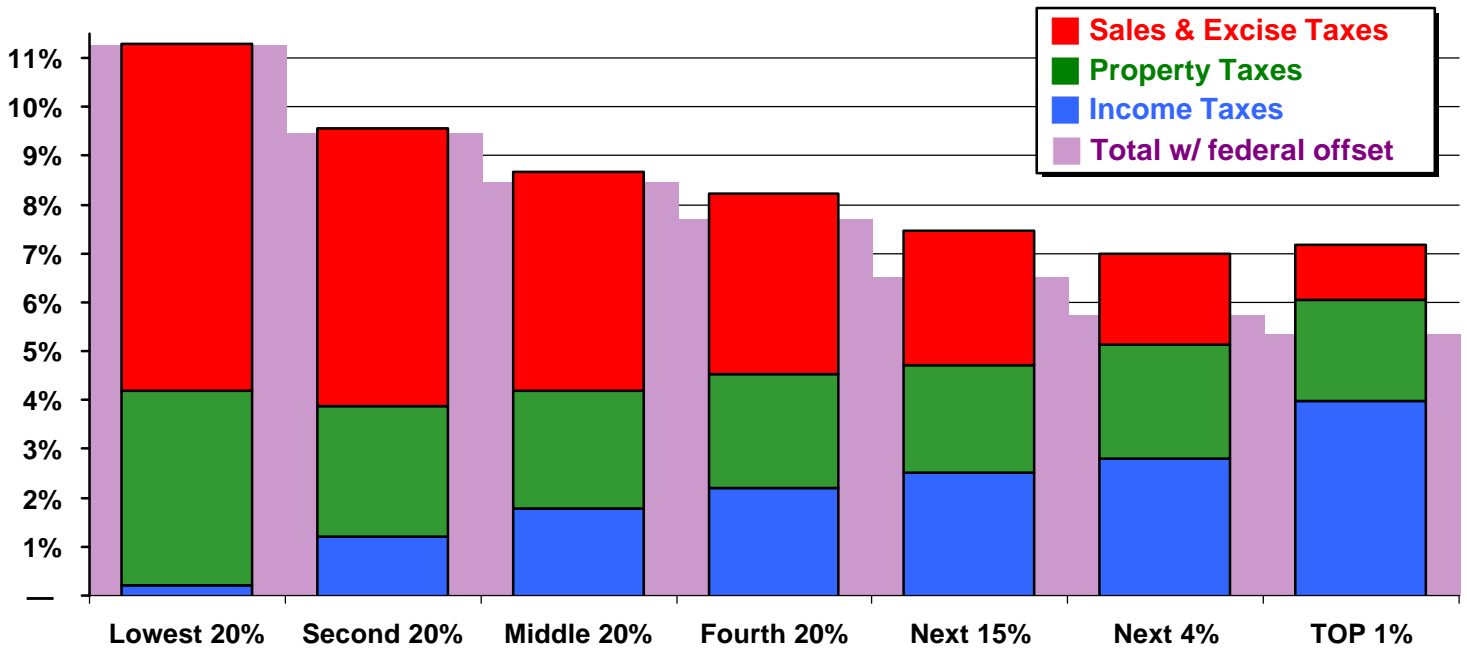
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$18,000	\$18,000 – \$30,000	\$30,000 – \$42,000	\$42,000 – \$59,000	\$59,000 – \$97,000	\$97,000 – \$217,000	\$217,000 or more
Average Income in Group	\$10,200	\$23,900	\$35,500	\$49,800	\$72,200	\$128,000	\$494,000
Sales & Excise Taxes	9.1%	7.2%	5.6%	4.5%	3.4%	2.1%	1.3%
General Sales—Individuals	5.3%	4.5%	3.5%	2.9%	2.2%	1.4%	0.8%
Other Sales & Excise—Ind.	1.9%	1.2%	0.9%	0.6%	0.5%	0.3%	0.1%
Sales & Excise on Business	1.9%	1.5%	1.2%	1.0%	0.7%	0.5%	0.3%
Property Taxes	2.3%	1.1%	1.3%	1.2%	1.3%	1.4%	1.0%
Property Taxes on Families	2.1%	1.0%	1.1%	1.1%	1.2%	1.1%	0.5%
Other Property Taxes	0.2%	0.1%	0.1%	0.1%	0.1%	0.3%	0.5%
Income Taxes	0.6%	2.2%	2.9%	3.5%	4.2%	4.7%	5.6%
Personal Income Tax	0.6%	2.2%	2.8%	3.5%	4.2%	4.6%	5.4%
Corporate Income Tax	0.1%	0.0%	0.1%	0.0%	0.0%	0.1%	0.2%
TOTAL TAXES	12.0%	10.5%	9.7%	9.2%	8.9%	8.2%	7.9%
Federal Deduction Offset	—	–0.0%	–0.1%	–0.2%	–0.8%	–1.4%	–2.2%
TOTAL AFTER OFFSET	12.0%	10.5%	9.6%	9.0%	8.1%	6.8%	5.7%



Arizona

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



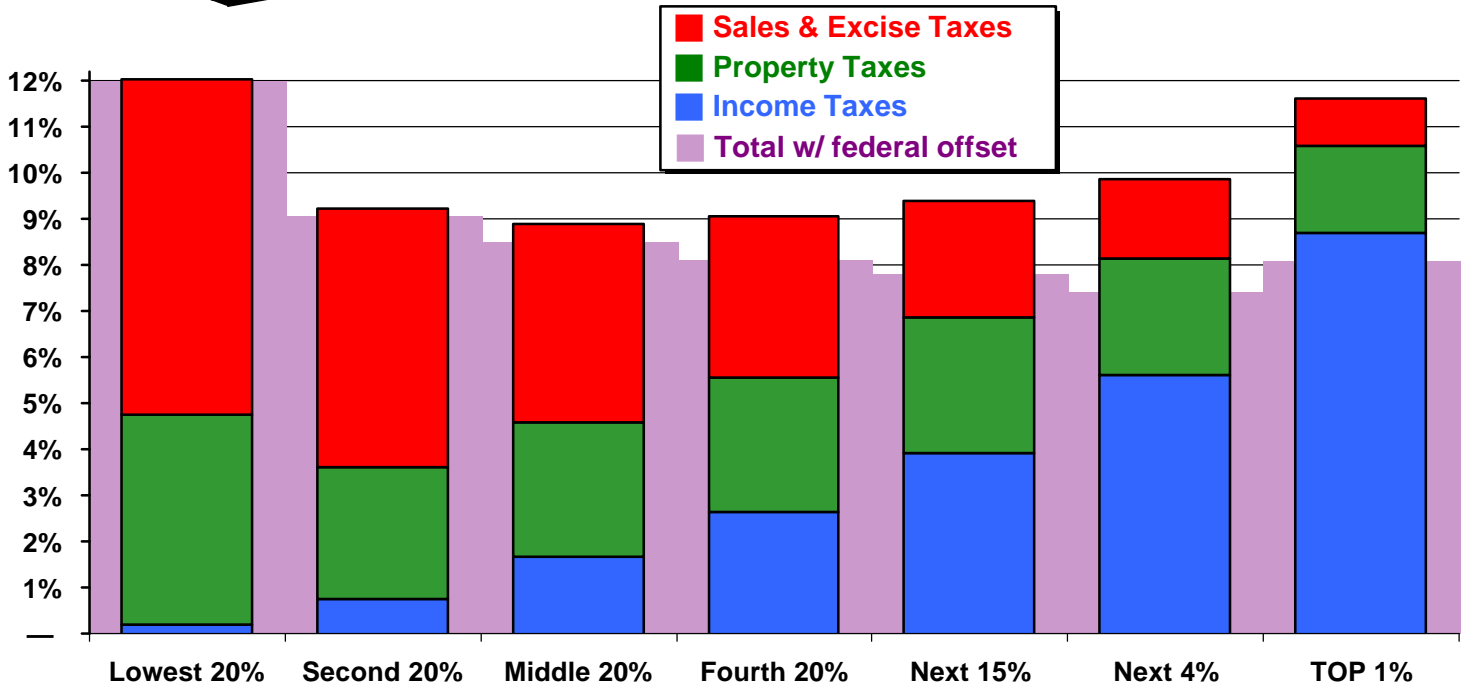
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$21,000	\$21,000 – \$36,000	\$36,000 – \$51,000	\$51,000 – \$70,000	\$70,000 – \$116,000	\$116,000 – \$356,000	\$356,000 or more
Average Income in Group	\$11,700	\$28,100	\$43,000	\$59,500	\$86,300	\$158,000	\$584,000
Sales & Excise Taxes	7.1%	5.7%	4.5%	3.7%	2.8%	1.8%	1.1%
General Sales—Individuals	4.0%	3.4%	2.8%	2.4%	1.8%	1.2%	0.8%
Other Sales & Excise—Ind.	1.5%	1.0%	0.7%	0.5%	0.4%	0.2%	0.1%
Sales & Excise on Business	1.6%	1.3%	1.0%	0.8%	0.6%	0.4%	0.3%
Property Taxes	4.0%	2.7%	2.4%	2.3%	2.2%	2.3%	2.1%
Property Taxes on Families	3.3%	2.0%	1.9%	1.8%	1.7%	1.6%	1.0%
Other Property Taxes	0.7%	0.6%	0.5%	0.5%	0.5%	0.7%	1.1%
Income Taxes	0.2%	1.2%	1.8%	2.2%	2.5%	2.8%	4.0%
Personal Income Tax	0.1%	1.2%	1.7%	2.2%	2.5%	2.7%	3.7%
Corporate Income Tax	0.1%	0.1%	0.0%	0.0%	0.1%	0.1%	0.2%
TOTAL TAXES	11.3%	9.6%	8.7%	8.2%	7.5%	7.0%	7.2%
Federal Deduction Offset	-0.0%	-0.1%	-0.2%	-0.5%	-0.9%	-1.2%	-1.8%
TOTAL AFTER OFFSET	11.3%	9.5%	8.5%	7.7%	6.5%	5.7%	5.3%



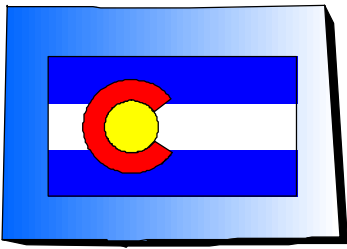
California

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



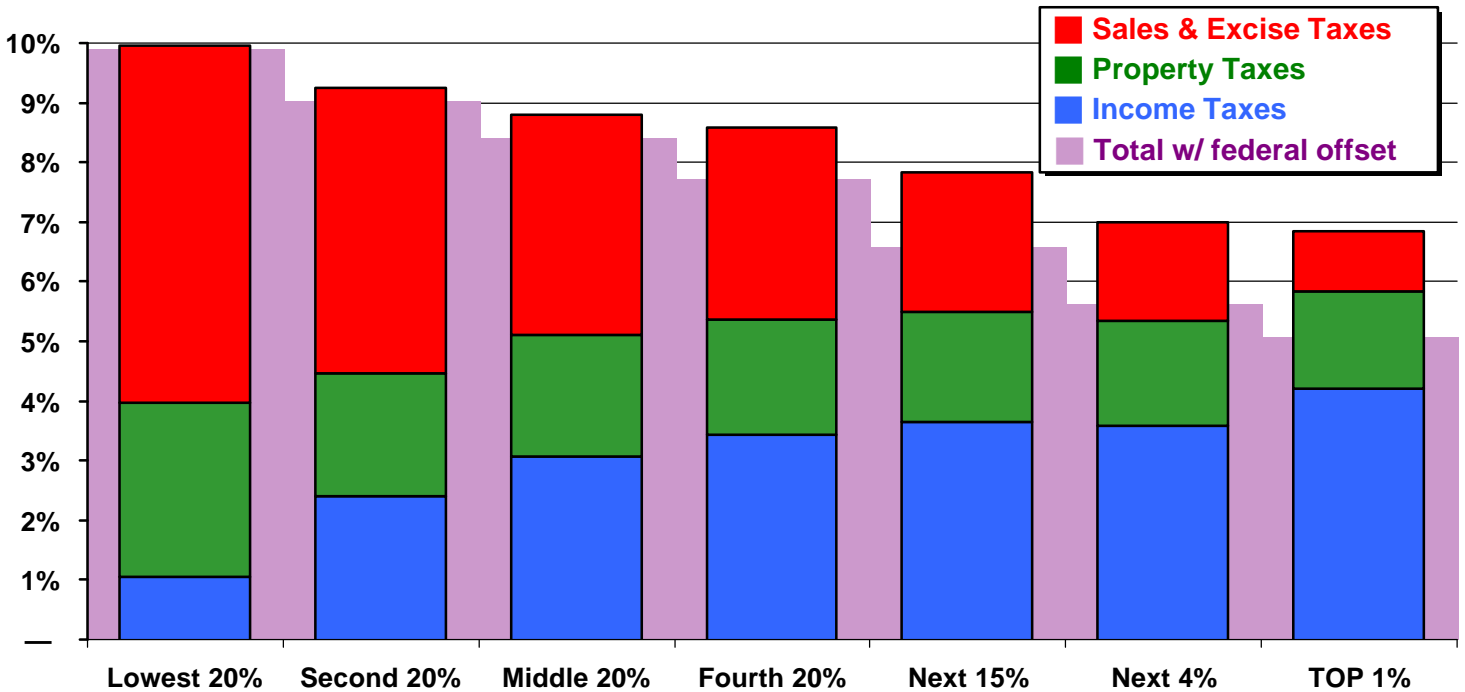
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$23,000	\$23,000 – \$40,000	\$40,000 – \$57,000	\$57,000 – \$80,000	\$80,000 – \$146,000	\$146,000 – \$374,000	\$374,000 or more
Average Income in Group	\$12,600	\$31,600	\$48,600	\$67,400	\$101,800	\$227,000	\$1,009,000
Sales & Excise Taxes	7.3%	5.6%	4.3%	3.5%	2.5%	1.7%	1.0%
General Sales—Individuals	4.2%	3.4%	2.7%	2.3%	1.7%	1.2%	0.7%
Other Sales & Excise—Ind.	1.1%	0.7%	0.5%	0.4%	0.3%	0.1%	0.1%
Sales & Excise on Business	2.0%	1.5%	1.1%	0.9%	0.6%	0.4%	0.3%
Property Taxes	4.6%	2.9%	2.9%	2.9%	2.9%	2.5%	1.9%
Property Taxes on Families	4.3%	2.7%	2.7%	2.7%	2.7%	2.0%	0.9%
Other Property Taxes	0.3%	0.2%	0.2%	0.2%	0.3%	0.5%	1.0%
Income Taxes	0.2%	0.7%	1.7%	2.6%	3.9%	5.6%	8.7%
Personal Income Tax	0.1%	0.6%	1.6%	2.5%	3.8%	5.4%	8.2%
Corporate Income Tax	0.1%	0.1%	0.1%	0.1%	0.1%	0.3%	0.5%
TOTAL TAXES	12.0%	9.2%	8.9%	9.1%	9.4%	9.9%	11.6%
Federal Deduction Offset	-0.0%	-0.2%	-0.4%	-0.9%	-1.6%	-2.4%	-3.5%
TOTAL AFTER OFFSET	12.0%	9.0%	8.5%	8.1%	7.8%	7.4%	8.1%



Colorado

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



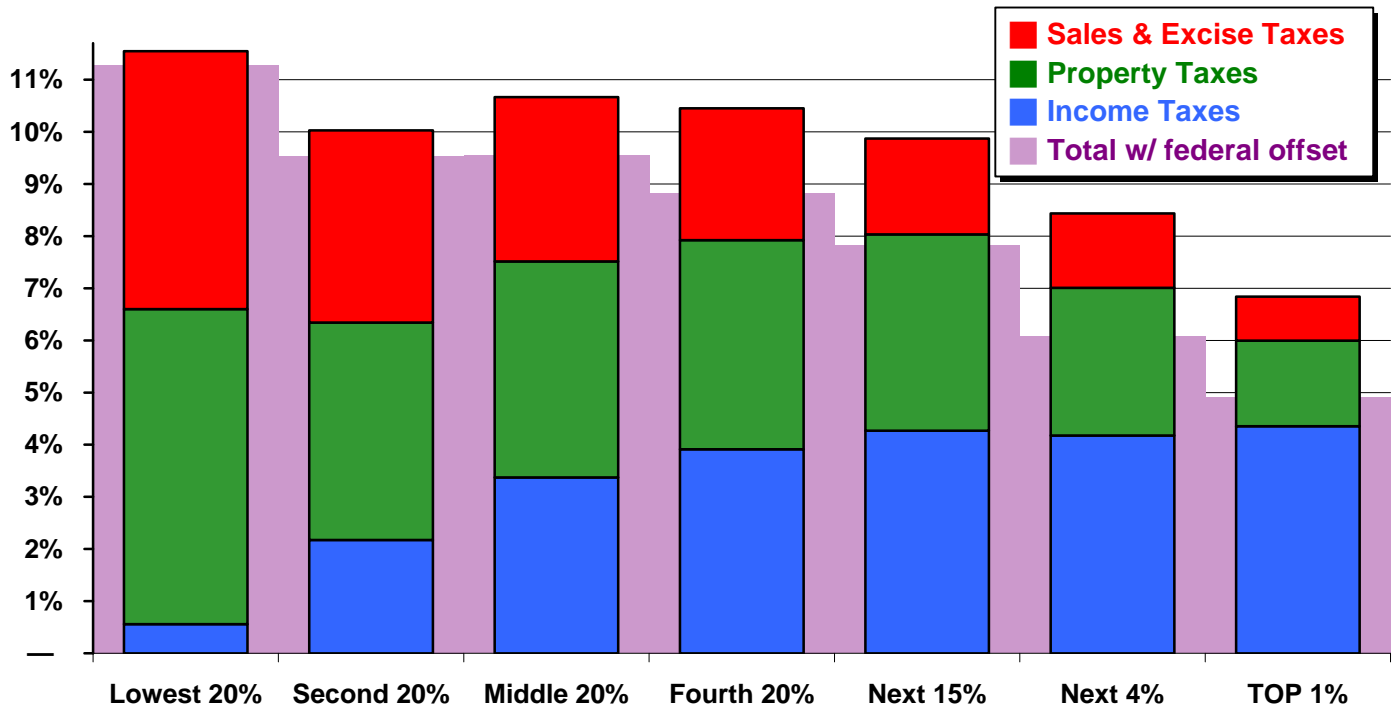
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$27,000	\$27,000 – \$41,000	\$41,000 – \$56,000	\$56,000 – \$77,000	\$77,000 – \$134,000	\$134,000 – \$410,000	\$410,000 or more
Average Income in Group	\$16,700	\$34,100	\$48,400	\$65,900	\$95,600	\$181,000	\$708,000
Sales & Excise Taxes	6.0%	4.8%	3.7%	3.2%	2.3%	1.7%	1.0%
General Sales—Individuals	3.4%	2.9%	2.3%	2.0%	1.5%	1.1%	0.7%
Other Sales & Excise—Ind.	1.0%	0.7%	0.5%	0.4%	0.3%	0.2%	0.1%
Sales & Excise on Business	1.6%	1.2%	0.9%	0.8%	0.5%	0.4%	0.3%
Property Taxes	2.9%	2.1%	2.0%	1.9%	1.8%	1.8%	1.6%
Property Taxes on Families	2.6%	1.9%	1.9%	1.8%	1.6%	1.2%	0.6%
Other Property Taxes	0.3%	0.2%	0.1%	0.2%	0.2%	0.5%	1.1%
Income Taxes	1.0%	2.4%	3.1%	3.4%	3.6%	3.6%	4.2%
Personal Income Tax	1.0%	2.4%	3.1%	3.4%	3.6%	3.5%	4.1%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
TOTAL TAXES	10.0%	9.3%	8.8%	8.6%	7.8%	7.0%	6.8%
Federal Deduction Offset	-0.0%	-0.2%	-0.4%	-0.9%	-1.2%	-1.4%	-1.8%
TOTAL AFTER OFFSET	9.9%	9.0%	8.4%	7.7%	6.6%	5.6%	5.1%



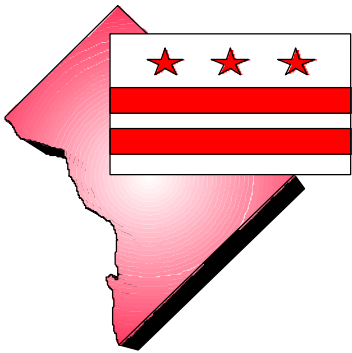
Connecticut

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



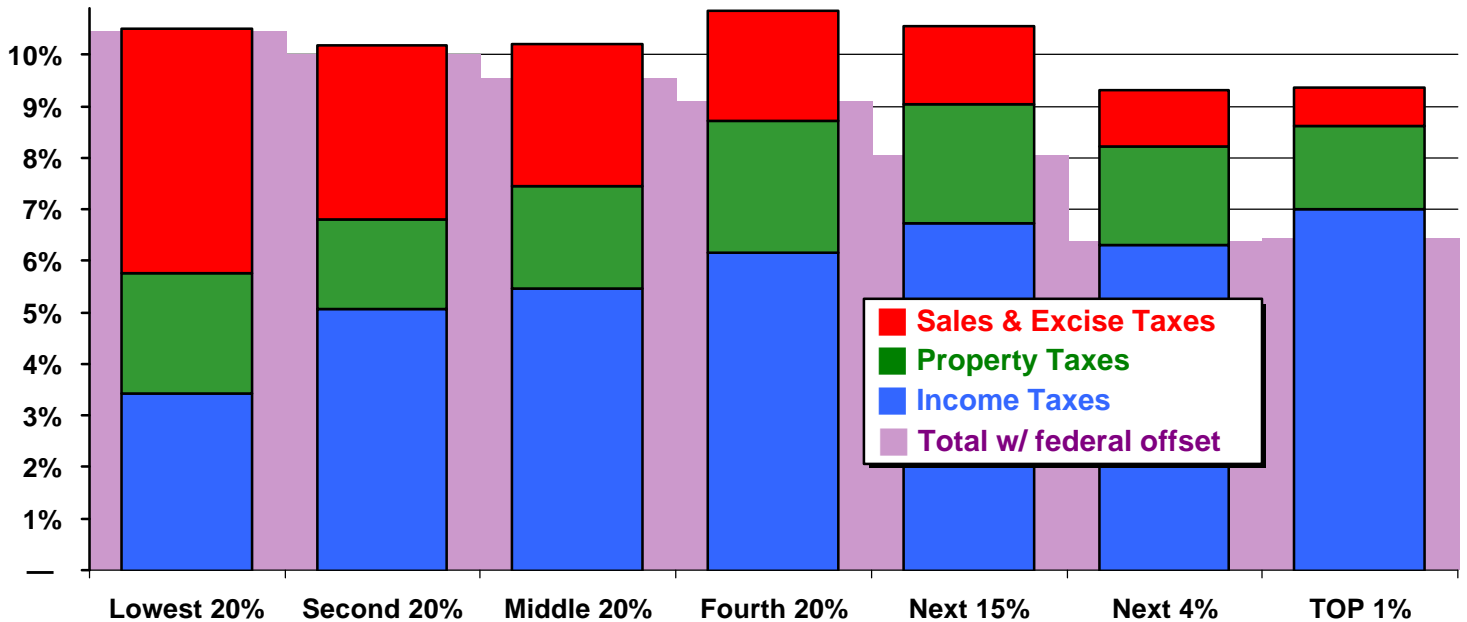
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$41,000	\$41,000 – \$57,000	\$57,000 – \$73,000	\$73,000 – \$99,000	\$99,000 – \$201,000	\$201,000 – \$425,000	\$425,000 or more
Average Income in Group	\$26,800	\$50,100	\$64,700	\$83,700	\$130,000	\$326,000	\$1,705,000
Sales & Excise Taxes	4.9%	3.7%	3.2%	2.5%	1.8%	1.4%	0.8%
General Sales—Individuals	2.7%	2.1%	1.8%	1.5%	1.1%	0.9%	0.6%
Other Sales & Excise—Ind.	0.9%	0.6%	0.5%	0.4%	0.3%	0.1%	0.0%
Sales & Excise on Business	1.3%	1.0%	0.8%	0.7%	0.5%	0.4%	0.3%
Property Taxes	6.0%	4.2%	4.1%	4.0%	3.8%	2.8%	1.6%
Property Taxes on Families	5.8%	4.0%	4.0%	3.8%	3.5%	2.4%	0.8%
Other Property Taxes	0.2%	0.1%	0.1%	0.2%	0.3%	0.5%	0.9%
Income Taxes	0.6%	2.2%	3.4%	3.9%	4.3%	4.2%	4.4%
Personal Income Tax	0.5%	2.1%	3.3%	3.9%	4.2%	4.0%	4.1%
Corporate Income Tax	0.1%	0.0%	0.0%	0.0%	0.1%	0.1%	0.3%
TOTAL TAXES	11.5%	10.0%	10.7%	10.5%	9.9%	8.4%	6.8%
Federal Deduction Offset	-0.3%	-0.5%	-1.1%	-1.6%	-2.1%	-2.4%	-1.9%
TOTAL AFTER OFFSET	11.3%	9.5%	9.5%	8.8%	7.8%	6.1%	4.9%



District of Columbia

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



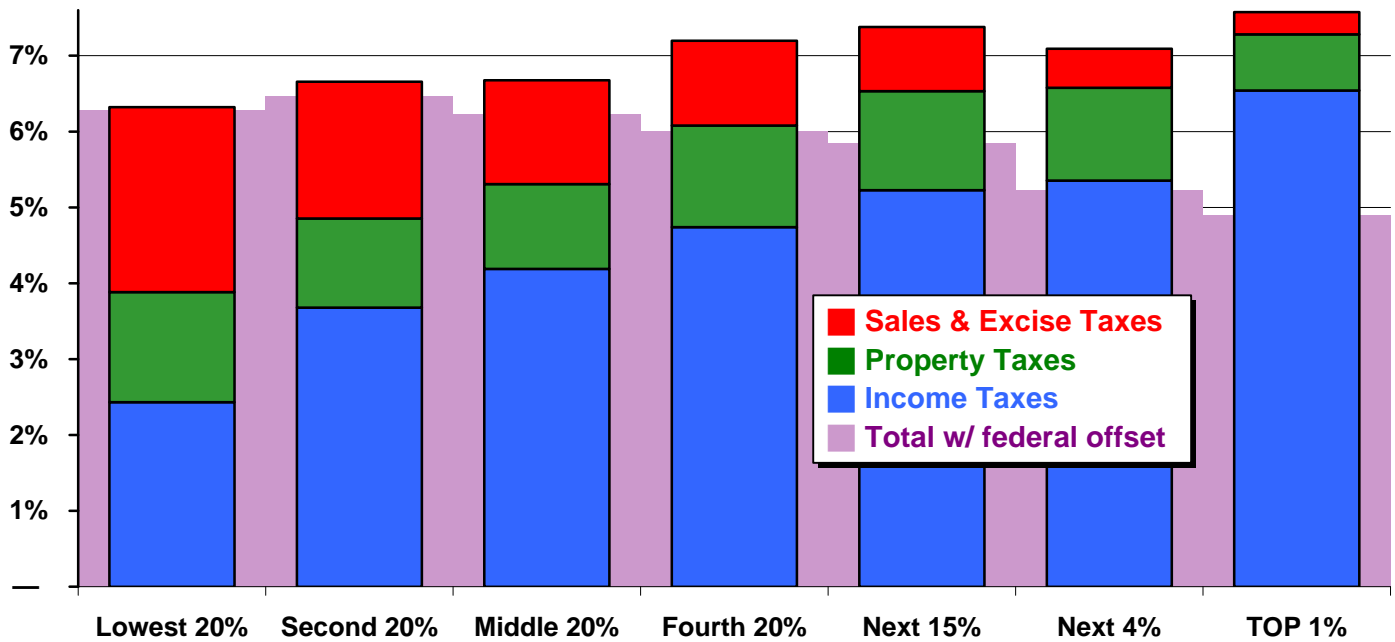
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$31,000	\$31,000 – \$47,000	\$47,000 – \$72,000	\$72,000 – \$111,000	\$111,000 – \$276,000	\$276,000 – \$567,000	\$567,000 or more
Average Income in Group	\$20,400	\$39,800	\$57,100	\$90,700	\$159,000	\$427,000	\$1,801,000
Sales & Excise Taxes	4.7%	3.4%	2.8%	2.1%	1.5%	1.1%	0.7%
General Sales—Individuals	2.5%	1.9%	1.7%	1.3%	1.0%	0.7%	0.5%
Other Sales & Excise—Ind.	0.8%	0.4%	0.3%	0.2%	0.1%	0.1%	0.0%
Sales & Excise on Business	1.5%	1.0%	0.8%	0.6%	0.4%	0.3%	0.2%
Property Taxes	2.3%	1.8%	2.0%	2.6%	2.3%	1.9%	1.6%
Property Taxes on Families	1.6%	1.3%	1.6%	2.1%	1.9%	1.4%	0.6%
Other Property Taxes	0.7%	0.5%	0.4%	0.5%	0.5%	0.5%	1.0%
Income Taxes	3.4%	5.1%	5.5%	6.1%	6.7%	6.3%	7.0%
Personal Income Tax	3.4%	5.0%	5.4%	6.1%	6.7%	6.2%	6.8%
Corporate Income Tax	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.3%
TOTAL TAXES	10.5%	10.2%	10.2%	10.9%	10.6%	9.3%	9.3%
Federal Deduction Offset	-0.0%	-0.2%	-0.7%	-1.8%	-2.5%	-2.9%	-2.9%
TOTAL AFTER OFFSET	10.5%	10.0%	9.5%	9.1%	8.0%	6.4%	6.4%



Delaware

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



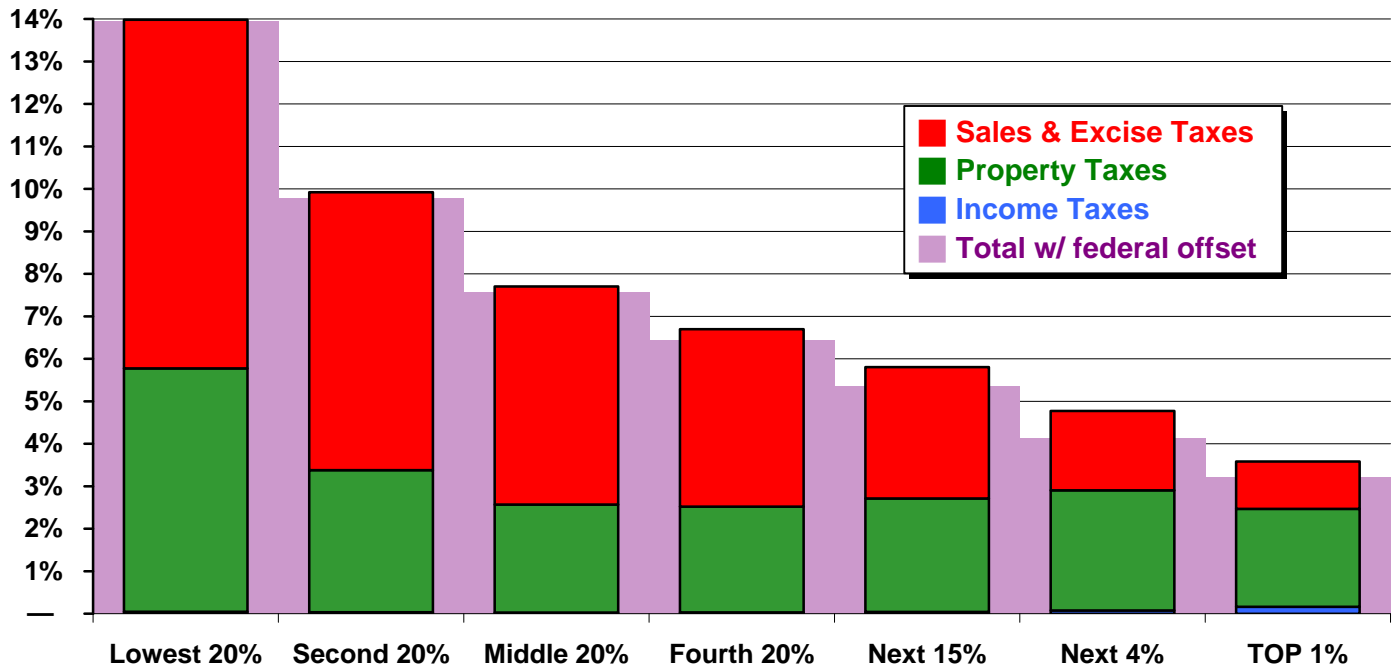
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$32,000	\$32,000 – \$47,000	\$47,000 – \$61,000	\$61,000 – \$81,000	\$81,000 – \$134,000	\$134,000 – \$386,000	\$386,000 or more
Average Income in Group	\$21,000	\$39,800	\$54,100	\$69,800	\$98,600	\$179,000	\$659,000
Sales & Excise Taxes	2.4%	1.8%	1.4%	1.1%	0.8%	0.5%	0.3%
General Sales—Individuals	—	—	—	—	—	—	—
Other Sales & Excise—Ind.	1.9%	1.4%	1.0%	0.8%	0.6%	0.4%	0.2%
Sales & Excise on Business	0.6%	0.4%	0.3%	0.3%	0.2%	0.2%	0.1%
Property Taxes	1.5%	1.2%	1.1%	1.3%	1.3%	1.2%	0.7%
Property Taxes on Families	1.4%	1.1%	1.1%	1.3%	1.3%	1.1%	0.6%
Other Property Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%
Income Taxes	2.4%	3.7%	4.2%	4.7%	5.2%	5.4%	6.5%
Personal Income Tax	2.4%	3.6%	4.1%	4.7%	5.1%	5.2%	6.2%
Corporate Income Tax	0.1%	0.1%	0.0%	0.1%	0.1%	0.2%	0.3%
TOTAL TAXES	6.3%	6.7%	6.7%	7.2%	7.4%	7.1%	7.6%
Federal Deduction Offset	-0.0%	-0.2%	-0.5%	-1.2%	-1.5%	-1.9%	-2.7%
TOTAL AFTER OFFSET	6.3%	6.5%	6.2%	6.0%	5.8%	5.2%	4.9%



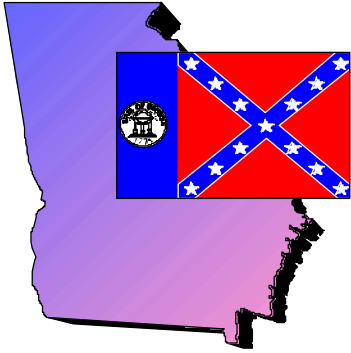
Florida

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



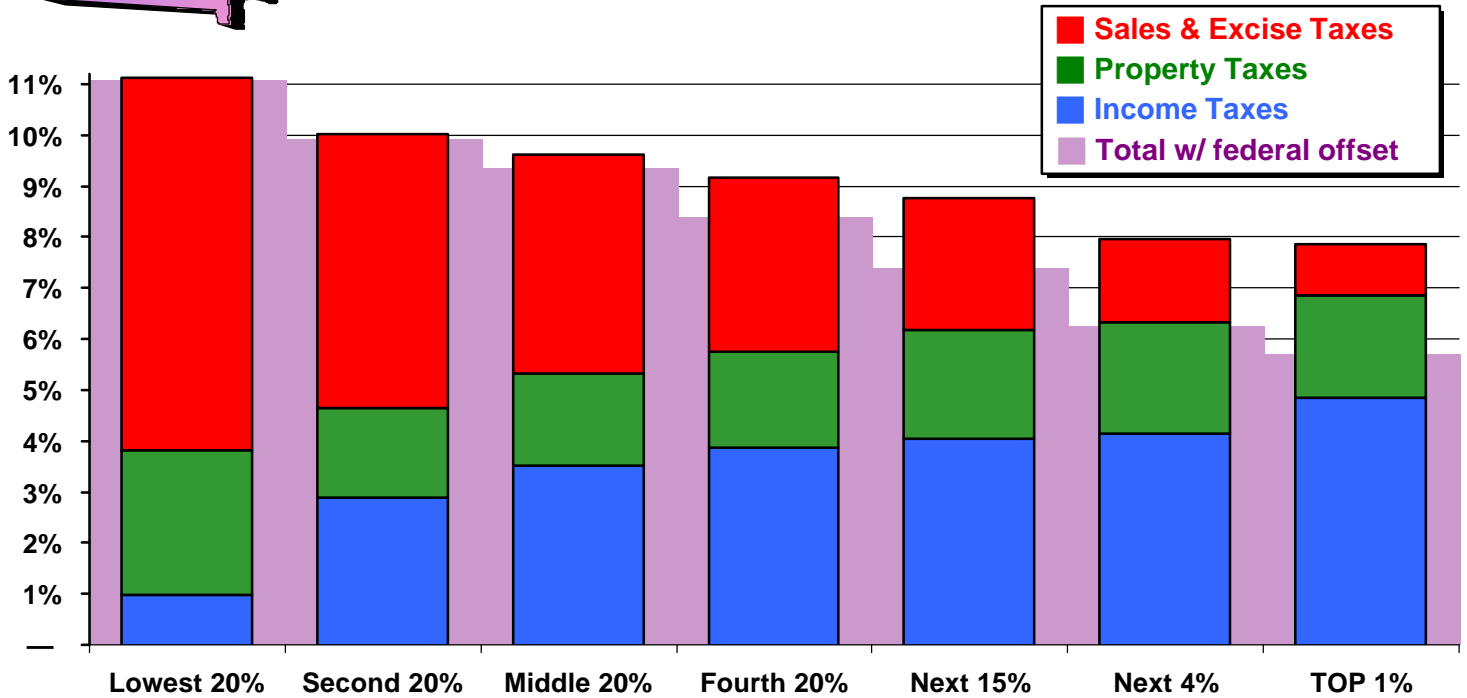
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$21,000	\$21,000 – \$35,000	\$35,000 – \$49,000	\$49,000 – \$69,000	\$69,000 – \$129,000	\$129,000 – \$396,000	\$396,000 or more
Average Income in Group	\$12,600	\$28,400	\$42,300	\$58,500	\$88,200	\$219,000	\$1,149,000
Sales & Excise Taxes	8.2%	6.5%	5.1%	4.2%	3.1%	1.9%	1.1%
General Sales—Individuals	4.4%	3.7%	3.0%	2.5%	1.9%	1.2%	0.7%
Other Sales & Excise—Ind.	1.6%	1.1%	0.8%	0.6%	0.4%	0.2%	0.0%
Sales & Excise on Business	2.2%	1.8%	1.4%	1.1%	0.8%	0.5%	0.3%
Property Taxes	5.7%	3.3%	2.5%	2.5%	2.7%	2.8%	2.3%
Property Taxes on Families	5.2%	2.9%	2.1%	2.1%	2.2%	2.1%	0.9%
Other Property Taxes	0.6%	0.5%	0.4%	0.4%	0.5%	0.7%	1.4%
Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%
Personal Income Tax	—	—	—	—	—	—	—
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%
TOTAL TAXES	14.0%	9.9%	7.7%	6.7%	5.8%	4.8%	3.6%
Federal Deduction Offset	-0.0%	-0.1%	-0.1%	-0.2%	-0.5%	-0.6%	-0.4%
TOTAL AFTER OFFSET	14.0%	9.8%	7.6%	6.4%	5.3%	4.1%	3.2%



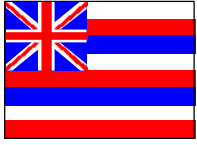
Georgia

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



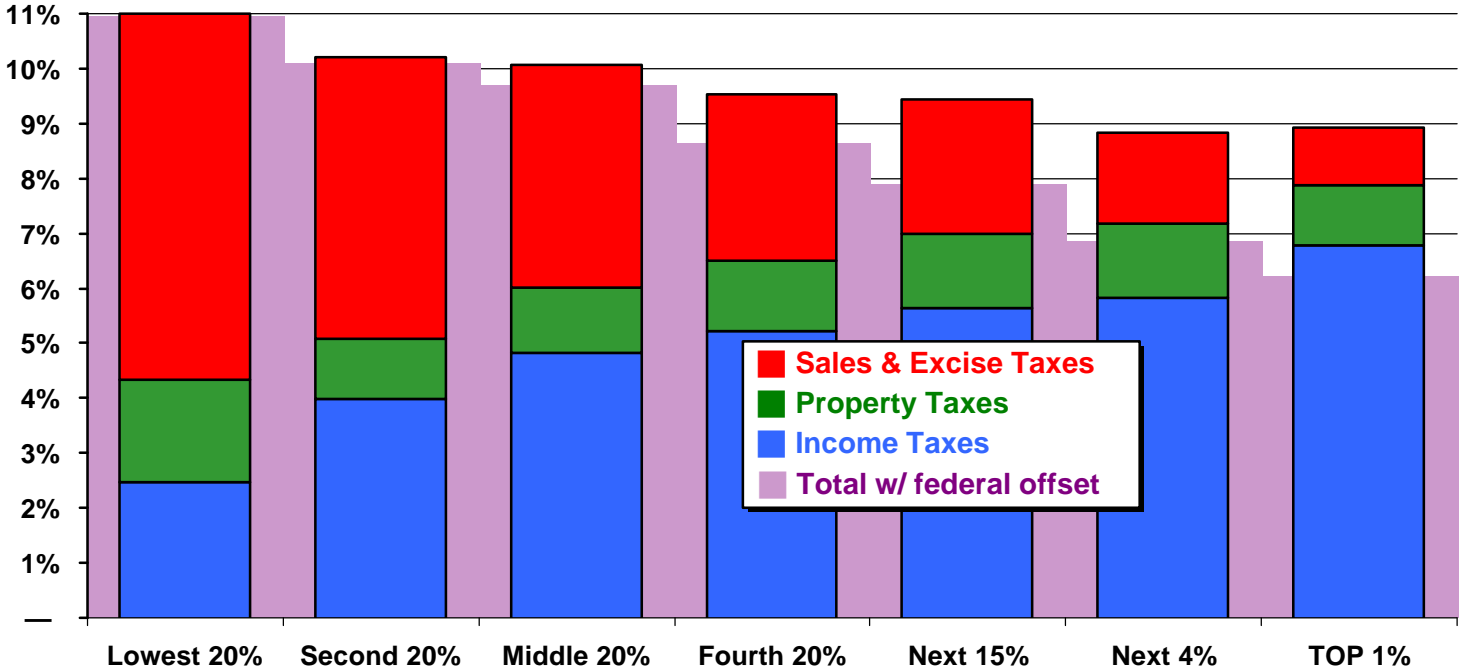
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$23,000	\$23,000 – \$39,000	\$39,000 – \$52,000	\$52,000 – \$74,000	\$74,000 – \$126,000	\$126,000 – \$396,000	\$396,000 or more
Average Income in Group	\$13,700	\$31,300	\$45,400	\$61,800	\$91,400	\$173,000	\$655,000
Sales & Excise Taxes	7.3%	5.4%	4.3%	3.4%	2.6%	1.6%	1.0%
General Sales—Individuals	4.5%	3.5%	2.8%	2.2%	1.7%	1.1%	0.7%
Other Sales & Excise—Ind.	1.0%	0.6%	0.5%	0.4%	0.3%	0.1%	0.0%
Sales & Excise on Business	1.8%	1.3%	1.0%	0.8%	0.6%	0.4%	0.3%
Property Taxes	2.8%	1.8%	1.8%	1.9%	2.1%	2.2%	2.0%
Property Taxes on Families	2.6%	1.6%	1.7%	1.7%	1.9%	1.7%	0.9%
Other Property Taxes	0.2%	0.2%	0.2%	0.2%	0.3%	0.5%	1.1%
Income Taxes	1.0%	2.9%	3.5%	3.9%	4.0%	4.1%	4.9%
Personal Income Tax	0.9%	2.8%	3.5%	3.8%	4.0%	4.0%	4.6%
Corporate Income Tax	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%	0.3%
TOTAL TAXES	11.1%	10.0%	9.6%	9.2%	8.8%	8.0%	7.9%
Federal Deduction Offset	-0.0%	-0.1%	-0.3%	-0.8%	-1.4%	-1.7%	-2.2%
TOTAL AFTER OFFSET	11.1%	9.9%	9.3%	8.4%	7.4%	6.3%	5.7%



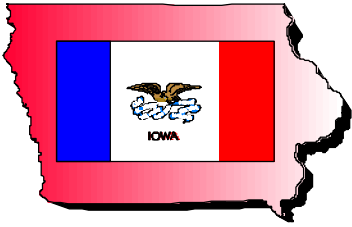
Hawaii

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



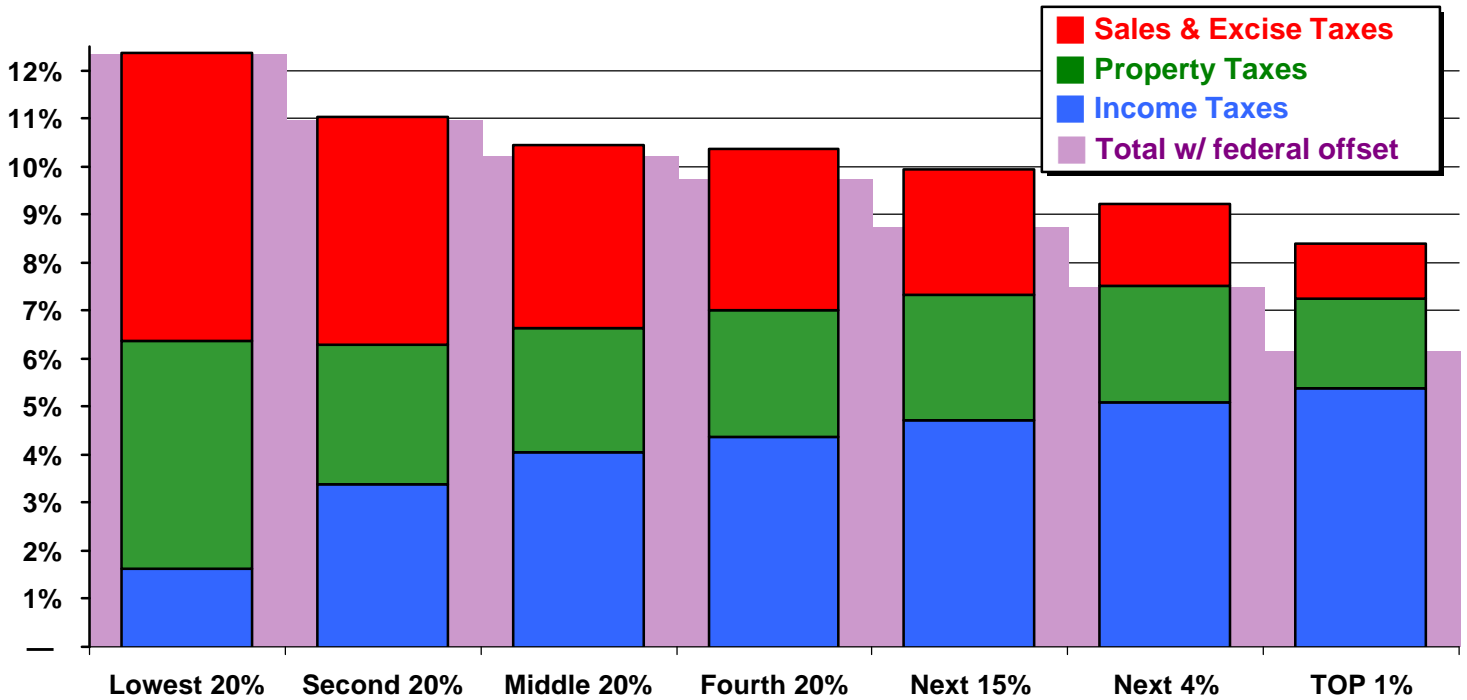
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$26,000	\$26,000 – \$41,000	\$41,000 – \$57,000	\$57,000 – \$78,000	\$78,000 – \$124,000	\$124,000 – \$364,000	\$364,000 or more
Average Income in Group	\$16,900	\$33,900	\$49,100	\$66,300	\$94,200	\$168,000	\$589,000
Sales & Excise Taxes	6.7%	5.1%	4.1%	3.0%	2.5%	1.6%	1.0%
General Sales—Individuals	3.8%	3.0%	2.4%	1.8%	1.4%	1.0%	0.6%
Other Sales & Excise—Ind.	1.1%	0.8%	0.6%	0.4%	0.3%	0.2%	0.1%
Sales & Excise on Business	1.8%	1.4%	1.1%	0.8%	0.7%	0.5%	0.3%
Property Taxes	1.9%	1.1%	1.2%	1.3%	1.3%	1.4%	1.1%
Property Taxes on Families	1.7%	1.0%	1.1%	1.1%	1.2%	1.0%	0.5%
Other Property Taxes	0.2%	0.1%	0.1%	0.2%	0.2%	0.3%	0.6%
Income Taxes	2.5%	4.0%	4.8%	5.2%	5.6%	5.8%	6.8%
Personal Income Tax	2.5%	4.0%	4.8%	5.2%	5.6%	5.8%	6.7%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
TOTAL TAXES	11.0%	10.2%	10.1%	9.5%	9.4%	8.8%	8.9%
Federal Deduction Offset	-0.0%	-0.1%	-0.4%	-0.9%	-1.6%	-2.0%	-2.7%
TOTAL AFTER OFFSET	11.0%	10.1%	9.7%	8.6%	7.9%	6.9%	6.2%



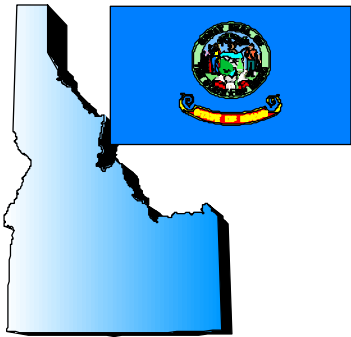
Iowa

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



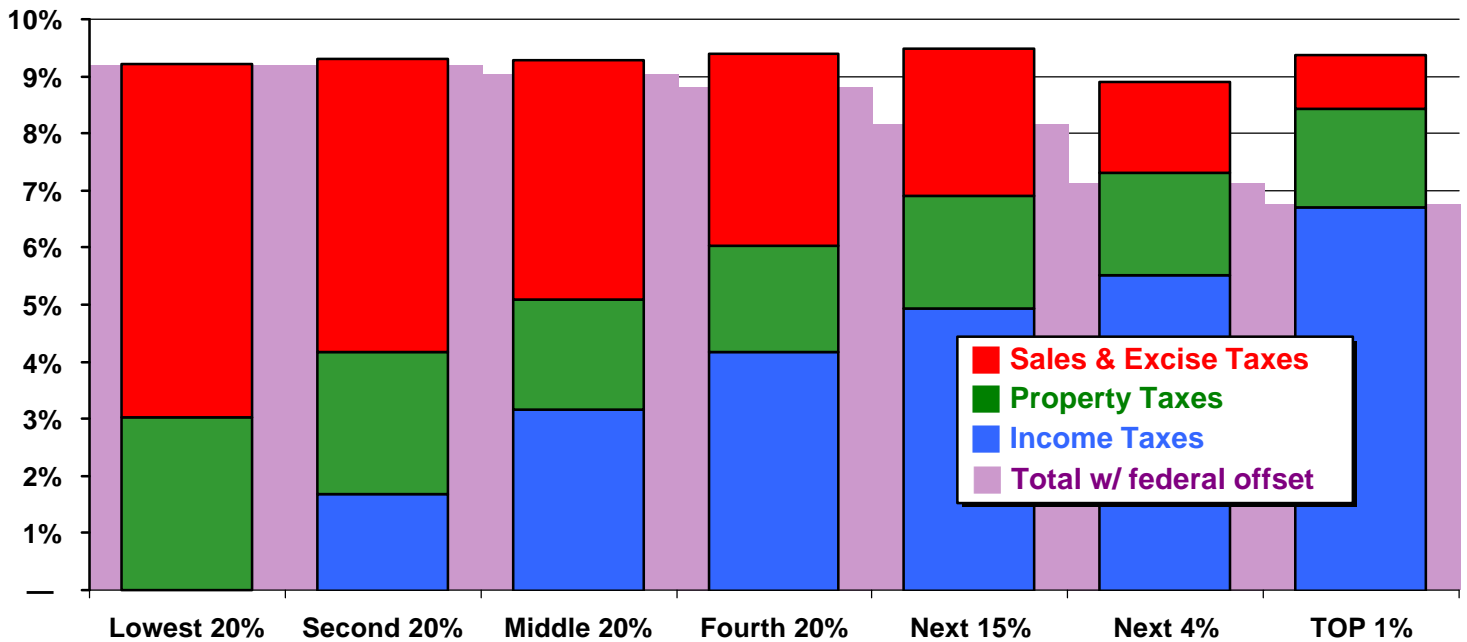
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$28,000	\$28,000 – \$41,000	\$41,000 – \$53,000	\$53,000 – \$69,000	\$69,000 – \$108,000	\$108,000 – \$228,000	\$228,000 or more
Average Income in Group	\$17,200	\$34,100	\$46,700	\$60,100	\$82,800	\$146,000	\$506,000
Sales & Excise Taxes	6.0%	4.7%	3.8%	3.4%	2.6%	1.7%	1.2%
General Sales—Individuals	3.6%	2.9%	2.4%	2.2%	1.7%	1.1%	0.8%
Other Sales & Excise—Ind.	1.1%	0.8%	0.6%	0.5%	0.4%	0.2%	0.1%
Sales & Excise on Business	1.3%	1.0%	0.8%	0.7%	0.6%	0.4%	0.3%
Property Taxes	4.8%	2.9%	2.6%	2.6%	2.6%	2.4%	1.9%
Property Taxes on Families	4.1%	2.5%	2.2%	2.3%	2.2%	1.8%	0.8%
Other Property Taxes	0.6%	0.4%	0.3%	0.3%	0.4%	0.6%	1.1%
Income Taxes	1.6%	3.4%	4.1%	4.4%	4.7%	5.1%	5.4%
Personal Income Tax	1.5%	3.3%	4.0%	4.3%	4.7%	5.0%	5.2%
Corporate Income Tax	0.1%	0.1%	0.0%	0.0%	0.1%	0.1%	0.2%
TOTAL TAXES	12.4%	11.0%	10.5%	10.4%	9.9%	9.2%	8.4%
Federal Deduction Offset	-0.0%	-0.1%	-0.2%	-0.6%	-1.2%	-1.7%	-2.3%
TOTAL AFTER OFFSET	12.3%	11.0%	10.2%	9.7%	8.7%	7.5%	6.1%



Idaho

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



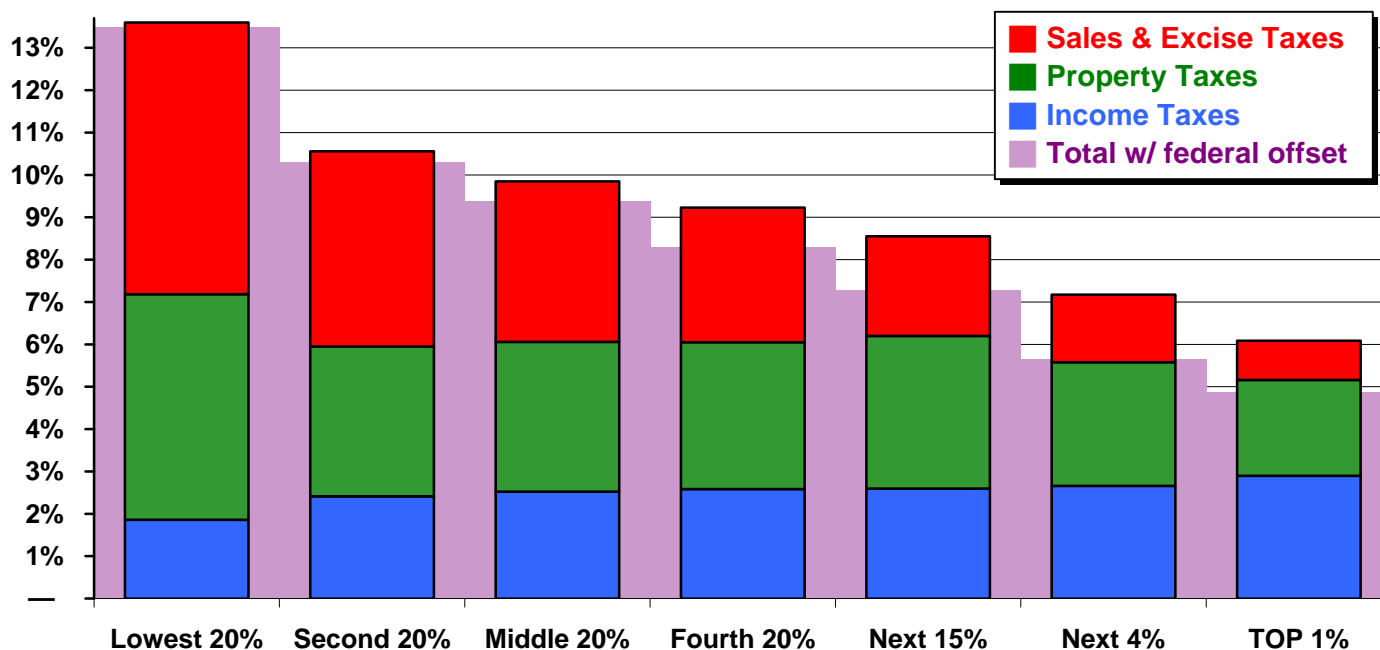
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$22,000	\$22,000 – \$34,000	\$34,000 – \$46,000	\$46,000 – \$63,000	\$63,000 – \$105,000	\$105,000 – \$221,000	\$221,000 or more
Average Income in Group	\$14,100	\$28,200	\$40,500	\$54,200	\$77,100	\$137,000	\$534,000
Sales & Excise Taxes	6.2%	5.1%	4.2%	3.4%	2.6%	1.6%	0.9%
General Sales—Individuals	3.7%	3.3%	2.8%	2.2%	1.7%	1.1%	0.7%
Other Sales & Excise—Ind.	1.4%	1.0%	0.7%	0.5%	0.4%	0.2%	0.1%
Sales & Excise on Business	1.1%	0.9%	0.7%	0.6%	0.4%	0.3%	0.2%
Property Taxes	3.0%	2.5%	1.9%	1.8%	2.0%	1.8%	1.7%
Property Taxes on Families	2.8%	2.3%	1.8%	1.7%	1.7%	1.4%	0.8%
Other Property Taxes	0.3%	0.2%	0.1%	0.1%	0.3%	0.4%	1.0%
Income Taxes	-0.0%	1.7%	3.2%	4.2%	4.9%	5.5%	6.7%
Personal Income Tax	-0.1%	1.6%	3.1%	4.1%	4.8%	5.4%	6.3%
Corporate Income Tax	0.1%	0.1%	0.0%	0.1%	0.1%	0.2%	0.4%
TOTAL TAXES	9.2%	9.3%	9.3%	9.4%	9.5%	8.9%	9.4%
Federal Deduction Offset	-0.0%	-0.1%	-0.2%	-0.6%	-1.3%	-1.8%	-2.6%
TOTAL AFTER OFFSET	9.2%	9.2%	9.0%	8.8%	8.2%	7.1%	6.8%



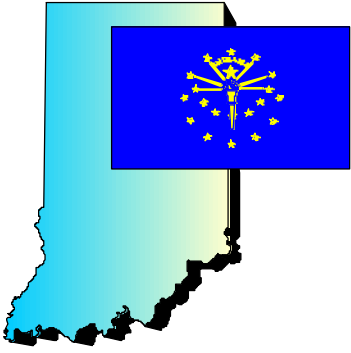
Illinois

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



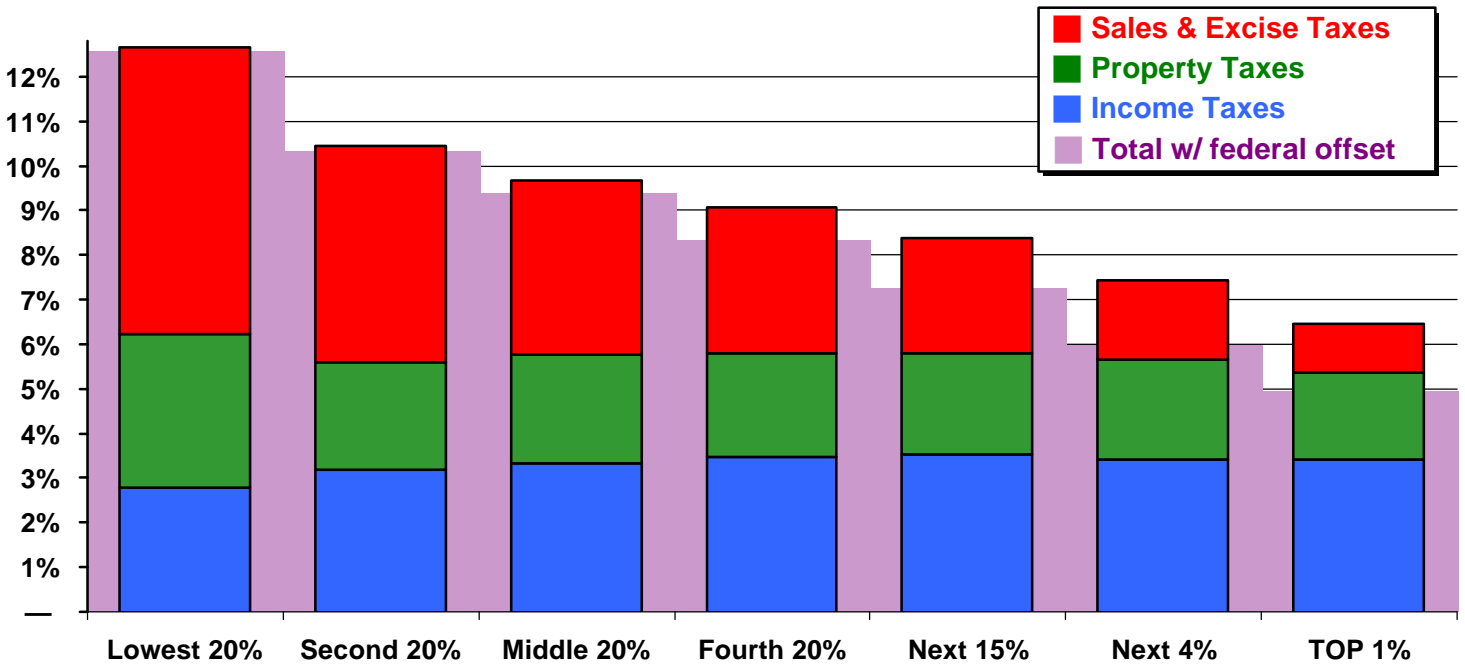
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$30,000	\$30,000 – \$46,000	\$46,000 – \$60,000	\$60,000 – \$81,000	\$81,000 – \$146,000	\$146,000 – \$412,000	\$412,000 or more
Average Income in Group	\$18,400	\$38,700	\$53,200	\$69,100	\$101,500	\$239,000	\$1,134,000
Sales & Excise Taxes	6.4%	4.6%	3.8%	3.2%	2.4%	1.6%	0.9%
General Sales—Individuals	3.0%	2.3%	2.0%	1.7%	1.3%	0.9%	0.5%
Other Sales & Excise—Ind.	1.6%	1.0%	0.8%	0.6%	0.4%	0.3%	0.1%
Sales & Excise on Business	1.8%	1.3%	1.0%	0.9%	0.6%	0.4%	0.3%
Property Taxes	5.3%	3.5%	3.5%	3.5%	3.6%	2.9%	2.3%
Property Taxes on Families	4.7%	3.1%	3.1%	3.1%	3.1%	2.1%	0.7%
Other Property Taxes	0.6%	0.4%	0.4%	0.4%	0.5%	0.8%	1.5%
Income Taxes	1.9%	2.4%	2.5%	2.6%	2.6%	2.7%	2.9%
Personal Income Tax	1.7%	2.4%	2.5%	2.5%	2.5%	2.5%	2.5%
Corporate Income Tax	0.1%	0.1%	0.0%	0.1%	0.1%	0.2%	0.4%
TOTAL TAXES	13.6%	10.6%	9.8%	9.2%	8.6%	7.2%	6.1%
Federal Deduction Offset	-0.1%	-0.2%	-0.5%	-0.9%	-1.3%	-1.5%	-1.2%
TOTAL AFTER OFFSET	13.5%	10.3%	9.4%	8.3%	7.3%	5.7%	4.9%



Indiana

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



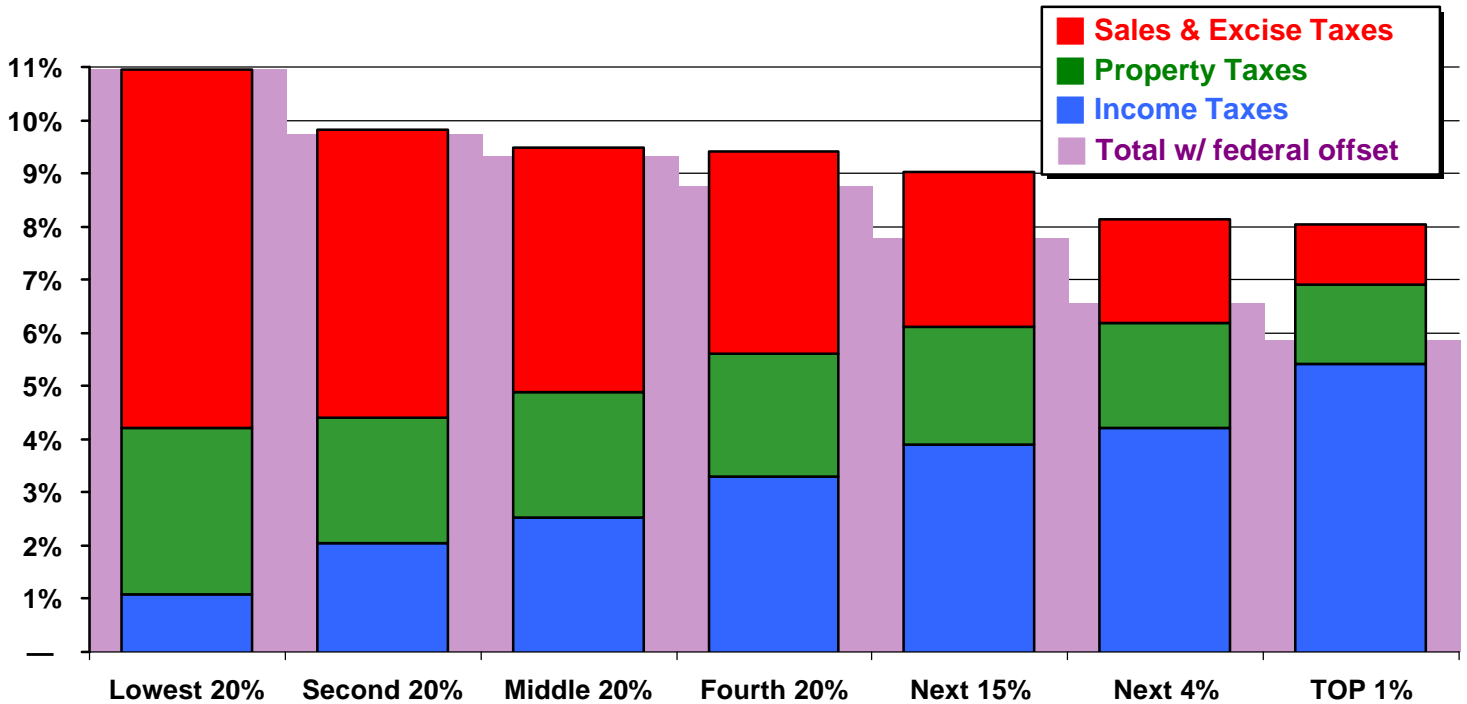
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$29,000	\$29,000 – \$42,000	\$42,000 – \$54,000	\$54,000 – \$72,000	\$72,000 – \$113,000	\$113,000 – \$253,000	\$253,000 or more
Average Income in Group	\$19,100	\$35,600	\$48,400	\$62,100	\$85,100	\$151,000	\$622,000
Sales & Excise Taxes	6.4%	4.8%	3.9%	3.3%	2.6%	1.8%	1.1%
General Sales—Individuals	3.4%	2.6%	2.2%	1.8%	1.5%	1.0%	0.7%
Other Sales & Excise—Ind.	1.6%	1.2%	0.9%	0.7%	0.6%	0.4%	0.2%
Sales & Excise on Business	1.4%	1.0%	0.9%	0.7%	0.6%	0.4%	0.3%
Property Taxes	3.5%	2.4%	2.4%	2.3%	2.3%	2.2%	2.0%
Property Taxes on Families	2.7%	2.0%	2.0%	1.9%	1.8%	1.5%	0.6%
Other Property Taxes	0.7%	0.4%	0.4%	0.4%	0.5%	0.7%	1.3%
Income Taxes	2.8%	3.2%	3.3%	3.5%	3.5%	3.4%	3.4%
Personal Income Tax	2.7%	3.1%	3.3%	3.4%	3.5%	3.3%	3.2%
Corporate Income Tax	0.1%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%
TOTAL TAXES	12.6%	10.4%	9.7%	9.1%	8.4%	7.4%	6.5%
Federal Deduction Offset	-0.1%	-0.1%	-0.3%	-0.8%	-1.1%	-1.5%	-1.5%
TOTAL AFTER OFFSET	12.6%	10.3%	9.4%	8.3%	7.3%	6.0%	4.9%



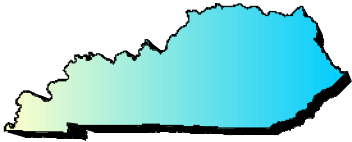
Kansas

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$27,000	\$27,000 – \$41,000	\$41,000 – \$54,000	\$54,000 – \$71,000	\$71,000 – \$115,000	\$115,000 – \$273,000	\$273,000 or more
Average Income in Group	\$17,600	\$34,200	\$47,200	\$61,600	\$87,200	\$158,000	\$667,000
Sales & Excise Taxes	6.7%	5.4%	4.6%	3.8%	2.9%	2.0%	1.1%
General Sales—Individuals	4.2%	3.5%	3.1%	2.5%	2.0%	1.3%	0.8%
Other Sales & Excise—Ind.	1.0%	0.7%	0.5%	0.4%	0.3%	0.2%	0.1%
Sales & Excise on Business	1.5%	1.2%	1.0%	0.8%	0.6%	0.4%	0.3%
Property Taxes	3.1%	2.4%	2.4%	2.3%	2.2%	2.0%	1.5%
Property Taxes on Families	2.9%	2.2%	2.2%	2.2%	2.1%	1.6%	0.6%
Other Property Taxes	0.2%	0.1%	0.1%	0.1%	0.2%	0.3%	0.9%
Income Taxes	1.1%	2.1%	2.5%	3.3%	3.9%	4.2%	5.4%
Personal Income Tax	1.0%	2.0%	2.5%	3.2%	3.8%	4.1%	5.2%
Corporate Income Tax	0.1%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%
TOTAL TAXES	11.0%	9.8%	9.5%	9.4%	9.0%	8.1%	8.0%
Federal Deduction Offset	-0.0%	-0.1%	-0.2%	-0.7%	-1.3%	-1.6%	-2.2%
TOTAL AFTER OFFSET	10.9%	9.7%	9.3%	8.8%	7.8%	6.6%	5.9%

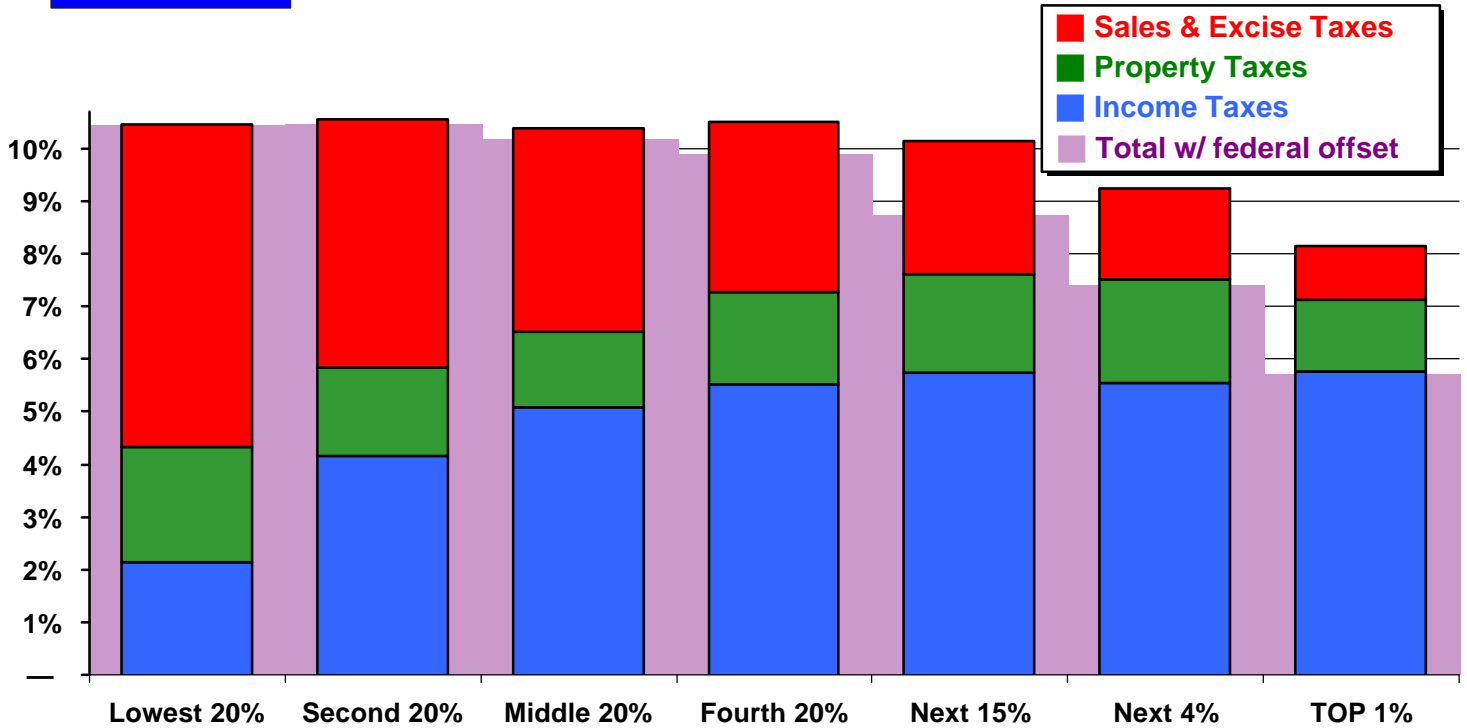


Kentucky



State & Local Taxes in 1995

Shares of family income for non-elderly married couples



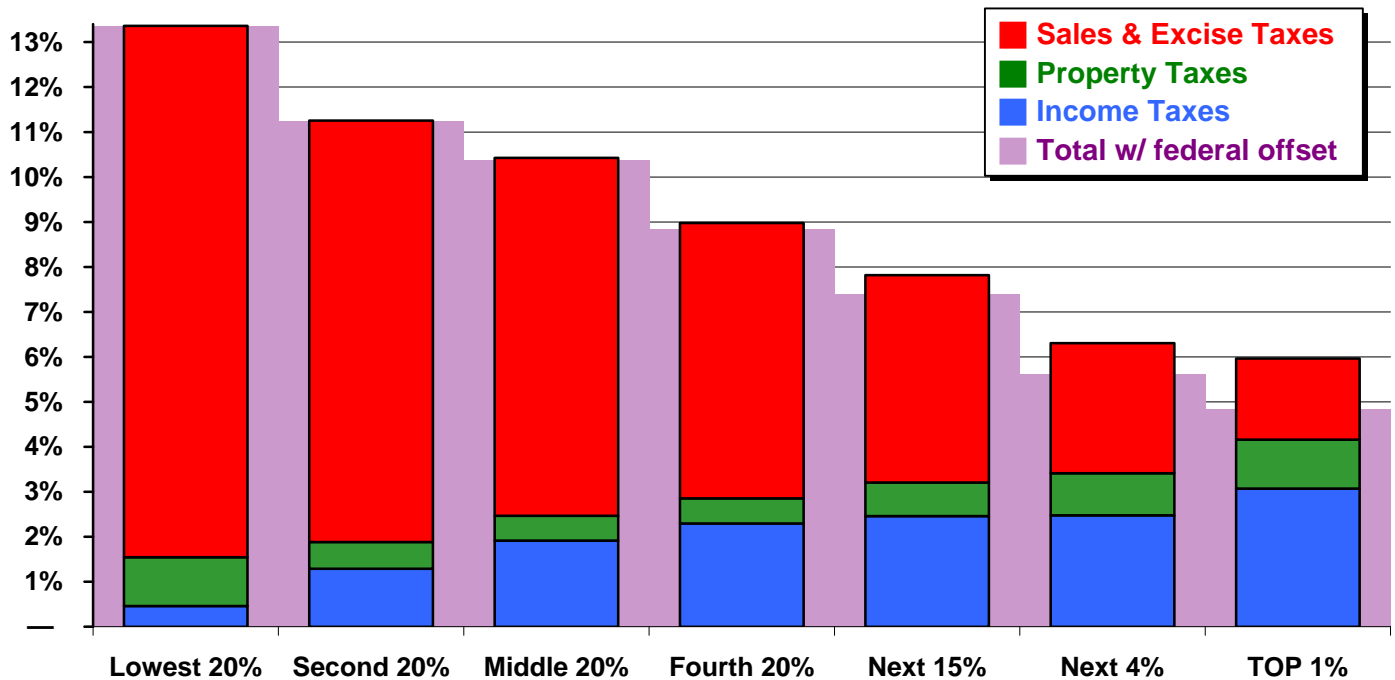
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$19,000	\$19,000 – \$31,000	\$31,000 – \$45,000	\$45,000 – \$62,000	\$62,000 – \$98,000	\$98,000 – \$214,000	\$214,000 or more
Average Income in Group	\$10,400	\$25,000	\$38,000	\$53,200	\$75,400	\$131,000	\$531,000
Sales & Excise Taxes	6.1%	4.7%	3.9%	3.2%	2.5%	1.7%	1.0%
General Sales—Individuals	3.3%	2.5%	2.1%	1.8%	1.4%	1.0%	0.7%
Other Sales & Excise—Ind.	1.6%	1.3%	1.0%	0.8%	0.6%	0.4%	0.2%
Sales & Excise on Business	1.2%	0.9%	0.7%	0.6%	0.5%	0.3%	0.2%
Property Taxes	2.2%	1.7%	1.4%	1.7%	1.9%	2.0%	1.3%
Property Taxes on Families	2.0%	1.6%	1.4%	1.7%	1.8%	1.7%	0.9%
Other Property Taxes	0.2%	0.1%	0.1%	0.1%	0.1%	0.3%	0.5%
Income Taxes	2.1%	4.2%	5.1%	5.5%	5.7%	5.5%	5.8%
Personal Income Tax	2.1%	4.1%	5.1%	5.5%	5.7%	5.4%	5.6%
Corporate Income Tax	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%	0.2%
TOTAL TAXES	10.5%	10.6%	10.4%	10.5%	10.1%	9.2%	8.2%
Federal Deduction Offset	-0.0%	-0.1%	-0.2%	-0.6%	-1.4%	-1.8%	-2.5%
TOTAL AFTER OFFSET	10.4%	10.5%	10.2%	9.9%	8.7%	7.4%	5.7%



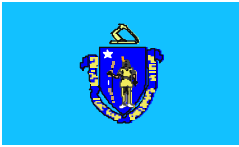
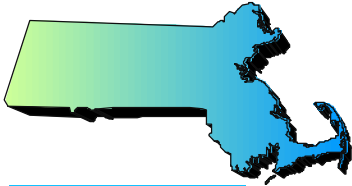
Louisiana

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



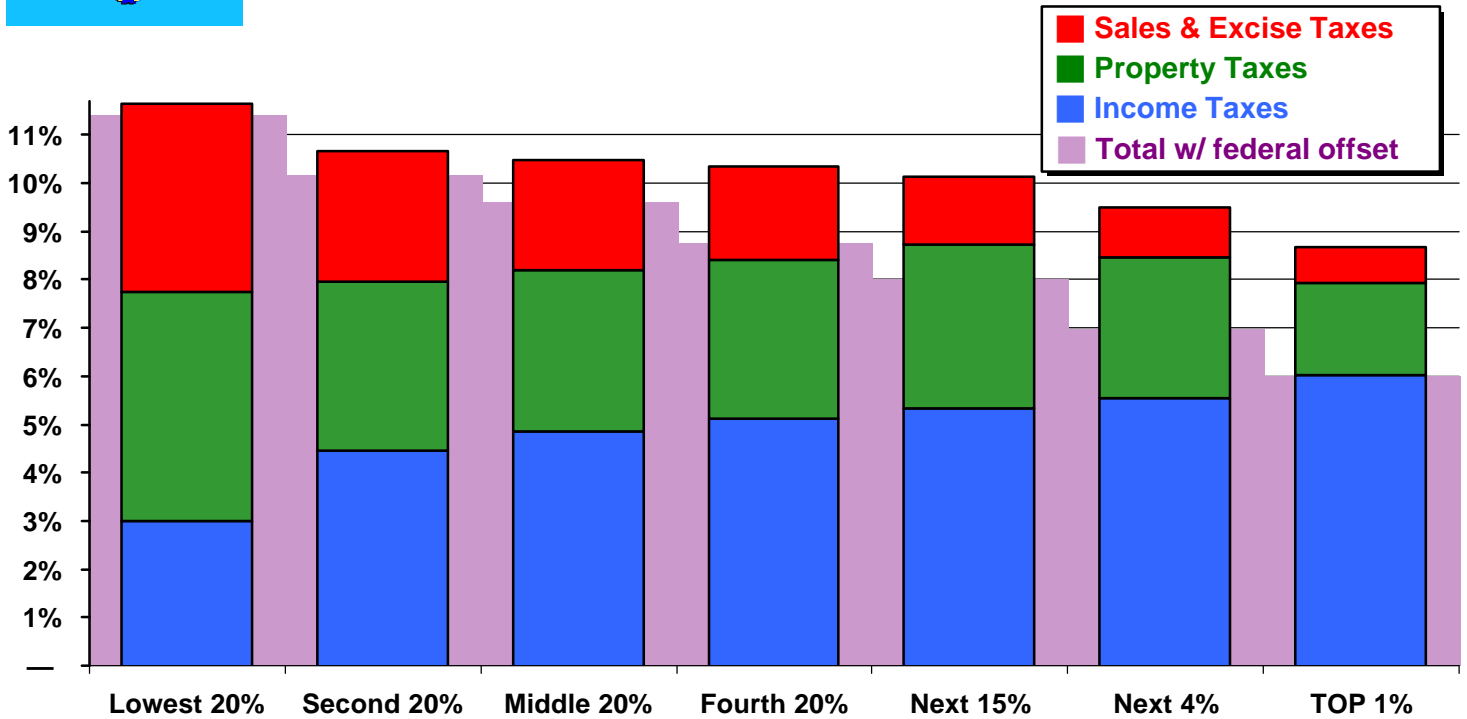
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$20,000	\$20,000 – \$33,000	\$33,000 – \$47,000	\$47,000 – \$66,000	\$66,000 – \$109,000	\$109,000 – \$259,000	\$259,000 or more
Average Income in Group	\$11,300	\$26,400	\$39,700	\$55,600	\$80,700	\$151,000	\$551,000
Sales & Excise Taxes	11.8%	9.4%	8.0%	6.1%	4.6%	2.9%	1.8%
General Sales—Individuals	7.6%	6.2%	5.4%	4.2%	3.2%	2.0%	1.3%
Other Sales & Excise—Ind.	1.6%	1.1%	0.8%	0.6%	0.4%	0.3%	0.1%
Sales & Excise on Business	2.6%	2.0%	1.7%	1.3%	1.0%	0.6%	0.4%
Property Taxes	1.1%	0.6%	0.6%	0.6%	0.7%	0.9%	1.1%
Property Taxes on Families	0.9%	0.5%	0.4%	0.4%	0.6%	0.6%	0.5%
Other Property Taxes	0.2%	0.1%	0.1%	0.1%	0.2%	0.3%	0.6%
Income Taxes	0.5%	1.3%	1.9%	2.3%	2.5%	2.5%	3.1%
Personal Income Tax	0.3%	1.2%	1.9%	2.2%	2.4%	2.3%	2.8%
Corporate Income Tax	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.3%
TOTAL TAXES	13.4%	11.3%	10.4%	9.0%	7.8%	6.3%	6.0%
Federal Deduction Offset	-0.0%	-0.0%	-0.0%	-0.1%	-0.4%	-0.7%	-1.1%
TOTAL AFTER OFFSET	13.4%	11.2%	10.4%	8.8%	7.4%	5.6%	4.8%



Massachusetts

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



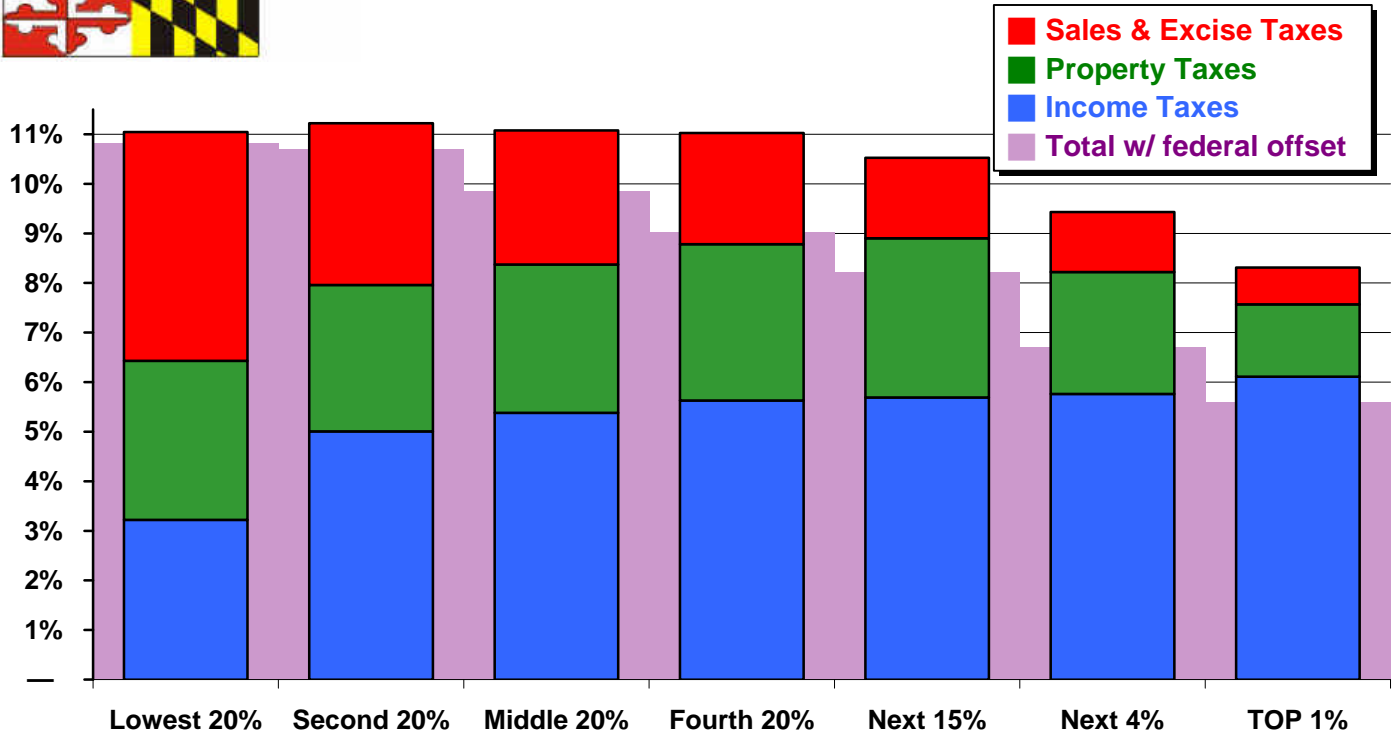
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$36,000	\$36,000 – \$52,000	\$52,000 – \$65,000	\$65,000 – \$86,000	\$86,000 – \$163,000	\$163,000 – \$387,000	\$387,000 or more
Average Income in Group	\$23,300	\$44,200	\$58,100	\$74,400	\$109,800	\$233,000	\$762,000
Sales & Excise Taxes	3.9%	2.7%	2.3%	1.9%	1.4%	1.0%	0.7%
General Sales—Individuals	1.7%	1.3%	1.1%	1.0%	0.7%	0.6%	0.4%
Other Sales & Excise—Ind.	0.9%	0.5%	0.4%	0.3%	0.2%	0.1%	0.1%
Sales & Excise on Business	1.3%	0.9%	0.7%	0.6%	0.4%	0.3%	0.3%
Property Taxes	4.8%	3.5%	3.3%	3.3%	3.4%	2.9%	1.9%
Property Taxes on Families	4.6%	3.4%	3.2%	3.2%	3.2%	2.5%	1.1%
Other Property Taxes	0.2%	0.1%	0.1%	0.1%	0.2%	0.4%	0.8%
Income Taxes	3.0%	4.5%	4.9%	5.1%	5.3%	5.6%	6.0%
Personal Income Tax	2.9%	4.4%	4.8%	5.0%	5.2%	5.3%	5.6%
Corporate Income Tax	0.1%	0.0%	0.1%	0.1%	0.1%	0.2%	0.4%
TOTAL TAXES	11.6%	10.7%	10.5%	10.3%	10.1%	9.5%	8.7%
Federal Deduction Offset	-0.2%	-0.5%	-0.9%	-1.6%	-2.1%	-2.5%	-2.7%
TOTAL AFTER OFFSET	11.4%	10.2%	9.6%	8.7%	8.0%	7.0%	6.0%



Maryland

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



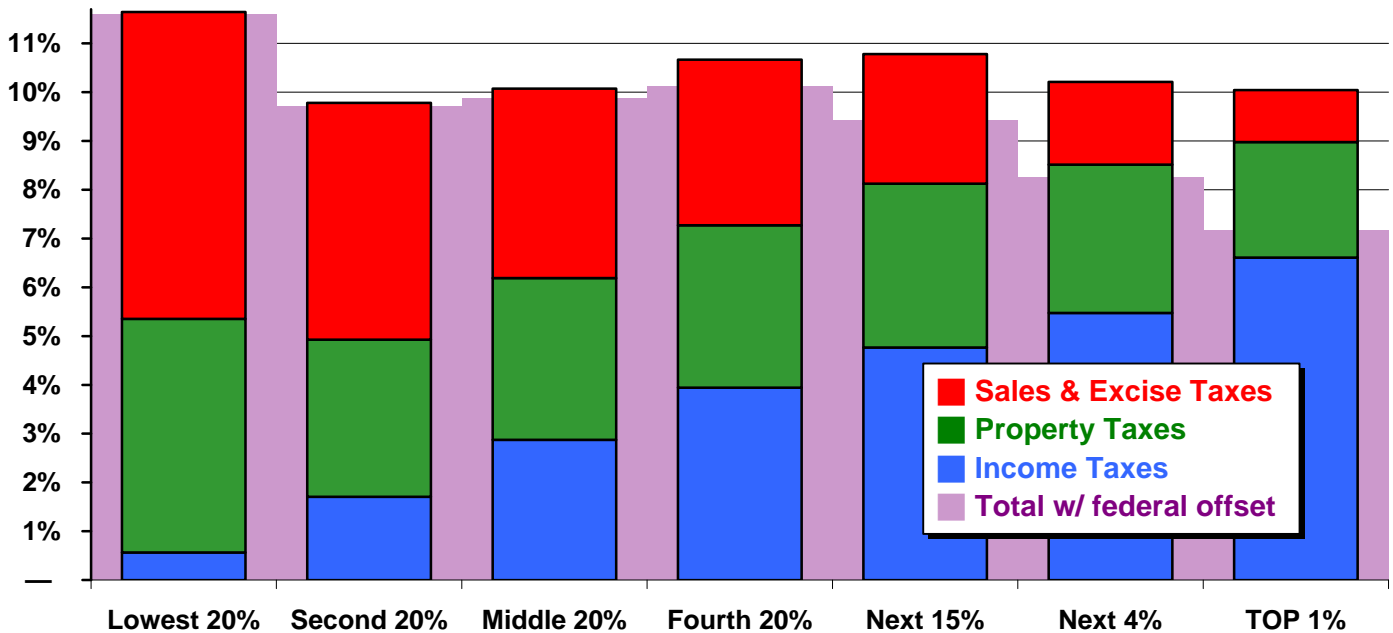
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$35,000	\$35,000 – \$52,000	\$52,000 – \$68,000	\$68,000 – \$92,000	\$92,000 – \$159,000	\$159,000 – \$410,000	\$410,000 or more
Average Income in Group	\$23,000	\$43,700	\$60,000	\$78,500	\$114,200	\$248,000	\$982,000
Sales & Excise Taxes	4.6%	3.3%	2.7%	2.2%	1.6%	1.2%	0.7%
General Sales—Individuals	2.3%	1.7%	1.5%	1.2%	0.9%	0.7%	0.5%
Other Sales & Excise—Ind.	1.1%	0.7%	0.6%	0.5%	0.3%	0.2%	0.1%
Sales & Excise on Business	1.2%	0.8%	0.7%	0.5%	0.4%	0.3%	0.2%
Property Taxes	3.2%	3.0%	3.0%	3.2%	3.2%	2.5%	1.5%
Property Taxes on Families	3.1%	2.8%	2.9%	3.1%	3.1%	2.2%	0.9%
Other Property Taxes	0.1%	0.1%	0.1%	0.1%	0.2%	0.3%	0.6%
Income Taxes	3.2%	5.0%	5.4%	5.6%	5.7%	5.8%	6.1%
Personal Income Tax	3.2%	5.0%	5.4%	5.6%	5.7%	5.7%	6.0%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
TOTAL TAXES	11.0%	11.2%	11.1%	11.0%	10.5%	9.4%	8.3%
Federal Deduction Offset	-0.2%	-0.5%	-1.2%	-2.0%	-2.3%	-2.7%	-2.7%
TOTAL AFTER OFFSET	10.8%	10.7%	9.8%	9.0%	8.2%	6.7%	5.6%



Maine

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



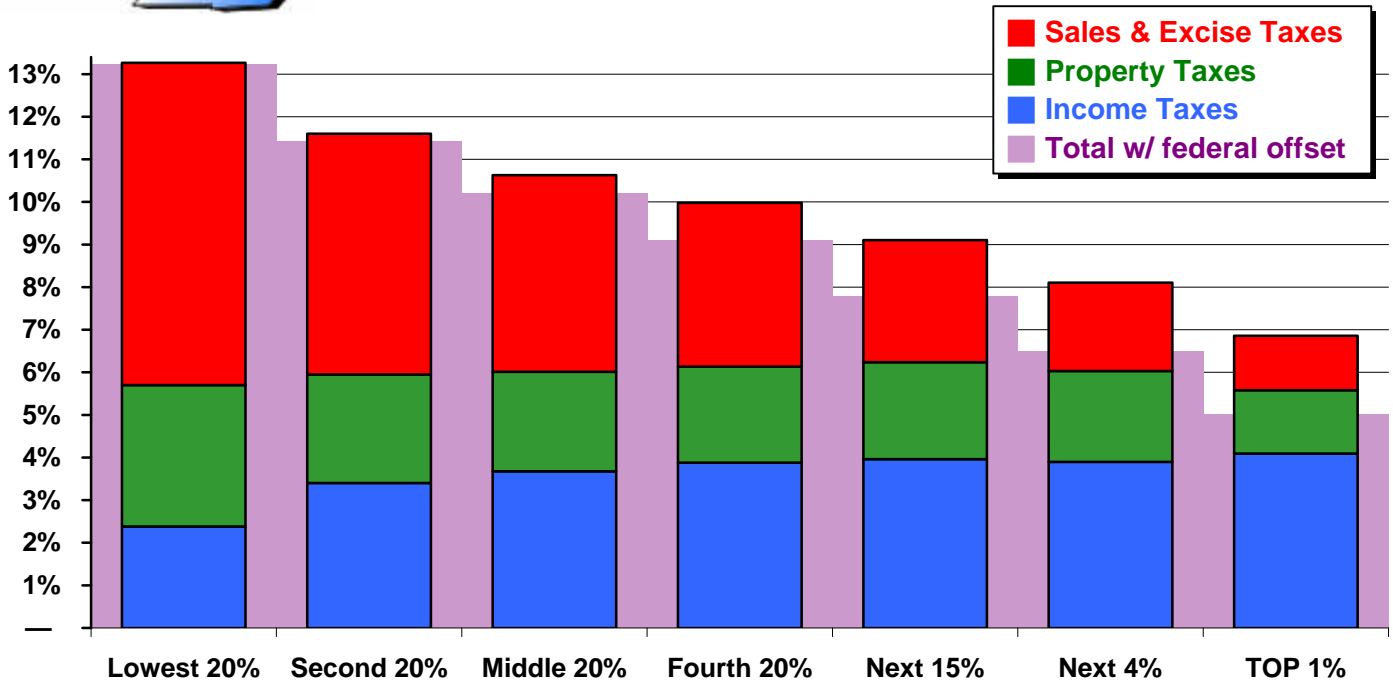
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$25,000	\$25,000 – \$36,000	\$36,000 – \$47,000	\$47,000 – \$62,000	\$62,000 – \$99,000	\$99,000 – \$240,000	\$240,000 or more
Average Income in Group	\$15,800	\$30,700	\$41,200	\$54,100	\$74,200	\$139,000	\$490,000
Sales & Excise Taxes	6.3%	4.9%	3.9%	3.4%	2.7%	1.7%	1.1%
General Sales—Individuals	3.1%	2.5%	2.0%	1.7%	1.4%	0.9%	0.6%
Other Sales & Excise—Ind.	1.9%	1.4%	1.1%	1.0%	0.7%	0.4%	0.2%
Sales & Excise on Business	1.3%	1.0%	0.8%	0.7%	0.5%	0.3%	0.2%
Property Taxes	4.8%	3.2%	3.3%	3.3%	3.4%	3.0%	2.4%
Property Taxes on Families	4.1%	2.8%	2.9%	2.8%	2.7%	2.2%	1.1%
Other Property Taxes	0.7%	0.4%	0.4%	0.5%	0.6%	0.9%	1.3%
Income Taxes	0.6%	1.7%	2.9%	3.9%	4.8%	5.5%	6.6%
Personal Income Tax	0.5%	1.7%	2.9%	3.9%	4.7%	5.4%	6.5%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
TOTAL TAXES	11.6%	9.8%	10.1%	10.7%	10.8%	10.2%	10.0%
Federal Deduction Offset	-0.0%	-0.1%	-0.2%	-0.5%	-1.4%	-2.0%	-2.9%
TOTAL AFTER OFFSET	11.6%	9.7%	9.9%	10.1%	9.4%	8.2%	7.2%



Michigan

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



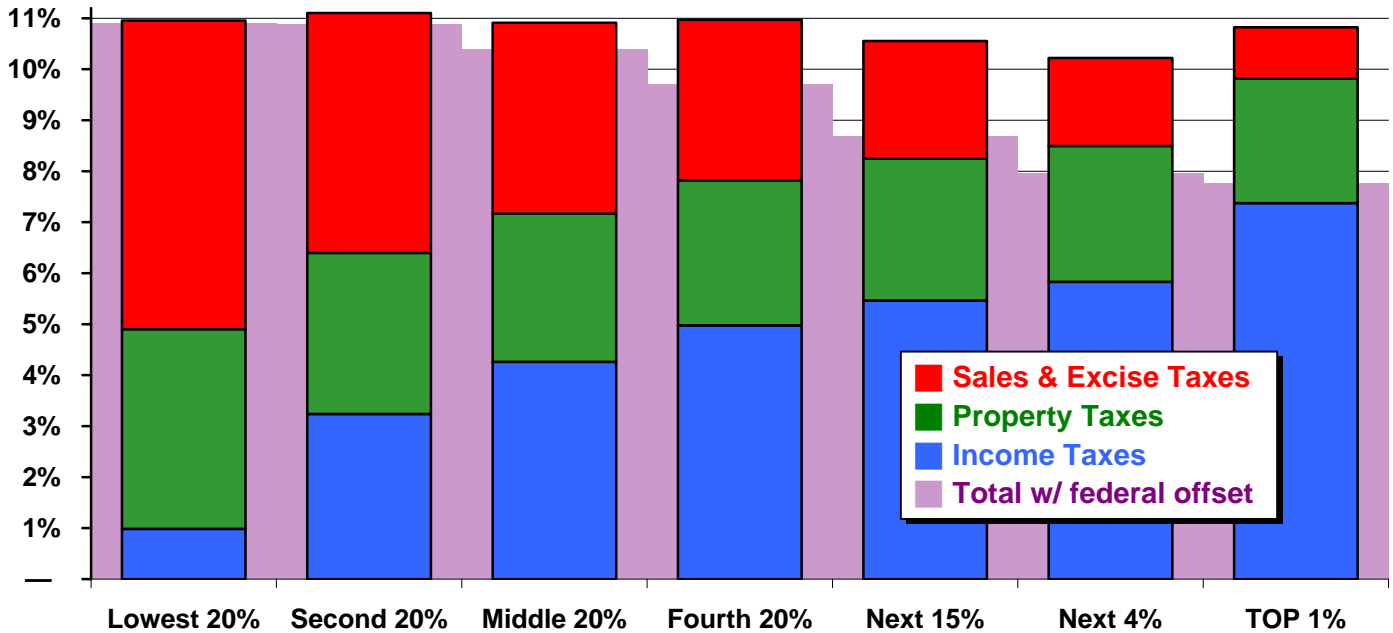
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$31,000	\$31,000 – \$47,000	\$47,000 – \$61,000	\$61,000 – \$82,000	\$82,000 – \$131,000	\$131,000 – \$408,000	\$408,000 or more
Average Income in Group	\$19,700	\$39,300	\$53,700	\$70,500	\$98,600	\$176,000	\$724,000
Sales & Excise Taxes	7.6%	5.7%	4.6%	3.8%	2.9%	2.1%	1.3%
General Sales—Individuals	2.5%	2.0%	1.7%	1.4%	1.1%	0.8%	0.6%
Other Sales & Excise—Ind.	3.4%	2.4%	1.9%	1.6%	1.1%	0.7%	0.3%
Sales & Excise on Business	1.6%	1.2%	1.0%	0.9%	0.7%	0.5%	0.4%
Property Taxes	3.3%	2.5%	2.3%	2.3%	2.3%	2.1%	1.5%
Property Taxes on Families	3.0%	2.4%	2.2%	2.1%	2.1%	1.8%	0.7%
Other Property Taxes	0.3%	0.2%	0.1%	0.1%	0.2%	0.4%	0.8%
Income Taxes	2.4%	3.4%	3.7%	3.9%	4.0%	3.9%	4.1%
Personal Income Tax	2.4%	3.4%	3.7%	3.9%	4.0%	3.9%	4.1%
Corporate Income Tax	—	—	—	—	—	—	—
TOTAL TAXES	13.3%	11.6%	10.6%	10.0%	9.1%	8.1%	6.9%
Federal Deduction Offset	-0.0%	-0.2%	-0.4%	-0.9%	-1.3%	-1.6%	-1.8%
TOTAL AFTER OFFSET	13.2%	11.4%	10.2%	9.1%	7.8%	6.5%	5.0%



Minnesota

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



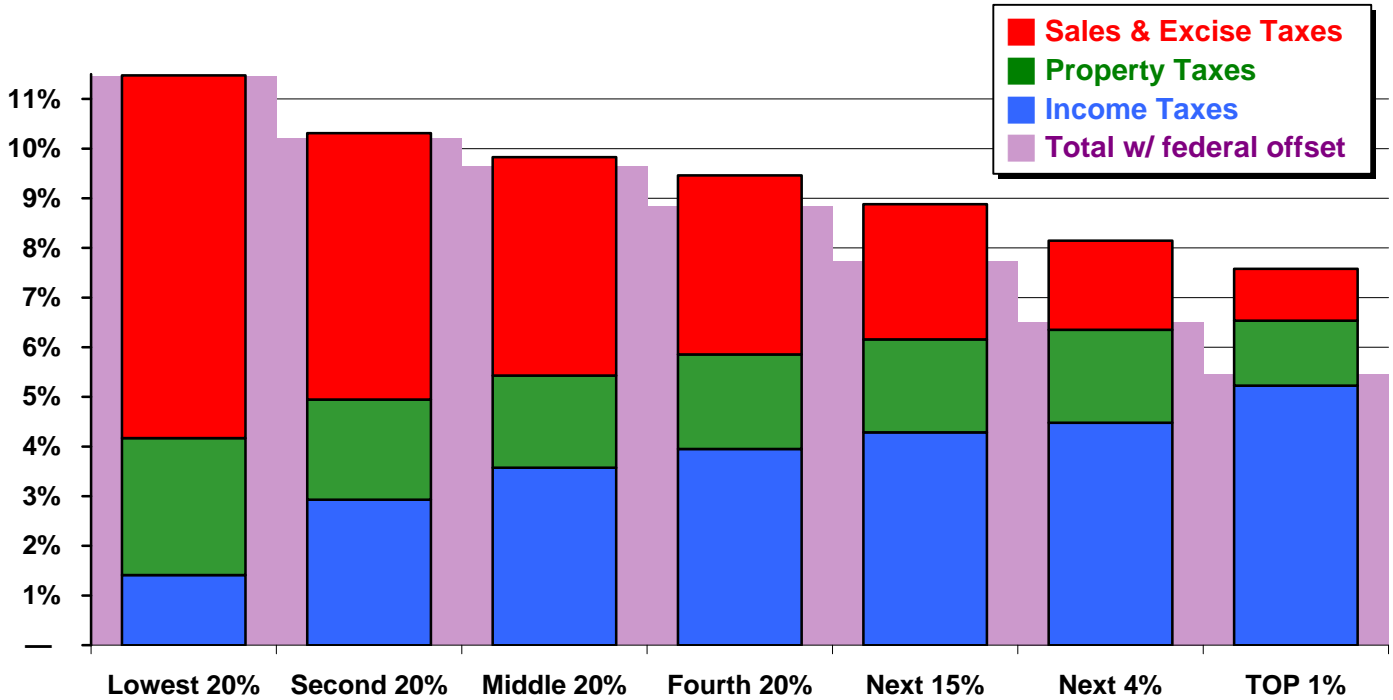
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$30,000	\$30,000 – \$45,000	\$45,000 – \$58,000	\$58,000 – \$78,000	\$78,000 – \$134,000	\$134,000 – \$398,000	\$398,000 or more
Average Income in Group	\$19,800	\$37,800	\$51,300	\$66,600	\$96,500	\$181,000	\$731,000
Sales & Excise Taxes	6.1%	4.7%	3.7%	3.1%	2.3%	1.7%	1.0%
General Sales—Individuals	3.1%	2.6%	2.1%	1.8%	1.3%	1.1%	0.6%
Other Sales & Excise—Ind.	1.3%	0.8%	0.6%	0.5%	0.3%	0.2%	0.1%
Sales & Excise on Business	1.7%	1.3%	1.0%	0.9%	0.6%	0.5%	0.3%
Property Taxes	3.9%	3.2%	2.9%	2.8%	2.8%	2.7%	2.4%
Property Taxes on Families	3.1%	2.5%	2.3%	2.2%	2.2%	1.8%	0.8%
Other Property Taxes	0.8%	0.6%	0.6%	0.6%	0.6%	0.8%	1.6%
Income Taxes	1.0%	3.2%	4.3%	5.0%	5.5%	5.8%	7.4%
Personal Income Tax	0.9%	3.2%	4.2%	4.9%	5.4%	5.7%	7.0%
Corporate Income Tax	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%	0.4%
TOTAL TAXES	11.0%	11.1%	10.9%	11.0%	10.6%	10.2%	10.8%
Federal Deduction Offset	-0.1%	-0.2%	-0.5%	-1.3%	-1.9%	-2.3%	-3.1%
TOTAL AFTER OFFSET	10.9%	10.9%	10.4%	9.7%	8.7%	8.0%	7.8%



Missouri

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



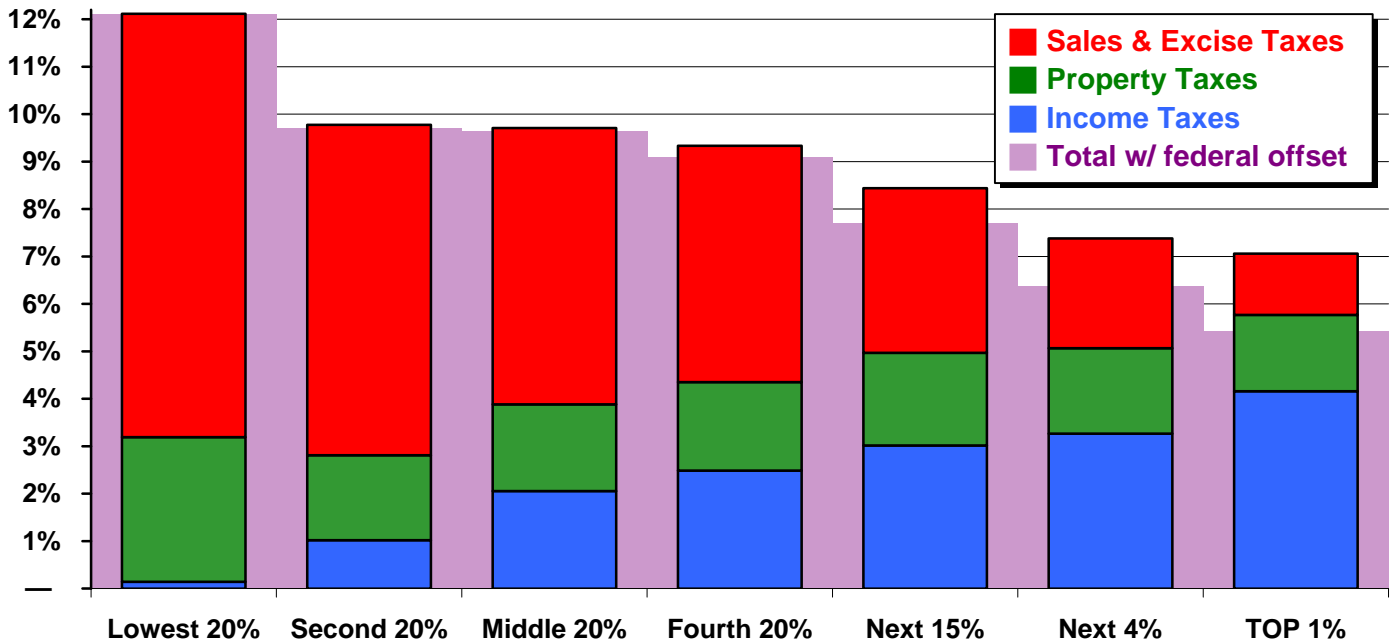
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$24,000	\$24,000 – \$38,000	\$38,000 – \$51,000	\$51,000 – \$70,000	\$70,000 – \$115,000	\$115,000 – \$285,000	\$285,000 or more
Average Income in Group	\$14,500	\$31,500	\$44,500	\$59,500	\$85,300	\$157,000	\$643,000
Sales & Excise Taxes	7.3%	5.4%	4.4%	3.6%	2.7%	1.8%	1.0%
General Sales—Individuals	4.7%	3.6%	3.0%	2.5%	1.9%	1.2%	0.7%
Other Sales & Excise—Ind.	1.0%	0.6%	0.5%	0.4%	0.3%	0.2%	0.1%
Sales & Excise on Business	1.6%	1.2%	1.0%	0.8%	0.6%	0.4%	0.3%
Property Taxes	2.8%	2.0%	1.9%	1.9%	1.9%	1.9%	1.3%
Property Taxes on Families	2.5%	1.9%	1.7%	1.8%	1.7%	1.5%	0.6%
Other Property Taxes	0.2%	0.1%	0.1%	0.1%	0.2%	0.3%	0.7%
Income Taxes	1.4%	2.9%	3.6%	3.9%	4.3%	4.5%	5.2%
Personal Income Tax	1.3%	2.9%	3.5%	3.9%	4.2%	4.4%	5.0%
Corporate Income Tax	0.1%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%
TOTAL TAXES	11.5%	10.3%	9.8%	9.5%	8.9%	8.1%	7.6%
Federal Deduction Offset	-0.0%	-0.1%	-0.2%	-0.6%	-1.2%	-1.6%	-2.1%
TOTAL AFTER OFFSET	11.5%	10.2%	9.6%	8.8%	7.7%	6.5%	5.5%



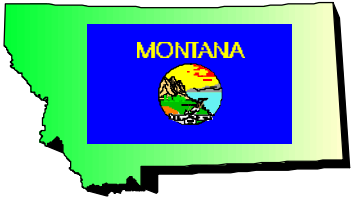
Mississippi

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



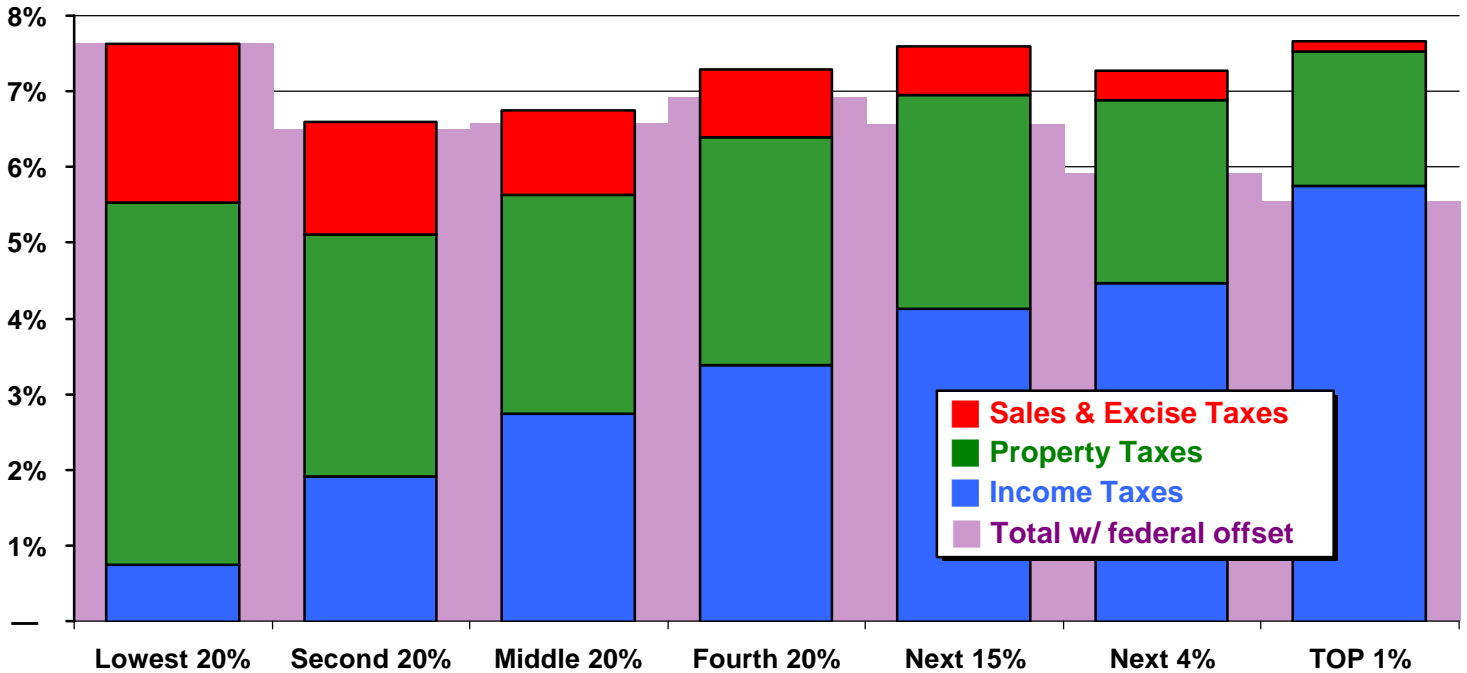
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$18,000	\$18,000 – \$32,000	\$32,000 – \$43,000	\$43,000 – \$60,000	\$60,000 – \$98,000	\$98,000 – \$224,000	\$224,000 or more
Average Income in Group	\$10,300	\$24,400	\$37,400	\$50,500	\$74,100	\$132,000	\$479,000
Sales & Excise Taxes	8.9%	7.0%	5.8%	5.0%	3.5%	2.3%	1.3%
General Sales—Individuals	5.6%	4.6%	3.9%	3.4%	2.4%	1.6%	0.9%
Other Sales & Excise—Ind.	1.6%	1.0%	0.8%	0.6%	0.4%	0.3%	0.1%
Sales & Excise on Business	1.8%	1.4%	1.1%	1.0%	0.7%	0.5%	0.3%
Property Taxes	3.0%	1.8%	1.8%	1.9%	2.0%	1.8%	1.6%
Property Taxes on Families	2.9%	1.6%	1.7%	1.7%	1.8%	1.3%	0.7%
Other Property Taxes	0.2%	0.2%	0.2%	0.1%	0.2%	0.5%	0.9%
Income Taxes	0.1%	1.0%	2.1%	2.5%	3.0%	3.3%	4.2%
Personal Income Tax	0.1%	1.0%	2.0%	2.4%	3.0%	3.1%	3.8%
Corporate Income Tax	0.1%	0.1%	0.1%	0.0%	0.1%	0.2%	0.3%
TOTAL TAXES	12.1%	9.8%	9.7%	9.3%	8.4%	7.4%	7.1%
Federal Deduction Offset	—	-0.1%	-0.1%	-0.2%	-0.7%	-1.0%	-1.6%
TOTAL AFTER OFFSET	12.1%	9.7%	9.6%	9.1%	7.7%	6.4%	5.4%



Montana

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



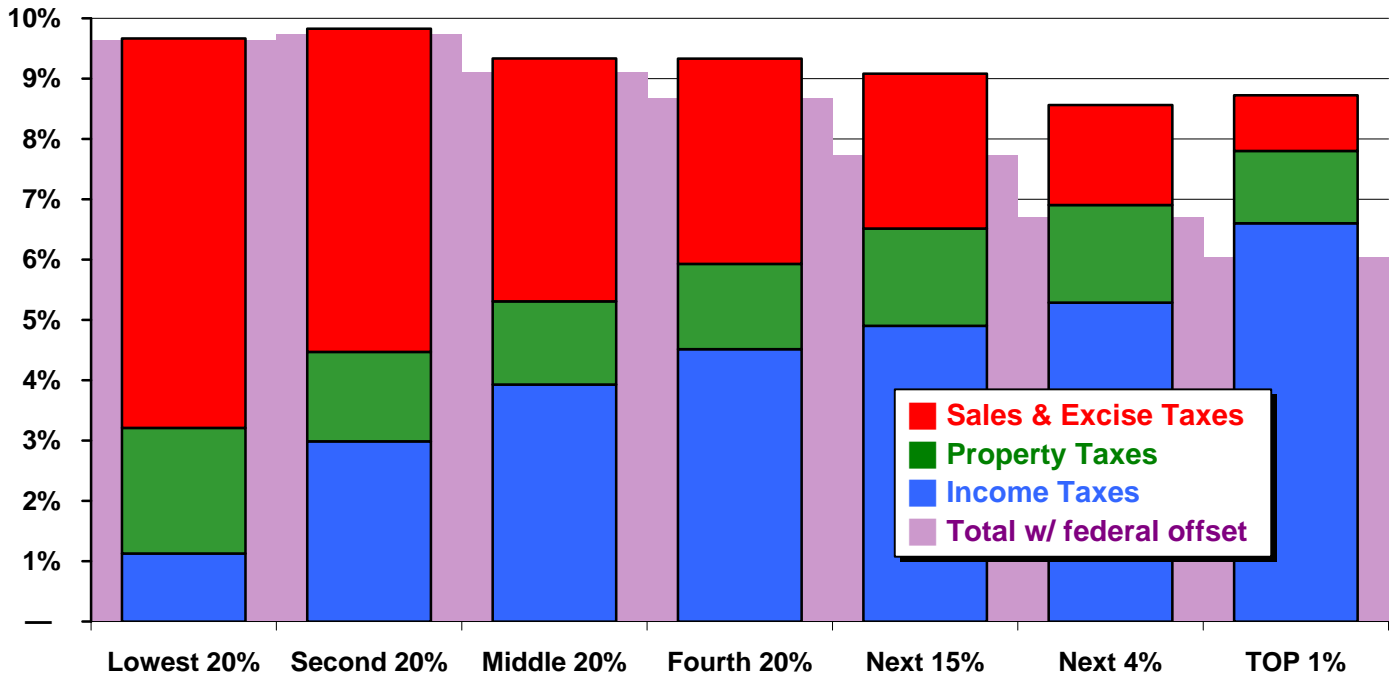
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$21,000	\$21,000 – \$32,000	\$32,000 – \$44,000	\$44,000 – \$59,000	\$59,000 – \$98,000	\$98,000 – \$207,000	\$207,000 or more
Average Income in Group	\$11,700	\$26,500	\$37,600	\$50,500	\$73,000	\$131,000	\$566,000
Sales & Excise Taxes	2.1%	1.5%	1.1%	0.9%	0.7%	0.4%	0.1%
General Sales—Individuals	—	—	—	—	—	—	—
Other Sales & Excise—Ind.	1.8%	1.3%	1.0%	0.8%	0.6%	0.3%	0.1%
Sales & Excise on Business	0.3%	0.2%	0.2%	0.1%	0.1%	0.1%	0.0%
Property Taxes	4.8%	3.2%	2.9%	3.0%	2.8%	2.4%	1.8%
Property Taxes on Families	3.9%	2.4%	2.3%	2.4%	2.2%	1.6%	0.7%
Other Property Taxes	0.9%	0.7%	0.6%	0.6%	0.6%	0.8%	1.0%
Income Taxes	0.7%	1.9%	2.7%	3.4%	4.1%	4.5%	5.8%
Personal Income Tax	0.7%	1.9%	2.7%	3.3%	4.1%	4.3%	5.6%
Corporate Income Tax	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%	0.2%
TOTAL TAXES	7.6%	6.6%	6.8%	7.3%	7.6%	7.3%	7.7%
Federal Deduction Offset	–0.0%	–0.1%	–0.2%	–0.4%	–1.0%	–1.4%	–2.1%
TOTAL AFTER OFFSET	7.6%	6.5%	6.6%	6.9%	6.6%	5.9%	5.5%



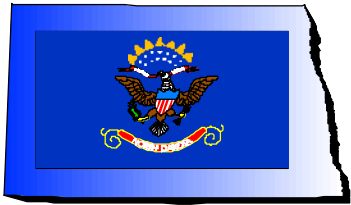
North Carolina

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



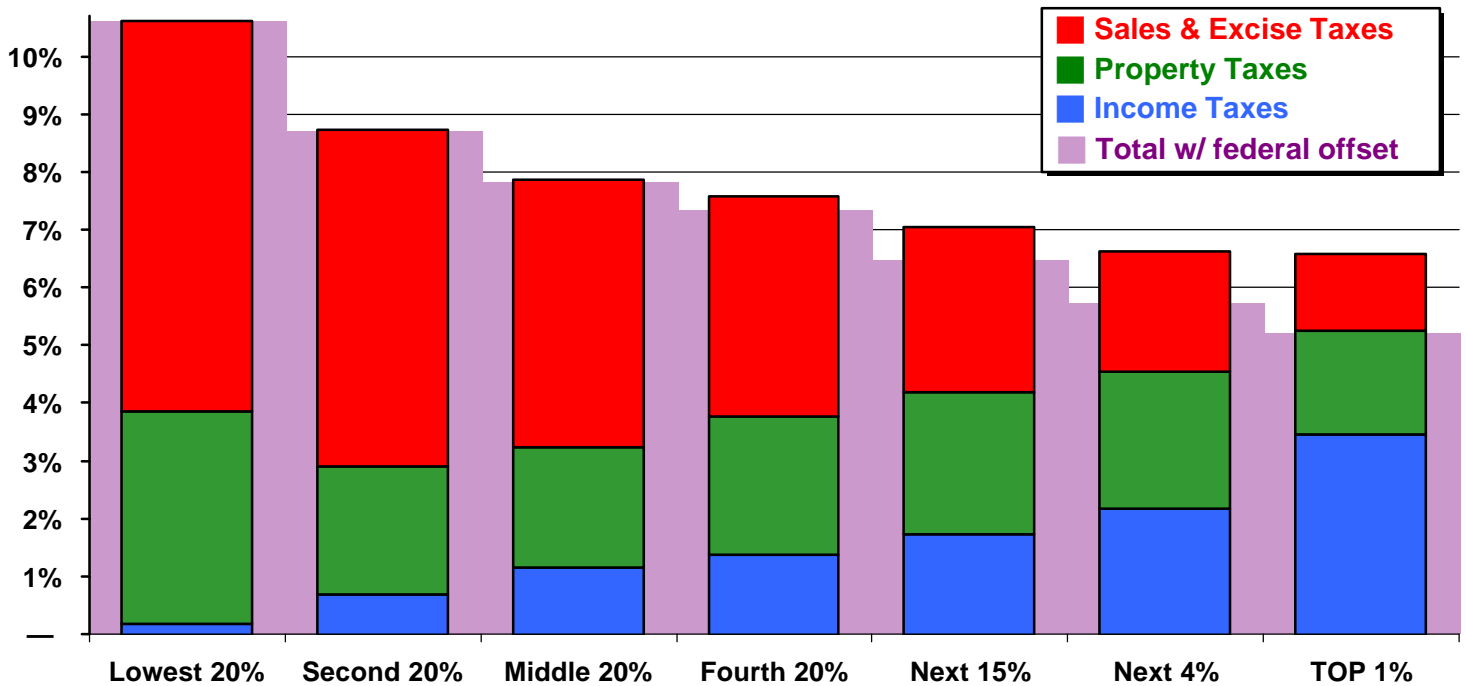
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$23,000	\$23,000 – \$37,000	\$37,000 – \$49,000	\$49,000 – \$68,000	\$68,000 – \$113,000	\$113,000 – \$262,000	\$262,000 or more
Average Income in Group	\$14,500	\$30,300	\$43,000	\$57,500	\$83,000	\$152,000	\$601,000
Sales & Excise Taxes	6.5%	5.4%	4.0%	3.4%	2.6%	1.7%	0.9%
General Sales—Individuals	3.4%	2.9%	2.2%	1.9%	1.4%	0.9%	0.5%
Other Sales & Excise—Ind.	1.7%	1.4%	1.0%	0.8%	0.6%	0.4%	0.2%
Sales & Excise on Business	1.3%	1.1%	0.8%	0.7%	0.5%	0.4%	0.2%
Property Taxes	2.1%	1.5%	1.4%	1.4%	1.6%	1.6%	1.2%
Property Taxes on Families	2.0%	1.4%	1.3%	1.3%	1.5%	1.4%	0.8%
Other Property Taxes	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.4%
Income Taxes	1.1%	3.0%	3.9%	4.5%	4.9%	5.3%	6.6%
Personal Income Tax	1.0%	2.9%	3.9%	4.4%	4.8%	5.1%	6.2%
Corporate Income Tax	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.4%
TOTAL TAXES	9.7%	9.8%	9.3%	9.3%	9.1%	8.6%	8.7%
Federal Deduction Offset	-0.0%	-0.1%	-0.2%	-0.7%	-1.4%	-1.9%	-2.7%
TOTAL AFTER OFFSET	9.6%	9.7%	9.1%	8.7%	7.7%	6.7%	6.0%



North Dakota

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



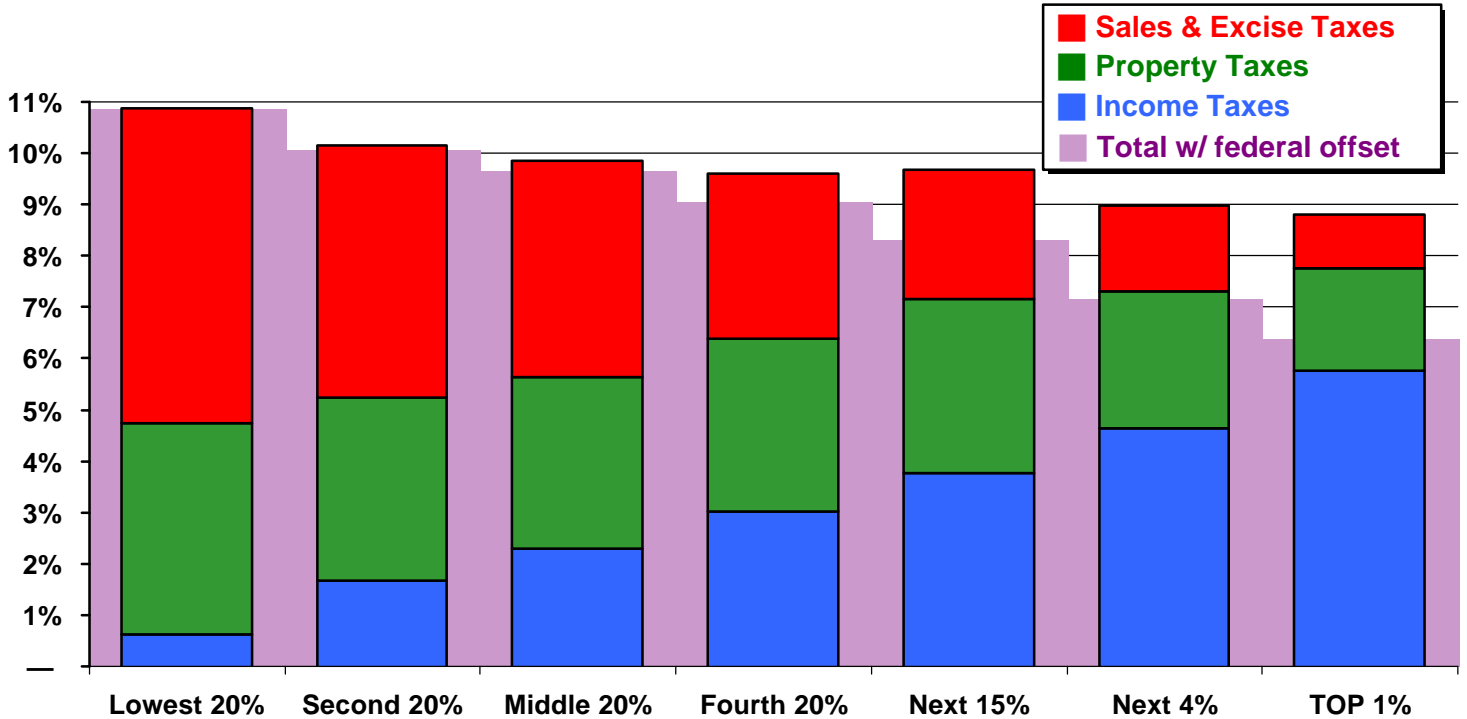
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$24,000	\$24,000 – \$36,000	\$36,000 – \$48,000	\$48,000 – \$64,000	\$64,000 – \$107,000	\$107,000 – \$211,000	\$211,000 or more
Average Income in Group	\$15,700	\$29,600	\$41,400	\$54,600	\$78,800	\$140,000	\$430,000
Sales & Excise Taxes	6.7%	5.8%	4.6%	3.8%	2.9%	2.1%	1.3%
General Sales—Individuals	3.0%	2.7%	2.3%	2.0%	1.5%	1.1%	0.8%
Other Sales & Excise—Ind.	2.3%	1.8%	1.3%	1.0%	0.7%	0.5%	0.2%
Sales & Excise on Business	1.5%	1.3%	1.0%	0.8%	0.6%	0.5%	0.3%
Property Taxes	3.7%	2.2%	2.1%	2.4%	2.4%	2.4%	1.8%
Property Taxes on Families	3.4%	2.0%	1.9%	2.2%	2.1%	1.8%	1.0%
Other Property Taxes	0.3%	0.2%	0.1%	0.2%	0.3%	0.5%	0.8%
Income Taxes	0.2%	0.7%	1.1%	1.4%	1.7%	2.2%	3.4%
Personal Income Tax	0.1%	0.7%	1.1%	1.3%	1.7%	2.1%	3.3%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%
TOTAL TAXES	10.6%	8.7%	7.9%	7.6%	7.1%	6.6%	6.6%
Federal Deduction Offset	—	–0.0%	–0.1%	–0.3%	–0.6%	–0.9%	–1.4%
TOTAL AFTER OFFSET	10.6%	8.7%	7.8%	7.3%	6.5%	5.7%	5.2%



Nebraska

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



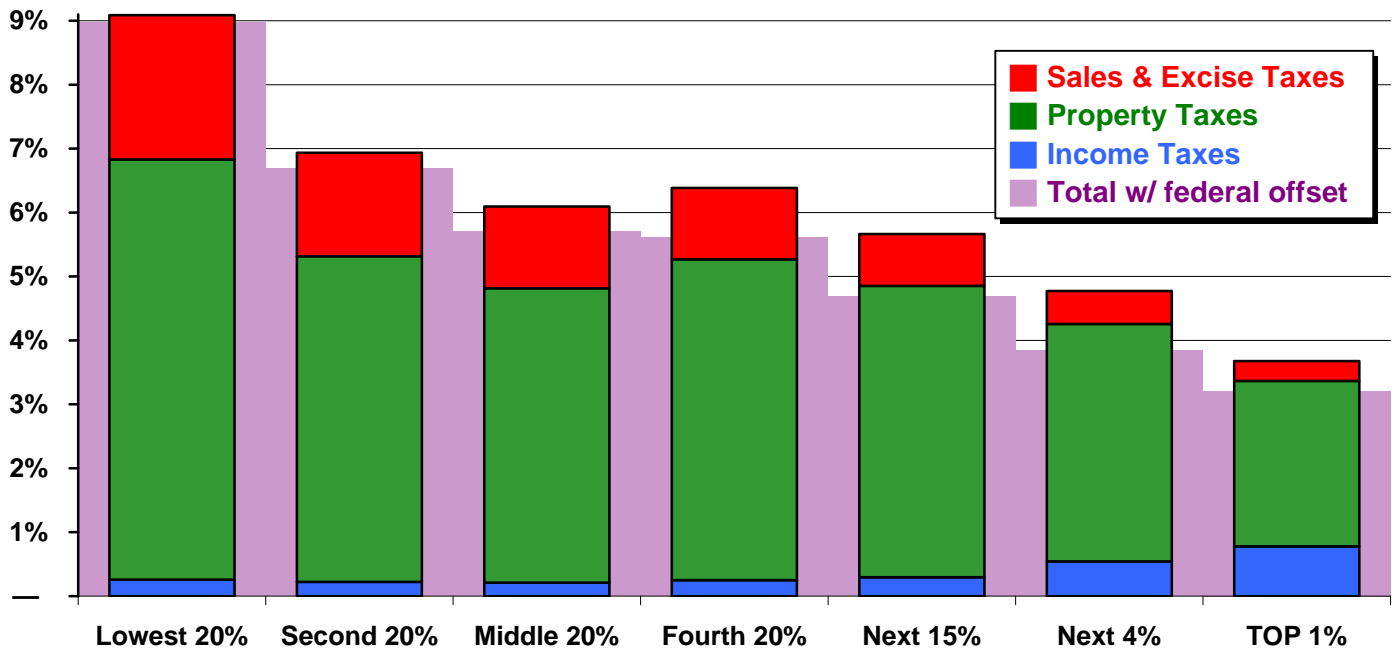
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$25,000	\$25,000 – \$37,000	\$37,000 – \$48,000	\$48,000 – \$66,000	\$66,000 – \$108,000	\$108,000 – \$246,000	\$246,000 or more
Average Income in Group	\$17,300	\$31,200	\$42,800	\$56,500	\$79,500	\$144,000	\$611,000
Sales & Excise Taxes	6.1%	4.9%	4.2%	3.2%	2.5%	1.7%	1.0%
General Sales—Individuals	3.6%	3.0%	2.7%	2.0%	1.6%	1.1%	0.7%
Other Sales & Excise—Ind.	1.1%	0.8%	0.6%	0.5%	0.4%	0.2%	0.1%
Sales & Excise on Business	1.4%	1.1%	0.9%	0.7%	0.5%	0.3%	0.2%
Property Taxes	4.1%	3.6%	3.4%	3.4%	3.4%	2.7%	2.0%
Property Taxes on Families	3.8%	3.3%	3.2%	3.1%	3.1%	2.3%	0.9%
Other Property Taxes	0.3%	0.2%	0.2%	0.3%	0.3%	0.4%	1.1%
Income Taxes	0.6%	1.7%	2.3%	3.0%	3.8%	4.6%	5.8%
Personal Income Tax	0.6%	1.6%	2.3%	3.0%	3.7%	4.6%	5.6%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%
TOTAL TAXES	10.9%	10.1%	9.9%	9.6%	9.7%	9.0%	8.8%
Federal Deduction Offset	-0.0%	-0.1%	-0.2%	-0.5%	-1.4%	-1.8%	-2.4%
TOTAL AFTER OFFSET	10.8%	10.1%	9.7%	9.1%	8.3%	7.2%	6.4%



New Hampshire

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



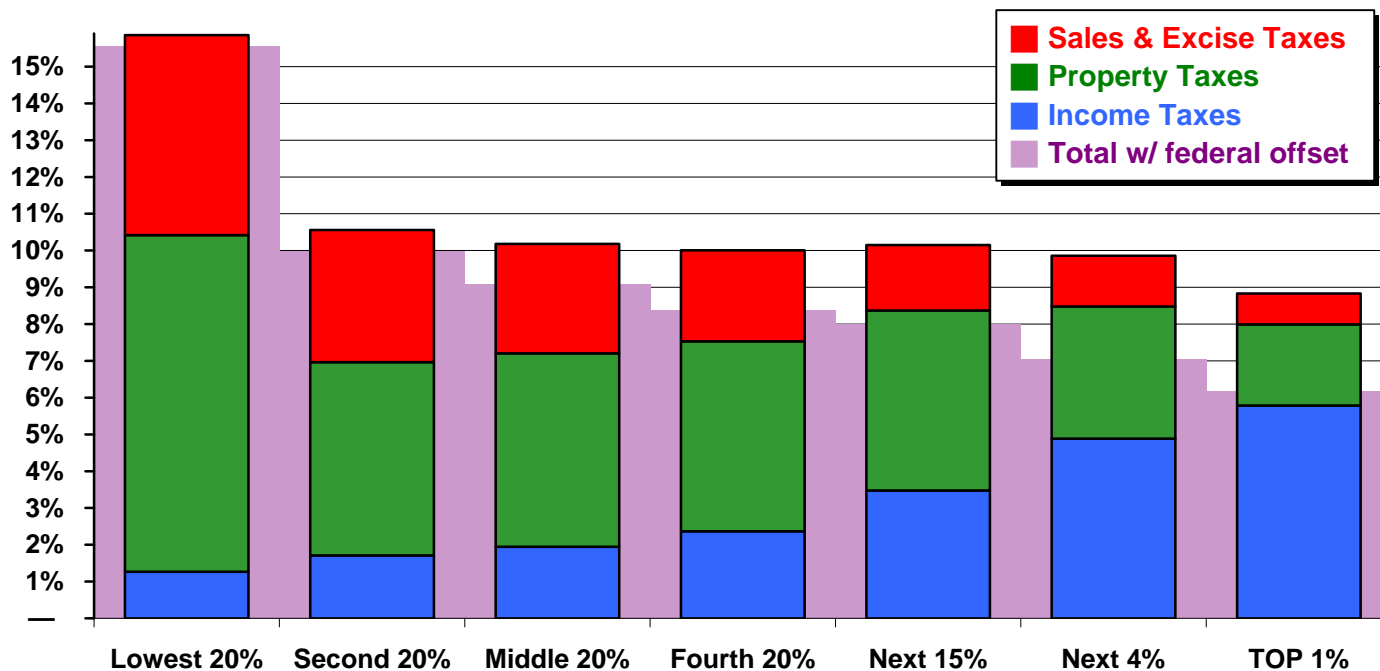
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$33,000	\$33,000 – \$47,000	\$47,000 – \$59,000	\$59,000 – \$77,000	\$77,000 – \$132,000	\$132,000 – \$349,000	\$349,000 or more
Average Income in Group	\$22,900	\$40,700	\$53,100	\$66,700	\$95,300	\$193,000	\$802,000
Sales & Excise Taxes	2.3%	1.6%	1.3%	1.1%	0.8%	0.5%	0.3%
General Sales—Individuals	—	—	—	—	—	—	—
Other Sales & Excise—Ind.	1.9%	1.3%	1.1%	0.9%	0.7%	0.4%	0.2%
Sales & Excise on Business	0.4%	0.3%	0.2%	0.2%	0.2%	0.1%	0.1%
Property Taxes	6.6%	5.1%	4.6%	5.0%	4.6%	3.7%	2.6%
Property Taxes on Families	6.2%	4.9%	4.4%	4.8%	4.2%	3.0%	1.2%
Other Property Taxes	0.3%	0.2%	0.2%	0.3%	0.3%	0.7%	1.4%
Income Taxes	0.3%	0.2%	0.2%	0.3%	0.3%	0.5%	0.8%
Personal Income Tax	0.1%	0.0%	0.0%	0.0%	0.1%	0.3%	0.4%
Corporate Income Tax	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.4%
TOTAL TAXES	9.1%	6.9%	6.1%	6.4%	5.7%	4.8%	3.7%
Federal Deduction Offset	-0.1%	-0.2%	-0.4%	-0.8%	-1.0%	-0.9%	-0.5%
TOTAL AFTER OFFSET	9.0%	6.7%	5.7%	5.6%	4.7%	3.8%	3.2%



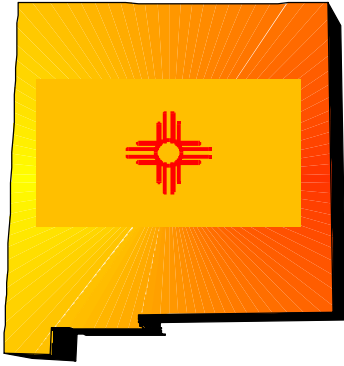
New Jersey

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



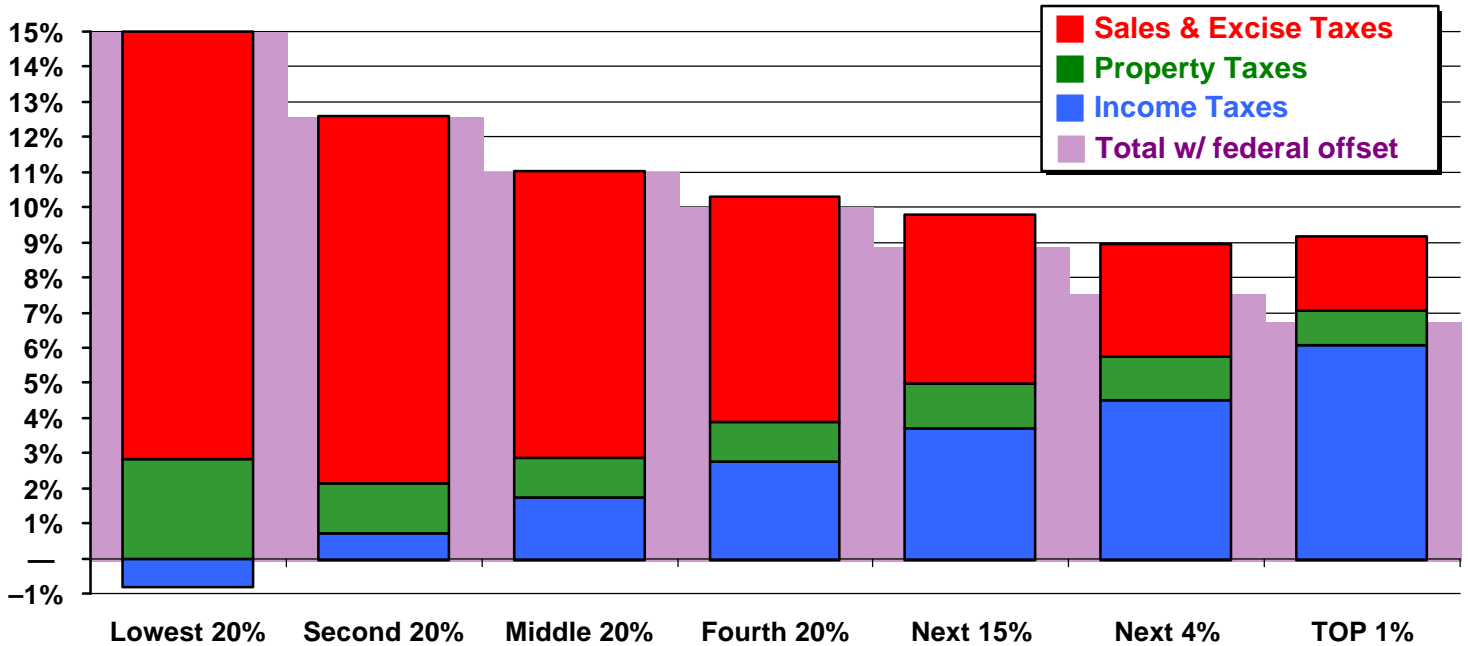
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$36,000	\$36,000 – \$55,000	\$55,000 – \$71,000	\$71,000 – \$97,000	\$97,000 – \$186,000	\$186,000 – \$404,000	\$404,000 or more
Average Income in Group	\$19,900	\$45,700	\$62,600	\$82,700	\$125,000	\$287,000	\$1,130,000
Sales & Excise Taxes	5.4%	3.6%	3.0%	2.5%	1.8%	1.4%	0.8%
General Sales—Individuals	2.2%	1.6%	1.4%	1.2%	0.9%	0.7%	0.4%
Other Sales & Excise—Ind.	1.6%	0.9%	0.7%	0.6%	0.4%	0.3%	0.1%
Sales & Excise on Business	1.6%	1.1%	0.9%	0.7%	0.5%	0.4%	0.3%
Property Taxes	9.2%	5.3%	5.3%	5.2%	4.9%	3.6%	2.2%
Property Taxes on Families	8.8%	5.1%	5.1%	5.0%	4.6%	3.1%	1.2%
Other Property Taxes	0.4%	0.2%	0.2%	0.2%	0.3%	0.5%	1.0%
Income Taxes	1.3%	1.7%	1.9%	2.4%	3.5%	4.9%	5.8%
Personal Income Tax	1.2%	1.7%	1.9%	2.3%	3.4%	4.8%	5.5%
Corporate Income Tax	0.1%	0.0%	0.0%	0.0%	0.1%	0.1%	0.3%
TOTAL TAXES	15.9%	10.6%	10.2%	10.0%	10.1%	9.9%	8.8%
Federal Deduction Offset	-0.3%	-0.6%	-1.1%	-1.6%	-2.1%	-2.8%	-2.6%
TOTAL AFTER OFFSET	15.6%	10.0%	9.1%	8.4%	8.0%	7.0%	6.2%



New Mexico

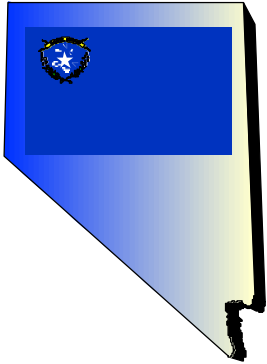
State & Local Taxes in 1995

Shares of family income for non-elderly married couples



Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$16,000	\$16,000 – \$30,000	\$30,000 – \$44,000	\$44,000 – \$65,000	\$65,000 – \$109,000	\$109,000 – \$206,000	\$206,000 or more
Average Income in Group	\$8,900	\$23,000	\$36,900	\$53,600	\$79,700	\$135,000	\$462,000
Sales & Excise Taxes	12.8%	10.4%	8.2%	6.4%	4.8%	3.2%	2.1%
General Sales—Individuals	7.3%	6.2%	4.9%	3.9%	2.9%	2.0%	1.4%
Other Sales & Excise—Ind.	1.7%	1.2%	0.9%	0.7%	0.5%	0.3%	0.1%
Sales & Excise on Business	3.8%	3.1%	2.4%	1.8%	1.4%	0.9%	0.6%
Property Taxes	3.0%	1.4%	1.2%	1.1%	1.3%	1.2%	1.0%
Property Taxes on Families	2.8%	1.3%	1.1%	1.0%	1.1%	1.0%	0.5%
Other Property Taxes	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.5%
Income Taxes	-0.8%	0.7%	1.7%	2.8%	3.7%	4.5%	6.1%
Personal Income Tax*	-0.8%	0.6%	1.7%	2.7%	3.6%	4.4%	5.8%
Corporate Income Tax	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.3%
TOTAL TAXES	15.0%	12.6%	11.0%	10.3%	9.8%	8.9%	9.2%
Federal Deduction Offset	—	-0.0%	-0.1%	-0.3%	-0.9%	-1.4%	-2.4%
TOTAL AFTER OFFSET	15.0%	12.6%	11.0%	10.0%	8.9%	7.5%	6.7%

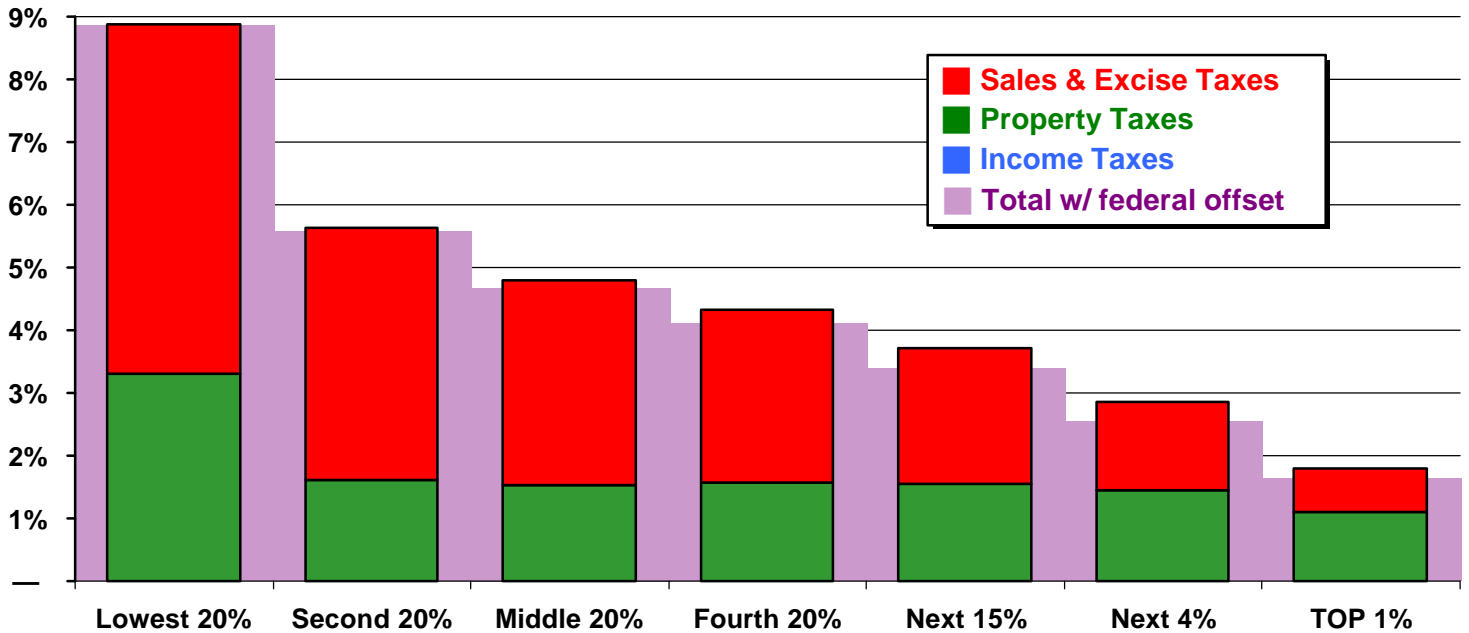
*Note: includes "refundable" tax credits.



Nevada

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



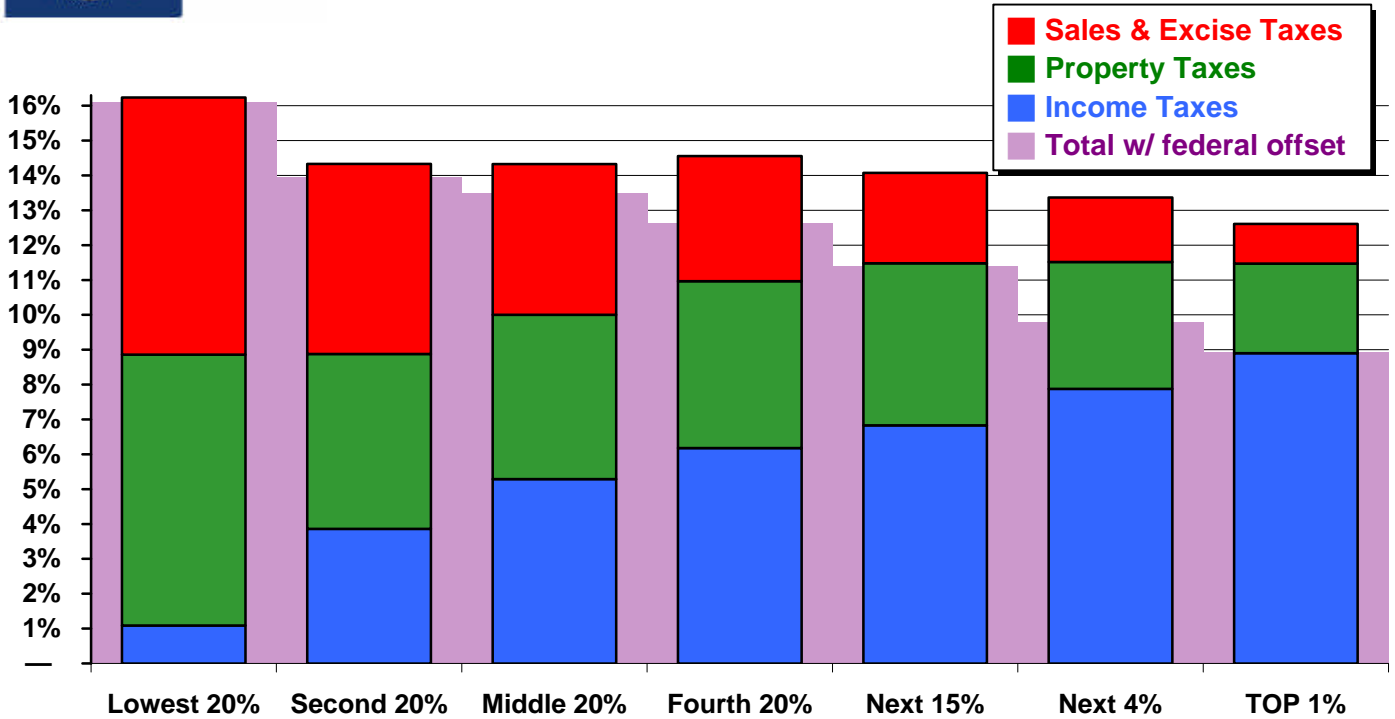
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$26,000	\$26,000 – \$41,000	\$41,000 – \$54,000	\$54,000 – \$74,000	\$74,000 – \$127,000	\$127,000 – \$415,000	\$415,000 or more
Average Income in Group	\$13,900	\$32,800	\$47,700	\$63,400	\$91,500	\$181,000	\$1,095,000
Sales & Excise Taxes	5.6%	4.0%	3.3%	2.8%	2.2%	1.4%	0.7%
General Sales—Individuals	3.8%	2.9%	2.4%	2.0%	1.6%	1.1%	0.6%
Other Sales & Excise—Ind.	1.1%	0.7%	0.5%	0.5%	0.3%	0.2%	0.0%
Sales & Excise on Business	0.7%	0.5%	0.4%	0.3%	0.2%	0.1%	0.1%
Property Taxes	3.3%	1.6%	1.5%	1.6%	1.5%	1.5%	1.1%
Property Taxes on Families	3.1%	1.5%	1.4%	1.4%	1.4%	1.2%	0.5%
Other Property Taxes	0.2%	0.1%	0.1%	0.1%	0.1%	0.3%	0.6%
Income Taxes	—	—	—	—	—	—	—
Personal Income Tax	—	—	—	—	—	—	—
Corporate Income Tax	—	—	—	—	—	—	—
TOTAL TAXES	8.9%	5.6%	4.8%	4.3%	3.7%	2.9%	1.8%
Federal Deduction Offset	-0.0%	-0.1%	-0.1%	-0.2%	-0.3%	-0.3%	-0.2%
TOTAL AFTER OFFSET	8.9%	5.6%	4.7%	4.1%	3.4%	2.5%	1.6%



New York

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



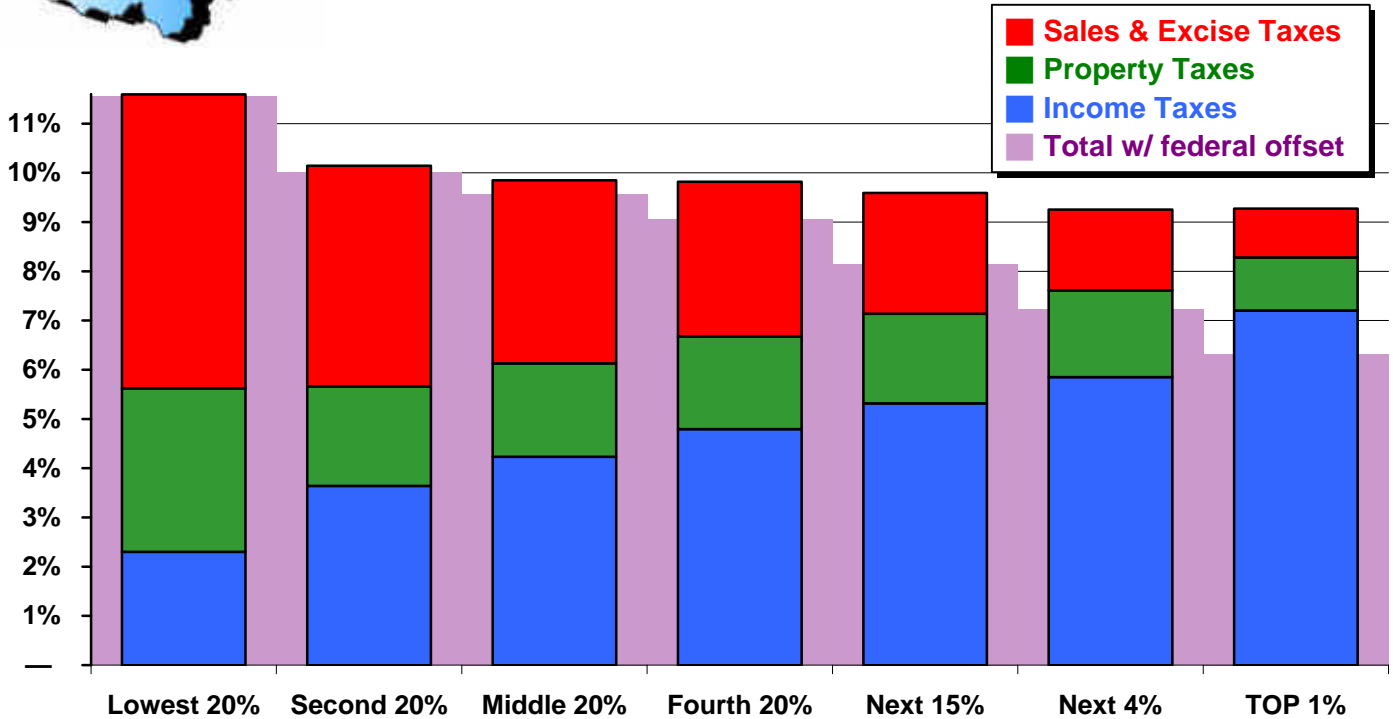
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$28,000	\$28,000 – \$45,000	\$45,000 – \$60,000	\$60,000 – \$84,000	\$84,000 – \$162,000	\$162,000 – \$425,000	\$425,000 or more
Average Income in Group	\$16,500	\$36,900	\$52,500	\$71,100	\$108,300	\$265,000	\$1,334,000
Sales & Excise Taxes	7.4%	5.5%	4.3%	3.6%	2.6%	1.9%	1.1%
General Sales—Individuals	3.9%	3.1%	2.5%	2.1%	1.5%	1.1%	0.7%
Other Sales & Excise—Ind.	1.2%	0.8%	0.6%	0.5%	0.3%	0.2%	0.1%
Sales & Excise on Business	2.3%	1.6%	1.3%	1.0%	0.7%	0.5%	0.3%
Property Taxes	7.8%	5.0%	4.7%	4.8%	4.6%	3.6%	2.6%
Property Taxes on Families	6.8%	4.2%	4.0%	4.1%	3.9%	2.7%	1.0%
Other Property Taxes	1.0%	0.8%	0.7%	0.7%	0.7%	1.0%	1.6%
Income Taxes	1.1%	3.9%	5.3%	6.2%	6.8%	7.9%	8.9%
Personal Income Tax	0.9%	3.8%	5.2%	6.1%	6.7%	7.6%	8.3%
Corporate Income Tax	0.2%	0.1%	0.1%	0.1%	0.1%	0.3%	0.6%
TOTAL TAXES	16.2%	14.3%	14.3%	14.6%	14.1%	13.4%	12.6%
Federal Deduction Offset	-0.1%	-0.4%	-0.8%	-1.9%	-2.7%	-3.6%	-3.7%
TOTAL AFTER OFFSET	16.1%	13.9%	13.5%	12.6%	11.4%	9.8%	8.9%



Ohio

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



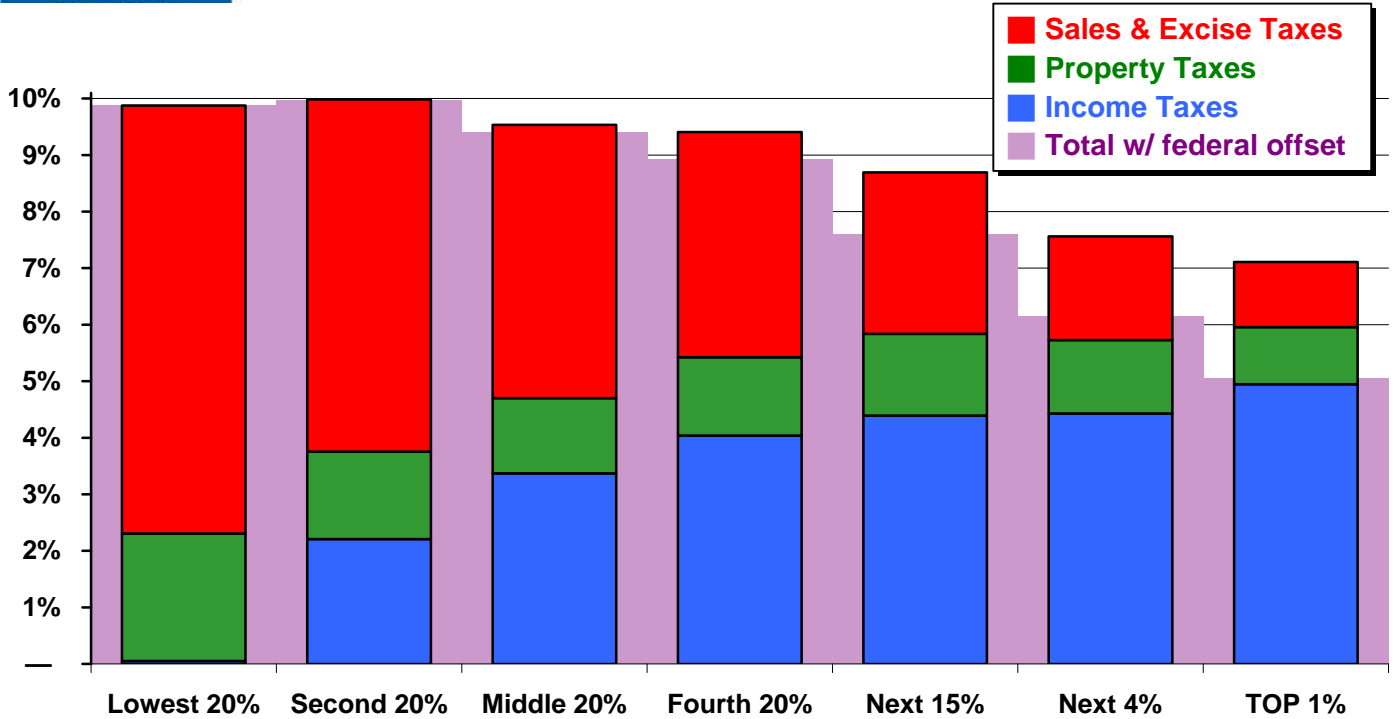
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$27,000	\$27,000 – \$40,000	\$40,000 – \$53,000	\$53,000 – \$70,000	\$70,000 – \$117,000	\$117,000 – \$399,000	\$399,000 or more
Average Income in Group	\$16,600	\$33,900	\$46,500	\$60,300	\$85,100	\$162,000	\$671,000
Sales & Excise Taxes	6.0%	4.5%	3.7%	3.1%	2.5%	1.6%	1.0%
General Sales—Individuals	3.0%	2.4%	2.1%	1.8%	1.4%	1.0%	0.6%
Other Sales & Excise—Ind.	1.6%	1.1%	0.8%	0.7%	0.5%	0.3%	0.1%
Sales & Excise on Business	1.3%	1.0%	0.8%	0.7%	0.5%	0.4%	0.2%
Property Taxes	3.3%	2.0%	1.9%	1.9%	1.8%	1.8%	1.1%
Property Taxes on Families	3.1%	1.9%	1.8%	1.8%	1.7%	1.5%	0.6%
Other Property Taxes	0.2%	0.1%	0.1%	0.1%	0.1%	0.2%	0.4%
Income Taxes	2.3%	3.6%	4.2%	4.8%	5.3%	5.8%	7.2%
Personal Income Tax	2.2%	3.6%	4.2%	4.7%	5.3%	5.7%	6.9%
Corporate Income Tax	0.1%	0.1%	0.0%	0.0%	0.1%	0.1%	0.3%
TOTAL TAXES	11.6%	10.1%	9.8%	9.8%	9.6%	9.3%	9.3%
Federal Deduction Offset	-0.0%	-0.1%	-0.3%	-0.8%	-1.4%	-2.0%	-3.0%
TOTAL AFTER OFFSET	11.6%	10.0%	9.6%	9.1%	8.1%	7.2%	6.3%



Oklahoma

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



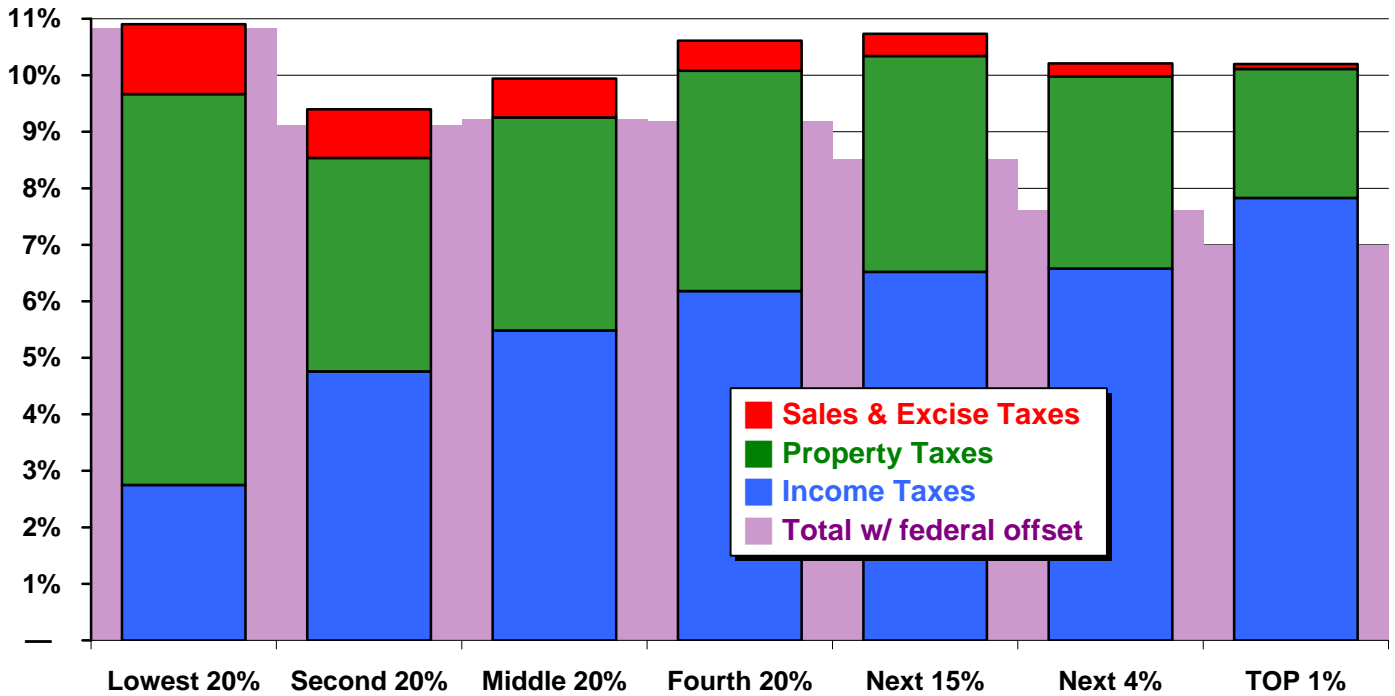
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$19,000	\$19,000 – \$32,000	\$32,000 – \$46,000	\$46,000 – \$64,000	\$64,000 – \$104,000	\$104,000 – \$247,000	\$247,000 or more
Average Income in Group	\$11,300	\$25,300	\$38,400	\$53,900	\$78,900	\$145,000	\$522,000
Sales & Excise Taxes	7.6%	6.2%	4.8%	4.0%	2.9%	1.8%	1.2%
General Sales—Individuals	4.6%	3.9%	3.1%	2.6%	1.9%	1.2%	0.8%
Other Sales & Excise—Ind.	1.5%	1.1%	0.8%	0.6%	0.4%	0.2%	0.1%
Sales & Excise on Business	1.5%	1.2%	0.9%	0.8%	0.6%	0.4%	0.3%
Property Taxes	2.3%	1.5%	1.3%	1.4%	1.4%	1.3%	1.0%
Property Taxes on Families	2.2%	1.5%	1.2%	1.3%	1.3%	1.1%	0.6%
Other Property Taxes	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.4%
Income Taxes	0.1%	2.2%	3.4%	4.0%	4.4%	4.4%	4.9%
Personal Income Tax	0.0%	2.2%	3.3%	4.0%	4.3%	4.4%	4.8%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%
TOTAL TAXES	9.9%	10.0%	9.5%	9.4%	8.7%	7.6%	7.1%
Federal Deduction Offset	—	–0.0%	–0.1%	–0.5%	–1.1%	–1.4%	–2.1%
TOTAL AFTER OFFSET	9.9%	10.0%	9.4%	8.9%	7.6%	6.1%	5.0%



Oregon

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



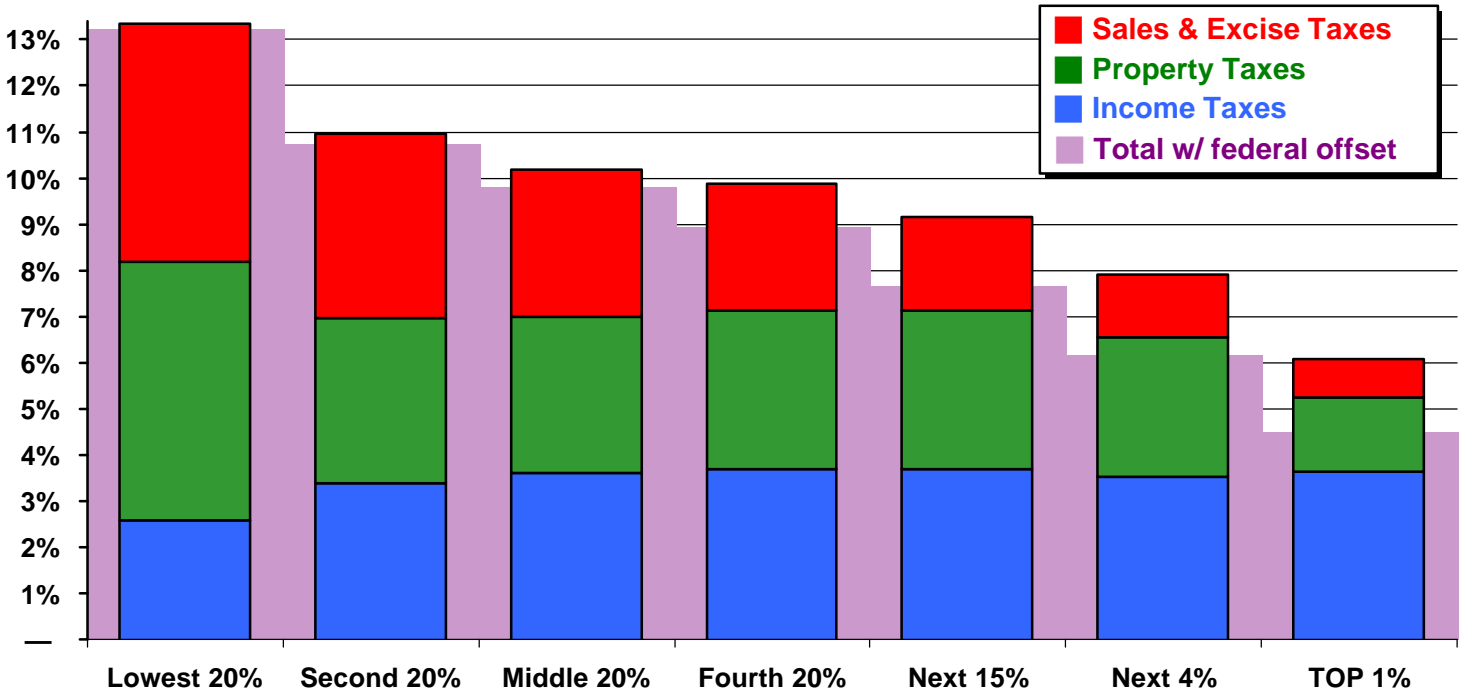
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$25,000	\$25,000 – \$40,000	\$40,000 – \$53,000	\$53,000 – \$71,000	\$71,000 – \$118,000	\$118,000 – \$277,000	\$277,000 or more
Average Income in Group	\$15,700	\$33,000	\$46,200	\$61,000	\$87,000	\$163,000	\$677,000
Sales & Excise Taxes	1.2%	0.9%	0.7%	0.5%	0.4%	0.2%	0.1%
General Sales—Individuals	—	—	—	—	—	—	—
Other Sales & Excise—Ind.	1.1%	0.7%	0.6%	0.5%	0.3%	0.2%	0.1%
Sales & Excise on Business	0.2%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%
Property Taxes	6.9%	3.8%	3.8%	3.9%	3.8%	3.4%	2.3%
Property Taxes on Families	6.5%	3.4%	3.4%	3.6%	3.4%	2.8%	1.1%
Other Property Taxes	0.4%	0.3%	0.3%	0.3%	0.5%	0.6%	1.2%
Income Taxes	2.8%	4.8%	5.5%	6.2%	6.5%	6.6%	7.8%
Personal Income Tax	2.7%	4.7%	5.4%	6.1%	6.4%	6.5%	7.6%
Corporate Income Tax	0.1%	0.0%	0.0%	0.0%	0.1%	0.1%	0.3%
TOTAL TAXES	10.9%	9.4%	9.9%	10.6%	10.7%	10.2%	10.2%
Federal Deduction Offset	-0.1%	-0.3%	-0.7%	-1.4%	-2.2%	-2.6%	-3.2%
TOTAL AFTER OFFSET	10.8%	9.1%	9.2%	9.2%	8.5%	7.6%	7.0%



Pennsylvania

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



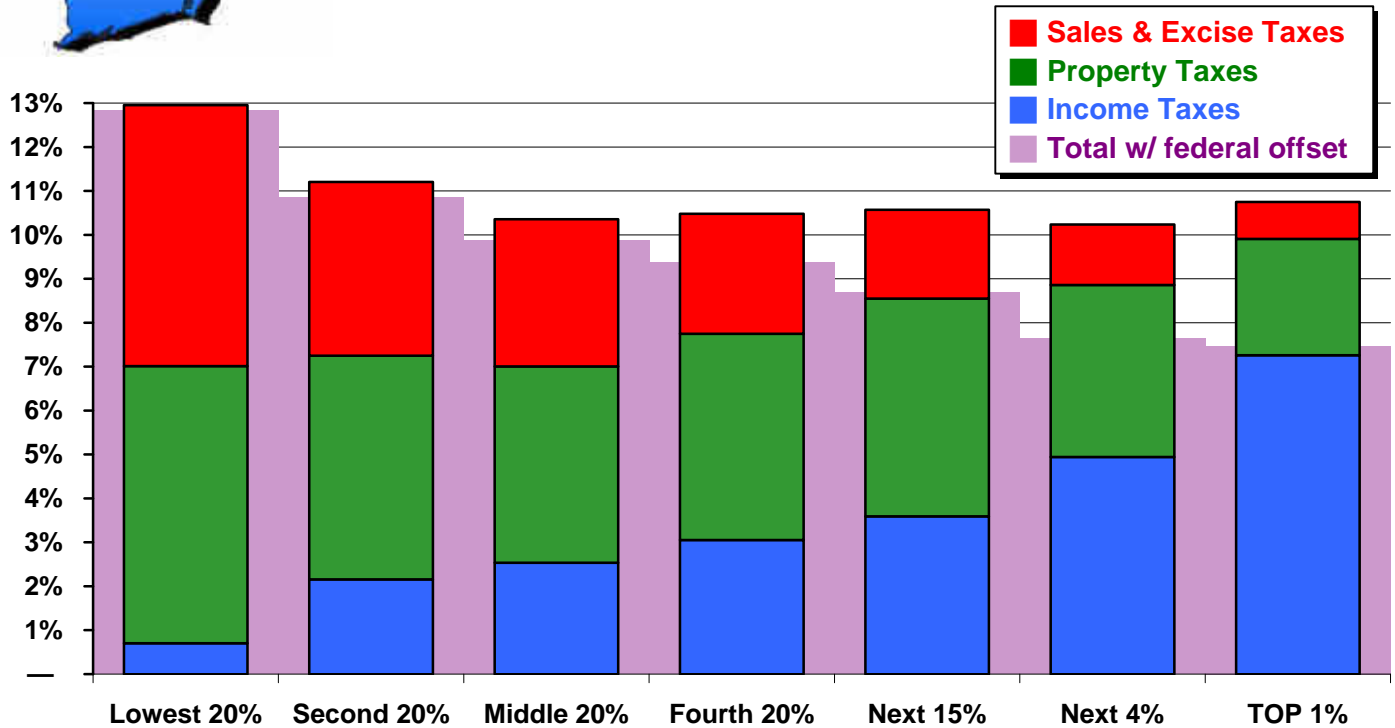
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$29,000	\$29,000 – \$42,000	\$42,000 – \$55,000	\$55,000 – \$73,000	\$73,000 – \$128,000	\$128,000 – \$405,000	\$405,000 or more
Average Income in Group	\$17,800	\$35,400	\$48,400	\$62,500	\$90,700	\$179,000	\$728,000
Sales & Excise Taxes	5.2%	4.0%	3.2%	2.7%	2.0%	1.4%	0.8%
General Sales—Individuals	2.6%	2.1%	1.8%	1.5%	1.1%	0.8%	0.5%
Other Sales & Excise—Ind.	1.3%	0.9%	0.7%	0.5%	0.4%	0.2%	0.1%
Sales & Excise on Business	1.3%	1.0%	0.8%	0.7%	0.5%	0.3%	0.2%
Property Taxes	5.6%	3.6%	3.4%	3.5%	3.5%	3.0%	1.6%
Property Taxes on Families	5.4%	3.5%	3.3%	3.4%	3.3%	2.8%	1.0%
Other Property Taxes	0.2%	0.1%	0.1%	0.1%	0.1%	0.2%	0.6%
Income Taxes	2.6%	3.4%	3.6%	3.7%	3.7%	3.5%	3.6%
Personal Income Tax	2.4%	3.3%	3.5%	3.6%	3.5%	3.3%	3.0%
Corporate Income Tax	0.2%	0.1%	0.1%	0.1%	0.2%	0.3%	0.6%
TOTAL TAXES	13.3%	11.0%	10.2%	9.9%	9.2%	7.9%	6.1%
Federal Deduction Offset	-0.1%	-0.2%	-0.4%	-0.9%	-1.5%	-1.7%	-1.6%
TOTAL AFTER OFFSET	13.2%	10.7%	9.8%	8.9%	7.7%	6.2%	4.5%



Rhode Island

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



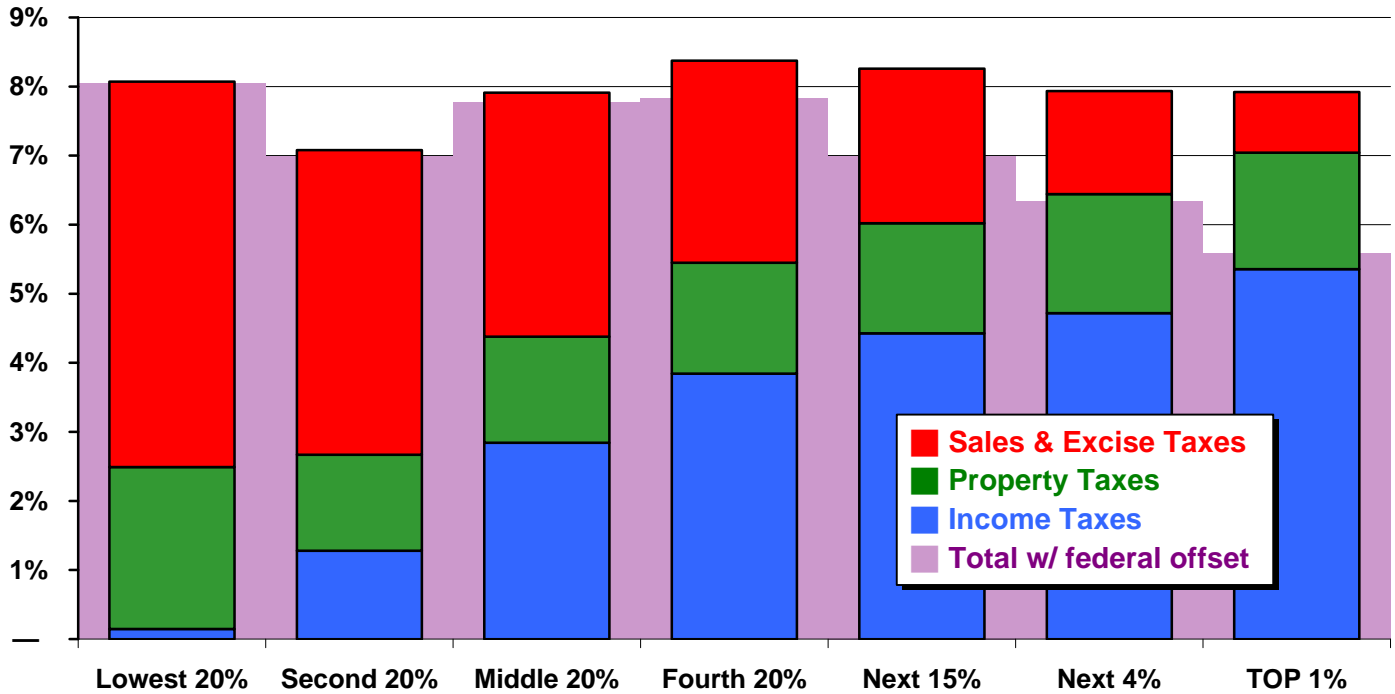
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$30,000	\$30,000 – \$44,000	\$44,000 – \$55,000	\$55,000 – \$75,000	\$75,000 – \$133,000	\$133,000 – \$383,000	\$383,000 or more
Average Income in Group	\$21,200	\$37,100	\$49,600	\$64,100	\$93,800	\$217,000	\$911,000
Sales & Excise Taxes	5.9%	4.0%	3.4%	2.7%	2.0%	1.4%	0.8%
General Sales—Individuals	2.6%	1.7%	1.5%	1.3%	1.0%	0.7%	0.5%
Other Sales & Excise—Ind.	1.7%	1.1%	0.9%	0.6%	0.5%	0.3%	0.1%
Sales & Excise on Business	1.7%	1.2%	1.0%	0.8%	0.6%	0.4%	0.3%
Property Taxes	6.3%	5.1%	4.5%	4.7%	5.0%	3.9%	2.6%
Property Taxes on Families	5.8%	4.8%	4.1%	4.3%	4.4%	3.1%	1.3%
Other Property Taxes	0.5%	0.3%	0.3%	0.4%	0.6%	0.8%	1.3%
Income Taxes	0.7%	2.2%	2.5%	3.1%	3.6%	4.9%	7.3%
Personal Income Tax	0.6%	2.1%	2.5%	3.0%	3.5%	4.8%	7.1%
Corporate Income Tax	0.1%	0.0%	0.0%	0.0%	0.1%	0.1%	0.2%
TOTAL TAXES	13.0%	11.2%	10.4%	10.5%	10.6%	10.2%	10.7%
Federal Deduction Offset	-0.1%	-0.4%	-0.5%	-1.1%	-1.9%	-2.6%	-3.3%
TOTAL AFTER OFFSET	12.8%	10.9%	9.9%	9.4%	8.7%	7.6%	7.5%



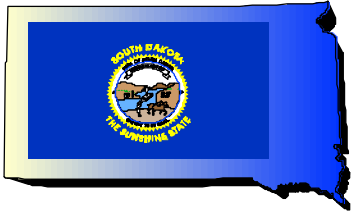
South Carolina

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



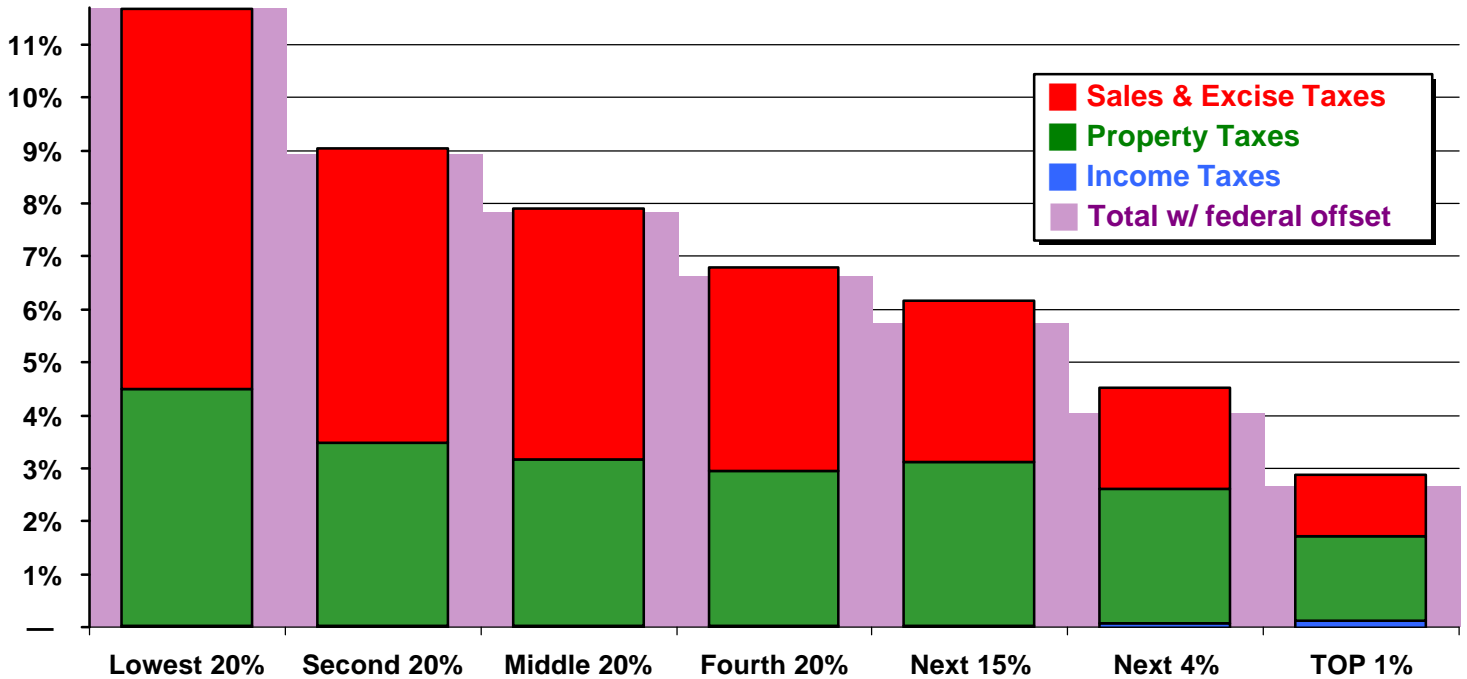
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$23,000	\$23,000 – \$35,000	\$35,000 – \$47,000	\$47,000 – \$65,000	\$65,000 – \$105,000	\$105,000 – \$211,000	\$211,000 or more
Average Income in Group	\$14,000	\$29,000	\$40,800	\$55,400	\$79,200	\$137,000	\$478,000
Sales & Excise Taxes	5.6%	4.4%	3.5%	2.9%	2.2%	1.5%	0.9%
General Sales—Individuals	3.1%	2.5%	2.0%	1.7%	1.3%	0.9%	0.6%
Other Sales & Excise—Ind.	1.3%	1.0%	0.8%	0.7%	0.5%	0.3%	0.1%
Sales & Excise on Business	1.1%	0.9%	0.7%	0.6%	0.4%	0.3%	0.2%
Property Taxes	2.3%	1.4%	1.5%	1.6%	1.6%	1.7%	1.7%
Property Taxes on Families	2.2%	1.3%	1.4%	1.5%	1.4%	1.3%	1.0%
Other Property Taxes	0.1%	0.1%	0.1%	0.2%	0.2%	0.4%	0.7%
Income Taxes	0.1%	1.3%	2.8%	3.8%	4.4%	4.7%	5.4%
Personal Income Tax	0.1%	1.2%	2.8%	3.8%	4.4%	4.6%	5.1%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.2%
TOTAL TAXES	8.1%	7.1%	7.9%	8.4%	8.3%	7.9%	7.9%
Federal Deduction Offset	-0.0%	-0.1%	-0.1%	-0.5%	-1.3%	-1.6%	-2.3%
TOTAL AFTER OFFSET	8.0%	7.0%	7.8%	7.8%	7.0%	6.3%	5.6%



South Dakota

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



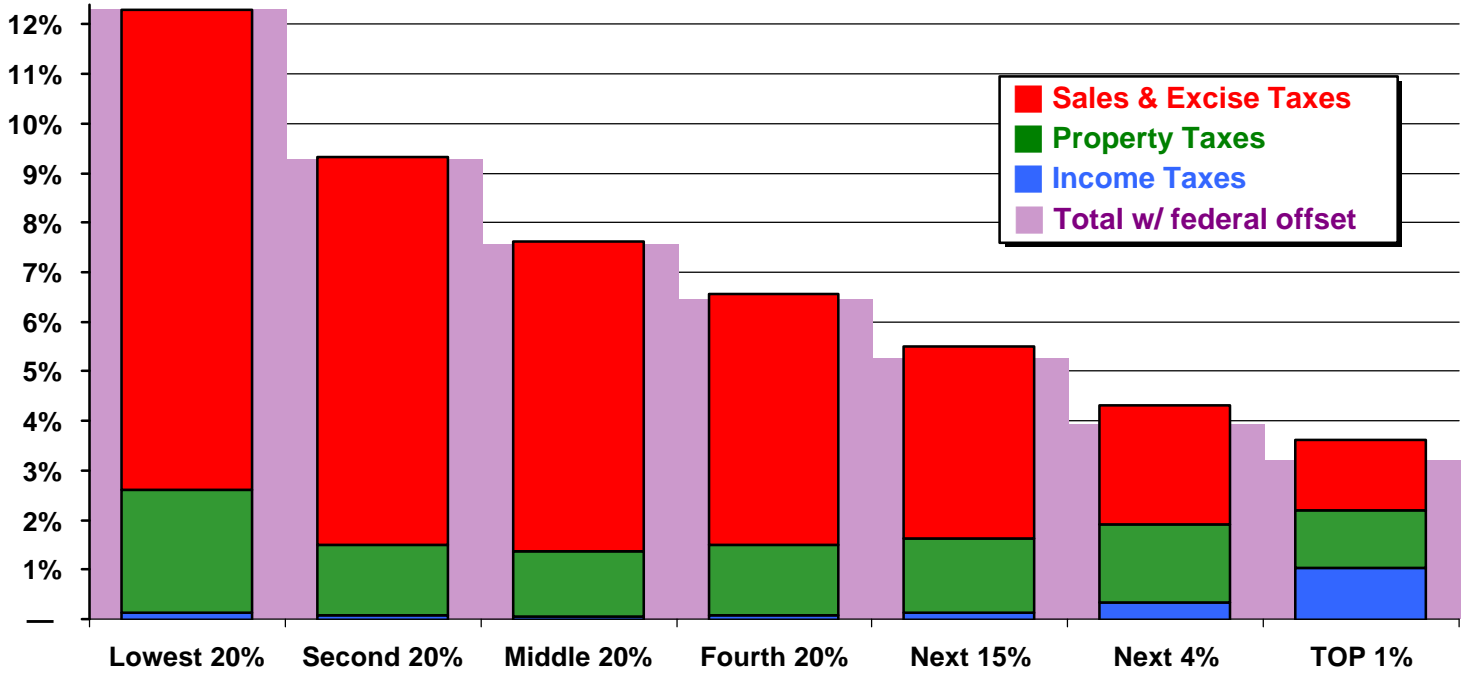
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$25,000	\$25,000 – \$37,000	\$37,000 – \$49,000	\$49,000 – \$64,000	\$64,000 – \$104,000	\$104,000 – \$237,000	\$237,000 or more
Average Income in Group	\$17,400	\$31,200	\$43,000	\$56,500	\$77,000	\$142,000	\$600,000
Sales & Excise Taxes	7.2%	5.6%	4.8%	3.9%	3.0%	1.9%	1.1%
General Sales—Individuals	4.0%	3.1%	2.7%	2.2%	1.8%	1.1%	0.7%
Other Sales & Excise—Ind.	1.4%	1.0%	0.9%	0.7%	0.5%	0.3%	0.1%
Sales & Excise on Business	1.8%	1.4%	1.2%	1.0%	0.8%	0.5%	0.3%
Property Taxes	4.5%	3.4%	3.1%	2.9%	3.1%	2.6%	1.6%
Property Taxes on Families	4.3%	3.2%	2.9%	2.7%	2.8%	2.0%	0.7%
Other Property Taxes	0.2%	0.2%	0.2%	0.2%	0.3%	0.5%	0.9%
Income Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
Personal Income Tax	—	—	—	—	—	—	—
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
TOTAL TAXES	11.7%	9.0%	7.9%	6.8%	6.2%	4.5%	2.9%
Federal Deduction Offset	-0.0%	-0.1%	-0.1%	-0.2%	-0.4%	-0.5%	-0.2%
TOTAL AFTER OFFSET	11.7%	8.9%	7.8%	6.6%	5.7%	4.0%	2.6%



Tennessee

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



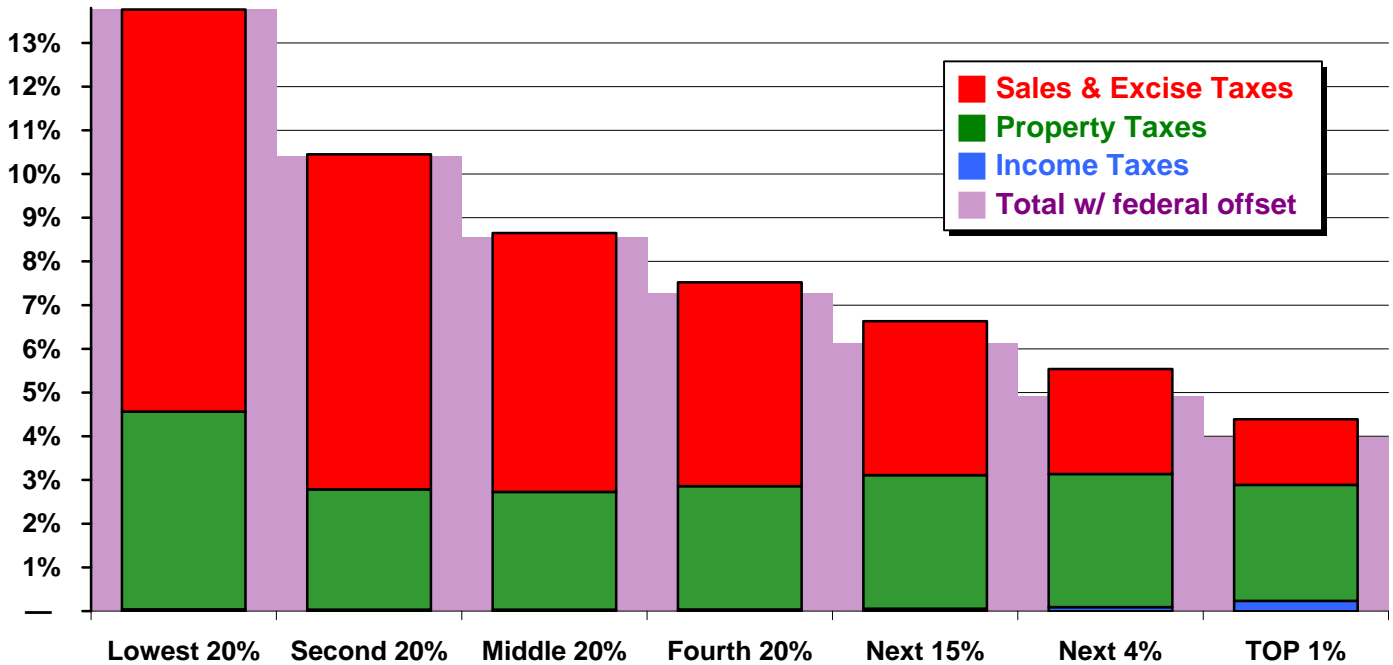
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$22,000	\$22,000 – \$35,000	\$35,000 – \$49,000	\$49,000 – \$67,000	\$67,000 – \$115,000	\$115,000 – \$293,000	\$293,000 or more
Average Income in Group	\$12,600	\$28,800	\$41,800	\$57,200	\$83,000	\$159,000	\$674,000
Sales & Excise Taxes	9.7%	7.8%	6.2%	5.1%	3.9%	2.4%	1.4%
General Sales—Individuals	6.0%	5.0%	4.1%	3.3%	2.6%	1.6%	1.0%
Other Sales & Excise—Ind.	1.5%	1.0%	0.8%	0.6%	0.4%	0.2%	0.1%
Sales & Excise on Business	2.2%	1.7%	1.4%	1.1%	0.9%	0.6%	0.4%
Property Taxes	2.5%	1.4%	1.3%	1.4%	1.5%	1.6%	1.2%
Property Taxes on Families	2.3%	1.4%	1.3%	1.3%	1.4%	1.3%	0.5%
Other Property Taxes	0.2%	0.1%	0.1%	0.1%	0.1%	0.2%	0.6%
Income Taxes	0.1%	0.1%	0.1%	0.1%	0.1%	0.3%	1.0%
Personal Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.6%
Corporate Income Tax	0.1%	0.1%	0.0%	0.1%	0.1%	0.2%	0.5%
TOTAL TAXES	12.3%	9.3%	7.6%	6.6%	5.5%	4.3%	3.6%
Federal Deduction Offset	-0.0%	-0.0%	-0.0%	-0.1%	-0.2%	-0.4%	-0.4%
TOTAL AFTER OFFSET	12.3%	9.3%	7.6%	6.4%	5.3%	3.9%	3.2%



Texas

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



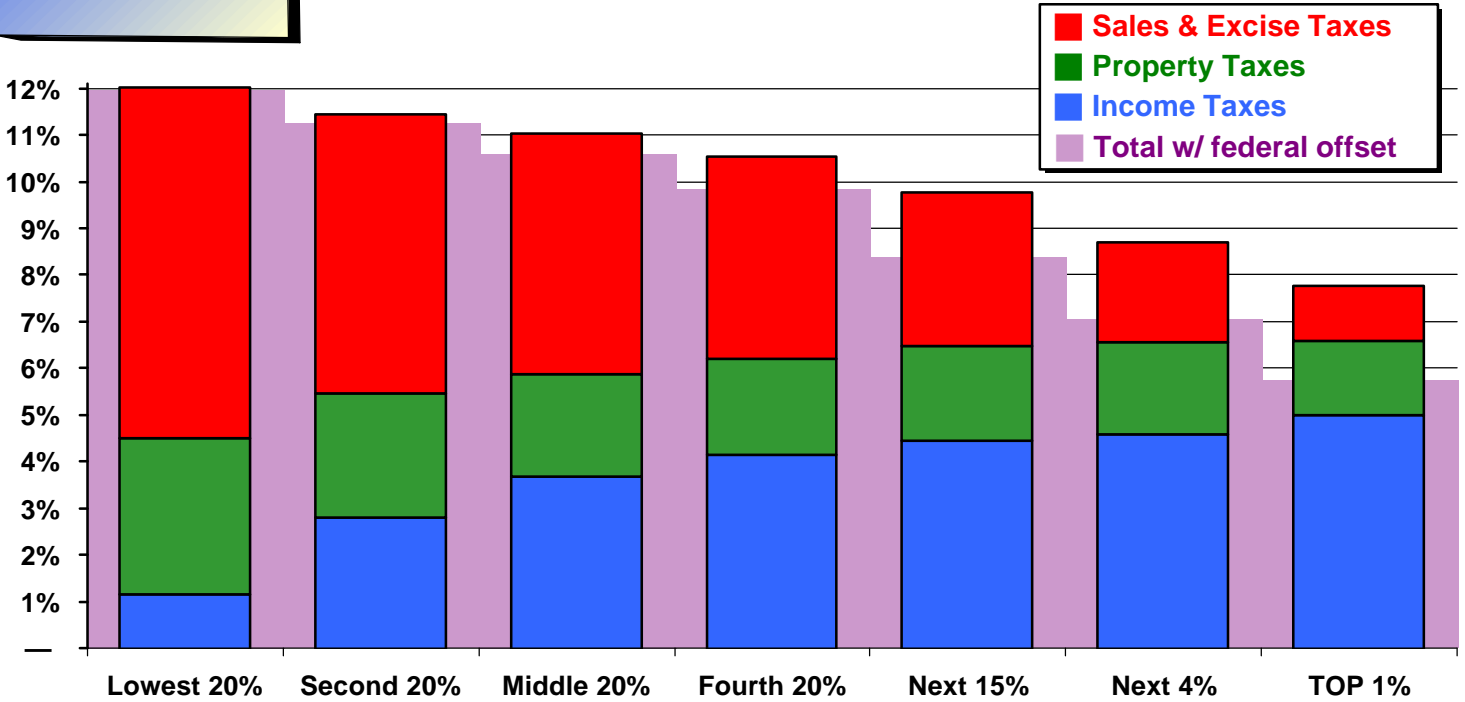
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$19,000	\$19,000 – \$34,000	\$34,000 – \$50,000	\$50,000 – \$71,000	\$71,000 – \$125,000	\$125,000 – \$395,000	\$395,000 or more
Average Income in Group	\$10,900	\$26,300	\$41,400	\$59,200	\$89,500	\$173,000	\$743,000
Sales & Excise Taxes	9.2%	7.7%	5.9%	4.7%	3.5%	2.4%	1.5%
General Sales—Individuals	4.6%	4.2%	3.3%	2.7%	2.1%	1.5%	1.0%
Other Sales & Excise—Ind.	1.6%	1.0%	0.7%	0.5%	0.4%	0.2%	0.1%
Sales & Excise on Business	3.0%	2.4%	1.8%	1.4%	1.0%	0.7%	0.5%
Property Taxes	4.5%	2.8%	2.7%	2.8%	3.1%	3.0%	2.7%
Property Taxes on Families	4.2%	2.4%	2.4%	2.5%	2.6%	2.4%	1.1%
Other Property Taxes	0.3%	0.3%	0.3%	0.3%	0.4%	0.7%	1.6%
Income Taxes	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.2%
Personal Income Tax	—	—	—	—	—	—	—
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.2%
TOTAL TAXES	13.8%	10.4%	8.6%	7.5%	6.6%	5.5%	4.4%
Federal Deduction Offset	-0.0%	-0.0%	-0.1%	-0.3%	-0.5%	-0.6%	-0.4%
TOTAL AFTER OFFSET	13.8%	10.4%	8.5%	7.3%	6.1%	4.9%	4.0%



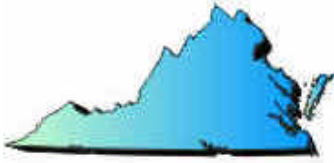
Utah

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



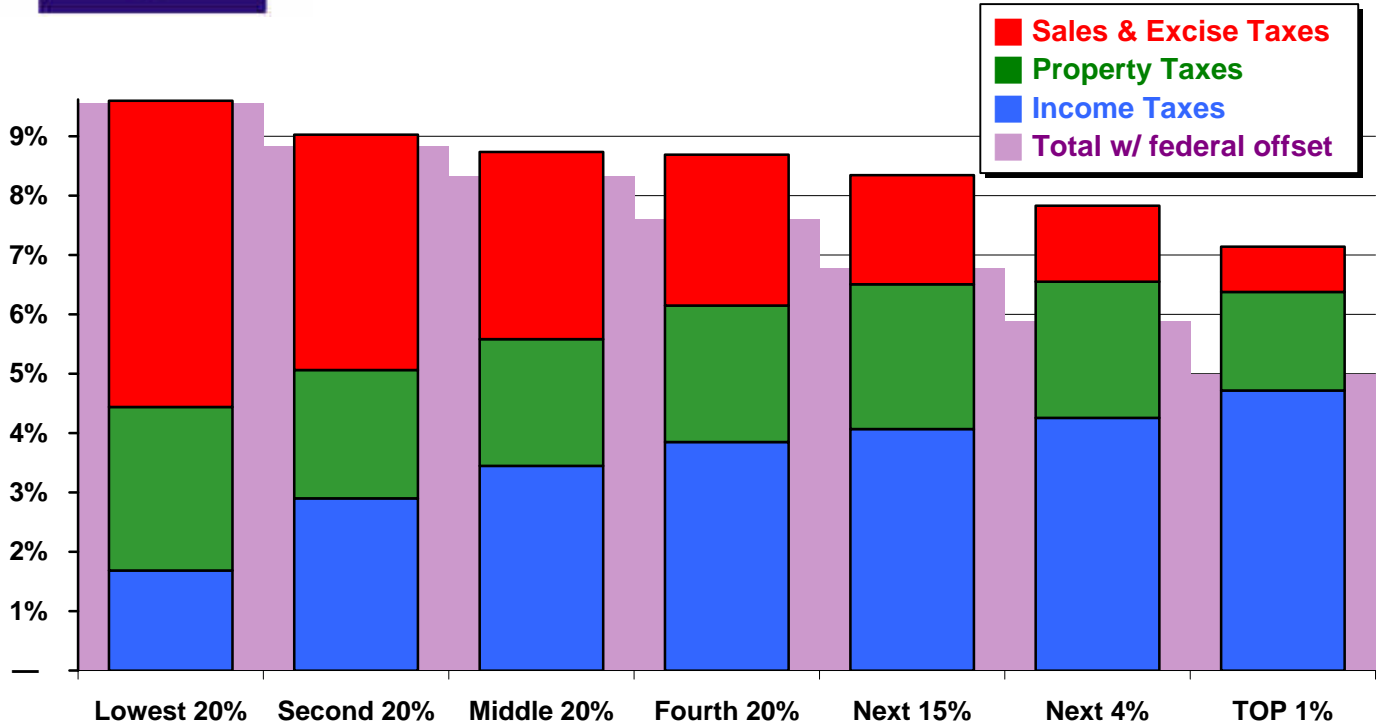
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$26,000	\$26,000 – \$38,000	\$38,000 – \$50,000	\$50,000 – \$67,000	\$67,000 – \$109,000	\$109,000 – \$234,000	\$234,000 or more
Average Income in Group	\$17,100	\$31,900	\$44,000	\$57,000	\$81,400	\$146,000	\$597,000
Sales & Excise Taxes	7.5%	6.0%	5.2%	4.3%	3.3%	2.1%	1.2%
General Sales—Individuals	4.7%	3.9%	3.5%	2.9%	2.2%	1.5%	0.8%
Other Sales & Excise—Ind.	1.2%	0.9%	0.7%	0.5%	0.4%	0.2%	0.1%
Sales & Excise on Business	1.6%	1.2%	1.0%	0.9%	0.7%	0.4%	0.3%
Property Taxes	3.4%	2.6%	2.2%	2.1%	2.0%	2.0%	1.6%
Property Taxes on Families	3.0%	2.4%	2.0%	1.9%	1.8%	1.5%	0.6%
Other Property Taxes	0.3%	0.3%	0.2%	0.2%	0.2%	0.4%	1.0%
Income Taxes	1.2%	2.8%	3.7%	4.1%	4.4%	4.6%	5.0%
Personal Income Tax	1.1%	2.7%	3.6%	4.1%	4.4%	4.5%	4.7%
Corporate Income Tax	0.1%	0.1%	0.0%	0.0%	0.1%	0.1%	0.2%
TOTAL TAXES	12.0%	11.4%	11.0%	10.5%	9.8%	8.7%	7.8%
Federal Deduction Offset	-0.1%	-0.2%	-0.4%	-0.7%	-1.4%	-1.6%	-2.0%
TOTAL AFTER OFFSET	12.0%	11.2%	10.6%	9.8%	8.4%	7.0%	5.7%



Virginia

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



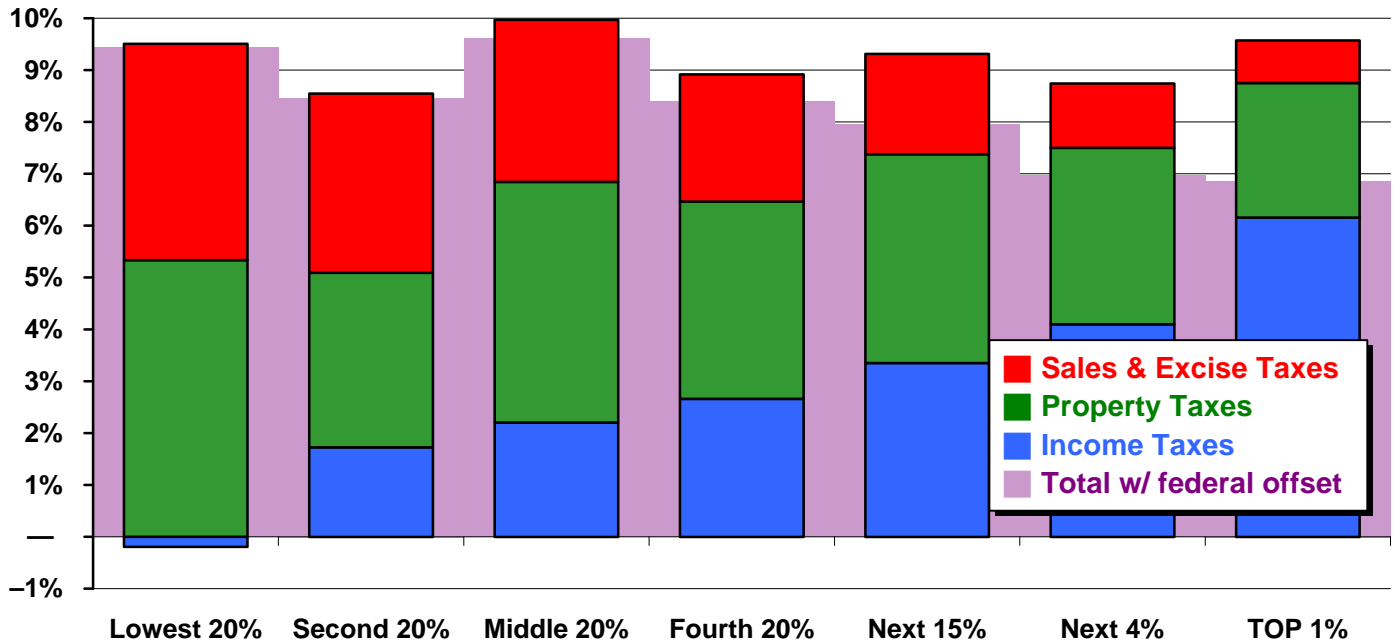
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$28,000	\$28,000 – \$43,000	\$43,000 – \$58,000	\$58,000 – \$80,000	\$80,000 – \$137,000	\$137,000 – \$391,000	\$391,000 or more
Average Income in Group	\$17,800	\$35,700	\$49,800	\$68,100	\$100,200	\$196,000	\$731,000
Sales & Excise Taxes	5.2%	4.0%	3.2%	2.5%	1.8%	1.3%	0.8%
General Sales—Individuals	2.4%	1.9%	1.5%	1.2%	0.9%	0.6%	0.4%
Other Sales & Excise—Ind.	1.7%	1.2%	1.0%	0.8%	0.6%	0.4%	0.2%
Sales & Excise on Business	1.0%	0.8%	0.6%	0.5%	0.4%	0.3%	0.2%
Property Taxes	2.8%	2.2%	2.1%	2.3%	2.4%	2.3%	1.7%
Property Taxes on Families	2.6%	2.0%	2.0%	2.1%	2.2%	1.9%	0.8%
Other Property Taxes	0.1%	0.1%	0.1%	0.2%	0.2%	0.4%	0.8%
Income Taxes	1.7%	2.9%	3.4%	3.8%	4.1%	4.3%	4.7%
Personal Income Tax	1.7%	2.9%	3.4%	3.8%	4.0%	4.2%	4.6%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
TOTAL TAXES	9.6%	9.0%	8.7%	8.7%	8.3%	7.8%	7.1%
Federal Deduction Offset	-0.0%	-0.2%	-0.4%	-1.1%	-1.6%	-1.9%	-2.1%
TOTAL AFTER OFFSET	9.6%	8.8%	8.3%	7.6%	6.8%	5.9%	5.0%



Vermont

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$27,000	\$27,000 – \$38,000	\$38,000 – \$49,000	\$49,000 – \$68,000	\$68,000 – \$117,000	\$117,000 – \$244,000	\$244,000 or more
Average Income in Group	\$18,900	\$33,100	\$43,500	\$57,400	\$84,700	\$152,000	\$567,000
Sales & Excise Taxes	4.3%	3.5%	3.1%	2.5%	1.9%	1.2%	0.8%
General Sales—Individuals	1.9%	1.5%	1.4%	1.2%	0.9%	0.6%	0.4%
Other Sales & Excise—Ind.	1.5%	1.2%	1.1%	0.8%	0.7%	0.4%	0.2%
Sales & Excise on Business	0.8%	0.7%	0.6%	0.5%	0.4%	0.2%	0.2%
Property Taxes	5.4%	3.4%	4.6%	3.8%	4.0%	3.4%	2.6%
Property Taxes on Families	5.0%	3.0%	4.2%	3.5%	3.5%	2.7%	1.2%
Other Property Taxes	0.4%	0.3%	0.5%	0.3%	0.5%	0.7%	1.4%
Income Taxes	-0.2%	1.7%	2.2%	2.7%	3.4%	4.1%	6.2%
Personal Income Tax*	-0.2%	1.7%	2.2%	2.6%	3.3%	4.0%	6.0%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.2%
TOTAL TAXES	9.5%	8.5%	10.0%	8.9%	9.3%	8.7%	9.6%
Federal Deduction Offset	-0.1%	-0.1%	-0.4%	-0.5%	-1.4%	-1.8%	-2.7%
TOTAL AFTER OFFSET	9.4%	8.5%	9.6%	8.4%	8.0%	7.0%	6.9%

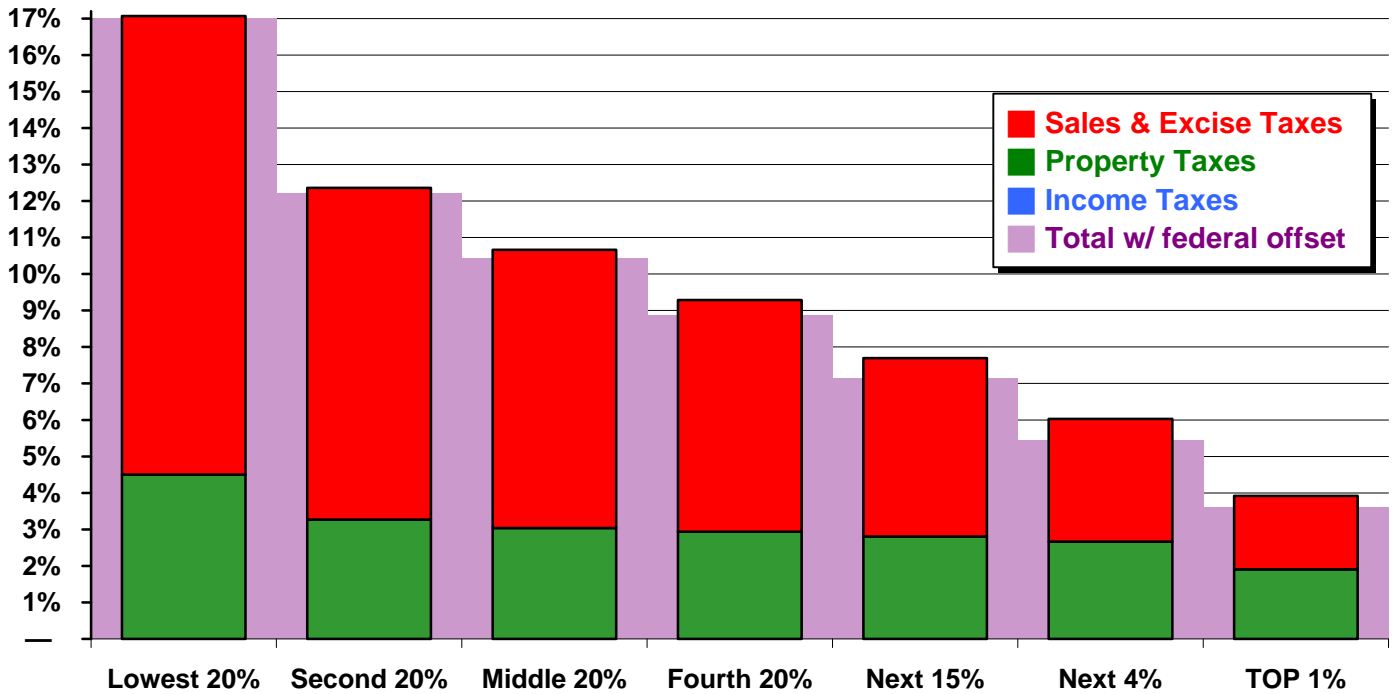
*Note: includes "refundable" tax credits.



Washington

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



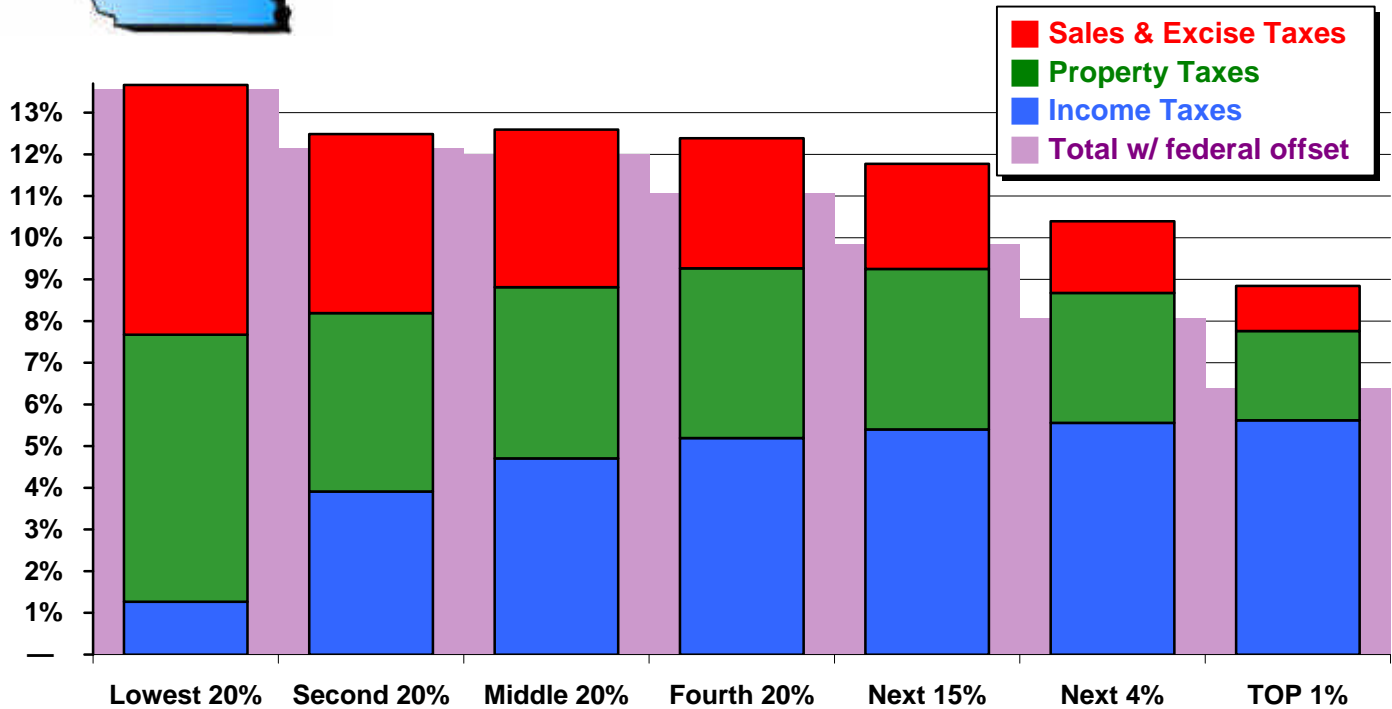
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$28,000	\$28,000 – \$43,000	\$43,000 – \$56,000	\$56,000 – \$76,000	\$76,000 – \$125,000	\$125,000 – \$310,000	\$310,000 or more
Average Income in Group	\$17,800	\$35,700	\$49,600	\$64,700	\$92,100	\$170,000	\$717,000
Sales & Excise Taxes	12.6%	9.1%	7.6%	6.3%	4.9%	3.4%	2.0%
General Sales—Individuals	5.6%	4.2%	3.7%	3.1%	2.4%	1.7%	1.1%
Other Sales & Excise—Ind.	3.5%	2.4%	1.9%	1.5%	1.1%	0.7%	0.3%
Sales & Excise on Business	3.4%	2.4%	2.0%	1.7%	1.3%	0.9%	0.6%
Property Taxes	4.5%	3.3%	3.0%	2.9%	2.8%	2.7%	1.9%
Property Taxes on Families	4.2%	3.1%	2.9%	2.8%	2.6%	2.2%	0.9%
Other Property Taxes	0.3%	0.2%	0.1%	0.2%	0.2%	0.4%	1.0%
Income Taxes	—	—	—	—	—	—	—
Personal Income Tax	—	—	—	—	—	—	—
Corporate Income Tax	—	—	—	—	—	—	—
TOTAL TAXES	17.1%	12.4%	10.7%	9.3%	7.7%	6.0%	3.9%
Federal Deduction Offset	-0.1%	-0.2%	-0.2%	-0.4%	-0.5%	-0.6%	-0.3%
TOTAL AFTER OFFSET	17.0%	12.2%	10.4%	8.9%	7.2%	5.4%	3.6%



Wisconsin

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



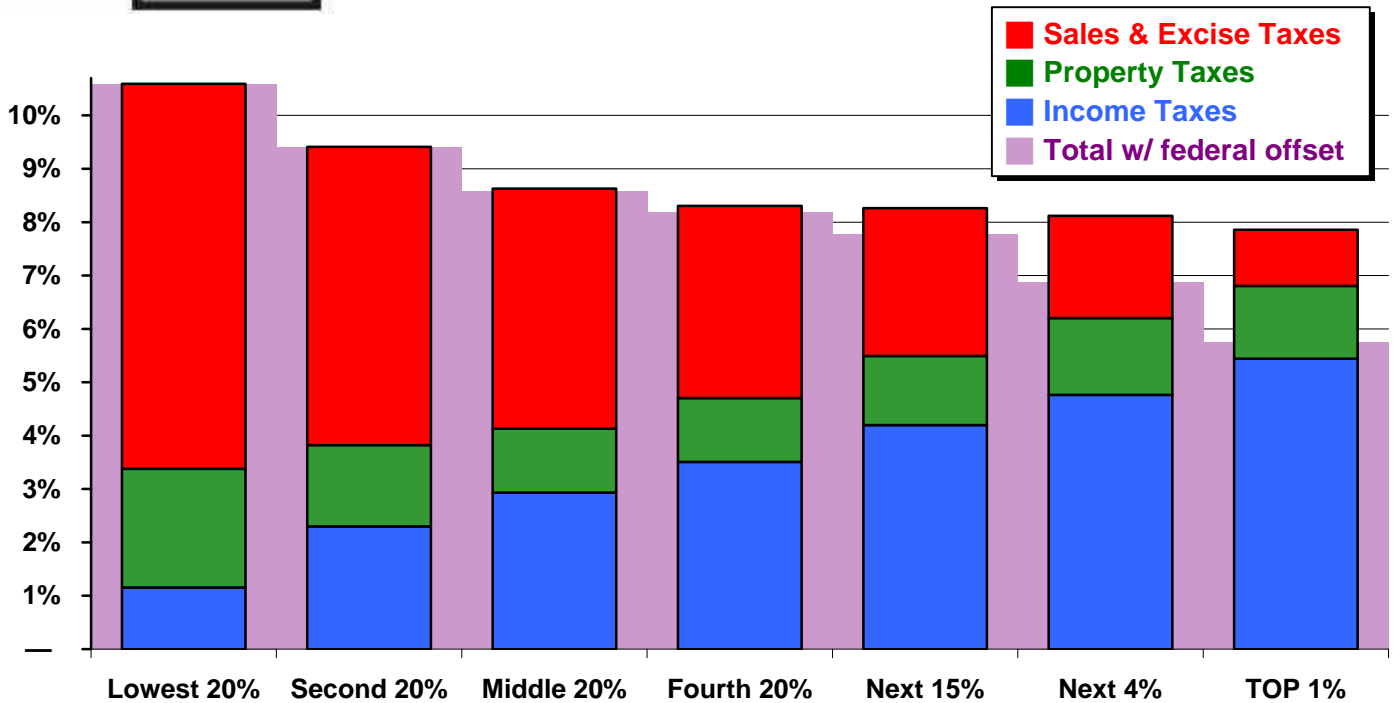
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$30,000	\$30,000 – \$43,000	\$43,000 – \$56,000	\$56,000 – \$72,000	\$72,000 – \$114,000	\$114,000 – \$262,000	\$262,000 or more
Average Income in Group	\$19,600	\$37,100	\$49,300	\$62,800	\$86,400	\$157,000	\$633,000
Sales & Excise Taxes	6.0%	4.3%	3.8%	3.1%	2.5%	1.7%	1.1%
General Sales—Individuals	3.3%	2.5%	2.2%	1.9%	1.5%	1.1%	0.7%
Other Sales & Excise—Ind.	1.4%	0.9%	0.7%	0.6%	0.4%	0.3%	0.1%
Sales & Excise on Business	1.3%	0.9%	0.8%	0.7%	0.5%	0.4%	0.2%
Property Taxes	6.4%	4.3%	4.1%	4.1%	3.8%	3.1%	2.1%
Property Taxes on Families	6.0%	4.1%	3.9%	3.9%	3.6%	2.7%	1.2%
Other Property Taxes	0.4%	0.2%	0.2%	0.2%	0.2%	0.4%	1.0%
Income Taxes	1.3%	3.9%	4.7%	5.2%	5.4%	5.6%	5.6%
Personal Income Tax	1.1%	3.9%	4.7%	5.1%	5.3%	5.4%	5.4%
Corporate Income Tax	0.1%	0.0%	0.0%	0.0%	0.1%	0.1%	0.3%
TOTAL TAXES	13.7%	12.5%	12.6%	12.4%	11.8%	10.4%	8.8%
Federal Deduction Offset	-0.1%	-0.3%	-0.6%	-1.3%	-1.9%	-2.3%	-2.5%
TOTAL AFTER OFFSET	13.6%	12.1%	12.0%	11.1%	9.8%	8.1%	6.4%



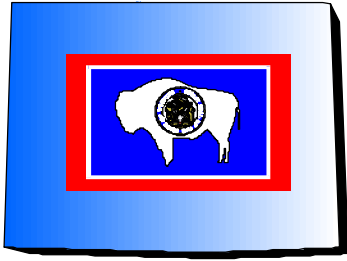
West Virginia

State & Local Taxes in 1995

Shares of family income for non-elderly married couples



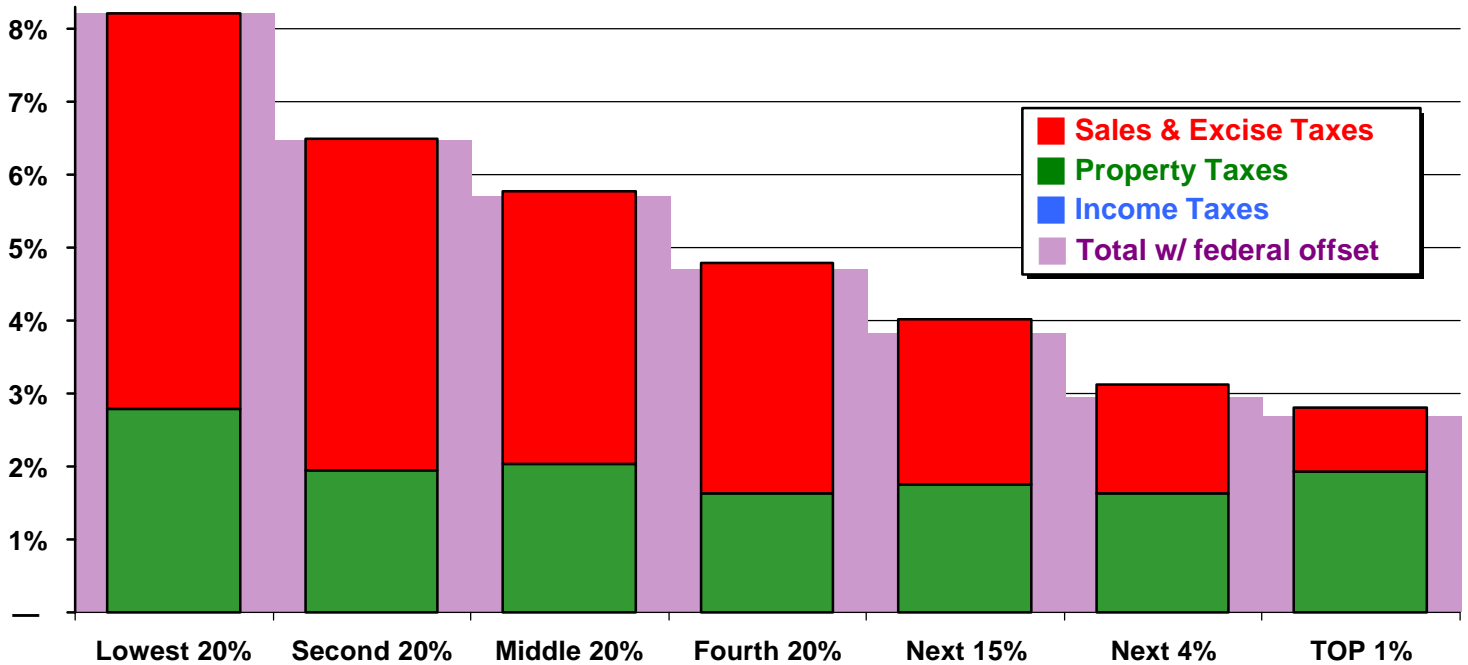
Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$17,000	\$17,000 – \$29,000	\$29,000 – \$42,000	\$42,000 – \$58,000	\$58,000 – \$89,000	\$89,000 – \$191,000	\$191,000 or more
Average Income in Group	\$10,100	\$22,800	\$35,600	\$49,500	\$69,300	\$114,000	\$397,000
Sales & Excise Taxes	7.2%	5.6%	4.5%	3.6%	2.8%	1.9%	1.1%
General Sales—Individuals	3.9%	3.2%	2.7%	2.1%	1.7%	1.1%	0.7%
Other Sales & Excise—Ind.	1.9%	1.3%	1.0%	0.8%	0.6%	0.4%	0.2%
Sales & Excise on Business	1.4%	1.1%	0.9%	0.7%	0.6%	0.4%	0.2%
Property Taxes	2.2%	1.5%	1.2%	1.2%	1.3%	1.4%	1.4%
Property Taxes on Families	2.0%	1.4%	1.1%	1.1%	1.2%	1.1%	0.7%
Other Property Taxes	0.2%	0.2%	0.1%	0.1%	0.1%	0.3%	0.6%
Income Taxes	1.2%	2.3%	2.9%	3.5%	4.2%	4.8%	5.4%
Personal Income Tax	1.0%	2.2%	2.9%	3.4%	4.1%	4.6%	5.1%
Corporate Income Tax	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%	0.3%
TOTAL TAXES	10.6%	9.4%	8.6%	8.3%	8.3%	8.1%	7.9%
Federal Deduction Offset	-0.0%	-0.0%	-0.0%	-0.1%	-0.5%	-1.2%	-2.1%
TOTAL AFTER OFFSET	10.6%	9.4%	8.6%	8.2%	7.8%	6.9%	5.7%



Wyoming

State & Local Taxes in 1995

Shares of family income for non-elderly married couples

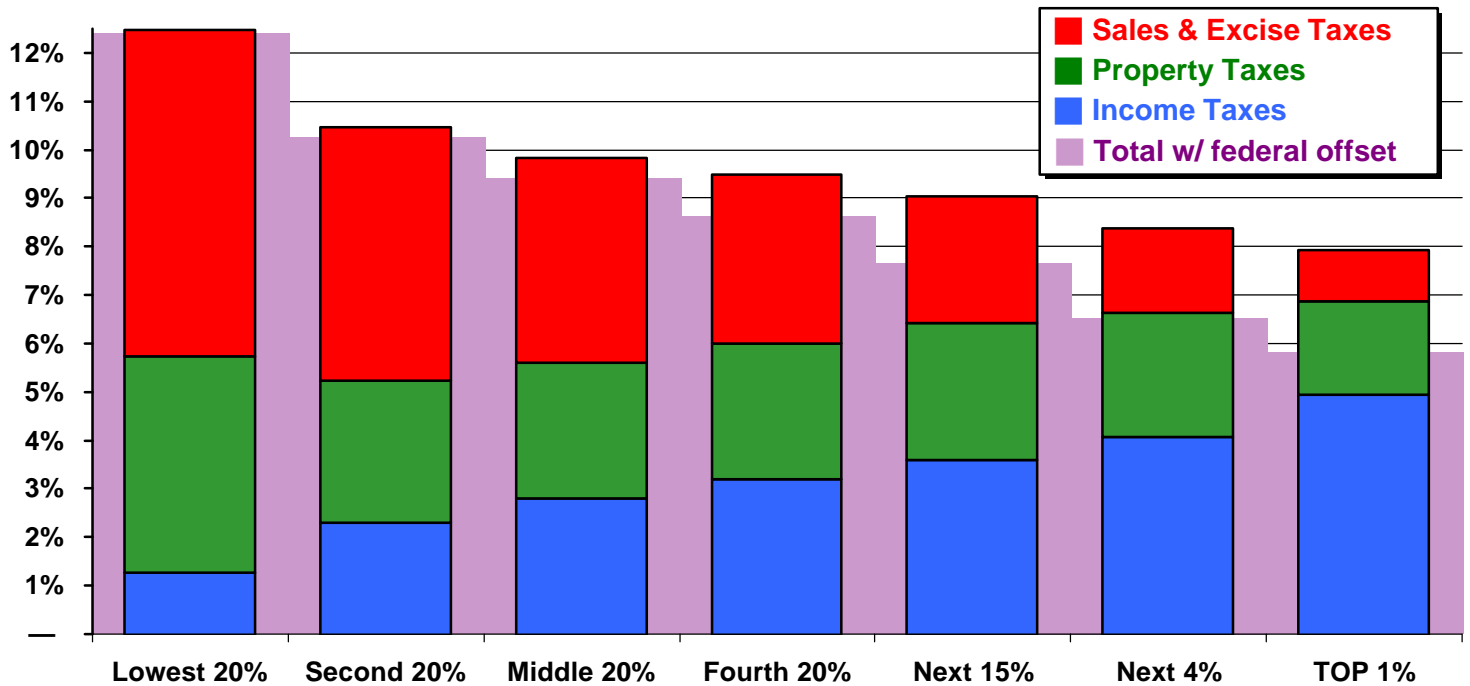


Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$25,000	\$25,000 – \$36,000	\$36,000 – \$50,000	\$50,000 – \$66,000	\$66,000 – \$103,000	\$103,000 – \$236,000	\$236,000 or more
Average Income in Group	\$14,900	\$30,100	\$42,900	\$57,000	\$79,800	\$138,000	\$694,000
Sales & Excise Taxes	5.4%	4.6%	3.7%	3.2%	2.3%	1.5%	0.9%
General Sales—Individuals	3.8%	3.3%	2.7%	2.3%	1.7%	1.1%	0.7%
Other Sales & Excise—Ind.	0.6%	0.4%	0.3%	0.3%	0.2%	0.1%	0.0%
Sales & Excise on Business	1.0%	0.8%	0.7%	0.5%	0.4%	0.3%	0.2%
Property Taxes	2.8%	1.9%	2.0%	1.6%	1.8%	1.6%	1.9%
Property Taxes on Families	2.4%	1.6%	1.8%	1.4%	1.4%	1.0%	0.5%
Other Property Taxes	0.4%	0.3%	0.2%	0.3%	0.4%	0.6%	1.5%
Income Taxes	—	—	—	—	—	—	—
Personal Income Tax	—	—	—	—	—	—	—
Corporate Income Tax	—	—	—	—	—	—	—
TOTAL TAXES	8.2%	6.5%	5.8%	4.8%	4.0%	3.1%	2.8%
Federal Deduction Offset	-0.0%	-0.0%	-0.1%	-0.1%	-0.2%	-0.2%	-0.1%
TOTAL AFTER OFFSET	8.2%	6.5%	5.7%	4.7%	3.8%	3.0%	2.7%

U.S. Averages

Average State & Local Taxes in 1995

Taxes on own residents as shares of family income for non-elderly married couples



Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$25,700	\$25,700 – \$40,500	\$40,500 – \$54,600	\$54,600 – \$74,900	\$74,900 – \$131,000	\$131,000 – \$351,000	\$351,000 or more
Average Income in Group	\$15,600	\$33,200	\$47,400	\$63,700	\$93,300	\$191,000	\$801,000
Sales & Excise Taxes	6.7%	5.2%	4.2%	3.5%	2.6%	1.8%	1.1%
General Sales—Individuals	3.5%	2.9%	2.4%	2.0%	1.5%	1.1%	0.7%
Other Sales & Excise—Ind.	1.5%	1.0%	0.8%	0.6%	0.4%	0.3%	0.1%
Sales & Excise on Business	1.7%	1.3%	1.0%	0.9%	0.6%	0.4%	0.3%
Property Taxes	4.5%	2.9%	2.8%	2.8%	2.8%	2.6%	1.9%
Property Taxes on Families	4.1%	2.7%	2.6%	2.5%	2.5%	2.0%	0.9%
Other Property Taxes	0.4%	0.3%	0.2%	0.3%	0.3%	0.5%	1.0%
Income Taxes	1.3%	2.3%	2.8%	3.2%	3.6%	4.1%	5.0%
Personal Income Tax	1.2%	2.2%	2.8%	3.1%	3.5%	3.9%	4.6%
Corporate Income Tax	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%	0.3%
TOTAL TAXES	12.5%	10.5%	9.8%	9.5%	9.0%	8.4%	7.9%
Federal Deduction Offset	-0.1%	-0.2%	-0.4%	-0.9%	-1.4%	-1.9%	-2.1%
TOTAL AFTER OFFSET	12.4%	10.3%	9.4%	8.6%	7.7%	6.5%	5.8%

Appendix II: Notes on specific states

Alabama

- # Least progressive personal income tax in the country. This is the result of little rate graduation, plus a deduction for federal personal income tax paid that greatly reduces the tax for higher income groups.
- # Taxation of food increases sales tax's regressivity.
- # Homestead exemptions lessens regressivity of individual property tax. Alabama's hardly progressive (by some measures, regressive) income tax provides only a minimal offset to the regressivity of the state's other taxes, making Alabama's tax system one of the ten most regressive in the country.

Alaska

- # No personal income tax.
- # No statewide sales tax. Some local governments impose a sales tax. Oil industry tax payments allow for relatively low taxes for all income groups.

Arizona

Heavy reliance on consumption taxes and low reliance on personal income taxes contributes to a regressive tax system.

Arkansas

- # Taxation of food increases regressivity of sales tax. Heavy reliance on consumption taxes contributes to a regressive tax system.

California

- # Steeply graduated rates in 1995 made the personal income tax the most progressive in the country. The top rates, however, are scheduled to expire in 1996. Very progressive income tax made California's tax system one of the nation's least regressive (by some measures slightly progressive) in 1995. But top income tax rate will fall in 1996.

Colorado

- # Flat rate makes personal income tax not very progressive. Colorado's only slightly progressive income tax provides only a minimal offset to the regressivity of the state's other taxes.

Connecticut

- # Flat rate income tax with generous exemptions and credits. This causes the tax to be progressive in the low to middle-income range, but flat from the middle to the top. Heavy reliance on homeowner property taxes coupled with a not-very-progressive income tax contributes to a regressive tax structure.

Delaware

- # No general sales tax. Delaware's heavy reliance on a progressive personal income tax and very low reliance on consumption taxes makes it one of the least regressive (by some measures, slightly progressive) tax states in the country.

District of Columbia

- # Personal income tax is only slightly graduated.
 - # Homestead exemption and income-based credit lessen the regressivity of the property tax.
- Very heavy reliance on the District's slightly progressive personal income tax partially offsets regressive taxes to make the overall system less regressive than many.

Florida

- # No personal income tax.
 - # Homestead exemption and tax on intangible assets makes the property tax less regressive than it would otherwise be, but property tax still hits renters hard.
- Exclusive reliance on consumption and property taxes causes Florida's tax system to be one of the ten most regressive in the country.

Georgia

- # Taxation of food increases sales tax regressivity (but the tax on food is being phased out).
 - # Homestead exemption and taxation of intangible assets lessens the regressivity of the property tax.
- Typically regressive tax structure.

Hawaii

- # Taxation of food increases sales tax regressivity.
 - # Homestead exemption and income-based credit lessen the regressivity of the property tax.
- Heavy reliance on progressive personal income tax offsets regressive taxes to a greater degree than in many states.

Idaho

- # Graduated rates and refundable credits make for one of the most progressive personal income taxes in the country.
 - # Taxation of food increases sales tax regressivity.
 - # Homestead exemption decreases regressivity of property tax.
- Idaho's heavy reliance on a very progressive income tax offsets state's regressive taxes to a greater degree than in many states.

Illinois

- # Flat rate and low exemptions make Illinois's personal income tax one of the least progressive in the country.
 - # Homestead exemption lessens the regressivity of the property tax.
- Illinois's barely progressive income tax provides only a minimal offset to the regressivity of its other taxes; the state's tax system is one of the ten most regressive in the country.

Indiana

- # Flat rates and low exemptions make Indiana's state and local personal income taxes among the least progressive in the country.
 - # Homestead exemption lessens property tax's regressivity.
- Indiana's barely progressive income tax provides only a minimal offset to the regressivity of the state's other taxes.

Iowa

- # Deduction for federal taxes paid greatly lessens the progressivity of the personal income tax.
- # Homestead exemption lessens property tax regressivity.
Iowa's slightly progressive income tax provides only a minimal offset to the regressivity of the state's other taxes.

Kansas

- # Taxation of food increases sales tax regressivity.
Typically regressive tax system.

Kentucky

- # State personal income tax is only slightly graduated. Local personal income taxes apply to wages and other earned income only.
- # Taxation of intangibles lessens regressivity of the property tax.
Personal income tax's flatness from middle to upper incomes prevents it from offsetting the regressivity of the state's other taxes.

Louisiana

- # Deduction for federal taxes paid greatly lessens the progressivity of the personal income tax (which otherwise would be quite progressive due to graduated rates).
- # Generous homestead exemption makes overall property tax progressive.
- # Taxation of food increases sales tax regressivity.
Extremely heavy reliance on regressive consumption taxes makes Louisiana's tax system one of the ten most regressive in the country.

Maine

- # Graduated rates make state's personal income tax one of the more progressive in the country.
- # Income-based credit lessens regressivity of individual property tax.
Progressive income tax offsets state's regressive taxes to a greater degree than in many other states.

Maryland

- # Rate structure that is only slightly graduated makes personal income tax one of the least progressive in the country.
- # Income-based credit lessens regressivity of individual property tax.
Only slightly progressive personal income tax fails to offset regressivity of other taxes.

Massachusetts

- # Flat rate personal income tax is one of the least progressive in the country.
Only slightly progressive personal income tax fails to offset regressivity of other taxes.

Michigan

- # Flat rate personal income tax is one of the least progressive in the country.
- # Income-based credit lessens regressivity of individual property tax.
Michigan's barely progressive income tax provides only a minimal offset to the regressivity of the state's other taxes, making the state's tax system one of the ten most regressive in the country.

Minnesota

- # Property tax assessments that increase with value of home and income-based credit lessen property tax regressivity.
Heavy reliance on progressive personal income tax offsets regressive taxes to a greater degree than in many states.

Mississippi

- # Personal income tax rates are only slightly graduated.
- # Homestead exemption lessens property tax regressivity.
- # Taxation of food increases sales tax regressivity.
Heavy reliance on consumption taxes, coupled with an only slightly graduated personal income tax, makes Mississippi's tax system very regressive

Missouri

Typically regressive tax system.

Montana

- # Deduction for federal income taxes paid makes Montana's personal income tax less progressive than it would otherwise be. Steeply graduated rates offset this to make for a typically progressive personal income tax.
- # No general sales tax.
- # Income-based credit lessens the regressivity of the individual property tax.
Low consumption taxes makes Montana one of the least regressive tax states in the country.
Taxes from extraction industries help keep taxes relatively low.

Nebraska

Typically regressive tax system.

Nevada

- # No personal income tax.
Heavy reliance on consumption taxes makes system very regressive. Revenues from tourism lowers overall level of taxation on residents.

New Hampshire

- # No broad-based personal income tax.
- # No general sales tax.
Lack of broad-based personal income tax and heavy reliance on a regressive property tax yield a very regressive tax system.

New Jersey

- # Income-based credit lessens regressivity of individual property tax, but property tax relief has been scaled back in recent years.
Personal income tax is insufficiently progressive to offset regressivity of heavily relied upon regressive property tax.

New Mexico

- # Low-income credits and graduated rates make New Mexico's personal income tax among the most progressive in the country.
- # Taxation of food increases sales tax regressivity.
Very heavy reliance on consumption taxes ensures a regressive tax system despite very progressive income tax.

New York

Typically regressive tax system, despite some moderately progressive elements.

North Carolina

Taxation of food increases sales tax regressivity.

Heavy reliance on progressive income tax offsets state's regressive taxes to a greater degree than in many other states.

North Dakota

Heavy reliance on consumption taxes makes system regressive.

Ohio

Typically regressive tax system.

Oklahoma

Taxation of food increases sales tax regressivity.

Homestead exemption lessens property tax regressivity.

Typically regressive tax system.

Oregon

No general sales tax.

Low reliance on consumption taxes and high reliance on somewhat progressive income taxes results in a tax system less regressive than many.

Pennsylvania

Flat rate and no exemptions in state and local income taxes makes for one of the least progressive income tax systems in the country.

Pennsylvania's barely progressive (by some measures, regressive) income tax provides only a minimal offset to the regressivity of the state's other taxes, making Pennsylvania's tax system one of the ten most regressive in the country.

Rhode Island

Very progressive personal income tax is calculated by taking a percentage of federal liability.

Even Rhode Island's very progressive income tax is not sufficiently progressive to offset fully the regressivity of the state's other taxes.

South Carolina

Taxation of food increases sales tax regressivity.

Substantial homestead exemption from school taxes makes property tax system one of the least regressive in the country.

Heavy reliance on a progressive income tax and relatively flat property tax structure makes for an overall tax system that is less regressive than many.

South Dakota

No personal income tax.

Taxation of food increases sales tax regressivity.

Lack of a personal income tax to offset the regressivity of other taxes makes South Dakota's tax system one of the ten most regressive in the country.

Tennessee

- # No broad-based personal income tax.
- # Taxation of food increases sales tax regressivity.
Lack of a broad-based personal income tax to offset the regressivity of other taxes makes Tennessee's tax system one of the ten most regressive in the country.

Texas

- # No personal income tax.
- # Homestead exemptions lessen property tax regressivity.
Lack of a personal income tax to offset the regressivity of other taxes makes Texas's tax system one of the ten most regressive in the country.

Utah

- # Deduction for half of federal taxes paid makes the personal income tax not very progressive.
- # Taxation of food increases sales tax regressivity.
Typically regressive tax system.

Vermont

- # Very progressive personal income tax is calculated by taking a percentage of federal liability.
- # Income-based credit lessens regressivity of individual property tax.
High reliance on a very progressive income tax and relatively low reliance on consumption taxes makes Vermont's tax system one of the least regressive in the country.

Virginia

- # Personal income tax rates are only slightly graduated.
- # Taxation of food increases sales tax regressivity.
Typically regressive tax system.

Washington

- # No personal income tax.
Heavy reliance on consumption taxes and lack of personal income tax make for the most regressive tax system in the country.

West Virginia

- # Taxation of food increases sales tax regressivity.
- # Taxation of individually owned intangibles lessens regressivity of property tax.
Typically regressive tax system.

Wisconsin

- # Capital gains exclusion and only slightly graduated rates make for a not-very-progressive personal income tax.
- # Income-based credit lessens regressivity of individual property tax.
Typically regressive tax system.

Wyoming

- # No personal income tax.
- # Taxation of food increases sales tax regressivity.
Lack of a personal income tax to offset the regressivity of other taxes makes for a very regressive tax system. Taxes from extraction industries help keep taxes relatively low.

Appendix III: How much do regressive taxes hurt ordinary families—an experiment

Choosing to have a regressive tax system has very real consequences. Imagine, for example, that the effective tax rates in the ten states with the most regressive tax systems were reversed. In other words, suppose the poor were to pay the rate the rich now pay, the rich had to pay the current average rate of the bottom 40 percent, and so forth. That would raise considerably more revenues than existing law, so the tentative new effective rates could be cut across the board and still break even. By so turning these regressive tax systems into progressive ones, middle- and low-income families in the ten states would see their taxes reduced significantly—on average by almost a third for the bottom 80 percent of families. The average tax cut for these four-fifths of all families would be about \$1,100 a year.

Of course, by definition, the best-off families in these ten states would have to pay more under such a reversal of regressivity. But almost 90 percent of the higher taxes required to offset the middle- and low-income tax cuts would come from the top five

Turning the Ten Most Regressive State Tax Systems on Their Heads Total Taxes as Shares of Family Income (after Federal Itemized Offsets)								Tax Changes for the Bottom 80%
	Low 20%	2nd 20%	Mid 20%	4th 20%	Next 15%	Next 4%	Top 1%	
ALL TEN	\$ 14,800	\$ 31,800	\$ 45,800	\$ 61,900	\$ 90,700	\$ 187,000	\$ 801,000	
Current Law	13.6%	10.6%	9.1%	7.9%	6.7%	5.2%	4.1%	-30%
Reversed	4.9%	6.0%	6.9%	6.9%	7.1%	7.2%	7.7%	\$ -1,090
Washington	\$ 17,800	\$ 35,700	\$ 49,600	\$ 64,700	\$ 92,100	\$ 170,000	\$ 717,000	
Current Law	17.0%	12.2%	10.4%	8.9%	7.2%	5.4%	3.6%	-39%
Reversed	3.8%	5.8%	7.2%	7.5%	8.3%	8.9%	9.7%	\$ -1,780
Florida	\$ 12,600	\$ 28,400	\$ 42,300	\$ 58,500	\$ 88,200	\$ 219,000	\$ 1,149,000	
Current Law	14.0%	9.8%	7.6%	6.4%	5.3%	4.1%	3.2%	-42%
Reversed	3.2%	4.2%	5.0%	5.1%	5.4%	5.8%	7.0%	\$ -1,210
Texas	\$ 10,900	\$ 26,300	\$ 41,400	\$ 59,200	\$ 89,500	\$ 173,000	\$ 743,000	
Current Law	13.8%	10.4%	8.5%	7.3%	6.1%	4.9%	4.0%	-36%
Reversed	4.0%	5.0%	5.9%	5.9%	6.3%	6.9%	7.5%	\$ -1,090
South Dakota	\$ 17,400	\$ 31,200	\$ 43,000	\$ 56,500	\$ 77,000	\$ 142,000	\$ 600,000	
Current Law	11.7%	8.9%	7.8%	6.6%	5.7%	4.0%	2.6%	-34%
Reversed	2.8%	4.4%	5.9%	6.1%	6.3%	6.7%	7.3%	\$ -1,020
Tennessee	\$ 12,600	\$ 28,800	\$ 41,800	\$ 57,200	\$ 83,000	\$ 159,000	\$ 674,000	
Current Law	12.3%	9.3%	7.6%	6.4%	5.3%	3.9%	3.2%	-38%
Reversed	3.4%	4.1%	5.1%	5.4%	5.8%	6.4%	6.9%	\$ -1,070
Louisiana	\$ 11,300	\$ 26,400	\$ 39,700	\$ 55,600	\$ 80,700	\$ 151,000	\$ 551,000	
Current Law	13.4%	11.2%	10.4%	8.8%	7.4%	5.6%	4.8%	-30%
Reversed	5.8%	6.1%	7.4%	7.7%	8.1%	8.4%	8.9%	\$ -1,010
Pennsylvania	\$ 17,800	\$ 35,400	\$ 48,400	\$ 62,500	\$ 90,700	\$ 179,000	\$ 728,000	
Current Law	13.2%	10.7%	9.8%	8.9%	7.7%	6.2%	4.5%	-21%
Reversed	5.9%	7.5%	8.5%	8.4%	8.3%	7.6%	8.0%	\$ -860
Illinois	\$ 18,400	\$ 38,700	\$ 53,200	\$ 69,100	\$ 101,500	\$ 239,000	\$ 1,134,000	
Current Law	13.5%	10.3%	9.4%	8.3%	7.3%	5.7%	4.9%	-24%
Reversed	5.8%	6.7%	7.8%	7.6%	7.6%	7.3%	7.6%	\$ -1,040
Alabama	\$ 12,200	\$ 26,500	\$ 40,100	\$ 54,800	\$ 79,000	\$ 140,000	\$ 580,000	
Current Law	11.5%	10.3%	9.0%	7.8%	6.5%	5.2%	3.6%	-27%
Reversed	4.6%	6.0%	6.9%	7.1%	7.2%	7.5%	7.6%	\$ -810
Michigan	\$ 19,700	\$ 39,300	\$ 53,700	\$ 70,500	\$ 98,600	\$ 176,000	\$ 724,000	
Current Law	13.2%	11.4%	10.2%	9.1%	7.8%	6.5%	5.0%	-22%
Reversed	6.8%	7.8%	8.6%	8.2%	8.5%	8.8%	8.4%	\$ -1,050

percent of all families—with almost 60 percent coming from the top one percent. Families in the top one percent would pay considerably more, but their effective tax rate (after federal itemized deduction offsets) would still average only 7.8% of income (up from the 4.1% rate they now pay).

Although these states offer the most dramatic illustration of the value of progressive taxation for most families, in every state, the majority of families would pay lower taxes if their states improved the fairness of their tax laws.

NOTE: The specific details for this reversal-of-tax rates experiment are: (a) the lowest 20% pays the current rate of the top 1%; (b) the second 20% pays the current rate of the next 4% (the group just below the top 1%); (c) the middle 20% pays the current rate of the next 15% (the group just below the top 5%); (d) the fourth 20% pays the average of its current rate and the rate of the next 15%; (e) the next 15% pays the average rate of the third and fourth quintiles; (f) the next 4% pays the average rate of the second and third quintiles; and (g) the top 1% pays the average rate of the bottom two quintiles.

Distributional Effects of Selected Excise Taxes, 1995

	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Poor/ Top 1%	Middle/ Top 1%
Alabama									
Gasoline	0.83%	0.63%	0.47%	0.37%	0.28%	0.16%	0.07%	12.4	7.1
Cigarettes	0.32%	0.17%	0.10%	0.09%	0.06%	0.03%	0.01%	40.3	12.5
Beer	0.32%	0.23%	0.16%	0.14%	0.10%	0.05%	0.01%	27.0	13.6
All three	1.48%	1.04%	0.74%	0.60%	0.44%	0.25%	0.09%	17.0	8.5
Alaska									
Gasoline	0.42%	0.24%	0.18%	0.13%	0.10%	0.07%	0.04%	11.6	4.9
Cigarettes	0.37%	0.15%	0.13%	0.07%	0.05%	0.04%	0.01%	32.2	11.0
Beer	0.08%	0.04%	0.03%	0.03%	0.02%	0.01%	0.00%	21.4	9.2
All three	0.87%	0.44%	0.34%	0.23%	0.17%	0.12%	0.05%	16.9	6.5
Arizona									
Gasoline	0.83%	0.61%	0.47%	0.38%	0.27%	0.16%	0.07%	11.4	6.4
Cigarettes	0.71%	0.41%	0.24%	0.14%	0.11%	0.06%	0.02%	43.5	14.6
Beer	0.04%	0.03%	0.03%	0.02%	0.02%	0.01%	0.00%	19.7	13.7
All three	1.58%	1.05%	0.74%	0.54%	0.40%	0.23%	0.09%	17.3	8.1
Arkansas									
Gasoline	1.07%	0.83%	0.64%	0.48%	0.37%	0.22%	0.10%	11.0	6.7
Cigarettes	0.94%	0.44%	0.29%	0.19%	0.13%	0.07%	0.02%	50.3	15.7
Beer	0.06%	0.04%	0.04%	0.03%	0.02%	0.01%	0.00%	20.8	14.0
All three	2.06%	1.31%	0.98%	0.70%	0.52%	0.30%	0.12%	17.4	8.3
California									
Gasoline	0.75%	0.54%	0.40%	0.31%	0.21%	0.13%	0.05%	14.8	7.9
Cigarettes	0.32%	0.16%	0.10%	0.07%	0.04%	0.02%	0.00%	72.7	22.5
Beer	0.04%	0.03%	0.02%	0.02%	0.01%	0.01%	0.00%	29.3	16.3
All three	1.12%	0.73%	0.52%	0.39%	0.27%	0.15%	0.06%	19.8	9.2
Colorado									
Gasoline	0.87%	0.64%	0.47%	0.39%	0.28%	0.17%	0.07%	12.0	6.5
Cigarettes	0.25%	0.16%	0.09%	0.07%	0.05%	0.02%	0.01%	37.0	13.8
Beer	0.02%	0.01%	0.01%	0.01%	0.01%	0.00%	0.00%	28.6	14.0
All three	1.14%	0.81%	0.57%	0.47%	0.34%	0.20%	0.08%	14.3	7.2
Connecticut									
Gasoline	0.87%	0.59%	0.50%	0.40%	0.27%	0.18%	0.07%	13.2	7.6
Cigarettes	0.26%	0.12%	0.09%	0.07%	0.05%	0.02%	0.00%	69.9	25.2
Beer	0.02%	0.01%	0.01%	0.01%	0.01%	0.00%	0.00%	30.8	15.0
All three	1.15%	0.73%	0.61%	0.48%	0.33%	0.20%	0.07%	16.4	8.6
Delaware									
Gasoline	0.87%	0.66%	0.51%	0.41%	0.31%	0.19%	0.09%	9.5	5.6
Cigarettes	0.35%	0.20%	0.12%	0.08%	0.07%	0.03%	0.01%	32.2	11.4
Beer	0.03%	0.02%	0.02%	0.01%	0.01%	0.01%	0.00%	19.3	12.5
All three	1.24%	0.88%	0.66%	0.50%	0.38%	0.22%	0.10%	11.9	6.3

Distributional Effects of Selected Excise Taxes, 1995

	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Poor/ Top 1%	Middle/ Top 1%
District of Columbia									
Gasoline	0.59%	0.40%	0.26%	0.21%	0.13%	0.09%	0.03%	17.5	7.7
Cigarettes	0.27%	0.11%	0.07%	0.05%	0.03%	0.01%	0.00%	112.9	30.2
Beer	0.01%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	36.5	22.3
All three	0.87%	0.52%	0.34%	0.26%	0.16%	0.10%	0.04%	23.9	9.3
Florida									
Gasoline	1.16%	0.84%	0.64%	0.50%	0.36%	0.18%	0.07%	17.2	9.5
Cigarettes	0.49%	0.26%	0.17%	0.12%	0.08%	0.03%	0.01%	79.6	27.8
Beer	0.17%	0.14%	0.10%	0.08%	0.05%	0.02%	0.00%	38.5	22.4
All three	1.81%	1.23%	0.90%	0.70%	0.49%	0.24%	0.08%	23.3	11.7
Georgia									
Gasoline	0.71%	0.47%	0.37%	0.28%	0.21%	0.13%	0.06%	11.7	6.1
Cigarettes	0.24%	0.12%	0.08%	0.06%	0.04%	0.02%	0.01%	43.1	14.0
Beer	0.21%	0.18%	0.13%	0.10%	0.07%	0.03%	0.01%	22.8	14.0
All three	1.17%	0.76%	0.58%	0.44%	0.32%	0.18%	0.08%	15.5	7.7
Hawaii									
Gasoline	0.76%	0.54%	0.44%	0.33%	0.26%	0.16%	0.08%	8.9	5.1
Cigarettes	0.30%	0.16%	0.09%	0.07%	0.05%	0.03%	0.01%	39.2	12.3
Beer	0.17%	0.13%	0.11%	0.08%	0.06%	0.03%	0.01%	18.3	11.9
All three	1.23%	0.83%	0.64%	0.49%	0.38%	0.22%	0.10%	12.0	6.3
Idaho									
Gasoline	1.04%	0.78%	0.61%	0.47%	0.37%	0.21%	0.09%	11.7	6.9
Cigarettes	0.51%	0.27%	0.18%	0.14%	0.09%	0.05%	0.01%	36.3	12.9
Beer	0.04%	0.04%	0.03%	0.02%	0.01%	0.01%	0.00%	23.5	16.4
All three	1.58%	1.09%	0.82%	0.63%	0.48%	0.27%	0.10%	15.1	7.9
Illinois									
Gasoline	0.68%	0.47%	0.36%	0.31%	0.22%	0.13%	0.05%	13.2	7.0
Cigarettes	0.40%	0.20%	0.15%	0.10%	0.07%	0.03%	0.01%	59.5	22.4
Beer	0.02%	0.02%	0.01%	0.01%	0.01%	0.00%	0.00%	32.3	17.2
All three	1.11%	0.68%	0.52%	0.42%	0.29%	0.16%	0.06%	18.6	8.8
Indiana									
Gasoline	0.64%	0.49%	0.39%	0.32%	0.25%	0.16%	0.07%	9.1	5.6
Cigarettes	0.25%	0.16%	0.10%	0.08%	0.06%	0.03%	0.01%	28.6	11.5
Beer	0.02%	0.02%	0.01%	0.01%	0.01%	0.00%	0.00%	23.4	12.0
All three	0.92%	0.67%	0.51%	0.41%	0.32%	0.20%	0.08%	11.5	6.3
Iowa									
Gasoline	0.75%	0.62%	0.48%	0.43%	0.32%	0.19%	0.09%	8.2	5.2
Cigarettes	0.42%	0.21%	0.16%	0.12%	0.09%	0.05%	0.01%	32.5	12.1
Beer	0.04%	0.03%	0.03%	0.02%	0.01%	0.01%	0.00%	21.2	12.3
All three	1.22%	0.87%	0.66%	0.57%	0.42%	0.25%	0.11%	11.4	6.2

Distributional Effects of Selected Excise Taxes, 1995

	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Poor/ Top 1%	Middle/ Top 1%
Kansas									
Gasoline	0.74%	0.60%	0.47%	0.37%	0.28%	0.18%	0.08%	9.7	6.2
Cigarettes	0.30%	0.12%	0.10%	0.08%	0.06%	0.03%	0.01%	41.2	13.6
Beer	0.09%	0.07%	0.05%	0.05%	0.03%	0.02%	0.00%	21.6	13.6
All three	1.13%	0.79%	0.63%	0.50%	0.37%	0.22%	0.09%	13.0	7.2
Kentucky									
Gasoline	0.83%	0.60%	0.44%	0.36%	0.27%	0.17%	0.07%	11.7	6.2
Cigarettes	0.12%	0.05%	0.04%	0.03%	0.02%	0.01%	0.00%	41.8	13.1
Beer	0.02%	0.01%	0.01%	0.01%	0.01%	0.00%	0.00%	20.9	13.0
All three	0.97%	0.66%	0.49%	0.39%	0.30%	0.18%	0.07%	13.0	6.6
Louisiana									
Gasoline	0.87%	0.65%	0.53%	0.39%	0.29%	0.16%	0.07%	12.2	7.4
Cigarettes	0.40%	0.23%	0.14%	0.09%	0.07%	0.03%	0.01%	38.6	13.2
Beer	0.10%	0.08%	0.07%	0.06%	0.04%	0.02%	0.00%	20.4	13.6
All three	1.37%	0.95%	0.73%	0.53%	0.40%	0.22%	0.09%	15.9	8.5
Maine									
Gasoline	0.84%	0.65%	0.51%	0.45%	0.32%	0.19%	0.09%	9.4	5.7
Cigarettes	0.43%	0.23%	0.17%	0.12%	0.09%	0.05%	0.01%	31.3	12.2
Beer	0.07%	0.05%	0.04%	0.03%	0.02%	0.01%	0.00%	20.9	11.7
All three	1.34%	0.92%	0.72%	0.60%	0.44%	0.25%	0.11%	12.6	6.7
Maryland									
Gasoline	0.85%	0.56%	0.45%	0.37%	0.24%	0.16%	0.07%	12.4	6.6
Cigarettes	0.22%	0.14%	0.10%	0.08%	0.05%	0.02%	0.01%	35.0	16.4
Beer	0.01%	0.01%	0.01%	0.01%	0.00%	0.00%	0.00%	26.1	14.1
All three	1.08%	0.71%	0.56%	0.46%	0.30%	0.18%	0.08%	14.3	7.5
Massachusetts									
Gasoline	0.71%	0.47%	0.40%	0.32%	0.23%	0.15%	0.07%	9.5	5.3
Cigarettes	0.31%	0.15%	0.11%	0.08%	0.06%	0.03%	0.01%	36.7	13.7
Beer	0.02%	0.01%	0.01%	0.01%	0.00%	0.00%	0.00%	23.5	12.0
All three	1.03%	0.64%	0.52%	0.41%	0.29%	0.18%	0.08%	12.3	6.2
Michigan									
Gasoline	0.59%	0.42%	0.33%	0.27%	0.20%	0.13%	0.06%	9.7	5.3
Cigarettes	0.69%	0.35%	0.26%	0.20%	0.13%	0.08%	0.02%	36.9	13.6
Beer	0.04%	0.02%	0.02%	0.02%	0.01%	0.01%	0.00%	21.8	12.1
All three	1.32%	0.79%	0.60%	0.48%	0.34%	0.22%	0.08%	16.2	7.4
Minnesota									
Gasoline	0.87%	0.61%	0.48%	0.38%	0.28%	0.18%	0.08%	11.4	6.3
Cigarettes	0.45%	0.21%	0.16%	0.12%	0.08%	0.05%	0.01%	40.8	14.0
Beer	0.03%	0.02%	0.02%	0.01%	0.01%	0.00%	0.00%	21.8	13.4
All three	1.35%	0.85%	0.65%	0.51%	0.36%	0.23%	0.09%	15.3	7.3

Distributional Effects of Selected Excise Taxes, 1995

	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Poor/ Top 1%	Middle/ Top 1%
Mississippi									
Gasoline	1.10%	0.80%	0.64%	0.52%	0.37%	0.24%	0.09%	12.4	7.2
Cigarettes	0.48%	0.20%	0.12%	0.11%	0.06%	0.04%	0.01%	54.8	14.0
Beer	0.12%	0.10%	0.08%	0.06%	0.05%	0.03%	0.01%	19.0	13.0
All three	1.70%	1.10%	0.85%	0.69%	0.48%	0.31%	0.10%	16.3	8.2
Missouri									
Gasoline	0.82%	0.57%	0.45%	0.37%	0.27%	0.17%	0.07%	11.4	6.2
Cigarettes	0.32%	0.15%	0.11%	0.08%	0.06%	0.03%	0.01%	40.7	13.4
Beer	0.01%	0.01%	0.01%	0.01%	0.00%	0.00%	0.00%	24.4	14.0
All three	1.16%	0.74%	0.56%	0.46%	0.34%	0.20%	0.08%	14.3	7.0
Montana									
Gasoline	1.52%	1.15%	0.87%	0.69%	0.51%	0.30%	0.10%	15.0	8.6
Cigarettes	0.34%	0.16%	0.11%	0.09%	0.06%	0.03%	0.01%	45.6	14.2
Beer	0.04%	0.04%	0.03%	0.02%	0.02%	0.01%	0.00%	20.6	15.1
All three	1.90%	1.35%	1.00%	0.80%	0.58%	0.34%	0.11%	17.2	9.1
Nebraska									
Gasoline	1.04%	0.79%	0.65%	0.50%	0.37%	0.22%	0.09%	11.0	6.9
Cigarettes	0.23%	0.13%	0.08%	0.07%	0.04%	0.03%	0.01%	40.1	14.7
Beer	0.06%	0.05%	0.03%	0.03%	0.02%	0.01%	0.00%	25.0	14.1
All three	1.33%	0.96%	0.77%	0.60%	0.44%	0.26%	0.10%	13.0	7.5
Nevada									
Gasoline	0.93%	0.61%	0.47%	0.41%	0.29%	0.16%	0.04%	22.0	11.0
Cigarettes	0.26%	0.13%	0.10%	0.07%	0.05%	0.02%	0.00%	62.7	24.0
Beer	0.02%	0.02%	0.01%	0.01%	0.01%	0.00%	0.00%	37.9	21.7
All three	1.22%	0.76%	0.58%	0.49%	0.35%	0.19%	0.05%	25.8	12.3
New Hampshire									
Gasoline	0.72%	0.51%	0.41%	0.36%	0.25%	0.15%	0.07%	10.9	6.1
Cigarettes	0.38%	0.20%	0.15%	0.12%	0.08%	0.04%	0.01%	37.6	14.9
Beer	0.06%	0.04%	0.03%	0.03%	0.02%	0.01%	0.00%	27.1	14.1
All three	1.16%	0.74%	0.59%	0.50%	0.35%	0.20%	0.08%	14.7	7.5
New Jersey									
Gasoline	0.40%	0.25%	0.20%	0.16%	0.11%	0.08%	0.03%	11.8	5.9
Cigarettes	0.26%	0.13%	0.09%	0.07%	0.04%	0.02%	0.01%	49.6	17.2
Beer	0.02%	0.01%	0.01%	0.01%	0.00%	0.00%	0.00%	30.6	13.7
All three	0.68%	0.40%	0.30%	0.24%	0.16%	0.10%	0.04%	17.1	7.5
New Mexico									
Gasoline	1.00%	0.73%	0.52%	0.40%	0.30%	0.19%	0.08%	12.4	6.5
Cigarettes	0.42%	0.18%	0.11%	0.08%	0.05%	0.03%	0.01%	45.6	12.3
Beer	0.13%	0.12%	0.08%	0.06%	0.05%	0.03%	0.01%	21.3	12.8
All three	1.55%	1.03%	0.72%	0.54%	0.40%	0.25%	0.10%	16.1	7.4

Distributional Effects of Selected Excise Taxes, 1995

	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Poor/ Top 1%	Middle/ Top 1%
New York									
Gasoline	0.29%	0.21%	0.16%	0.13%	0.09%	0.05%	0.02%	13.3	7.4
Cigarettes	0.37%	0.18%	0.13%	0.10%	0.06%	0.02%	0.00%	73.1	25.2
Beer	0.04%	0.03%	0.02%	0.02%	0.01%	0.00%	0.00%	36.5	18.3
All three	0.70%	0.42%	0.31%	0.24%	0.16%	0.08%	0.03%	24.9	11.0
North Carolina									
Gasoline	0.98%	0.81%	0.58%	0.47%	0.35%	0.21%	0.09%	10.8	6.4
Cigarettes	0.10%	0.05%	0.04%	0.03%	0.02%	0.01%	0.00%	37.5	13.7
Beer	0.13%	0.08%	0.07%	0.05%	0.04%	0.02%	0.01%	26.3	13.6
All three	1.22%	0.94%	0.68%	0.55%	0.41%	0.24%	0.10%	12.3	6.9
North Dakota									
Gasoline	0.92%	0.73%	0.50%	0.42%	0.30%	0.20%	0.09%	10.1	5.5
Cigarettes	0.51%	0.24%	0.18%	0.13%	0.09%	0.05%	0.02%	32.5	11.2
Beer	0.05%	0.03%	0.03%	0.02%	0.02%	0.01%	0.00%	20.9	12.1
All three	1.49%	1.01%	0.70%	0.57%	0.40%	0.25%	0.11%	13.5	6.4
Ohio									
Gasoline	0.90%	0.63%	0.52%	0.42%	0.32%	0.19%	0.09%	10.4	5.9
Cigarettes	0.34%	0.17%	0.12%	0.09%	0.07%	0.03%	0.01%	38.9	14.2
Beer	0.04%	0.03%	0.02%	0.02%	0.01%	0.01%	0.00%	24.5	13.1
All three	1.28%	0.82%	0.66%	0.54%	0.40%	0.23%	0.10%	13.2	6.8
Oklahoma									
Gasoline	0.97%	0.76%	0.54%	0.43%	0.29%	0.17%	0.08%	12.1	6.7
Cigarettes	0.47%	0.24%	0.16%	0.11%	0.07%	0.04%	0.01%	38.2	12.8
Beer	0.08%	0.07%	0.06%	0.04%	0.03%	0.02%	0.00%	19.9	14.8
All three	1.52%	1.07%	0.76%	0.58%	0.39%	0.23%	0.10%	15.7	7.8
Oregon									
Gasoline	0.88%	0.65%	0.54%	0.43%	0.31%	0.19%	0.08%	11.3	6.9
Cigarettes	0.35%	0.19%	0.14%	0.09%	0.08%	0.04%	0.01%	36.9	14.7
Beer	0.02%	0.01%	0.01%	0.01%	0.01%	0.00%	0.00%	24.4	13.8
All three	1.24%	0.86%	0.69%	0.53%	0.40%	0.23%	0.09%	14.1	7.8
Pennsylvania									
Gasoline	0.48%	0.37%	0.28%	0.24%	0.17%	0.10%	0.05%	10.0	5.8
Cigarettes	0.33%	0.17%	0.12%	0.10%	0.06%	0.03%	0.01%	39.7	14.8
Beer	0.02%	0.01%	0.01%	0.01%	0.01%	0.00%	0.00%	25.1	14.4
All three	0.84%	0.55%	0.42%	0.34%	0.24%	0.14%	0.06%	14.6	7.2
Rhode Island									
Gasoline	0.89%	0.66%	0.51%	0.40%	0.30%	0.17%	0.07%	12.0	6.9
Cigarettes	0.46%	0.22%	0.15%	0.12%	0.07%	0.04%	0.01%	53.6	17.6
Beer	0.02%	0.01%	0.01%	0.01%	0.01%	0.00%	0.00%	29.3	18.0
All three	1.37%	0.90%	0.67%	0.53%	0.38%	0.21%	0.08%	16.5	8.1

Distributional Effects of Selected Excise Taxes, 1995

	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Poor/ Top 1%	Middle/ Top 1%
South Carolina									
Gasoline	0.87%	0.64%	0.49%	0.41%	0.30%	0.20%	0.09%	10.0	5.6
Cigarettes	0.15%	0.08%	0.05%	0.04%	0.03%	0.02%	0.00%	33.9	12.5
Beer	0.21%	0.15%	0.13%	0.10%	0.07%	0.04%	0.01%	20.9	13.5
All three	1.23%	0.88%	0.68%	0.55%	0.40%	0.25%	0.10%	12.1	6.7
South Dakota									
Gasoline	0.82%	0.60%	0.49%	0.41%	0.29%	0.19%	0.07%	11.5	6.8
Cigarettes	0.36%	0.23%	0.18%	0.16%	0.09%	0.05%	0.01%	28.2	14.2
Beer	0.07%	0.04%	0.04%	0.03%	0.03%	0.01%	0.00%	25.8	14.3
All three	1.26%	0.88%	0.71%	0.60%	0.41%	0.25%	0.09%	14.4	8.1
Tennessee									
Gasoline	1.03%	0.76%	0.58%	0.46%	0.35%	0.20%	0.08%	12.3	7.0
Cigarettes	0.30%	0.15%	0.10%	0.07%	0.05%	0.02%	0.01%	46.3	15.1
Beer	0.20%	0.14%	0.13%	0.10%	0.07%	0.03%	0.01%	23.5	15.2
All three	1.53%	1.05%	0.81%	0.62%	0.46%	0.26%	0.10%	15.5	8.2
Texas									
Gasoline	1.03%	0.81%	0.60%	0.44%	0.32%	0.19%	0.08%	13.4	7.7
Cigarettes	0.63%	0.30%	0.18%	0.12%	0.08%	0.04%	0.01%	64.2	18.6
Beer	0.06%	0.05%	0.04%	0.03%	0.02%	0.01%	0.00%	24.5	16.4
All three	1.72%	1.15%	0.81%	0.59%	0.42%	0.24%	0.09%	19.2	9.1
Utah									
Gasoline	0.88%	0.69%	0.55%	0.44%	0.33%	0.20%	0.08%	11.3	7.1
Cigarettes	0.26%	0.15%	0.11%	0.09%	0.06%	0.03%	0.01%	29.1	12.7
Beer	0.06%	0.05%	0.03%	0.03%	0.02%	0.01%	0.00%	22.0	11.2
All three	1.19%	0.89%	0.69%	0.56%	0.41%	0.24%	0.09%	13.4	7.8
Vermont									
Gasoline	0.56%	0.43%	0.39%	0.33%	0.25%	0.14%	0.06%	8.6	6.1
Cigarettes	0.23%	0.14%	0.11%	0.08%	0.06%	0.03%	0.01%	29.9	13.6
Beer	0.06%	0.04%	0.03%	0.03%	0.02%	0.01%	0.00%	21.7	11.4
All three	0.85%	0.61%	0.53%	0.44%	0.33%	0.18%	0.08%	11.3	7.1
Virginia									
Gasoline	0.79%	0.53%	0.43%	0.34%	0.24%	0.15%	0.07%	11.6	6.4
Cigarettes	0.05%	0.02%	0.02%	0.01%	0.01%	0.00%	0.00%	36.6	14.2
Beer	0.05%	0.04%	0.03%	0.02%	0.02%	0.01%	0.00%	23.1	13.6
All three	0.89%	0.59%	0.48%	0.38%	0.26%	0.17%	0.07%	12.4	6.7
Washington									
Gasoline	0.89%	0.64%	0.51%	0.40%	0.30%	0.19%	0.08%	10.9	6.2
Cigarettes	0.57%	0.29%	0.19%	0.16%	0.10%	0.06%	0.01%	40.0	13.2
Beer	0.04%	0.03%	0.03%	0.02%	0.01%	0.01%	0.00%	21.2	12.2
All three	1.50%	0.96%	0.72%	0.58%	0.42%	0.26%	0.10%	15.4	7.4

Distributional Effects of Selected Excise Taxes, 1995

	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%	Poor/ Top 1%	Middle/ Top 1%
West Virginia									
Gasoline	0.94%	0.77%	0.58%	0.47%	0.34%	0.24%	0.10%	9.6	5.9
Cigarettes	0.40%	0.19%	0.12%	0.09%	0.06%	0.04%	0.01%	36.0	11.2
Beer	0.05%	0.04%	0.03%	0.02%	0.02%	0.01%	0.00%	22.7	13.0
All three	1.39%	0.99%	0.73%	0.58%	0.42%	0.29%	0.11%	12.4	6.6
Wisconsin									
Gasoline	0.91%	0.62%	0.51%	0.40%	0.33%	0.20%	0.09%	10.4	5.9
Cigarettes	0.35%	0.19%	0.15%	0.11%	0.08%	0.04%	0.01%	31.5	13.1
Beer	0.01%	0.01%	0.01%	0.01%	0.01%	0.00%	0.00%	20.8	13.7
All three	1.28%	0.83%	0.67%	0.52%	0.41%	0.25%	0.10%	12.8	6.7
Wyoming									
Gasoline	0.49%	0.39%	0.30%	0.24%	0.17%	0.11%	0.04%	13.1	8.2
Cigarettes	0.20%	0.12%	0.09%	0.07%	0.05%	0.02%	0.00%	55.5	25.2
Beer	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	24.7	16.2
All three	0.70%	0.51%	0.40%	0.32%	0.22%	0.13%	0.04%	17.0	9.7

APPENDIX V: METHODOLOGY

The tax incidence results reported in this study for calendar year 1995 were obtained from the Institute on Taxation and Economic Policy (ITEP) microsimulation tax model. Three major components of the model—relating to state income taxes, sales and excise taxes and property taxes—are fully integrated in order to allow for a comprehensive study of the combined incidence of the major taxes affecting individuals and businesses at the state and local level. This appendix describes the components of the ITEP model and how they are linked together; the various data sources used; calibration and extrapolation of the baseline data; and assumptions relating to the incidence of specific taxes.

The ITEP Personal Income Tax Model

Overview

Data from federal income tax returns form the primary basis of the ITEP income tax model. Approximately 400,000 individual tax records provide much of the necessary income, deduction and demographic data. This data was obtained from the Statistics of Income (SOI) Level III public use data file—a stratified random sample of federal tax filers chosen in such a way as to provide statistically valid estimates of state-by-state income, deductions and taxes. To this population of federal tax filers was added additional information on the non-filer population from the Decennial Census to create a comprehensive database of approximately 700,000 individual records calibrated to match state-by-state population, income and other aggregate totals for calendar years 1988 to 1998. The ITEP microsimulation model is one of the largest of its kind in the world.

Statistical Matching of Census Records

The first step in the construction of the database was to statistically “match” relevant data from the Census to individual income tax return data on a state-by-state basis. This was necessary for at least two reasons. First, many items relevant to the proper calculation of state tax liability are not available on federal income tax returns. For example, some states allow special deductions and/or exemptions based on the age of the taxpayer and this information is largely absent on the

federal return (it is possible, however, in most cases, to identify those taxpayers who are over 65). Additionally, information on income that is not reported on the federal return is needed for calculation of total income for classification purposes.

Secondly, federal tax return data only report information on those who file federal tax returns. Since this population is different than the population subject to all state and local taxes, the data need to be supplemented to account for the (federal) non-filing population.

Statistical matching of information from tax and non-tax sources is a well-established method for augmenting available data as well as extending the range of analyses that can be performed on issues affecting policy. While there are several different methods currently in use that perform this task, most share a number of common characteristics which were followed in the construction of the ITEP model.

The following procedures were implemented separately for each of the fifty states and the District of Columbia. First, hypothetical “tax units” were constructed on the census database (“the augmentation file”), based on incomes, family composition, living arrangements and other relevant demographic factors. Next, these tax units were classified as being a federal tax filer or non-filer based on the income and demographic information available. Special care was taken so that all relevant household

information was utilized. For example, for a household with more than one tax filing unit it was assumed that aged and dependent care exemptions were allocated in the most likely way.

In the next step, the census file is “aligned” with the Level III SOI file (“the base file”) in the following manner: tax units in each file are categorized along several dimensions according to variables common to both files. These variables included age, income, family size, home ownership, number of earners and level of earnings for each and the presence of certain types of income. Once the relevant categories were assigned, records were matched while preserving the essential income and demographic make-up of each file. This was accomplished by adjusting sampling rates—a technique known as “constrained merging.”

1995 State Personal Income Tax Law

Forty-three states and the District of Columbia impose some type of personal income tax. Since a majority of these states are linked (“coupled”) to the federal income tax in some way, federal tax data are a natural starting point for most types of policy analyses. For each state with a personal income tax, the ITEP model computes, when applicable, state adjusted gross income, itemized deductions, personal exemption amounts, dependent exemption amounts, taxable income, tax credits and final tax liability for each return in the sample, based on the tax law in effect for each state for calendar year 1995.

For states that allow two-earner married couples to file separately on the same return, a few rules of thumb were adhered to: (i) this option was assumed to be chosen if it resulted in a reduced tax liability; (ii) wage and salary income was apportioned accord-

ing to the information matched from the census records; (iii) other income amounts were allocated in such a way as to minimize tax liability to the extent allowed by state law; (iv) deductions were allocated in order to minimize tax liability to the extent allowed by state law; (v) personal and dependent exemptions were allocated to minimize tax liability to the extent permitted by law.

Extrapolation and Calibration

Forecasts of the number of returns, population, income, deductions, state tax liability and federal tax liability were constructed for all fifty states and the District of Columbia based on historical data published by the Internal Revenue Service (through 1993), national macroeconomic data from the Commerce Department, national macroeconomic forecasts published by the Congressional Budget Office (CBO) and information supplied to ITEP by various state revenue departments. Since 1993 is the last year data were available relating to the distribution of selected income and deduction items by state, the extrapolations were constrained to hit these totals.

The extrapolation was accomplished in two stages. In the first stage, all income and deduction items were adjusted by per capita growth factors, first with respect to national totals and next with respect to state-specific factors. In the second stage of the extrapolation, population weights were adjusted to hit aggregate control totals for population, returns and selected items of income and deductions.

As a final check, for states with an income tax, tax liability estimates from the ITEP model were compared with the latest estimates from the states. (In most cases, fiscal year 1995 was the most recent year available).

The ITEP Sales Tax Model

Overview

The ITEP Sales Tax Model calculates the distribution on in-state residents in each state of state and local taxes imposed on the sale or use of specific commodities or services. These taxes include general sales taxes (including those imposed at the local level), excise taxes and numerous special taxes affecting specific industries (hotel taxes, for example).

The model computes the total amount of these taxes for three separate groups of taxpayers: residents of a particular state; businesses located in the state; and visitors to the state. This breakdown is necessary since it is likely that the overall burden of a particular tax on in-state residents depends on how much of the revenue is borne by each of these three groups.

Taxes Paid by Residents

Data Sources

Information on the detailed consumption patterns of U.S. families is available from the Consumer Expenditure Survey, U.S. Department of Labor, Bureau of Labor Statistics (CEX). The CEX is a quarterly survey, conducted on a rotating basis, of approximately 7,800 households per quarter. Each household is attempted to be interviewed for four consecutive quarters. In the ITEP model, annual consumption expenditures were constructed for each of the families interviewed from the fourth quarter of 1991 through the first quarter of 1993. To facilitate spending to income comparisons, only those families that responded to all four interviews were included in the analysis. Additional information on the income and demographic make-up of respondents was also included.

Methodology

Detailed consumption amounts were imputed to each household in the database by estimating the relationship between

various consumption components and the characteristics of each household using standard econometric techniques. Regressions were run on the CEX data after first: (i) eliminating those households for which complete income information was unavailable; (ii) correcting for the “top-coding” of high-income returns; and (iii) discarding a small number of outliers. The analysis was done separately on homeowners and renters.

The imputation process proceeded in several stages. First, expenditures on “big ticket” items such as automobiles and consumer durables were estimated separately since these items, while an important part of each household’s expenditure budget, represent a transitory component of overall annual consumption. Since most families do not purchase these items every year, special econometric techniques were used to obtain consistent parameter estimates. Once these estimates were obtained, the probability that a family actually made such a purchase was computed and compared with a uniformly distributed (pseudo-)random number to determine if an imputation was to be made to this record. The size of the purchase was then calculated according to the estimated parameters.

Next, estimates of total consumption less these major purchases were imputed for every family in the database using the results from an ordinary least squares (OLS) regression, relating this consumption amount to a vector of independent variables such as family size, income and the ages of the principle earners in the family. Since this imputed amount represented the mean consumption for a family with these same characteristics, a random error term was added to each amount to impart an additional degree of variance to the final imputed value. The error term was drawn from a normal distribution with a zero mean and a standard deviation equal to the standard error of the estimated regression equation (separately for homeowners and renters).

Once estimates of total non-durable consumption were made, this amount was allocated across major consumption categories: food, housing, clothing, transportation and other consumption. This was accomplished by estimating the share of each of these items as a fraction of each household's spending and using the resulting parameter estimates to impute budget shares to each family unit (dependent filers were excluded from this procedure). Since the sum of these shares must necessarily sum to 1.0, one equation is redundant and was dropped from the estimation process. This system of equations was then estimated by a "seemingly unrelated regression" (SUR) approach and the resulting variance-covariance matrix used to generate a vector of multinormal random numbers, which when added to each share equation yielded the final set of consumption shares for each tax return.

More detailed consumption categories were imputed to taxpayers in a similar manner as that outlined above: share equations were estimated from the CEX in order to further subdivide each consumption category (food was further subdivided into food consumed at home and food consumed away from home, for example). The estimated coefficients were used to impute average shares given particular household characteristics and a vector of multinormal random error terms was added. In total, imputations for 61 different categories of consumption were imputed to each household in this manner. In certain cases where items subject to the sales tax were at a finer level of detail than could reasonably be estimated in the above manner, the appropriate category was further subdivided by spending shares contained in the CEX.

Extrapolation and Calibration

Since the ITEP microsimulation model ages the income, tax and demographic data in order to track macroeconomic aggregates over the simulation period, imputed consumption amounts will also reflect this aging process but only to the extent they are

captured by the list of predictor variables. In order to account for other unexplained components, a simple multiplicative adjustment factor was applied to total consumption in order to more closely track estimates of personal consumption expenditures (PCE) contained in the National Income and Product Accounts (NIPA). Where accurate control totals were available, the model was targeted to hit these NIPA aggregates. No attempt, however, was made to adjust the individual components for those categories of consumption subject to significant differences in definition and reporting.

Since certain items of personal consumption exhibit regional variation that are not captured in the CEX, these items (fuel oil in the Northeast, for example) were adjusted via state-by-state factors obtained from auxiliary sources to arrive at final estimates of total personal consumption.

Taxes Paid by Business

Data Sources

Businesses are taxed in most states having a sales tax on the purchase of goods and materials used in the production of final output as well as certain capital expenditures. Most states, however, exempt raw materials that are a part of the final product from the sales tax base. In order to accurately compute the sales taxes attributable to business, it was necessary to know the industry composition each state; the intensity of each industry within the state; and the inputs into the production process. ITEP's business sales tax model accomplishes this by utilizing disaggregated industry-specific estimates of Gross State Product (GSP) prepared by the U.S. Department of Commerce in conjunction with the Benchmark Input-Output (I-O) tables of the United States.

Methodology

For each state, a regional I-O model is constructed from the Benchmark "Use" table by assuming the technical coefficients remain unchanged across states and

adjusting the inter-industry flows by the “location quotient” method: for each industry, the entries in the national I-O table are adjusted by a factor, LQ_i , representing the fraction of that industry’s contribution to GSP in the state to national totals for the industry. Estimates of final demand were obtained in a similar manner. The commodity composition of intermediate production was mapped into PCE consumption categories using the “consumption bridge” in the I-O accounts.

Numerous exemptions from the sales tax base are provided to businesses in most states. To account for these exemptions in the calculation of sales taxes paid, business inputs were further subdivided into five mutually exclusive categories: raw materials used in the final product, utilities, machinery, inputs used in agriculture and all other inputs. These exemptions comprise most of the sales tax exemptions currently in effect at the state level. Detailed purchases of commodities were obtained in this manner for each of 49 industries operating in each state.

Extrapolation and Calibration

The Benchmark I-O table was constructed for 1987. In order to get estimates of industry sales and purchases for out-years, forecasts of state GSP by industry were used to age the regional I-O models. These forecasts were obtained from the U.S. Commerce Department.

Taxes Paid by Visitors

State-by-state estimates of expenditures by travelers are provided by the U.S. Travel Data Center. These expenditures are broken down into six categories: public transportation, auto transportation, lodging, food service, entertainment and recreation, and general retail sales. In order to properly reflect each state’s sales tax base, these categories were further subdivided based on proportions contained in the CEX with minor adjustments reflecting the likely composition of expenditures by tourists. The last year data are available was 1993; expenditure data for subsequent years were adjusted to reflect the change in the consumer price index (CPI).

The ITEP Property Tax Model

Overview

ITEP’s property tax model is unique in that information from individual tax returns, including data relating to property tax deductions, is coupled with Census data relating to home values so as to provide an integrated tool for policy analysis. This aspect of the model is particularly important for the analysis of state tax policy incidence since many states attempt to mitigate the effects of high property taxes via credits and/or exemptions which are income based (such as “circuit breakers”).

Home Property Taxes

For tax returns where itemized deductions are taken, the starting point for the analysis is itemized deductions for real property taxes. This property tax value is

used in conjunction with the home value obtained from the Census match and state-specific information on rates, assessment practices, homestead exemptions and other tax-reduction provisions to calculate all of the components of a property tax calculation for each record including: tax rate, an assessment ratio and, where applicable, a homestead exemption. With this information, tax is then recalculated for 1995 incorporating extrapolations of value and incorporating tax law changes occurring since the base year of the data.

The same approach is used for non-itemizers except that the property tax amount used is from the Census. All of the results, particularly assessed values, homestead exemptions, taxable value and property taxes paid are compared to aggregate data from the state, where available.

Residential Rental Property Taxes

Rent paid (from the Census) is multiplied by a factor to calculate the value of rental units. Average state tax assessment ratios and rates for residential rental property are multiplied by this value to calculate the tax. Half of the tax is treated as paid by renters. The other half is treated as paid by owners (see taxation of business, below).

Ad-Valorem Automobile Taxes

For itemizers, the personal property tax deduction is used to impute auto values. With this information, tax is then recalculated for 1995 incorporating value extrapolations and tax law changes since the

data year. For non-itemizers auto value is imputed using income and number of household members. Aggregate results are compared with data from the state, where available.

Intangible Property Taxes

For itemizers, personal property tax deductions are used to impute the value of intangible assets. With this information, tax is then recalculated for 1995 incorporating value extrapolations and tax law changes since the data year. For non-itemizers the value of intangibles is imputed using income from intangibles. Aggregate results are compared with data from the state, where available.

Business Tax Incidence

Overview

The ITEP Model relies on a combination of microsimulation, imputation and calculation to allocate taxes. In the case of taxes initially paid by business, the primary allocation tool is the last of the three.

Corporate income taxes, other corporate capital taxes and business property taxes

The total amount of corporate income taxes and corporate taxes based on capital values for each state for calendar 1995 were calculated based on the most recent available revenue data from each state. The figures include local corporate income taxes where applicable. Business property taxes for each state for calendar 1995 were computed as a residual amount based on our estimates of total property tax payments for the year for each state, less the amount paid by homeowners (as calculated by the property tax microsimulation model).

Allocation rules

Property taxes on residential rental property: Half of total business property taxes on residential rental property were assigned to tenants. This portion of the business property tax was distributed based on rents paid, and is included in the "Property taxes, individuals" section of the report. The remaining half of property taxes on residential rental property was distributed by capital ownership, as described below.

General rule for other business income, capital and property taxes: The remaining corporate income, capital and business property taxes were generally treated as taxes on capital, and assigned to capital income, in and out of state according to the following rules:

Exporting: In assigning taxes to capital income, each state retained its share of national capital income plus an adjustment to account for the greater likelihood of residents owning in-state taxable capital. For

residential rental property taxes, this adjustment averaged 50% of the remaining portion of the tax. For other business property taxes, the adjustment averaged 20%.

“Excessive” capital taxes: In states that impose unusually high taxes on capital, those taxes may not be entirely borne by capital owners. Instead, they may be shifted back to wages or forward to consumption. We computed the total amount of each state’s corporate income and capital taxes and non-residential business property taxes as a share of output by industry type. In cases where one of these computed taxes was significantly above the national median, we assigned the excess to either in-state wages or in- and out-of-state consumption, depending on the type of activity.

Sales & excise taxes initially paid by businesses

Estimates of the dollar amount of sales and excise taxes paid directly by businesses were computed according to the ITEP Business Sales Tax model (described above) for taxable purchases of business inputs. In general, sales & excise taxes initially paid by businesses were assigned to consumers based on shares of total consumption, with the following special rules.

Exporting: Sales and excises taxes initially paid by businesses were divided into those

taxes paid by businesses that produce output sold principally in national versus those sold principally in domestic markets. This distinction was made based on the following factors: (1) the particular industry producing the product; (2) the share of each industry’s contribution to each state’s Gross State Product; and (3) special considerations specific to a particular industry within a state. Taxes on domestic market items were kept in-state (except for amounts paid by visitors). Taxes on national market items were assigned to national consumption, with an adjustment retaining, on average, 15% of the tax in-state (on top of the state’s share of national consumption).

“Excessive” sales and excise taxes on national market items: In states that impose unusually high sales and excise taxes on national market activities (in relation to the national median), those taxes may not be entirely borne by consumption because of competitive factors. Instead, they may be shifted backward to in-state wages or capital. Total national market business sales and excise taxes were computed as a share of each state’s national market GSP. In cases where these national market business taxes were significantly above the national median, we assigned the excess half to in-state wages and half to capital. The latter amounts were distributed according to our rules for allocating capital taxes.

The Study Population

In this study we report taxes paid by non-elderly married couples. The reasons for reporting on a subset of the population are:
Income classification across different types of family units can prevent accurate evaluation of tax equity. For instance, a single person with income of \$20,000 has a far better ability to pay taxes than does a married couple earning \$20,000. Thus, the equity of, say, an 8% burden on an income group with incomes ranging from \$18,000 to \$22,000 is easier to judge if only a subset of the population is included.

Income classification across different types of families can distort the patterns within subsets. An overall distribution of income is dominated by single individuals in the lower income ranges and dominated by married couples in the upper income ranges. Thus, an assessment of taxes by income done in a combined table could measure distinctions in the treatment of single individuals versus married couples instead of differences by income groups. Although this may be an issue worthy of study, it is not the purpose of this report.

Elderly people's income often does not reflect their wealth. Although relative to other elderly, income may be a good measure of relative wealth, a portion of the elderly population that would appear low- or middle-income in an overall distribution is, in fact, quite well-off. Putting the elderly in a combined table can thus distort the overall results.

The reason we chose non-elderly married couples is that it is a subset of the population that pays most of the taxes, that represents a majority of the population (approximately 55% of the population lives in

such households) and which a very high portion of the population is a part of for a significant portion of their lives. That is not to say that tax incidence of other populations would not be of great value, and we hope to report on such populations in subsequent studies.

Finally, it is important to note that studies of the populations excluded from this study would, based on preliminary analyses we have done, and the work of others, show quite similar patterns of tax incidence to those we have shown here.

Comparisons With Previous Citizens for Tax Justice Studies

The methodology used in this study is very different than that used in previous Citizens for Tax Justice analyses of state and local taxes. Although the conclusions and patterns presented here are consistent with previous findings, direct comparisons of specific data for the purpose of indentifying trends will not produce accurate results.

Citizens for Tax Justice was founded in 1979 to inform the public about tax issues and to give average taxpayers a voice in Washington, D.C. Since then, CTJ has earned a reputation for timely, reliable analytical work. CTJ studies such as *Corporate Income Taxes in the Reagan Years* (1984) and *The Failure of Corporate Tax Incentives* (1985) have been widely cited by analysts and relied on by policy makers. These and similar CTJ studies helped set the stage for the major overhaul of the federal tax code in the 1986 Tax Reform Act.

CTJ's analyses of state and local taxes, including *The Sorry State of State Taxes* (1986) and *A Far Cry From Fair* (1991), have proven to be valuable tools for state legislators, governors and activists around the nation.

The Institute on Taxation & Economic Policy has engaged in research on tax issues since 1980, with a focus on the distributional consequences of both current law and proposed changes. ITEP's research has often been used by CTJ in its studies, and ITEP is frequently consulted by government estimators in performing their official analyses.

For the past several years, CTJ and ITEP have worked together on an ambitious project to build a microsimulation model of the tax systems of the U.S. government and of all 50 states and the District of Columbia.

The Institute on Taxation & Economic Policy Microsimulation Tax Model is based on a very large sample of federal tax returns, Census microdata, Consumer Expenditure Survey microdata and information from other data sources, encompassing 690,000 statistically-matched records, selected to produce reliable results on a state-by-state basis. The ITEP Model includes all significant current national, state and local tax laws, and is equipped to evaluate changes to those laws. This study reflects the results of the years of effort it took to build the ITEP Model.

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